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Securities code: 1878

June 1, 2012

To Our Shareholders

Isao Minabe
Representative Director and President
Daito Trust Construction Co., Ltd.
16-1, Konan 2-chome, Minato-ku, Tokyo

Notice of Convocation of the 38th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 38th Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights via postal mail or the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 26, 2012 (Tuesday).

- 1. Date and Time:** June 27, 2012 (Wednesday) 10:00 a.m.
- 2. Place:** 16-1, Konan 2-chome, Minato-ku, Tokyo
Shinagawa East One Tower 21F, Main Conference Room

3. Agenda for the Meeting

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for the 38th Fiscal Term (April 1, 2011 to March 31, 2012)
2. The Non-consolidated Financial Statements for the 38th Fiscal Term (April 1, 2011 to March 31, 2012)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus for the 38th Fiscal Term
Proposal No. 2: Partial Amendment to the Articles of Incorporation
Proposal No. 3: Election of Two (2) Directors
Proposal No. 4: Election of One (1) Corporate Auditor

Notes:

1. For those attending, please present the enclosed Voting Rights Exercise Form to the receptionist on arriving at the meeting. You are also requested to bring this document with you to the meeting for your reference.
2. If you vote by proxy, please make sure your proxy presents the Letter of Attorney along with the Voting Rights Exercise Form to the receptionist. In addition, pursuant to the provisions of the Articles of Incorporation of the Company, only one (1) shareholder holding the voting right of the Company is entitled to exercise a proxy voting right on your behalf.
3. If there are any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements or the Financial Statements, the revised version will be posted on our Website. (<http://www.kentaku.co.jp/ir/kabunushi.html>).
4. As part of our electricity-saving efforts, the attending officers and the meeting staff of the Company will dress in a "cool biz" style (without jacket and tie). Please dress lightly upon attending the meeting.

(Appendix)

Business Report

(From April 1, 2011 to March 31, 2012)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2012, the domestic economy faced the turmoil following the Great East Japan Earthquake and financial malaise in the U.S. and Europe during the first half of the year, but it improved in the second half of the year to the extent that future recovery is expected owing to the policy support such as quantitative easing by the Bank of Japan coupled with the improved corporate earnings.

In the housing industry, demand was supported by the resumption of the eco-point system for housing and the introduction of a new policy designed to promote the supply of eco-friendly houses in addition to the reconstruction activities following the Great East Japan Earthquake and housing starts began to show signs of recovery.

In the field of leased housing on which the Daito Group is focused, we made great progress in terms of orders received and construction starts while they were nearly flat for the industry in general.

Meanwhile, the occupancy rate of leased residential properties recovered fully to the levels of the pre-Lehman Shock period and remained stable.

(ii) Overview of Daito Group

Daito Group posted increased sales and profits (operating income and ordinary income) on a consolidated basis for the fourth consecutive year, having recorded net sales in the amount of 1,087,128 million yen (up 8.6% year-on-year), and on the profit front, posted an operating income of 81,975 million yen (up 11.1% year-on-year), ordinary income of 84,239 million yen (up 8.0% year-on-year), and net income of 47,103 million yen (up 9.2% year-on-year).

As for the 9,117 leased buildings that were damaged by the Great East Japan Earthquake (buildings under construction and managed by the Daito Group), we completed repairs and restoration works for 95% of them (8,637 buildings) excluding those located in the area designated as a no-entry area following the accidents in Fukushima Nuclear Power Plants (58 buildings). In addition, we made steady progress in the provision of aid to the afflicted areas such as “providing leased housing free of charge” and “constructing emergency/temporary housing.” We also focused on aiding reconstruction from the disaster through the provision of residences and tools free of charge to the workers engaging in construction in the afflicted areas.

(iii) Progress and Results by Segment

■ Construction Business

In the Company's mainstay construction business, net sales of completed construction contracts increased 8.9% year-on-year to 468,636 million yen supported by strong orders received. The gross profit margin for completed projects dropped 1.4 points from the previous fiscal year to 37.4% due, among others, to the effect of higher subcontract expenses reflecting the rise in the labor cost in response to reconstruction demand.

Concerning orders received, in addition to reinforcing the sales force, we strived to strengthen land utilization proposals from the perspective of effective asset utilization and inheritance and to promote reconstruction of old and deteriorated buildings as a strategy for areas suitable for leased residential properties. As a result, orders received increased 21.5% year-on-year to a record-high 611,787 million yen.

■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito Building Management Co., Ltd., to increase its rental income, resulting in a 8.2% rise in sales on real estate business year-on-year to 589,924 million yen.

The number of tenancy agreements concluded with respect to leased properties on a non-consolidated basis rose 4.9% year-on-year to 214,357 owing to the success of measures to increase inquiries from prospective tenants, including revamping our website for searching residential units and opening of unattended sales offices where visitors can search for residential units free of charge, and to reinforce our mutual cooperation system with local real estate agencies. Consequently, the occupancy rate of leased residential properties under whole-building lease arrangements as of March 31, 2012 increased 0.8 points year-on-year to 96.8%, while the occupancy rate of leased commercial properties under whole-building lease arrangements rose 2.0 points to 94.1%.

■ Finance Business and Other Business

Total sales of the finance business and other business increased 11.4% year-on-year to 28,568 million yen.

Sales generated by the finance business increased 0.3% year-on-year to 3,898 million yen. This included interest income, etc. on bridge loans provided to the client to finance the construction to cover the period until the execution of long-term loans from financial institutions (from the contract execution to the completion of construction).

Sales generated by other business increased 13.4% year-on-year to 24,670 million yen. This was attributable to the increase in sales stemming from both the increase in the number of properties supplied with LP gas from Gaspal Co., Ltd. (an advanced safety system provider accredited by the Ministry of Economy, Trade and Industry) and the increase in the number of users of facilities operated by Care Partner Co., Ltd. (a daytime care service provider targeted at the elderly) and the expansion of the catering business of the Company.

Segment Sales

Segment		Sales (million yen)	Percentage (%)	Year-on-year Change (%)
Construction business	Residential	460,294	42.3	7.9
	Commercial	1,022	0.1	(14.6)
	Other	7,318	0.7	203.3
	Total	468,636	43.1	8.9
Real estate business	Tenancy agreements	13,525	1.2	12.9
	Subleases	3,964	0.4	(60.2)
	Whole-building lease agreements	533,439	49.1	9.5
	Lease business	5,986	0.5	(0.2)
	Improvement/repair work	30,095	2.8	7.3
	Other	2,911	0.3	23.0
	Total	589,924	54.3	8.2
Finance business	Total	3,898	0.3	0.3
Other business	Total	24,670	2.3	13.4
Sum total		1,087,128	100.0	8.6

- Notes
1. Sales generated by subleases in the real estate business consist of rental income, etc. under sublease agreements of the Company.
 2. Sales generated by whole-building lease agreements in the real estate business consist of rental income, etc. under whole-building lease agreements of Daito Building Management Co., Ltd.

(2) Business Strategies

Since the tax burden of land ownership and inheritance remains heavy, it is expected that the demand for effective land utilization will remain robust supported by asset inheritance and tax saving needs of aging landowners. Although the population will continue to shrink due to the declining birthrate and aging population, it is predicted that the number of households will continue to increase until 2015 due to the nuclearization of the family and a growing tendency of late marriage and will decline thereafter at a moderate pace. The number of households living in rental residential properties has traditionally accounted for over one third of the total number of households and we expect that this percentage will remain the same in future.

Under these circumstances, the Daito Group aims to achieve a 20% share in construction starts of leased residential properties by the fiscal year ending March 2015 (which is roughly equivalent to orders received of 690 billion yen) as a medium/long-term management target.

The Daito Group will provide stable operation of the residential property leasing business over a long-term period of 30 to 40 years to landowners as a method for effective asset inheritance and utilization and convenient and safe living to tenants of our leased properties.

In the construction business, we will continue to focus on our existing core strategy such as land utilization proposals from the perspective of effective asset utilization and inheritance, reinforcement of our trusting relationship with financial institutions, and mobilization of resources commensurate with the market size. In particular, in the Tokyo, Yokohama, and Kawasaki areas where the market potential is high, new openings of business locations, frequent offering of events such as seminars, rebuilding proposals, etc., will be promoted as a priority strategy. Our new initiatives include the establishment of a team specialized in corporate sales to propose effective utilization of land to corporate landowners.

In the real estate business, we will continue to strive to improve occupancy rates by aggressive expansion of the branch network, reinforcement of the sales force, expansion of the sales office network including unattended sales offices, improvement/expansion of the “24 hours Room-finding Service,” television commercials and the room searching website, and the establishment of a new collaborative relationship with local real estate companies. We will also focus on the improvement of services to help the daily lives of tenants and to improve their convenience such as with the expansion of areas covered by the electric aggregator business.

In addition, in order to pursue the synergy effect with our core business, we will expand businesses that are related to our core business, including further increasing the number of homes supplied with LP gas by subsidiary Gaspal Co., Ltd. and aggressively expanding daycare service centers of subsidiary Care Partner Co., Ltd.

As part of activities to support the victims of the Great East Japan Earthquake, we will conduct activities to support children who lost parent(s) in the disaster on a long-term basis through the newly established "Daito Ashinaga Fund." The Company and its employees will continue to unite forces to support rebuilding following the disaster in various ways. For example, we will continue our aid to support the accelerating reconstruction in the afflicted areas including the provision of residences and tools free of charge to the workers engaging in construction in the afflicted areas.

We look forward to the continued support and guidance of all our shareholders.

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2012, total capital investment amounted to 3,305 million yen, which primarily consisted of renovation work on properties of a fixed age leased by Daito Building Management Co., Ltd. under whole-building lease agreements.

(4) Financing

In the fiscal year ended March 31, 2012, no significant financing activities requiring disclosure were conducted.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	35th fiscal term: Fiscal year ended March 31, 2009	36th fiscal term: Fiscal year ended March 31, 2010	37th fiscal term: Fiscal year ended March 31, 2011	38th fiscal term: Fiscal year ended March 31, 2012 (under review)
Net sales (million yen)	954,881	972,616	1,001,169	1,087,128
Ordinary income (million yen)	73,976	76,663	78,005	84,239
Net income (million yen)	42,129	45,353	43,151	47,103
Earnings per share (EPS)	349.25	386.41	384.28	594.53
Total assets (million yen)	540,477	558,129	532,957	569,079
Net assets (million yen)	296,341	312,631	132,252	152,009

(ii) Trends in Assets and Income of the Company

Category	35th fiscal term: Fiscal year ended March 31, 2009	36th fiscal term: Fiscal year ended March 31, 2010	37th fiscal term: Fiscal year ended March 31, 2011	38th fiscal term: Fiscal year ended March 31, 2012 (under review)
Net sales (million yen)	514,372	484,569	460,230	491,599
Ordinary income (million yen)	66,264	78,041	66,707	61,469
Net income (million yen)	36,418	48,991	37,815	34,119
Earnings per share (EPS)	301.91	417.40	336.77	430.64
Total assets (million yen)	478,507	476,064	424,531	444,116
Net assets (million yen)	266,740	287,240	103,121	110,267

2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
 (2) **Number of shares issued** 79,493,176 shares (excluding treasury stock: 1,117,103 shares)
 (3) **Number of shareholders** 15,899 shareholders
 (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (held in trust)	3,922	4.93
The Master Trust Bank of Japan, Ltd. (held in trust)	2,792	3.51
Mellon Bank NA as Agent for Its Client Mellon Omnibus US Pension	2,652	3.33
State Street Bank and Trust Company 505225	2,213	2.78
Co-op Suppliers' Stock Holding	1,646	2.07
Sumitomo Realty & Development Co., Ltd.	1,606	2.02
JP Morgan Chase Bank 380055	1,520	1.91
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Trust & Banking Co., Ltd.)	1,474	1.85
State Street Bank and Trust Company	1,403	1.76
The Bank of New York Treaty Jasdec Account	1,279	1.60

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (1,117,000 shares).
 2. The Company holds 1,117,000 shares of treasury stock, excluding 679,000 shares held by the ESOP Trust and 418,000 shares held by the J-ESOP.

(5) Other significant stock-related information

- (i) The Company, pursuant to the resolution of the Board of Directors' meeting held on June 17, 2011, introduced the "ESOP Trust" as an incentive plan for the Daito Group's employees for the purpose of improving the employee health and welfare benefit plans in order to raise the morale of the Daito Group's employees and enhance the enterprise value of the Daito Group by raising their awareness about the operating results and stock price of the Company.

Under this plan, the Company establishes a trust whose beneficiaries are employees participating in Daito Trust Construction Co., Ltd. Employee stock ownership who satisfy certain conditions. This trust has acquired, during a period specified in advance, a certain number of shares in the Company that are expected to be acquired by Daito Trust Construction Co., Ltd. Employee stock ownership over next five (5) years. This trust will sell these shares to Daito Trust Construction Co., Ltd. Employee stock ownership on a specified date each month.

- (ii) The Company, pursuant to the resolution of the Board of Directors' meeting held on July 4, 2011, introduced the "J-ESOP" as an incentive plan for the Company's employees for the purpose of raising their motivation and morale toward higher stock prices and operating results by clarifying the relationship between the operating results and the stock value of the Company and aligning the interests of the employees and shareholders.

Under this plan, points are granted to certain employees of the Company selected based on their performance and results in accordance with the Share-based Benefits Regulations established by the Company in advance. These employees are granted shares in the Company corresponding to the points granted to them subject to certain conditions.

- (iii) The shares in the Company held by the ESOP Trust and the J-ESOP have the same shareholders' rights, such as voting rights and rights to dividends, as other ordinary shares in the company. In addition, they are not deducted in the calculation of the distributable amount prescribed in Article 461, Paragraph 2 of the Corporation Law.

However, given the prevailing accounting practice that such shares are accounted for in the same manner as treasury stock under the Corporation Law, the Company presents the shares in the Company held by the ESOP Trust and the J-ESOP under the line item "Treasury stock" in the consolidated balance sheet, consolidated statements of changes in net assets, non-consolidated balance sheet, and non-consolidated statement of changes in net assets in the same manner as treasury stock under the Corporation Law, after consulting with the Accounting Auditor.

The shares in the Company held by the ESOP Trust and the J-ESOP that are presented under the line item "Treasury stock" are as follows:

	Number of shares	Amount (millions of yen)
ESOP Trust	679,800	4,863
J-ESOP	418,100	2,999
Total	1,097,900	7,862

4. Corporate Officers

(1) Names, etc. of Directors and Corporate Auditors

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director and President	Isao Minabe	
Senior Managing Director	Naomi Kumakiri	General Manager of East Japan Construction Sales Headquarters
Senior Managing Director	Akio Inada	General Manager of West Japan Construction Sales Headquarters
Senior Managing Director	Hideki Asano	In charge of Technological Division
Senior Managing Director	Takashi Igawa	In charge of Functional Management Department and Information Technology Department
Director	Hideyuki Nakaita	In charge of Legal Services Department
Director	Hitoshi Kadouchi	General Manager of Management Service Department and Representative Director & President of Daito Building Management Co., Ltd.
Director	Shuji Nakada	Representative Director and President of Care Partner Co., Ltd.
Director	Hiroshi Kawaguchi	General Manager of Tenant Recruiting Management Department
Director	Tomoyuki Nishimura	General Manager of Corporate Management Department
Director	Yujiro Sasamoto	Director of Makoru Co., Ltd.
Director	Marcus Merner	Managing Director of GreenOak Real Estate Advisors LP Director of GreenOak Investment Management Co., Ltd
Standing Corporate Auditor	Masayasu Uno	
Corporate Auditor	Hideo Hachiya	Attorney at Law
Corporate Auditor	Sakumichi Yamada	Certified Public Accountant Representative Director of Ace Consulting Ltd. Representative Director of Venture Zeirishi Kenkyukai Corporation
Corporate Auditor	Koji Murata	

- Notes
1. Mr. Tomoyuki Nishimura, Mr. Yujiro Sasamoto and Mr. Marcus Merner were newly appointed as Directors and assumed office as resolved at the 37th Ordinary General Meeting of Shareholders held on June 28, 2011.
 2. Mr. Katsumi Tada, Mr. Hisaharu Jin, Mr. Tetsuzo Nakasato, and Mr. Tetsuo Takeda resigned as Directors upon expiration of the term of office at the close of the 37th Ordinary General Meeting of Shareholders held on June 28, 2011.
 3. Directors Mr. Yujiro Sasamoto and Mr. Marcus Merner are Outside Directors.
 4. All Corporate Auditors of the Company are Outside Auditors.
 5. Corporate Auditors Mr. Masayasu Uno and Mr. Sakumichi Yamada are qualified as Certified Public Accountants, and have considerable financial and accounting knowledge.
 6. The Company has designated Corporate Auditors Mr. Masayasu Uno, Mr. Hideo Hachiya and Mr. Koji Murata as independent officers under the provisions set forth by the Tokyo Stock Exchange and Nagoya Stock Exchange and has notified said Exchanges accordingly.

(Reference) Names, responsibilities and significant concurrent positions held by Directors and Corporate Auditors as of April 1, 2012 are as follows.

Position	Name	Responsibilities and Significant Concurrent Positions Held
Representative Director and President	Isao Minabe	
Senior Managing Director	Naomi Kumakiri	General Manager of East Japan Construction Sales Headquarters and General Manager of Shutoken Construction Sales Headquarters
Senior Managing Director	Akio Inada	General Manager of West Japan Construction Sales Headquarters
Senior Managing Director	Hideki Asano	In charge of Technological Division
Senior Managing Director	Hitoshi Kadouchi	General Manager of Management Service Department, in charge of Tenant Recruiting Management Department and Representative Director & President of Daito Building Management Co., Ltd.
Senior Managing Director	Shuji Nakada	General Manager of Functional Management Department
Director	Hideyuki Nakaita	General Manager of Legal Services Department
Director	Hiroshi Kawaguchi	General Manager of Minami-Kansai Construction Sales Department
Director	Tomoyuki Nishimura	General Manager of Corporate Management Department
Director	Takashi Igawa	
Director	Yujiro Sasamoto	Director of Makoru Co., Ltd.
Director	Marcus Merner	Managing Director of GreenOak Real Estate Advisors LP Director of GreenOak Investment Management Co., Ltd
Standing Corporate Auditor	Masayasu Uno	
Corporate Auditor	Hideo Hachiya	Attorney at Law
Corporate Auditor	Sakumichi Yamada	Certified Public Accountant Representative Director of Ace Consulting Ltd. Representative Director of Venture Zeirishi Kenkyukai Corporation
Corporate Auditor	Koji Murata	

- Notes 1. Directors Mr. Yujiro Sasamoto and Mr. Marcus Merner are Outside Directors.
2. All Corporate Auditors of the Company are Outside Corporate Auditors.

(Reference) Names and responsibilities of Executive Officers other than those who concurrently serve as Directors as of April 1, 2012 are as follows.

Position	Name	Responsibilities
Senior Managing Executive Officer	Koichi Ebihara	General Manager of Higashi-Kanto Construction Sales Department
Managing Executive Officer	Hirosuke Tanimichi	General Manager of Chugoku Construction Sales Department
Managing Executive Officer	Katsuma Kobayashi	General Manager of Sales Management Department
Executive Officer	Masami Fujiyoshi	General Manager of Technological Management Department
Executive Officer	Takeshi Nakagawa	Representative Director and President of Gaspal Co., Ltd.
Executive Officer	Hiroshi Sugiyama	General Manager of Nishi-Shutoken Construction Sales Department
Executive Officer	Takuya Oyama	General Manager of Design Management Department
Executive Officer	Masayoshi Tanaka	General Manager of Sales Control Department
Executive Officer	Yukio Daimon	General Manager of Construction Management Department
Executive Officer	Hideaki Ueki	General Manager of Information Technology Department
Executive Officer	Hideo Gorai	Branch Manager of Kashiwa Branch
Executive Officer	Shigetoshi Fujii	Branch Manager of Kobe Branch
Executive Officer	Katsuya Touge	General Manager of Higashi-Shutoken Construction Sales Department
Executive Officer	Kanitsu Uchida	General Manager of Cost Management Department
Executive Officer	Kei Takeuchi	General Manager of Tenant Recruiting Management Department
Executive Officer	Takuya Ishii	General Manager of Education Center
Executive Officer	Shoji Yamada	General Manager of Chukyo Construction Sales Department
Executive Officer	Shuji Kawai	General Manager of Corporate Planning Division
Executive Officer	Hitoshi Wada	Branch Manager of Narita Branch
Executive Officer	Naoki Naito	Branch Manager of Nagoya Branch
Executive Officer	Keizo Gouma	Branch Manager of Tokorozawa Branch

(Reference) Names and responsibilities of Executive Officers who assumed office as of April 9, 2012 are as follows.

Position	Name	Responsibilities
Executive Officer	Yoshihiro Hashimoto	General Manager of Corporate Planning Division

(2) Amount of Remuneration, etc. of Directors and Corporate Auditors

Category	Number of persons paid	Amount paid
Director	15 persons	825 million yen
Corporate Auditor	4 persons	69 million yen
Total (Outside Directors/Auditors)	19 persons (6 persons)	894 million yen (82 million yen)

- Notes
1. The amount paid to Directors indicated in the above table does not include the employee salary portion of Directors concurrently serving as employees.
 2. The number of persons paid indicated in the above table includes the three (3) persons who resigned as Directors upon expiration of the term of office at the close of the 37th Ordinary General Meeting of Shareholders held on June 28, 2011. As of March 31, 2012, the numbers of Directors and Corporate Auditors are twelve (12) and four (4), respectively.
 3. Directors' remuneration is the sum of the fixed portion which is capped at 1 billion yen per year (including the Outside Directors' remuneration capped at 50 million yen) and the variable portion which is capped at 1.5% of consolidated net income for the fiscal year under review (not exceeding 1 billion yen, and not payable if consolidated net income for the fiscal year under review falls short of 20 billion yen), not including the employee salary portion of Directors concurrently serving as an employee, as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007.
In addition to the aforementioned amount of remuneration, etc., the amount of remuneration relating to stock options as stock-linked compensation for Directors (excluding Outside Directors) is capped at 530 million yen per year, as resolved at the 37th Ordinary General Meeting of Shareholders of the Company held on June 28, 2011.
 4. Corporate Auditors' remuneration is capped at 100 million yen per year as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007.
 5. In addition to the above, the total amount of remuneration, etc. received by outside officers from subsidiaries of the Company in the capacity of officers is 1 million yen.
 6. In addition to the above, the Company paid retirement benefits of 3,018 million yen in total to three (3) Directors. This amount includes the amount of provision for Directors' retirement benefits (887 million yen) that was included in the amount of remuneration, etc. of Directors as stated in the business report for the previous fiscal year.
 7. In addition to the above, the Company intends to pay retirement benefits of 215 million yen in total to nine (9) Directors at the time of their resignation as Director pursuant to the resolution passed at the 37th Ordinary General Meeting of Shareholders held on June 28, 2011 concerning the payment of retirement benefits for termination resulting from the abolition of retirement benefits system.

(3) Outside Officers

(i) Director Yujiro Sasamoto

Mr. Sasamoto is a Director of Makoru Co., Ltd. There was an advisory contract concerning the design and implementation of the compliance system and other arrangements between Makoru Co., Ltd. and the Company before his assumption of office as Director of the Company as of June 28, 2011. However, the amount of the fees paid to him under these arrangements was less than 5 million yen in the current fiscal year. Given the relative size of net sales of the Company, these arrangements were not significant enough to give rise to a special interest between the Company and Mr. Sasamoto. There has been no business relationship between Makoru Co., Ltd. and the Company since the date of assumption of office as Director by Mr. Sasamoto.

Main activities: Mr. Sasamoto attended nine (9) out of nine (9) regular meetings of the Board of Directors and eight (8) out of ten (10) extraordinary meetings of the Board of Directors held during the fiscal year after his assumption of office as Director as of June 28, 2011, and expressed his opinions by making the most of his extensive experience and insight of corporate legal affairs, compliance and internal control. He also made useful recommendations regarding internal compliance training and attended the Compliance Promotion Meeting to provide advice, as appropriate.

Mr. Sasamoto has entered into a Limited Liability Agreement with the Company, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Director's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.

- The limited liability stated above shall be applicable only when the Outside Director performs his duty in good faith and without material negligence.

(ii) Director Marcus Merner

Mr. Merner is a Managing Director of GreenOak Real Estate Advisors LP, which has no business relationship with the Company.

Mr. Merner also is a Director of GreenOak Investment Management Co., Ltd.. There is an advisory contract concerning the provision of advice on real estate transactions between GreenOak Investment Management Co., Ltd. and the Company. However, the amount of the fees paid to him under this contract was less than 5 million yen in the current fiscal year. Given the relative size of net sales of the Company, these arrangements were not significant enough to give rise to a special interest between the Company and Mr. Merner.

Main activities: Mr. Merner attended seven (7) out of nine (9) regular meetings of the Board of Directors and two (2) out of ten (10) extraordinary meetings of the Board of Directors held during the fiscal year after his assumption of office as Director as of June 28, 2011, and expressed his opinions based on his extensive experience and insight as a professional who has been involved in real estate investment advisory business and asset management business. He also attended internal meetings on the Company's real estate business development in overseas markets and provided useful advice.

Mr. Merner has entered into a Limited Liability Agreement with the Company, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Director's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Director performs his duty in good faith and without material negligence.

(iii) Standing Corporate Auditor Masayasu Uno

Main activities: Mr. Uno attended twelve (12) out of twelve (12) regular meetings of the Board of Directors and eleven (11) out of eleven (11) extraordinary meetings of the Board of Directors held during the fiscal year, and expressed his opinions on business execution by making the most of his specialized knowledge of financial and accounting and his extensive experience and insight as a business entrepreneur. He also attended six (6) out of six (6) meetings of the Board of Corporate Auditors held during the fiscal year, reported the progress of execution of audits based on the audit plan and exchanged opinions on audit policies, etc. In addition, he attended important management-related meetings and conducted audits targeted at major business establishments, etc.

Mr. Uno has entered into a Limited Liability Agreement with the Company, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Auditor's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Auditor performs his duty in good faith and without material negligence.

(iv) Corporate Auditor Hideo Hachiya

Main activities: Mr. Hachiya attended twelve (12) out of twelve (12) regular meetings of the Board of Directors and one (1) out of eleven (11) extraordinary meetings of the Board of Directors held during the fiscal year, and expressed his opinions on business execution from his standpoint as a legal expert. He also attended six (6) out of six (6) meetings of the Board of Corporate Auditors held during the fiscal year, received reports on the progress of audits and exchanged opinions on audit policies, etc.

Mr. Hachiya has entered into Limited Liability Agreement with the Company, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Auditor's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Auditor performs his duty in good faith and without material negligence.

(v) Corporate Auditor Sakumichi Yamada

Mr. Yamada is a Representative Director of Ace Consulting Ltd. and Venture Zeirishi Kenkyukai Corporation, neither of which has any business relationship with the Company.

Main activities: Mr. Yamada attended twelve (12) out of twelve (12) regular meetings of the Board of Directors and seven (7) out of eleven (11) extraordinary meetings of the Board of Directors held during the fiscal year, and expressed his opinions on business execution from his standpoint as a financial and accounting expert. He also attended six (6) out of six (6) meetings of the Board of Corporate Auditors held during the fiscal year, received reports on the progress of audits and exchanged opinions on audit policies, etc.

Mr. Yamada has entered into Limited Liability Agreement with the Company, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Auditor's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Auditor performs his duty in good faith and without material negligence.

(vi) Corporate Auditor Koji Murata

Main activities: Mr. Murata attended twelve (12) out of twelve (12) regular meetings of the Board of Directors and seven (7) out of eleven (11) extraordinary meetings of the Board of Directors held during the fiscal year, and expressed his opinions on business execution by making the most of his knowledge of leased housing management business, loan guarantee business, etc. based on many years of experience. He also attended six (6) out of six (6) meetings of the Board of Corporate Auditors held during the fiscal year, received reports on the progress of audits and exchanged opinions on audit policies, etc.

Mr. Murata has entered into a Limited Liability Agreement with the Company, the outline of which is as described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Auditor's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.
- The limited liability stated above shall be applicable only when the Outside Auditor performs his duty in good faith and without material negligence.

Consolidated Balance Sheet
(March 31, 2012)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets:	397,766	Current liabilities:	201,170
Cash and deposits	221,093	Accounts payable for construction contracts	42,206
Notes receivable, accounts receivable from completed construction contracts and other	38,532	Short-term loans payable	300
Short-term investment securities	5,069	Current portion of long-term loans payable	14,758
Costs on uncompleted construction contracts	7,195	Lease obligations	274
Other inventories	6,801	Income taxes payable	27,752
Prepaid expenses	47,107	Advances received on uncompleted construction contracts	31,069
Deferred tax assets	14,639	Advances received	28,628
Operating loans	49,687	Provision for bonuses	15,393
Other	7,936	Provision for warranties for completed construction	1,234
Allowance for doubtful accounts	(296)	Deposits received	6,621
		Other	32,932
Noncurrent assets:	171,313	Noncurrent liabilities:	215,899
Property, plant and equipment	79,852	Long-term loans payable	109,498
Buildings and structures	35,623	Lease liabilities	940
Tools, furniture and fixtures	1,060	Provision for retirement benefits	9,381
Land	41,874	Provision for repairs on whole building lease	25,946
Lease assets	1,053	Long-term guarantee deposits	65,741
Other	240	Other	4,390
Intangible assets	412		
Investments and other assets	91,049	Total liabilities	417,070
Investment securities	17,532	Net Assets	
Subordinated bonds	10,902	Shareholders' equity:	163,489
Deferred tax assets	16,493	Capital stock	29,060
Deferred tax assets for land revaluation	2,770	Capital surplus	34,540
Other	46,261	Retained earnings	113,761
Allowance for doubtful accounts	(2,911)	Treasury stock	(13,873)
		Accumulated other comprehensive income	(13,052)
		Valuation difference on available-for-sale securities	713
		Revaluation reserve for land	(5,003)
		Foreign currency translation adjustment	(8,762)
		Subscription rights to shares	70
		Minority interests	1,501
		Total net assets	152,009
Total assets	569,079	Total liabilities and net assets	569,079

Consolidated Statement of Income
(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Amount	
Net sales		
Net sales of completed construction contracts	468,636	
Sales on real estate business	589,924	
Other business revenue	28,568	1,087,128
Cost of sales		
Cost of sales of completed construction contracts	293,528	
Cost of sales on real estate business	560,662	
Cost of sales on other business	18,791	872,983
Gross profit		
Gross profit on completed construction contracts	175,107	
Gross profit-real estate business	29,261	
Gross profit-other business	9,776	214,145
Selling, general and administrative expenses		132,169
Operating income		81,975
Non-operating income		
Interest income	512	
Dividends income	150	
Commission fee	2,671	
Miscellaneous income	965	4,299
Non-operating expenses		
Interest expenses	1,317	
Loss on valuation of securities	2	
Provision of allowance for doubtful accounts	95	
Other	618	2,034
Ordinary income		84,239
Extraordinary income		
Gain on sales of noncurrent assets	0	
Reversal of provision for loss on disaster	2,094	
Return of profit gained through short term trading of company shares by a major shareholder	542	2,637
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	103	
Impairment loss	79	
Loss on change in equity	82	265
Income before income taxes and minority interests		86,612
Income taxes – current	40,353	
Income taxes – deferred	(999)	39,353
Income before minority interests		47,258
Minority interests in income		155
Net income		47,103

Consolidated Statement of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2011	29,060	34,540	88,987	(9,208)	143,380
Changes of items during the period					
Dividends from surplus			(22,072)		(22,072)
Net income			47,103		47,103
Purchase of treasury stock				(9,024)	(9,024)
Disposal of treasury stock			(255)	4,359	4,103
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	-	-	24,774	(4,665)	20,109
Balance as of March 31, 2012	29,060	34,540	113,761	(13,873)	163,489

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance as of April 1, 2011	297	(181)	(4,610)	(7,707)	(12,201)	253	819	132,252
Changes of items during the period								
Dividends from surplus								(22,072)
Net income								47,103
Purchase of treasury stock								(9,024)
Disposal of treasury stock								4,103
Net changes of items other than shareholders' equity during the period	415	181	(393)	(1,054)	(851)	(183)	682	(352)
Total changes of items during the period	415	181	(393)	(1,054)	(851)	(183)	682	19,756
Balance as of March 31, 2012	713	-	(5,003)	(8,762)	(13,052)	70	1,501	152,009

Non-consolidated Balance Sheet

(March 31, 2012)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets:	310,566	Current liabilities:	211,918
Cash and deposits	197,444	Accounts payable for construction contracts	40,559
Notes receivable - trade	23	Current portion of long-term loans payable	14,758
Accounts receivable from completed construction contracts	32,671	Lease liabilities	148
Short-term investment securities	5,014	Accounts payable - other	16,893
Costs on uncompleted construction contracts	6,996	Income taxes payable	17,818
Raw materials and supplies	6,477	Accrued consumption taxes	2,784
Short-term loans receivable from subsidiaries and affiliates	44,580	Advances received on uncompleted construction contracts	31,010
Prepaid expenses	788	Advances received	198
Deferred tax assets	9,176	Deposits received	73,664
Accounts receivable - other	3,596	Provision for bonuses	12,277
Advances paid	3,689	Provision for warranties for completed construction	1,232
Other	402	Other	572
Allowance for doubtful accounts	(294)	Noncurrent liabilities:	121,931
Noncurrent assets:	133,550	Long-term loans payable	109,498
Property, plant and equipment	59,988	Lease liabilities	196
Buildings	18,886	Provision for retirement benefits	6,473
Structures	666	Long-term guarantee deposits	4,248
Vehicles	1	Other	1,513
Tools, furniture and fixtures	706		
Land	39,401	Total liabilities	333,849
Lease assets	325		
Intangible assets	237	Net Assets	
Leasehold right	10	Shareholders' equity:	114,487
Other	227	Capital stock	29,060
Investments and other assets	73,324	Capital surplus	34,540
Investment securities	16,815	Legal capital surplus	34,540
Subordinated bonds	10,902	Retained earnings	64,759
Stocks of subsidiaries and affiliates	29,003	Legal retained earnings	7,265
Long-term loans receivable from subsidiaries and affiliates	1,065	Other retained earnings	57,494
Deferred tax assets	6,055	Retained earnings brought forward	57,494
Deferred tax assets for land revaluation	2,770	Treasury stock	(13,837)
Guarantee deposits	3,102	Valuation and translation adjustments:	(4,290)
Long-term time deposits	2,300	Valuation difference on available-for-sale securities	713
Other	3,369	Revaluation reserve for land	(5,003)
Allowance for doubtful accounts	(2,060)	Subscription rights to shares	70
		Total net assets	110,267
Total assets	444,116	Total liabilities and net assets	444,116

Non-consolidated Statement of Income
(From April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Amount	
Net sales		
Net sales of completed construction contracts	470,966	
Sales on real estate business, etc.	20,632	491,599
Cost of sales		
Cost of sales of completed construction contracts	297,199	
Cost of sales on real estate business, etc.	23,872	321,072
Gross profit		
Gross profit on completed construction contracts	173,767	
Gross loss-real estate business, etc.	(3,239)	170,527
Selling, general and administrative expenses		112,402
Operating income		58,125
Non-operating income		
Interest income	536	
Interest on securities	430	
Dividends income	845	
Commission fee	2,429	
Miscellaneous income	1,053	5,296
Non-operating expenses		
Interest expenses	1,294	
Loss on valuation of securities	2	
Provision of allowance for doubtful accounts	157	
Other	497	1,953
Ordinary income		61,469
Extraordinary income		
Reversal of provision for loss on disaster	381	
Return of profit gained through short term trading of company shares by a major shareholder	542	923
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	54	54
Income before income taxes		62,338
Income taxes – current	26,265	
Income taxes – deferred	1,954	28,219
Net income		34,119

Non-consolidated Statement of Changes in Net Assets
(From April 1, 2011 to March 31, 2012)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Treasury stock	Total Shareholders' equity
		Legal capital surplus	Total Capital surplus		Other retained earnings		Total Retained earnings		
					General reserve	Retained earnings brought forward			
Balance as of April 1, 2011	29,060	34,540	34,540	7,265	157,300	(111,596)	52,969	(9,208)	107,362
Changes of items during the period									
Reversal of general reserve					(157,300)	157,300	-		-
Dividends from surplus						(22,072)	(22,072)		(22,072)
Net income						34,119	34,119		34,119
Purchase of treasury stock								(9,024)	(9,024)
Disposal of treasury stock						(255)	(255)	4,359	4,103
Net changes of items other than shareholders' equity during the period									
Total changes of items during the period	-	-	-	-	(157,300)	169,090	11,790	(4,665)	7,125
Balance as of March 31, 2012	29,060	34,540	34,540	7,265	-	57,494	64,759	(13,873)	114,487

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance as of April 1, 2011	297	(181)	(4,610)	(4,494)	253	103,121
Changes of items during the period						
Reversal of general reserve						-
Dividends from surplus						(22,072)
Net income						34,119
Purchase of treasury stock						(9,024)
Disposal of treasury stock						4,103
Net changes of items other than shareholders' equity during the period	415	181	(393)	203	(183)	20
Total changes of items during the period	415	181	(393)	203	(183)	7,145
Balance as of March 31, 2012	713	-	(5,003)	(4,290)	70	110,267

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 38th Fiscal Term

Appropriation of Surplus for the 38th Fiscal Term is reported as follows:

Year-End Dividend

The Company recognizes adequate profit return to shareholders as the most important matter and practices it.

For dividends, the Company, while taking the basic policy stance of providing stable dividends through ongoing reinforcement of our business foundation, aims to set the payout ratio at 50%, and includes a basic dividend of 100 yen and the profit return based on consolidated business performance. Based on this policy, the Company will set a dividend of 149 yen per share for the year-end dividend of the 38th Fiscal Term.

The annual dividend to be paid would be 297 yen per share including the interim dividend of 148 yen per share paid in November last year.

- (1) Type of dividend property
Cash
- (2) Matters regarding dividend property's allocation to shareholders and total amount
Cash payment of dividend per share: 149 yen per common share of the Company
Total amount: 11,844,483,224 yen
- (3) Effective date of dividend payment
June 28, 2012

Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the Amendment

For the purpose of expanding the stock business segment which generates substantial synergies with our core business and establishing a stable revenue base, we hereby propose to make additions and changes to the business purpose set forth in Article 2 (Purpose) of the existing Articles of Incorporation.

- (1) Item 34 of Article 2 shall be added to reflect the commencement of the electric aggregator business (receiving high-voltage electric power in bulk) by a subsidiary of the Company for the purpose of improving the added-value of leased buildings constructed and managed by the Daito Group and tenant services.
- (2) Change to item 35 of Article 2 involves the renumbering of said item associated with the aforementioned addition.

2. Description of the Amendment

The Company proposes that the Articles of Incorporation of the Company be amended as follows:

(Amendments shown by underlines.)

Existing Articles of Incorporation	Proposed Amendments
(Purpose)	(Purpose)
<p>Article 2 The Company’s objective shall be to operate the following businesses and control and manage business activities of companies that operate the following businesses by acquiring and owning shares/interest of such companies.</p> <p>1. to 33. (Omitted) (New establishment)</p> <p><u>34.</u> Any business incidental or related to the previous items.</p>	<p>Article 2 The Company’s objective shall be to operate the following businesses and control and manage business activities of companies that operate the following businesses by acquiring and owning shares/interest of such companies.</p> <p>1. to 33. (Same as at present)</p> <p><u>34.</u> <u>Electric power receiving and distribution business</u></p> <p><u>35.</u> Any business incidental or related to the previous items.</p>

Proposal No. 3: Election of Two (2) Directors

For the purpose of strengthening its sales and IR/PR strategies in response to the expected business expansion in the medium to long term, the Company intends to improve the business execution capability of the divisions in charge of these strategies. For this reason, the Company proposes that shareholders elect two (2) Directors.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary and position & charge in the Company (including representation in other companies)	Number of the Company shares held
1	Katsuma Kobayashi (June 16, 1961)	February, 1986 Joined the Company April, 2011 Executive Officer, General Manager of Sales Management Department April, 2012 Managing Executive Officer General Manager of Sales Management Department (current position)	1,825 shares
2	Shuji Kawai (January 22, 1967)	April, 1989 Joined the Company April, 2012 Executive Officer, General Manager of Corporate Planning Division (current position)	1,100 shares

(Notes) There is no special interest between any of the candidates for Directors and the Company.

Proposal No. 4: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor Koji Murata is to expire at the conclusion of this Ordinary General Meeting of Shareholders. For this reason, the Company proposes that shareholders elect one (1) Corporate Auditor.

The Company has obtained the consent of the Board of Corporate Auditors on this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary and position in the Company (including representation in other companies)	Number of the Company shares held
Kazumitsu Futami (August 5, 1945)	April, 1964 Joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism)	-
	May, 1998 General Manager, Land Department, Chugoku Region Construction Bureau, Ministry of Construction	
	June, 1999 General Manager, Loan Guarantee Department 1, Incorporated Foundation of Housing Improvement Development Public Corporation (currently General Incorporated Foundation of Housing Improvement Development Public Corporation)	
	December, 2003 Director, Incorporated Foundation of Housing Improvement Development Public Corporation	
	July, 2009 Representative Director and President, Jei Kei Kikaku Co., Ltd. (current position)	

- (Notes)
1. There is no special interest between the candidate for Corporate Auditor and the Company.
 2. The candidate for Corporate Auditor Mr. Kazumitsu Futami is a candidate for Outside Corporate Auditor.
 3. Special notes regarding the candidate for Outside Corporate Auditor are as follows:
 - (i) The Company selected Mr. Kazumitsu Futami as a candidate for Outside Corporate Auditor, believing that his wealth of experience in and knowledge of, among others, the housing administration and loan guarantee business for construction loans for rental residential property development could be very useful and helpful for the audit of the Company.
 - (ii) The Company plans to enter into a Limited Liability Agreement with Mr. Futami after his election as an Outside Corporate Auditor. Outlines of this Limited Liability Agreement are described below:
 - In the event that the Company bears liability for damages caused by neglect of the Outside Corporate Auditor's duty, the liability amount shall be the minimum amount set forth in Article 425, Item 1 of the Corporation Law.
 - The limited liability stated above shall be applicable only when the Outside Corporate Auditor performs his duty in good faith and without material negligence.