



September 22, 2022

To Whom This May Concern

2-16-1, Konan, Minato-ku, Tokyo
Daito Trust Construction Co., Ltd.
Katsuma Kobayashi,
President and Representative Director (CEO)
(Code: 1878 TSE Prime, NSE Premier)

Notice Concerning Business Succession by Company Split (Simplified
Absorption-Type Company Split/Informal Absorption-Type Company Split) of
Wholly-Owned Subsidiary

At the meeting of the Board of Directors held today, the Company decided to perform a company split (simplified absorption-type company split) (“Company Split”) in which the Company will become the succeeding[acquiring] company and our wholly-owned subsidiary Daitokentaku Leasing Co., Ltd. (“Daitokentaku Leasing”) will become the splitting company, and transfer part of the building leasing business of Daitokentaku Leasing (“Business”) to the Company, and thus hereby inform you of the following.

Since this Company Split is a simplified absorption-type split of a wholly-owned subsidiary of the Company, some disclosure items and details have been omitted in disclosure.

1. Purpose of the Company Split

By succeeding to the Business, the Company aims to expand earnings of the Group's real estate business.

2. Summary of the Company Split

(1) Schedule of the Company Split

Board of Directors meeting to approve absorption-type company split	September 22, 2022
Execution date of the absorption-type company split agreement	September 22, 2022
Effective date of the absorption-type company split agreement	November 1, 2022

(Note) As this absorption-type company split falls under simplified absorption-type company split as stipulated in Article 796(2) of the Companies Act for the Company, as the succeeding company, and the splitting company, Daitokentaku Leasing, falls under informal absorption-type company split as stipulated in Article 784(1) of the Companies Act, a general meeting of shareholders will not be held regarding approval of each absorption-type company split agreement.

(2) Method of Company Split

This is a simplified absorption-type split in which the Company will be the succeeding company and Daitokentaku Leasing will be the splitting company.

(3) Details of allotments related to the Company Split

The Company owns all of the shares of Daitokentaku Leasing, the splitting company, and there will be no allotment or delivery of shares or money, etc. upon this Company Split.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights accompanying the Company Split

Not applicable.

(5) Increase or decrease in capital due to the company split

There will be no increase or decrease in capital due to the Company Split.

(6) Rights and obligations to be succeeded by the succeeding company

Out of the assets and liabilities related to the Business, the contractual status of the Business, and the rights and obligations incidental thereto, the Company will succeed to those that are stipulated in the absorption-type company split agreement.

(7) Expected performance of obligations

We have determined that there will be no problems with the prospects for the performance of our obligations after the Company Split.

3. Overview of the companies involved in the split (as of March 31, 2022)

	Succeeding company in absorption-type split	Splitting company in absorption-type split
(1) Name	Daito Trust Construction Co., Ltd.	Daitokentaku Leasing Co., Ltd.
(2) Address of head office	2-16-1, Konan, Minato-ku, Tokyo	2-16-1, Konan, Minato-ku, Tokyo
(3) Name and title of representative	Katsuma Kobayashi, President and Representative Director (CEO)	Yoshihiro Mori, President and CEO
(4) Details of business	<ul style="list-style-type: none">Construction of apartments, condominiums, rental shops, rental factories, rental warehouses, rental offices, etc.Real estate brokerage services such as tenant placement, and real estate management services such as building management and lease contract management	<ul style="list-style-type: none">Lease of real estateBrokerage business such as tenant placement

(5) Paid-in capital	29,060 million yen	100 million yen
(6) Date established	June 20, 1974	November 1, 2016
(7) Number of shares issued	68,918,979 shares	65,900 shares
(8) Accounts closing date	March 31	March 31
(9) Major shareholders and shareholding ratio	<ul style="list-style-type: none"> • The Master Trust Bank of Japan, Ltd. (trust account) 14.93% • SSBTC CLIENT OMNIBUS ACCOUNT 6.63% • Custody Bank of Japan, Ltd. (trust account) 4.76% • Hikari Tsushin K.K. 3.02% • Daito Trust Cooperative Association Shareholding Group 2.37% 	<ul style="list-style-type: none"> • Daito Trust Construction Co., Ltd. 100%
(10) Financial status and business results of the most recent fiscal year		
Net assets	¥365,787 million (consolidated)	¥73,133 million (non-consolidated)
Total assets	¥1,005,879 million (consolidated)	¥91,849 million (non-consolidated)
Net assets per share	¥5,379.73 (consolidated)	¥1,109,757.38 (non-consolidated)
Net sales	¥1,583,003 million (consolidated)	¥30,162 million (non-consolidated)
Operating income	¥99,594 million (consolidated)	¥4,153 million (non-consolidated)
Ordinary income	¥103,671 million (consolidated)	¥5,303 million (non-consolidated)
Net income attributable to owners of parent	¥69,580 million (consolidated)	¥4,234 million (non-consolidated)
Net income per share	¥1,021.43 (consolidated)	¥64,263.18 (non-consolidated)

(Note) (9) is as of March 31, 2022

4. Overview of the business to be split

(1) Details of business to be split

Part of building leasing business of Daitokentaku Leasing

(Building leasing business related to the head office Shinagawa East One Tower)

(2) Sales of business to be split (fiscal term ended March 2022)

Sales of part of building leasing business of Daitokentaku Leasing ¥7,424 million

(3) Items of assets and liabilities subject to split and amount

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥1,432 million	Current liabilities	¥752 million
Noncurrent assets	¥58,540 million	Noncurrent liabilities	¥4,150 million
Total	¥59,972 million	Total	¥4,902 million

(Note) The amounts of assets and liabilities to be succeeded will be determined after adjusting for changes until the day before the scheduled date of the split.

5. Status after the Company Split

There will be no change in the names, addresses, titles and names of representatives, business details, paid-in capital, and accounts closing dates of the Company and Daitokentaku Leasing after the Company Split.

6. Future outlook

As the Company Split will be conducted between the Company and its wholly-owned subsidiary, the impact of the Company Split on the Company's consolidated results will be minor.

Inquiries regarding this matter
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