



Daibiru Report
2020

Corporate Principles

Constructing buildings, creating towns, pioneering the new era

The Daibiru Group creates comfortable, life-enhancing office and commercial spaces which bring bustling activity to local streets and towns. We try to be a pioneer, establishing a new era while always staying keenly attuned to the context of the times, allowing people to foster and pursue dreams in these new environments.

Mission Statement

1. Provide office spaces and environments that can win the trust and attachment of customers

Winning the trust and attachment of our customers is the heart of the Daibiru Group's office building leasing and property management businesses.

2. Increase enterprise value together with our tenants

Our customers' business success means the improvement of our corporate value. Listening carefully to our customers and responding accurately to their ever-changing needs, we will assume our social responsibility.

3. Create beautiful cityscapes and stylish spaces

To create elegant and graceful urban landscapes, we must build an appropriate customer base.

Group Message

We will make collective efforts as a group to focus on creating comfortable, safe, and reassuring spaces and environments.

Positioning of the Daibiru Report

Financial Information

Corporate Website

-Investor Information-

- IR Materials
- Securities Report

Non-financial Information

Corporate Website

- -Sustainability Information-
- CSR Activities (Website)
- Corporate Governance Report

Daibiru Report

Information Disclosure

For more detailed information, please visit our corporate website.

<https://www.daibiru.co.jp/english/>

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Editorial policy

The Company publishes an integrated report in order to communicate the value creation story of the Daibiru Group to its stakeholders. This integrated report summarizes and publishes non-financial information such as environmental and corporate social responsibility (CSR) activities, human resources, and governance, as well as management strategies and financial information. For more detailed information, please refer to our corporate website and other various communication tools available. We hope that this report will help readers gain a better understanding of the Company.

Reporting period

This report is mainly based on results for fiscal 2019 (April 1, 2019 to March 31, 2020). Some contents may cover our activities and projections before or after this period.

Note concerning projections

This integrated report contains statements on our future plans and strategies, and our projections and forecasts regarding our corporate performance. These statements incorporate predictions, plans, and judgments based on information available to us at this point in time and thus contains many potential risks, uncertain factors, and hypotheses. Actual results and performance may differ greatly from our projections, due to fluctuations in these variables.

Reference guidelines

- Ministry of Economy, Trade and Industry (METI)
"Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation"
- The International Integrated Reporting Council (IIRC)
"International Integrated Reporting Framework"

History of the Daibiru Group

A Consistent Ambition Unchanged Since Our Founding— Pursuing Overwhelming Customer Satisfaction through Quality

Thoroughly Pursuing the Ideal Office Building for the Times

Establishing a business model based on integrated management that meets customer needs from both hard and soft perspectives

Main Events

Oct. 1923
Osaka Building Co., Ltd. (capital: ¥3 million) established through a joint capital investment of three companies: O.S.K. Line, Ujigawa Electric Power Co., Ltd., and Nippon Electric Power Co., Ltd.

Sep. 1925
Construction of Daibiru-Honkan Building in Nakanoshima, Kita-ku, Osaka, completed.

Jul. 1927
Construction of Hibiya Daibiru Building No. 1 in Uchisaiwaicho, Chiyoda-ku, Tokyo, completed.

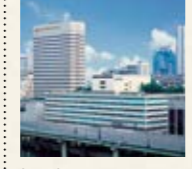
Apr. 1931
Construction of Hibiya Daibiru Building No. 2 next to Hibiya Daibiru Building No. 1 completed.



(Former) Hibiya Daibiru Building
(On right: Building No. 1 / On left: Building No. 2)

Apr. 1958
Construction of the (former) South Wing of Shin-Daibiru Building in Dojimahama, Kita-ku, Osaka, completed.

Oct. 1963
Construction of (former) North Wing of Shin-Daibiru Building completed.



(Former) Shin-Daibiru Building

Sep. 1984
Construction of Dojima Daibiru Building (ANA Crowne Plaza Osaka) in Dojimahama, Kita-ku, Osaka, completed.



Dojima Daibiru Building

Oct. 1989
The first phase of the Hibiya Daibiru Building reconstruction project completed and construction of a new building completed.



Hibiya Daibiru Building

Mar. 2005
Construction of Akihabara Daibiru Building in Sotokanda, Chiyoda-ku, Tokyo, completed. (Redevelopment project in front of Akihabara Station)



Akihabara Daibiru Building

Mar. 2009
Construction of Nakanoshima Daibiru Building in Nakanoshima, Kita-ku, Osaka, completed. (3-chome Nakanoshima joint development)

Jul.
Construction of Tosabori Daibiru Building in Tosabori, Nishi-ku, Osaka, completed.

(Former) Daibiru-Honkan Building

Continuing to Take on the Challenge of Proposing New Workplaces and Office Spaces

Entering into new domains by leveraging our long-cultivated competitiveness

- Integrated management of high-end office buildings in CBD, from development to reconstruction
- Expansion of investment targets
- Improvement of overseas businesses
- Enhancement and expansion of facility management businesses

Jan. 2012
Acquired Saigon Tower in Ho Chi Minh City, Vietnam. (First time for the Company to expand overseas)

Feb. 2013
The Daibiru-Honkan Building reconstruction project in Nakanoshima, Kita-ku, Osaka, completed and construction of a new building completed. (The Company commemorated its 90th anniversary at the site of its establishment.)

Mar. 2015
The Shin-Daibiru Building reconstruction project in Dojimaha, Kita-ku, Osaka, completed and construction of a new building completed.



Shin-Daibiru Building

Jul. 2019
Construction of BiTO AKIBA in Sotokanda, Chiyoda-ku, Tokyo, completed. (First time for the Company to develop a commercial building)

Nov. 2019
Acquisition of three buildings, including DAIBIRU PIVOT, in Chuo-ku, Sapporo.

2020
Scheduled completion of construction of "275 George Street" office building in Sydney, Australia.

2023
Shift to "the next era of Daibiru" after celebrating 100th anniversary.



Value Creation Process

The Daibiru Group offers value to society through its building business, which centers on office building leasing. Going forward, the Group aims to maximize its corporate value and realize sustainable growth together with society.

Corporate Principles

Constructing buildings, creating towns, pioneering the new era

Social issues surrounding the Company

Low birthrate / aging society in Japan

Changes in what an office should be (work-style reforms and shared offices)

Disaster risk in Japan

Climate change

Foundations for value creation (Input)

Financial capital	<ul style="list-style-type: none"> Operating profit margin 27% Stable finances and high credit rating Total property, plant and equipment per total assets 85%
Intellectual capital	<ul style="list-style-type: none"> Initiatives for quality maintenance and improvement of facility management Tenant relations and expertise in building development gained through quality facility management
Human capital	<ul style="list-style-type: none"> Human resources with a wealth of expertise in building development Human resources with high leasing skills Human resources that can win the trust of customers
Manufacturing capital	<ul style="list-style-type: none"> Office buildings in prime locations Osaka 11 properties Tokyo 11 properties Vietnam 2 properties Australia 1 property (under construction) Expansion to commercial buildings and hotels Osaka 1 property (hotel) Tokyo 4 properties (commercial buildings) Sapporo 3 properties (commercial buildings)
Social relations capital	<ul style="list-style-type: none"> Over 95 years of achievements A robust customer base Large number of long-term tenants Advantages as a pioneer in Vietnam

Business Model for Value Creation



Creating value for society (Outcomes)

Provide comfortable, safe, and reassuring office spaces

Create beautiful cityscapes and stylish spaces

Contribute to the creation of disaster-resistant cities and enhancement of city power

Environmentally conscious development and town creation

Improving corporate value (Output)

Improved business performance

Target figures for fiscal 2022	
Operating revenue	¥46.0 billion
Operating profit	¥13.0 billion
Profit attributable to owners of parent	¥8.0 billion

Expansion of business and growth strategy "Design 100" Project Phase-II

Governance supporting business

Greater investment in foundations for value creation

Maximizing Customer Satisfaction— A Business Model Based on Integrated Management, from Development to Reconstruction

Since its foundation, the Daibiru Group has placed the long-term integrated management of top-tier office buildings, from development to reconstruction, at the center of its business model. Leveraging the know-how that it has cultivated over its long history, the Group will continue to provide valuable office services.

5/ Trust-based Relationships with Customers

Earning the trust of customers through consistent interaction with them, from inviting them to be tenants and concluding contracts with them to helping with the move-in process and providing detailed facility management support afterwards

Daibiru gives constant consideration to what it can do to establish environments in which its customers can focus on their business. To that extent, we engage in consistent interaction with customers, from inviting them to be tenants and concluding contracts with them to helping with the move-in process and providing detailed facility management support afterwards. This interaction helps foster among our sales representatives a greater sense of responsibility and close attachment to the buildings they are responsible for, thereby serving as the source for earning customer trust. For our customers, having the same sales representative serve as the contact point even after the move-in process offers them reassurance. This kind of operating structure is a major reason why we can maintain good relationships with our tenants. Also, as an initiative unique to the Company, our sales representatives participate in "Team Daibiru" activities, where they work together with local staff to ensure the quality of facility management.

4/ Long-term Ownership of Buildings and Quality Facility Management

Realizing Comfortable Places through Groupwide Facility Management

What Daibiru emphasizes in its facility management is property optimization over the long term, rather than the short, with a focus on the entire lifespan of a building. To that end, we formulate and implement repair and renovation plans from the perspective of building conservation. In addition, we work to extend the lifespan of our buildings through efficient facility management that leverages our long-cultivated experience.

Furthermore, by performing security services, cleaning, and other operations of facility management in-house via Group companies, we have secured the loyalty of employees working in our buildings as well as a high level of quality for such operations. As a result, we have received a variety of praise from our tenants, including comments such as "the beauty of Daibiru's buildings shows no sign of the building's age" and "it is impressive how Daibiru's facility management reaches areas that do not always catch your attention, such as staircases." Moreover, performing such operations in-house creates close collaboration with frontline personnel and ensures a lean organizational structure. Accordingly, this allows us to swiftly respond to requests and consultations from customers.

Business Model for Value Creation

1/ Acquisition of Properties in Prime Locations

Promoting long-term ownership that allows us to identify land that can maintain competitiveness well into the future

When acquiring land and properties, Daibiru makes its decisions based on the assumption of long-term ownership. To that end, we place emphasis on location and maintain a policy of investing in premium locations that are believed to have stable demand even if the external environment changes. We refer to land that can maintain competitiveness irrespective of the changes in social conditions and customer needs as "non-erodable land," and this concept has become widespread across the Company as a gauge for making investment decisions.

In addition, we carry out investigations by departments in charge of acquisition to determine whether or not a property is worthwhile to acquire. Through this investigation process, we decide on acquisition while incorporating the opinions of employees from other departments, such as sales and architecture. This kind of structure for cross-organizational collaboration is another important part of the foundation that allows us to procure outstanding properties.

2/ Development of High-spec Buildings

Leveraging the know-how we have cultivated since our founding and the daily requests from customers in our building development

With the know-how we have cultivated through our many years of experience, we have been working to offer comfortable office spaces that are safe and secure. Whether we are constructing a new building or renovating an existing building, we work to enhance features that meet the needs of the times in such ways as introducing the latest energy-saving equipment and giving consideration to business continuity plans (BCPs). Furthermore, we strive to meet the needs of customers by reflecting the perspectives of workers in our buildings, including responding to requests received through our relationships with tenants. Also, based on the idea we have maintained since our founding that the value of our office buildings is their contribution to the development of the cities where they are located, we engage in development with an awareness of achieving a coexistence with urban areas. This development includes efforts that give consideration to scenery and the establishment of green zones. To realize this kind of building development, which reflects a diverse range of opinions, we have established a strong collaborative relationship with designers and builders.

➔ Please see page 26 for examples of collaboration with other companies.

3/ Establishment of a Good Customer Base

Responding to Customer Needs with Sales Representatives Well-versed in the Characteristics of Buildings

In recent years, there have been instances where real estate companies separate the roles of real estate ownership and management and outsource certain aspects of their operations. However, the Daibiru Group handles all of these aspects on its own. In our case, the department responsible for inviting tenants is the same department that handles procedures after tenants move in. When inviting tenants, sales representatives in charge of their respective buildings provide detailed support to potential tenants based not only on their knowledge of our products—meaning our buildings—but also their thorough understanding of the conditions in the office building market and the circumstances of the customer. Changing office locations is a major management decision for our customers, and our sales representatives serve as a partner in this process from the beginning to the end to ensure that our customers are kept reassured through the whole process of relocation.



Financial Summary

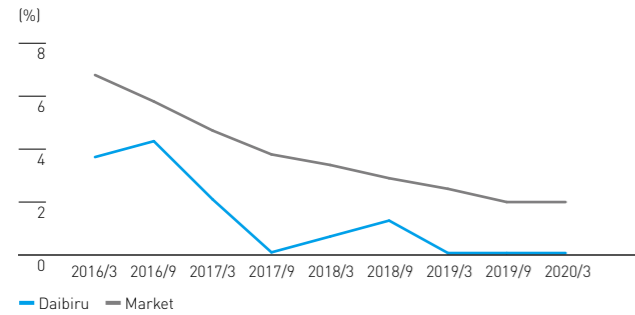
	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
For the Fiscal Year (Millions of yen)											
Operating revenue	33,639	34,837	33,670	34,205	35,566	35,773	37,344	39,451	40,400	40,637	42,817
Leasing	24,947	26,433	25,916	26,069	26,993	27,114	28,551	30,389	31,146	30,917	32,828
Facility management	8,252	8,053	7,383	7,605	8,230	8,232	8,197	8,571	8,844	9,186	9,146
Other businesses	439	350	370	530	342	427	595	490	408	534	842
Operating profit	9,269	10,283	10,161	9,827	10,022	9,447	9,114	10,693	11,055	10,329	11,561
Ordinary profit	8,182	8,894	8,910	8,507	8,725	8,250	7,985	9,688	10,640	9,953	10,858
Profit attributable to owners of parent	4,276	3,707	4,739	4,880	5,563	5,165	5,276	6,160	7,260	6,993	7,932
Depreciation	6,747	6,779	6,007	5,745	6,367	6,201	7,835	7,321	6,932	7,285	7,114
Increase in property, plant and equipment and intangible assets	16,720	39,856	3,534	17,853	7,935	30,706	3,293	1,893	4,009	16,219	26,915
Net cash provided by operating activities	15,365	12,753	12,523	10,121	12,960	11,487	14,516	15,157	13,957	14,101	14,570
Net cash used in investing activities	(27,536)	(38,602)	(9,098)	(18,652)	(8,098)	(26,269)	(13,758)	(3,287)	(7,847)	(12,565)	(27,303)
Net cash provided by (used in) financing activities	12,460	26,663	(2,616)	7,904	(1,532)	14,286	(2,661)	(9,624)	(10,131)	9,453	13,685
Per Share Data (Yen)											
Profit attributable to owners of parent	36.66	31.79	40.64	41.84	47.70	44.29	45.24	52.82	62.25	59.96	68.02
Net assets	972.67	977.10	1,018.04	1,071.37	1,130.47	1,206.74	1,224.12	1,280.88	1,337.32	1,319.81	1,337.20
Cash dividends	11.0	11.0	11.0	11.5	13.5	13.0	14.0	16.0	19.0	20.0	21.0
					(Includes a commemorative dividend of ¥1.5 per share)						
At Fiscal Year-End (Millions of yen)											
Current assets	5,027	5,435	6,330	7,266	10,661	10,785	8,082	10,524	6,294	17,958	21,035
Total property, plant and equipment	240,340	270,490	268,577	280,901	282,091	310,178	306,011	300,901	298,243	306,809	326,696
Total investments and other assets	19,675	15,609	14,849	17,751	20,731	24,393	21,139	24,877	32,478	26,464	22,927
Total assets	265,167	291,666	295,837	312,613	321,254	362,702	351,810	351,645	351,291	364,754	383,426
Current liabilities	15,771	15,857	13,948	40,735	34,165	30,711	31,041	10,266	16,044	21,083	31,669
Interest-bearing debt	102,354	130,398	129,068	138,312	138,557	158,468	157,442	149,672	141,542	153,412	169,732
Net assets	114,641	115,189	120,058	126,391	133,141	142,144	144,286	150,993	157,673	155,728	157,827
Equity	113,445	113,961	118,736	124,955	131,846	140,741	142,767	149,386	155,967	153,925	155,952
Other Statistics											
Ratio of interest-bearing debt to operating cash flows (Times)	6.7	10.2	10.3	13.7	10.7	13.8	10.8	9.9	10.1	10.9	11.6
Capital adequacy ratio (%)	42.8	39.1	40.1	40.0	41.0	38.8	40.6	42.5	44.4	42.2	40.7
Debt to equity ratio (Times)	0.90	1.14	1.09	1.11	1.05	1.13	1.10	1.00	0.91	1.00	1.09
Number of shares issued (Thousands)	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851
Number of employees (Non-consolidated)	51	53	54	56	58	60	59	64	65	70	79
Total floor area (m ²)	566,809	506,087	526,712	577,364	574,248	700,131	700,131	700,131	700,131	701,286	739,544
Vacancy rate at end of year (%)	2.1	1.6	1.5	2.8	2.4	4.4	2.6	1.5	0.7	0.2	0.8
Stock price: High (Yen)	928	937	739	1,129	1,600	1,335	1,383	1,108	1,492	1,364	1,445
Stock price: Low (Yen)	613	520	436	502	989	937	753	802	932	984	703

Note: Main cash-equity trading platform has been changed to the Tokyo Stock Exchange from the Osaka Securities Exchange, as they integrated their operations as of July 16, 2013.

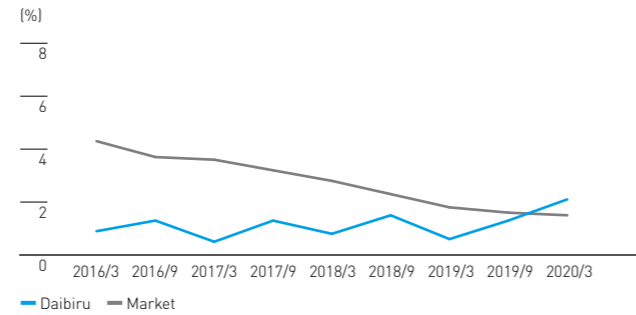
Property Information

Vacancy Rates

Osaka area vacancy rates



Tokyo area vacancy rates



Trends in vacancy rates (%)

Daibiru (Term-end)	2016/3	2016/9	2017/3	2017/9	2018/3	2018/9	2019/3	2019/9	2020/3
Osaka area	3.7	4.3	2.1	0.1	0.7	1.3	0.0	0.0	0.0
Tokyo area	0.9	1.3	0.5	1.3	0.8	1.5	0.6	1.3	2.1
Whole Company	2.6	3.2	1.5	0.6	0.7	1.4	0.2	0.5	0.8

Note: Figures as from March 2019 do not include the Midosuji Daibiru Building (Osaka) and the Yaesu Daibiru Building (Tokyo), which are due to be renovated.

Market (Term-end)

Osaka area	6.8	5.8	4.7	3.8	3.4	2.9	2.5	2.0	2.0
Tokyo area	4.3	3.7	3.6	3.2	2.8	2.3	1.8	1.6	1.5

Note: Market vacancy rates are from the data created by Miki Shoji Co., Ltd. (on six major wards in the Osaka area and five in the Tokyo area).

Commercial Property Gross floor area / Number of properties (Osaka area / Tokyo area / Sapporo area / Vietnam)

Gross floor area

Office buildings, commercial buildings	2017/9	2018/3	2018/9	2019/3	2020/3	Number of properties
Osaka area	378,879	378,879	378,879	378,879	378,879	12
Tokyo area	215,437	215,437	215,437	216,593	231,254	15
Sapporo area	—	—	—	—	23,595	3
Vietnam	66,480	66,480	66,480	66,480	66,480	2
Subtotal	660,796	660,796	660,796	661,952	700,208	32

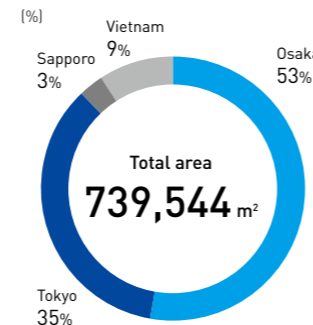
Residences

Osaka area	13,184	13,184	13,184	13,184	13,184	2
Tokyo area	26,151	26,151	26,151	26,151	26,151	13
Subtotal	39,335	39,335	39,335	39,335	39,335	15

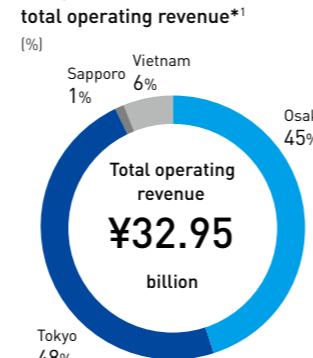
Total of Osaka area	392,063	392,063	392,063	392,063	392,063	14
Total of Tokyo area	241,588	241,588	241,588	242,744	257,405	28
Sapporo area	—	—	—	—	23,595	3
Vietnam	66,480	66,480	66,480	66,480	66,480	2
Total	700,131	700,131	700,131	701,286	739,544	47

Note: In regard to the co-owned properties, our share was recorded.

Composition of floor area



Composition of total operating revenue*1



*1 Before elimination of intersegment amounts

Non-financial Information Highlights

CO ₂ emissions**3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3
CO ₂ emissions (t-CO ₂)	32,254	34,614	35,834	35,240	31,788	30,051
CO ₂ emission intensity (t-CO ₂ /m ²)	0.06762	0.06407	0.06535	0.06412	0.05816	0.05156

Energy use*2

Crude oil equivalent energy use (kl)	15,748	17,059	18,107	18,021	17,736	18,175
Energy use intensity (kl/m ²)	0.03302	0.03157	0.03302	0.03279	0.03245	0.03119

Water use*2

Water use (m ³)	444,366	484,398	506,572	510,641	514,530	533,179
Water use intensity (m ³ /m ²)	0.9316	0.8966	0.9238	0.9291	0.9414	0.9149

Waste emissions*4

Waste emissions (t)	—	—	2,648	2,595	2,468	2,654
Waste emission intensity (t/m ²)	—	—	0.0048	0.0047	0.0045	0.0045

Number of employees

Number of employees (Non-consolidated)	60	59	64	65	70	79
Number of employees (Consolidated)	2,232	2,286	2,434	2,465	2,464	2,588

Average overtime (Non-consolidated/month)

Average overtime (Hours)	22.96	23.42	23.25	24.78	19.99	20.11
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Average years of service (Non-consolidated)

Average years of service (Years)	12.42	12.33	11.83	11.66	10.42	10.00
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Percentage of female employees (Non-consolidated)

Percentage of female employees (%)	23.33	27.12	25.00	27.69	28.57	30.38
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Percentage of female managers*5 (Non-consolidated)

Percentage of female managers (%)	3.45	7.41	6.45	9.09	11.76	13.16
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Education and training expenses (Non-consolidated/year)

Education and training expenses (Millions of yen)	4.65	3.44	4.67	4.59	5.33	4.56
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Number of recruits (Non-consolidated)

New graduates	1	3	3	3	4	3
Mid-career	0	0	0	1	3	3



*2 Scope of data: Office and commercial buildings owned by the Company (buildings subject to the Act on the Rational Use of Energy)

*3 Calculated using emissions coefficients by energy supplier; therefore, CO₂ emissions and emission intensity are impacted by fluctuations in these coefficients.

*4 Scope of data: Among buildings subject to the Act on the Rational Use of Energy, office and commercial buildings owned by the Company for which calculation is possible

*5 Calculated by dividing female managers by the total number of managers

President's Message

Based on the theme of “Return to Corporate Principles,” the Daibiru Group will once again establish a corporate culture of taking on bold new challenges. By doing so, we will rebuild a foundation focused on growth for the next 100 years.



Toshiyuki Sonobe

Representative Director,
President Chief Executive Officer

Opening Words

I would first like to offer my thoughts and prayers to those who have contracted COVID-19 as well as those who have been impacted by the spread of the virus in their daily lives. In addition, I would like to express my sincere gratitude for the medical professionals working on the front lines around the clock to protect the health and lives of people.

Since its foundation in 1923, Daibiru has built up achievements as a pioneer in the office building leasing business, continuing to provide office spaces with value even as the times change. Today, under the unprecedented circumstances brought about by the COVID-19 pandemic, new lifestyles are being established, and this has started to impact the vision for how an office should be going forward. In addition to reflecting on fiscal 2019, ended March 31, 2020, and explaining the progress we are making under our Medium-term Management Plan, I would like to talk about my view on the role of Daibiru in the future.

Review of Fiscal 2019 and Progress under Our Medium-term Management Plan

To pave the way for the next 100 years as we prepare for our centennial anniversary in fiscal 2023, we have been promoting the 10-year “Design 100” Project since fiscal 2013. Fiscal 2019 was the second year of Phase-II, which covers the second five years of this project.

In fiscal 2019, we achieved record highs for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent, owing in part to the improved operating status of existing buildings and the contribution to revenue and profits from newly launched buildings. Furthermore, we were able to exceed our target for return on equity (ROE) of 5%.

In Phase-I, the first five years of the “Design 100” Project, we mostly achieved our targets for revenue and profits. However, we were unable to reach our targets for growth investments. In light of this, under Phase-II, we established the theme of returning to our corporate principles of “Constructing buildings, creating towns, pioneering the new era.” Based on this theme, we set forth the five priority strategies of “Investment in high-end office properties in central business district (CBD),” “Expansion of investment targets,” “Improvement of overseas businesses,” “Investment to enhance the competitiveness of existing assets,” and “Enhancement and expansion of facility management businesses,” with the aim of improving our investment capabilities.

➔ Please see table on the bottom of **page 15**.

Our primary aim is to build up projects that can become the seeds of our future growth in line with these priority strategies. To that end, we plan to make investments totaling ¥120.0 billion over the five-year period of Phase-II. As of March 31, 2020, we had decided on a total of approximately ¥55.0 billion in investments and have been steadily making progress with their execution.

Under the priority strategy of “Expansion of investment targets,” we opened BiTO AKIBA, the first commercial building we developed, in November 2019 in Akihabara, Tokyo. In addition, we acquired the Nihonbashi 3-chome Building in April 2019. We also acquired DAIBIRU PIVOT, a large commercial building in Sapporo, in November 2019. These buildings, among others, have been contributing to revenue and profits.

As a result of such efforts, in fiscal 2019 we recorded operating revenue of ¥42,817 million (up 5.4% year on year), operating profit of ¥11,561 million (up 11.9% year on year), ordinary profit of ¥10,858 million (up 9.1% year on year), and profit attributable to owners of parent of ¥7,932 million (up 13.4% year on year).

➔ Please refer to our numerical forecasts on **page 17**.

Impact of the COVID-19 Pandemic

While COVID-19 now continues to spread across the globe, we basically own and operate buildings in locations with stable demand over the medium to long term, and the impact of COVID-19 on these buildings has generally been limited. However, the shops and restaurants located in our commercial buildings and on the lower floors of our office buildings have been adversely affected by the decline in customer numbers and restricted business hours. Based on requests from the Japanese national and local governments, we have postponed, reduced, or exempted rent payments for certain commercial tenants.

Meanwhile, although COVID-19 has had no major impact on the office building leasing business, it is likely that demand for office buildings could decline going forward due to the worsening business performance of tenant companies. Furthermore, the operating environment is expected to become more challenging as a result of such factors as rising market vacancy rates heading into the end of the year. Accordingly, we forecast a decline in both revenue and profits in fiscal 2020, and have also made downward revisions to the numerical targets of our Medium-term Management Plan.

In light of the pandemic, the number of corporations that have introduced teleworking is currently increasing and the speed of changes to workstyles are accelerating. We therefore believe that the vision for how an office should be will change in the future. As a partner to our tenant companies, we will provide services that meet their needs and work to enhance the attractiveness of our buildings.

President's Message

The Purpose of Office Buildings in the "With COVID-19" Era

In the "With COVID-19" era, we must give far more consideration to the perspectives of sanitation and safety so that we can protect people from viruses. At the same time, we need to further enhance the value of our office buildings as a place for spurring innovation through interactions between people. In the conversations I have had with executives at our tenant companies, I learned that, while they are aware of the benefits of working remotely, including preventing the spread of COVID-19 and reducing costs, they are also once again coming to understand the importance of office buildings as a space for creating ideas and spurring innovation that is not possible via teleworking.

I believe that even the slightest interaction with other people can be the catalyst for great ideas and realizations, and I feel that during this period of refraining to go outside, we have lost that kind of important interaction between people. Going forward, it is essential that we establish an environment for teleworking as a means of promoting work-style reforms. However, I think that such an environment only serves as a supplement for physical locations that invigorate interaction and communication between employees.

Superior office buildings are precisely what leads to creative work, and this is why I believe that office buildings are necessary in the "With COVID-19" era.

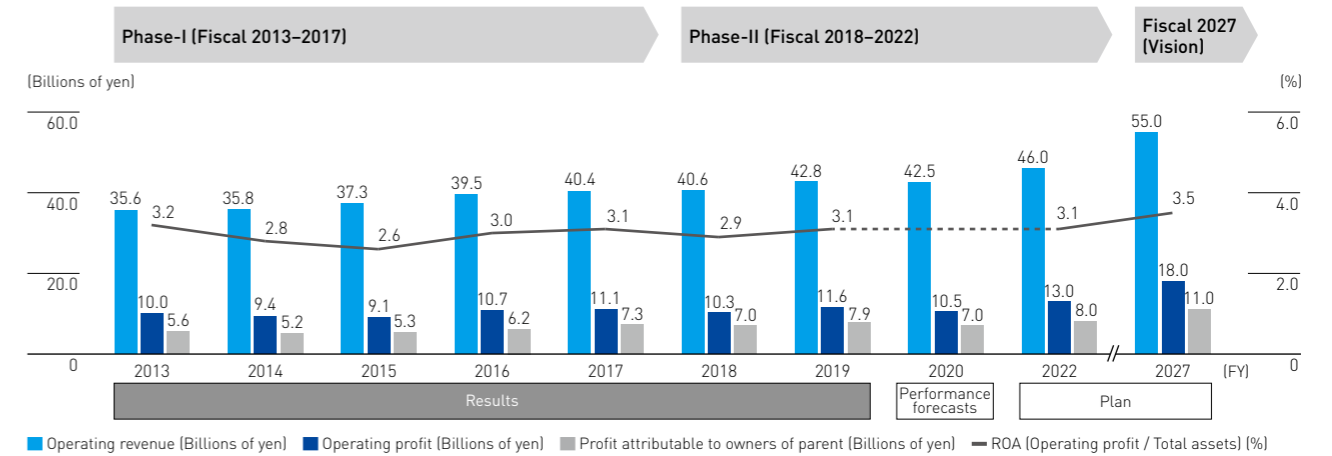
Ensuring first that our tenant companies once again recognize the value offered by superior office buildings, we would like to ask their understanding regarding the costs needed to maintain that value. In the service industry, there is naturally a need to offer good services at competitive prices. However, to ensure that our tenant companies reap the benefits of paying a certain amount for high-value-added services, it is imperative that we further enhance the quality of our services based on our track record and experience.

The Business Model of Daibiru

Based on the corporate principles of "Constructing buildings, creating towns, pioneering the new era," we have continued to operate our businesses and provide safe and secure office spaces over many years, thereby realizing steady growth while receiving a high evaluation from our customers. One characteristic of our business is that our business model distinguishes itself from a rotational business model that aims for capital gains in that it involves developing buildings over a long period of time and offering valuable office services to our customers on an ongoing basis. At the core of our business model lies integrated management, which covers everything from office building development to reconstruction. Going forward, we will continue to maintain this business model, whose fundamental purpose is to realize income gains through long-term ownership of buildings. With that said, this does not necessarily mean we will not sell properties at all but rather that we will not invest in properties solely for the purpose of resale. For example, we will examine making changes to our portfolio in the event that we are able to replace an existing property with one that offers even more value as well as from the perspective of realizing more efficient operation and management.

Also, facility management by the Daibiru Group itself is our fundamental policy. To date, we have focused our efforts not only on hard aspects such as buildings and facilities but also soft aspects such as cleaning, security, and facility management to ensure that the people working in our buildings can be comfortable. While we must constantly work to maintain quality so that our tenants can enjoy a user-friendly and clean office space, we have been highly praised by our tenants regarding the high quality of our current cleaning services. This kind of Groupwide facility management is what enables us to respond swiftly to our customers and maintain our service quality. Also, as the vision for how an office should be is starting to change, Groupwide facility management will become a major element in differentiating our buildings from others.

Quantitative Targets



New Investments and Shareholder Returns

Although we currently own more than 30 buildings in Japan and overseas, executing the new investments adopted under our Medium-term Management Plan is essential for realizing further growth. While ascertaining the impact from the COVID-19 pandemic on our business and the real estate market, we will continue to search for opportunities that will allow us to promptly realize these new investments.

For shareholder returns, our fundamental policy is to implement stable dividends taking into account our business performance and the external environment while maintaining the necessary internal reserves to ensure a sound financial position and future business development. Based on this policy, we are targeting a dividend payout ratio of 30% to 35%.

Also, in our recent dialogues with investors, a growing number of them have requested that we repurchase our own shares to enhance shareholder returns and improve capital efficiency. In light of the fact that we recorded record-high profits in fiscal 2019 as well as the falling share prices of Japanese real estate companies, including our own share price, due to COVID-19, we announced our intention to carry out the repurchase of our own shares for the first time ever in April 2020. Going forward, we will remain committed to our fundamental policy of implementing stable dividends. At the same time, we will pursue various methods of shareholder returns, including the flexible repurchase of our own shares when there is a good opportunity to do so.

Also, because of the nature of our business in which we develop or acquire high-cost assets such as buildings and gain stable rent revenues over a long period, there may be some limitations on how far return on assets (ROA) and ROE can increase, but we will operate our business with capital efficiency constantly in mind.

Contribution to a Sustainable Society

We aim to contribute to the realization of a sustainable society in such ways as reducing the environmental load through the

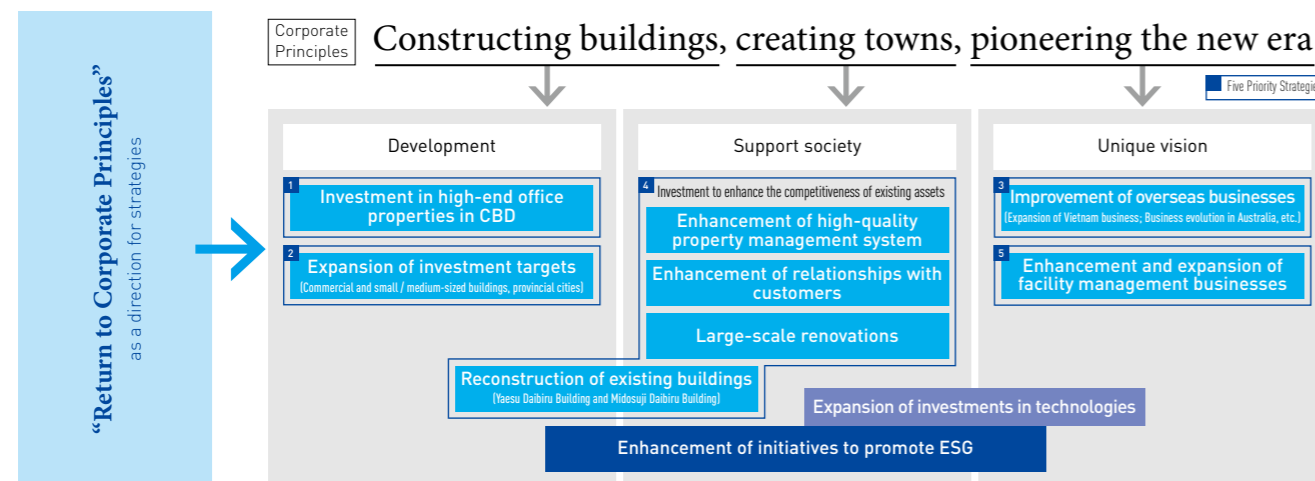
office building business. To date, we have engaged in development with the aim of creating natural and environmentally friendly urban spaces, including, for example, the creation of a green zone covering approximately 1,000 tsubo (about 3,300 m²) through the reconstruction of the Daibiru-Honkan Building and the Shin-Daibiru Building. There are also areas of the Sustainable Development Goals (SDGs), which are a global shared set of goals adopted at a United Nations (UN) summit in 2015, toward which we can contribute through our business activities, including Goal 11: "Sustainable cities and communities." Going forward, we will continue to promote management with an awareness of environmental, social, and governance (ESG)-related issues as we work to provide services that leverage the Company's strengths.

Looking toward the Next 100 Years

Daibiru started its business with the ownership of a single office building. While there have been some difficult periods over our 97-year history, we have achieved success by continuing to take on new challenges at every opportunity, allowing us to establish our current stable business model. With that said, it is true that we have gradually lost our spirit of taking on challenges as our management became more stable. To that end, the theme of our Medium-term Management Plan, "Return to Corporate Principles," encapsulates our desire to once again establish a corporate culture of taking on bold new challenges. Furthermore, we are striving to invigorate our organization by implementing employee education with an awareness of fostering a positive mindset. One example of this effort is dispatching employees to the offices we established in Sapporo and Australia, two areas where we have made new investments, so that they can develop their skills by accumulating an abundance of on-site experience.

Three years remain until our 100th anniversary. By that time, we hope to plant seeds for growth in the next generation and establish an environment where each employee can play an active role.

Formulation of Phase-II



Medium-term Management Plan

Medium-term Management Plan (Fiscal 2018–2022)

“Design 100” Project Phase-II

“Daibiru Excellence” toward Sustainable, Innovative & Global Next 100 (Century)

Return to Corporate Principles

—Progress of the Medium-term Management Plan—

Basic Policy

Daibiru will welcome its 100th anniversary in 2023, the year after the conclusion of the current Medium-term Management Plan. We will strive to push forward the boundaries of our business so that we can make further leaps in the next 100 years. The plan focuses on our core Corporate Principles, aiming for sustainable growth that enables us to continue developing properties and creating towns that support society and carry our unique vision of urban development.

Quantitative Targets

	“Design 100” Project Phase-II					FY2027 (Vision)
	FY2018 Results	FY2019 Results	FY2019 Plan	FY2020 Forecasts*	FY2022 Plan	
Operating revenue	40.6	42.8	43.0	42.5	46.0	55.0
Operating profit	10.3	11.6	11.0	10.5	13.0	18.0
Profit attributable to owners of parent	7.0	7.9	7.0	7.0	8.0	11.0
ROA (Operating profit/Total assets)	2.9%	3.1%			3.1%	Around 3.5%
Debt to equity ratio	1.0 times	1.1 times			1.1 times	Around 1.2 times
Dividend payout ratio	Stable dividends targeting a ratio of 30–35%					

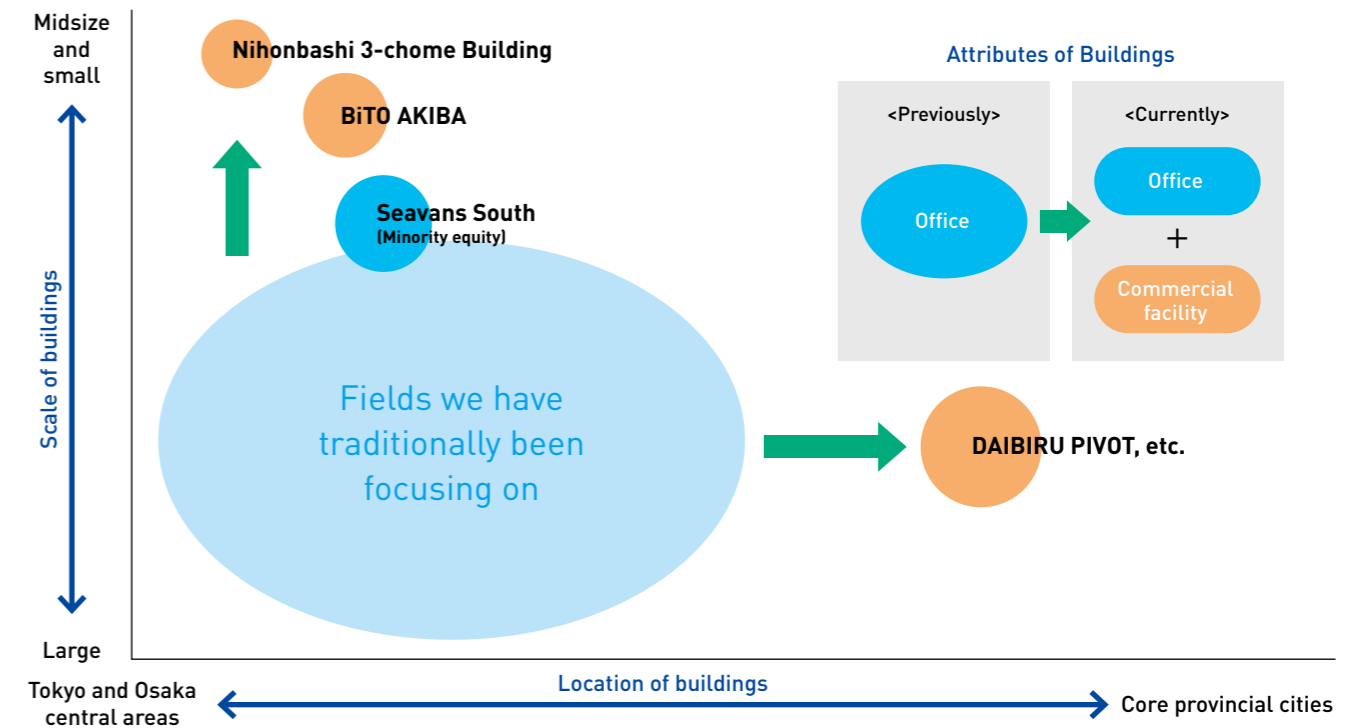
* Forecasts for fiscal 2020 have been downwardly revised from original plans in light of the impact from the spread of COVID-19.

Five Priority Strategies

	Priority Strategies	Investment Plan (Fiscal 2018–2022)	Decided on Investment (As of March 31, 2020)
Investment for growth	1 Investment in high-end office properties in CBD ⇒ Seavans South (Minority equity)	65.0	Approx. 30.0
	2 Expansion of investment targets Commercial and small / medium-sized buildings, provincial cities ⇒ Nihonbashi 3-chome Building, BiTO AKIBA, DAIBIRU PIVOT, etc.		
Enhancement of business bases	3 Improvement of overseas businesses Expansion of Vietnam business; Business evolution in Australia, etc. ⇒ 275 George Street	40.0	Approx. 20.0
	4 Investment to enhance the competitiveness of existing assets Promotion of reconstruction of Yaesu Daibiru Building and Midosuji Daibiru Building Large-scale renovations of existing buildings, etc.	15.0	Approx. 5.0
	5 Enhancement and expansion of facility management businesses (Non-asset based)		
	Total	120.0	Approx. 55.0

Phase-II Progress <Concept of Expansion of Investment Targets>

Extension of investment targets to “small and medium-sized office and commercial buildings in CBD” and “core provincial cities,” in addition to “large-sized office buildings in CBD”



Acquisition, Development, and Reconstruction Pipeline

Steadily making progress with investment plans under the Medium-term Management Plan

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
New	Nihonbashi 3-chome Building		Acquisition							
New	BiTO AKIBA	Construction	Grand opening							
New	Seavans South (Minority equity)		Acquisition							
New	275 George Street	Project acquisition	Construction		Scheduled completion of construction / start of operation					
Reconstruction	Midosuji Daibiru Building	Reconstruction decided on		Closure	Construction	Scheduled completion of construction				
Reconstruction	Yaesu Daibiru Building	Reconstruction decided on		Closure	Construction	Scheduled completion of construction				
Redevelopment	DAIBIRU PIVOT, etc.		Acquisition	Examinations on the overview of redevelopment currently underway						

Medium-term Management Plan

Expansion of Investment Targets

CLOSE UP 1 The First Commercial Building Developed by Daibiru **BiTO AKIBA**

Overview

- Located in front of Akihabara Station
- Grand opening took place in November 2019
- One-minute walk from the Electric Town exit at JR Akihabara Station
- Adjacent to Akihabara Daibiru Building and in the same district as BiTO AKIBA PLAZA
- Contracts concluded with tenants for the entire building
- First building in the series of the newly launched BiTO brand of commercial buildings

Brand Concept

Based on our corporate principles of “Constructing buildings, creating towns, pioneering the new era,” our aim is to create commercial buildings with a level of elegance befitting of the towns where they are located. People gathering at these buildings will bring about bustling activity that in turn will create beautiful towns.

The brand name bears the meanings of “Beautiful (Bi) City (To) = BiTO” and “People (Hito-Bito) gathering in the building = BiTO.” The overlapping D-shaped circles (D as DAIBIRU) in the logo design symbolize the gathering of people. “BiTO” is a brand for the series of commercial buildings newly launched as part of our new initiatives in the current Medium-term Management Plan, “Design 100” Project Phase-II. BiTO AKIBA, which is the first of the series, also marks our first development of a dedicated commercial building, and we will utilize the know-how gained through this project for future developments.



Location	1-18-19, Sotokanda, Chiyoda-ku, Tokyo
Site area	577 m ² (175 tsubo)
Gross floor area	4,948 m ² (1,497 tsubo)
Number of stories	11 floors above ground, 2 floors below
Structure	Reinforced concrete construction, steel frame construction
Usage	Rental commercial facility
Design	Nikken Sekkei Ltd
Construction	Kajima Corporation

Project Story

Enhancing the Satisfaction of Office Workers from Facilities Located in Nearby Areas

BiTO AKIBA marks the first time the Company has developed a dedicated commercial building, and the building itself embodies the idea of returning to the corporate principles of “Constructing buildings, creating towns, pioneering the new era.” To date, we have strived to enhance the satisfaction of office workers through our office buildings themselves, but this does not mean that office buildings are the only thing that offers satisfaction to these workers. By getting involved in the development of commercial buildings in locations nearby office buildings, as we did with BiTO AKIBA, we are able to help further improve satisfaction levels toward workplaces, including the surrounding area.

The BiTO AKIBA project, from its launch to the leasing stage, required know-how and processes that differed from the office building domain, which is our original area of expertise. While we experienced several hardships throughout the promotion of this project, we brought together our expertise across the entire company, enabling us to develop a commercial building in which we could take pride. We will leverage the knowledge we gained through this project to develop other commercial buildings that are worthy of the Daibiru brand and offer the same level of satisfaction as our office buildings.

CLOSE UP 2 The First Investment Project in Core Provincial Cities **DAIBIRU PIVOT, etc.**

Overview

- Located in the CBD of Sapporo
- Acquired in November 2019
- Located 100 m from Sapporo Subway Odori Station via direct underground passageway
- Large commercial facility that boasts a high level of recognition
- Site area covering nearly 1,000 tsubo

Reasons for Choosing Sapporo

- High concentration of economic activity and population as the central city in the regional block area
- The gateway city of Hokkaido, which is rich in tourist resources
- Stable growth in economy and inbound demand in the future
- Promising factors such as the extension of the Hokkaido Shinkansen to Sapporo and the Sapporo Winter Olympics

Future Plans

- For the time being, the acquired buildings will be operated as PIVOT (the commercial facility), the same as before.
- The Sapporo Project Office (opened in January 2020) will strengthen collaboration with the region, planning future redevelopment projects that will contribute to the overall development of Sapporo.



Name	DAIBIRU PIVOT	DAIBIRU PIVOT WEST	DAIBIRU PIVOT SOUTH
Location	Nishi 4-chome, Chuo-ku, Minami Nijyo, Sapporo, Hokkaido		
Site area	2,790 m ² (844 tsubo)		Approx. 323 m ² (Approx. 98 tsubo)
Gross floor area	20,814 m ² (6,296 tsubo)	214 m ² (65 tsubo)	2,567 m ² (777 tsubo)
Number of stories	9 floors above ground, 3 floors below	3 floors above ground	7 floors above ground, 2 floors below
Structure	Steel frame reinforced concrete construction (partially reinforced concrete construction)	Steel frame construction	Steel frame reinforced concrete construction
Usage	Rental commercial facility		
Completion	August 1969	December 1985	August 1969

Improvement of Overseas Businesses

CLOSE UP 3 The First Project in Australia **275 George Street**

Overview

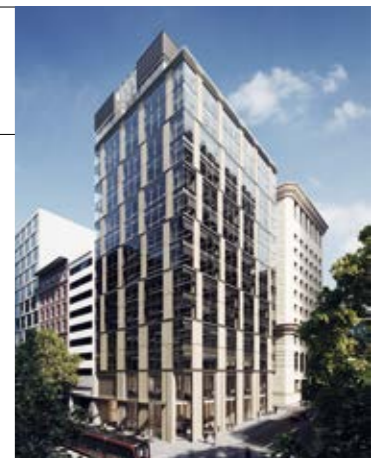
- Concluded contract for acquisition of an office development project with the John Holland Group (JHG), a leading general contractor and developer in Australia
- Adopted a scheme in which we acquire land from JHG and entrust the office building development work to JHG as a seller
- Prime location in the CBD of Sydney, the largest city in Australia
- Scheduled to acquire environmental performance ratings Green Star and NABERS Energy
- Scheduled to establish lockers, shower rooms, and parking area for bicycles

Reasons for Choosing Australia

- Steadily increasing population in Australia, even though it is a developed country
- High transparency and liquidity in the real estate market
- Low corruption index and fair transaction practices

Current Conditions

- Construction work underway with a view to completing construction by the second half of fiscal 2020
- Australian subsidiary's office (opened December 2019) will handle on-site management related to the project's promotion



Location	275 George Street, Sydney, NSW, Australia
Site area	626 m ² (189 tsubo)
Net leasable area	Approx. 7,200 m ² (Approx. 2,200 tsubo)
Number of stories	15 floors above ground, 3 floors below
Structure	Reinforced concrete construction
Usage	Office and retail
Design	Architectus
Construction	John Holland Group

Overview of Each Business Segment

Leasing



Office Buildings and Commercial Facilities

Daibiru owns and leases 30 properties for offices, hotel buildings, and retail complexes in central Tokyo, Osaka, and Sapporo. Our long history of reliability and wealth of experience enable us to satisfy a variety of tenant requirements, and we constantly strive to provide a comfortable space through major renovation of aging buildings.

Also, we acquired overseas office buildings in Ho Chi Minh City and Hanoi, Vietnam in January 2012 and December 2014, respectively, and will complete a new office building in Sydney, Australia in the second half of fiscal 2020. We have expanded our operations overseas, capitalizing on our building management know-how accumulated over many years in Japan.

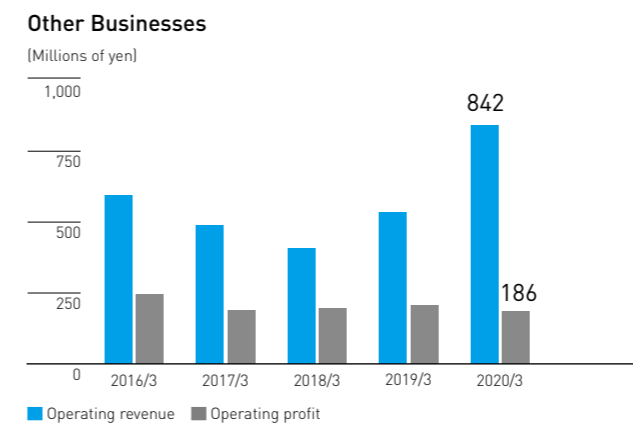
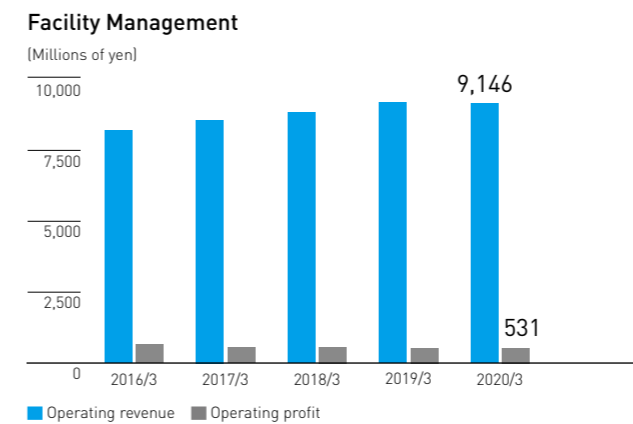
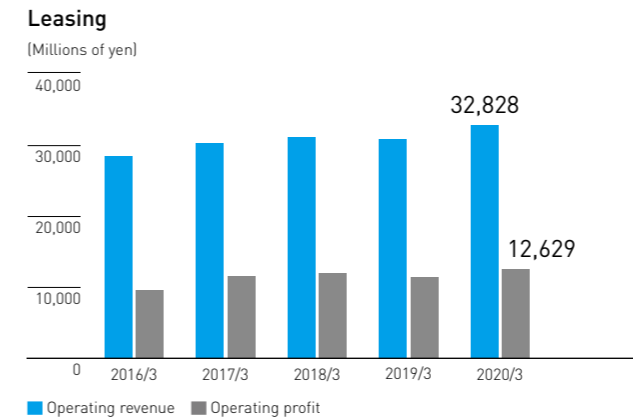
Residential Property Leasing

Daibiru applies its expertise acquired through building management in its residential property leasing business. We develop residence halls for students, apartment buildings for businesspeople on temporary assignment away from their families, as well as condominiums for families. We have further expanded the scope of our business activities to include urban residences that foster fulfilling lifestyles.

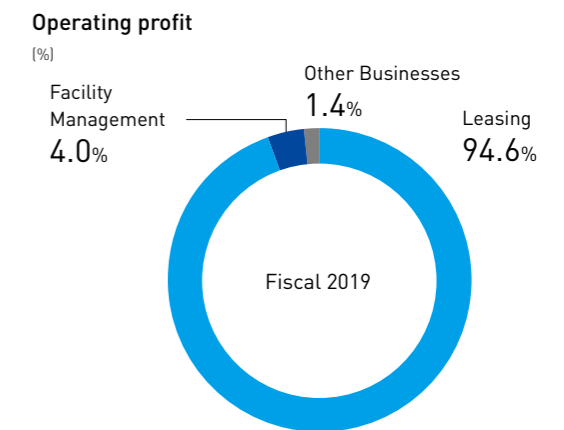
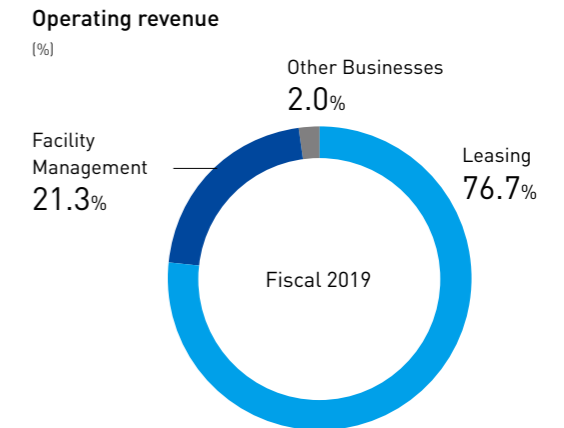
Results in Fiscal 2019

Operating revenue in the Leasing segment increased ¥1,911 million, or 6.2%, year on year, to ¥32,828 million, mainly due to contributions from the newly acquired Nihonbashi 3-chome Building and DAIBIRU PIVOT, the operation of the newly constructed BiTO AKIBA building, and improvement in the operating revenue of existing buildings. In terms of expenses, despite one-time expenses, including real estate acquisition tax on the newly acquired buildings, and an increase in fixed property tax, operating profit increased ¥1,222 million, or 10.7%, year on year, to ¥12,629 million, owing in part to a decrease in depreciation.

Trends in Operating Revenue and Operating Profit*



Composition by Business*



* Operating revenue: Operating revenue from outside customers
Operating profit: Operating profit before the deduction of Companywide expenses that are not allocated to any business segment

Facility Management



The functions required for operating buildings—Facility Management, Cleaning, and Security Service—are held within the Group. Real estate specialists of each Group company offer quality services with the latest know-how.

Results in Fiscal 2019

Operating revenue in the Facility Management segment declined ¥39 million, or 0.4%, year on year, to ¥9,146 million, resulting from the impact of the cancellation of contracts for certain commissioned properties. Operating profit declined ¥1 million, or 0.2%, year on year, to ¥531 million.

Other Businesses



Contracting and Construction Management

The Group carries out a wide range of construction work relating to buildings, including major repairs originating from its building maintenance operations.

Real Estate Agency

Daibiru engages in real estate intermediation, focusing primarily on office properties.

Results in Fiscal 2019

Operating revenue in the Other segment increased ¥307 million, or 57.6%, year on year, to ¥842 million, due mainly to an increase in construction subcontracting values. However, operating profit declined ¥20 million, or 9.7%, year on year, to ¥186 million.

Strengthening of Human Resources and Organizational Capabilities

Developing Human Resources

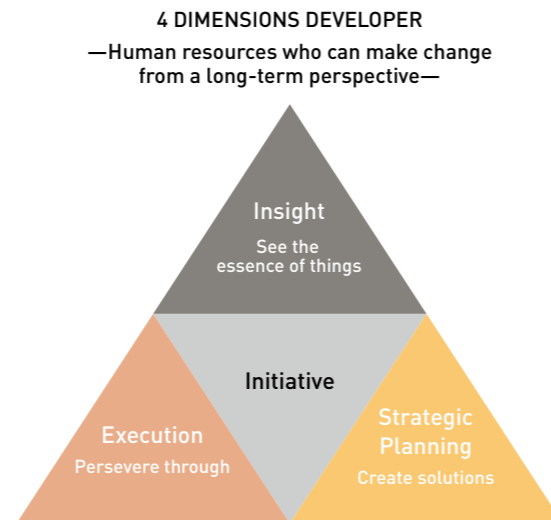
Ideal Human Resources

Our job is to construct giant, three-dimensional structures called buildings, while also keeping in mind the fourth dimension, that is, continuity with the past, present, and future.

Daibiru aims to make the most of its long-term relationships with customers and so it offers a wide range of opportunities to its human resources who are bold enough to make change and create. We do this to ensure that we continue to develop on a permanent basis. From this passion, we have set forth a vision for ideal human resources under the concept of "4 DIMENSIONS DEVELOPER: Human resources who can make change from a long-term perspective."

For a company like ours with a small but highly selective team, we believe that people who can make change from a long-term perspective need to have the following four key elements: "Initiative," the ability to proactively take on challenges with awareness of issues; "Insight," the ability to see the essence of things; "Strategic Planning," the ability to take into consideration various environments and people involved and create solutions; and "Execution," the ability to persevere

through in order to accomplish their goals. Daibiru seeks and nurtures people with the potential to become a "4 DIMENSIONS DEVELOPER," valuing diversity such as individual character, gender, age, personality, skills, interests, and specializations.



Training Systems

We inspire our employees to grow through our training systems, with the idea that their growth will translate into growth for the Company.

Name of training	Details
Stratified Training	Training for new recruits with the Company covers business manners, property inspections, lectures on our various departments, and so on, to ensure that these recruits gain the necessary business skills and knowledge regarding Daibiru's operations prior to being assigned to their posts. Further training is provided at the two-year mark, six-year mark, first managerial post, as well as for middle-management posts and for executive posts, providing the required skills at each rank.
English Comprehension Program	This program allows employees with a certain TOEIC score level or those who require English as part of their work to utilize language-learning schools. They can take individual English conversation lessons or join group sessions involving practice for meetings and presentations.
Australia Dispatch and Study Abroad Program	Employees who have passed a selection test are dispatched to Australia, where they are able to enroll in classes as an auditing student at local universities regarding business-related topics.
Online Courses	Employees can select and take over 100 online educational courses, including business skills, English, and certifications (real estate transaction agent, bookkeeping, business-related legal affairs, etc.). They can study at their own pace by making use of their spare time to improve their skills.
Cafeteria-style Elective Training	Employees can select and take seminars of the field they want to learn more about, such as business, communication, or management skills. The seminars are available in half- or full-day courses at venues outside the Company.
Certified Building Administrator Training Course	Employees can take a systematic course covering overall knowledge relating to building management. The aim is to be certified as a Certified Building Administrator (CBA) through the completion of the course and the certification exam.
Certification by the Association for Real Estate Securitization (ARES) ARES Certified Masters Training Course	Employees can take a course covering real estate securitization and investing. The aim is to be certified as an ARES Certified Master through the completion of the course and the certification exam.

Organizational Restructuring

To enhance corporate value while responding to changes in the business environment, Daibiru has carried out the following organizational restructuring efforts. The results of these efforts have been steadily materializing.

Related Medium-term Management Plan initiative	Item	Period	Purpose and results
Improvement of overseas business	Established the Overseas Business Office (now the Overseas Business Department)	December 2017	Purpose Promote overseas businesses Results Acquired the 275 George Street project (September 2018)
	Launch of office of the Australian subsidiary	December 2019	Purpose Manage the 275 George Street project development Purpose Search for the next new project
	Established the Real Estate Development Office	April 2016	Purpose Acquire and develop domestic properties Results Acquired Nihonbashi 3-chome Building (April 2019) Results Acquired a total of three properties, including DAIBIRU PIVOT (November 2019) Results Acquired minority equity in Seavans South (November 2019)
Acquisition and reconstruction of domestic properties	Increased members of the office		
	Established the Business Planning Department	April 2018	Purpose Draft long-term management policies for owned buildings, promote reconstruction, promote the property management business, plan examinations of new real estate businesses Results Completed basic design for the new Midouji Daibiru Building
Work-style reforms	Established the Sapporo Project Office	January 2020	Purpose Promote the reconstruction of DAIBIRU PIVOT Results Establish a business foundation in the Sapporo area
	Established the Work Style Reforms Unit	December 2017	Results Introduced hourly paid leave system Results Introduced mobile working system (April 2019)
Promotion of ICT strategies	Formed the Enterprise System Update Project Team	July 2019	Purpose Renew core enterprise systems
Other	Formed the Brand Strategy Committee	July 2019	Purpose Plan and promote medium- to long-term strategies
	Formed the COVID-19 Countermeasure Headquarters	February 2020	Purpose Promote response to COVID-19, prevent spread to employees, and promote BCP centered on the perspective of operational systems

* Before the establishment of the Overseas Business Department, the Company's overseas businesses were under the jurisdiction of the Corporate Strategy Office (currently the Corporate Planning Department).

Establishment of Working Environments

Mobile Working

Under the current Medium-term Management Plan, we have adopted "productivity improvements and creation of results through work-style reforms and ICT strategies" to serve as a platform underpinning the plan.

For the first step of this initiative, we have established the target of realizing work styles that are not restricted by location. To that end, we have gradually been introducing mobile PC devices, shifting to wireless LAN equipment in-house, and establishing information communication environments for use outside the Company. In December 2018, following the completion of distributing PC devices and shifting to wireless LAN equipment, we began to promote the transition to paperless for in-house meetings and establish equipment for video conferences. At the same time, we took steps to establish human resource systems and various internal regulations. In April 2019, we launched the mobile working system.

While the main purpose of these efforts has been to realize productivity improvements and flexible work styles, they were also carried out in consideration of the event of an emergency. During the COVID-19 pandemic, these efforts have provided us with a foundation for continuing our business operations.

ICT Strategy Going Forward

For the next step of this initiative, we are working to renew our core systems. In July 2019, we established a cross-organizational project team to reflect the opinions of our employees in this endeavor, as they are the users of these systems. We have faced the issue of our current systems becoming obsolete. However, through their renewal, we will improve work productivity by enhancing work efficiency, which is an important part of our work-style reform efforts. This renewal will also help us to move forward with the shift to work styles with even higher added value.

Strengthening of Human Resources and Organizational Capabilities

Introducing Benefit Systems

Name of system	Details
Expectant and nursing mothers leave	Expectant and nursing mothers (female employees who are pregnant or within one year after giving birth) can receive up to five days paid leave in addition to annual paid leave.
Staggered working hours	Employees under certain circumstances such as pregnancy, childcare, or nursing care can arrive at or leave work up to one hour earlier or later than their regular working hours.
Hourly paid leave	Employees are allowed to take their annual paid leave in hourly increments.
Nursing care leave	Employees who are giving a family member nursing care can take a nursing care leave up to three times for a cumulative period of one year per family member.
Special refreshment leave	Eligible employees can take four consecutive days of paid leave per year, in addition to annual paid leave.
Mobile working	Eligible employees can work outside the office or on business trips using mobile devices provided by the Company.
Enforcing No-overtime Days	The first and third Wednesdays of every month are designated as No-overtime Days on which all employees must leave the office by 6:00 p.m.
Overtime regulations under the Article 36 Agreement	Overtime hours exceeding statutory working hours per year are limited to 75 hours per month (up to 100 hours per month according to the law).

Health Initiatives

The health of our officers and employees is essential to the continuity and growth of our business operations.

We aim to ensure that our officers and employees can continue to work in good health by providing general health checkups, subsidizing the cost of re-exams, and subsidizing the cost of comprehensive full medical screening in cooperation with the health insurance society. We also support health

through specified health guidance programs and activities by the health committee.

Health checkup participation rate
(Non-consolidated, FY2019)

97.8%

Stress checkup participation rate
(Non-consolidated, FY2019)

100%

Topic

System for Changing Official Duties from a Regular Position to a Local General Management Position—A Word from a User

“To help employees continue to work over a long period of time with peace of mind, I think it was an extremely significant move for the Company to carry out revisions to the System for Changing Official Duties from a Regular Position to a General Management Position, taking into consideration the intentions of the employees.”

Megumi Miyazono
Secretaries Section
General Affairs Department

Reasons Behind Using the System

I began to have a desire to work from a different perspective and standpoint by changing from a regular position to a general management position right around the same time that the Company made revisions to the System for Changing Official Duties from a Regular Position to a General Management Position. Following these revisions, I was able to meet the qualifications for applying to the system, and therefore attempted the examination. In light of my current situation with my family, I decided to apply to the local general management position as I would not have to worry about job relocations. As a woman, my career is easily impacted by lifestyle changes such as marriage, pregnancy, giving birth, housework, raising children, and providing parental nursing care. Accordingly, the question of how to continue to work for a long period of time with peace of mind is not an easy one to answer. In that sense, I believe it was an extremely significant move for the Company to revise this system with the aim of helping employees search for the position that fits them best in reflection of their intentions. In any case, these revisions blessed me with an extremely good opportunity.

System for Changing Official Duties from a Regular Position to a General Management Position
To expand the area of activity for employees working in regular and clerical positions, we introduced this system in 2006. In 2017, we added the local general management position to this system. With the aim of having the system be utilized to an even greater degree, we carried out revisions to certain parts in 2019.

Challenges for the Future

Fiscal 2019 marked the first year of the Company's involvement with the SDGs. Accordingly, the Company held training seminars on the SDGs, through which I was able to renew my awareness of the Company's consistent stance of valuing coexistence with nature, even though our core businesses are civil engineering and construction and land development, which unavoidably place a burden on the environment. The green zone "Nakanoshima Shiki-no-oka" at the Daibiru-Honkan Building as well as the rooftop tree garden of the former Shin-Daibiru Building (now Dojima-no-mori after the building's reconstruction) are examples of how the Company has valued the perspectives of not only economic performance but also environmental conservation within its development. This approach has led to the creation of exceptional buildings that, while located in the middle of bustling major cities, allow people to relax in an environment surrounded by greenery. For this reason, people have formed a strong attachment to the Company's buildings. While continuing to value this kind of corporate culture, I hope that we can incorporate the ideals of the SDGs within our corporate activities. For example, I considered ideas such as creating projects that bring people and buildings together, such as a project based on tree-planting activities. Daibiru maintains the belief that "buildings are to nurture," and therefore our job is not done simply when the construction process is complete. Guided by this belief, I will work to the best of my abilities to ensure that Daibiru can continue to be a company that offers even greater value to society.



TOPIC Examples of Collaboration with Other Companies

The Daibiru-Honkan Building Rebuilding Project

Solid trust-based relationships between building owners, designers, and constructor are essential for good construction. To that end, when constructing a building, we as the building owner engage in close communication with designers and builders. By doing so, we are able to freely draw out the creative capabilities of designers and the technical skills of builders. This approach has allowed us to construct outstanding buildings that offer comfort to tenants, achieve the concept for which we aim, and realize profitability.

In this section, we introduce an example of this approach, which is the reconstruction of our flagship Daibiru-Honkan Building. Our first building, it was built on the site where the Company was founded and serves as a symbol for the Nakanoshima area in Osaka. The design for this reconstruction project started in 2008 by Nikken Sekkei Ltd. In 2013, construction of the new building was completed by Obayashi Corporation.

Building Owner

Daibiru

Since 1925, the former Daibiru-Honkan Building served for many years as the face of the Nakanoshima area of Osaka. In light of this, there were many who expressed their reluctance to demolishing the building, and we therefore decided on reconstruction so that we could restore the exterior appearance of the building and pass on its historical beauty to the next generation. Meanwhile, to restore the Daibiru-Honkan Building as a leasing building that meets the latest specifications and can survive in the current day and into the future, we strove to secure the building's earthquake resistance to contribute to the safety and peace of mind of its users. At the same time, we pursued tenant convenience, eco-friendliness, and maintenance and management efficiency.

Furthermore, based on the urban development policy of Osaka City, we placed emphasis on having the reconstruction project contribute to the growth of the Nakanoshima area as an integrated block development. We therefore worked with our partners in the project to establish the green zone "Nakanoshima Shiki-no-oka" and collaborated with government agencies to build a bridge that connects to a pedestrian path along the nearby river. As the location of the building is fortunate to be nearby water, we introduced a district heating and cooling system that utilizes river water and strived to enhance accessibility for pedestrians and also realize scenery befitting of Osaka, a city of waterways.

Designer

Nikken Sekkei Ltd

Nikken Sekkei made use of current building codes and the latest technologies to reflect our requests into the Daibiru-Honkan Building's design. The lower level employs a dignified design that inherits the former building's original design. While respecting the external appearance of the former building, the more modernistic upper level makes use of a setback structure. By keeping the number of pillars as low as possible while making use of a vibration control structure to control shaking to the building during an earthquake, we were able to ensure the flexibility of not only the upper-level floors but also offices and stores on the lower-level floors.

The upper level also makes use of external mullion louvers that help control the heat burden from sunlight while ensuring a fantastic view and allowing daylight to be used as lighting. In these ways, the design of the upper level achieves high environmental performance. Furthermore, these louvers are made from stone, thereby helping to realize harmony between the lower and upper levels.



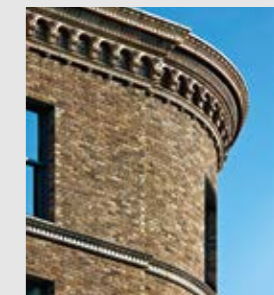
Design that contrasts early modern with present-day—Entry hall leading to elevators for the upper level

Builder

Obayashi Corporation

The construction work performed by Obayashi realized the concept and design of the new Daibiru-Honkan Building. In particular, Obayashi played a major role in ensuring that the new building inherited the design of the old one. For example, through meticulous investigations and testing before the demolition process, Obayashi pursued the potential of reusing materials from the former Daibiru-Honkan Building while making sure that such materials were safe to use. Reusable materials were dismantled, stored, and cleaned.

For materials that could not be reused, Obayashi worked diligently to create brand new materials that adopted similar form as these unusable materials. Obayashi also worked by hand to have parts of the building appear aged, thereby recreating the original design of the former building in great detail.



150,000 bricks that were re-layered by hand

Being reconstructed through the process described above, the Daibiru-Honkan Building received the BCS Award (2015) from the Japan Federation of Construction Contractors, which recognizes building owners, designers, and constructors of outstanding buildings. The Daibiru-Honkan Building received the award as it earnestly recreates the splendid facade and lobby space of the former building. It also inherits the former building's historical memory as part of the Osaka cityscape while making use of advanced structural and environmental technologies to become a large office building fit for the new generation.

Coexistence with Local Communities

The Daibiru Group considers its CSR initiatives to be one of its most important missions.

The Group Code of Conduct was formulated with this in mind. The Daibiru Group will make the utmost efforts to focus on the corporate principles and comply with the Group Code of Conduct in its corporate activities so that we achieve sustainable growth in harmony with society.

Group Code of Conduct

1. Good corporate citizenship

Daibiru strives always to be a good corporate citizen acting in good faith and conduct business activities in line with social responsibility and the highest ethical standards.

2. Legal compliance

With legal and regulatory compliance as a given, Daibiru conducts itself with integrity as a member of society, acting in accordance with social norms and corporate ethics. The Company takes a resolute stance against anti-social forces, and does not carry out any anti-social activities.

3. Fair disclosure

Daibiru conducts its business activities always in a fair and transparent manner, giving timely and accurate information to shareholders and the public at large whenever it is necessary.

4. Addressing environmental problems

Viewing concern for the environment as a priority management issue, Daibiru is determined to promote energy conservation, recycling and other initiatives to better the environment.

5. Social contribution

Recognizing itself as part of local communities, Daibiru strives through its corporate activities to grow in step with those communities.

6. Respect for human rights

Daibiru has an abiding respect for human rights, and is determined to realize a society free of discrimination.

7. Corporate culture where autonomy is valued

Encouraging everyone to take the lead in their work, Daibiru is forging a working environment that enables full expression of the individuality and abilities of its workforce.

CSR and Environmental Committee

We established the CSR and Environmental Committee as a body for actively promoting CSR activities, such as striking a harmony between our corporate activities and environmental conservation, under a Companywide structure. In addition to formulating annual CSR activity plans, the committee has held discussions on such topics as energy-saving initiatives, the UN Global Compact, and improvement in the disclosure of ESG-related information. In fiscal 2019, the Company adopted the SDGs as a priority issue and conducted training seminars on the SDGs that targeted the Committee members. Going forward, we intend to step up the scale of our efforts to promote the SDGs.

Composition of Committee Members

Chair Officer responsible for Construction & Technical Management Department

Vice chair Officer responsible for Corporate Planning Department

Committee members General Manager of Corporate Planning Department, General Manager of Human Resources Department, General Manager of Construction & Technical Management Department, General Manager of Overseas Business Department, and General Manager of Business Planning Department

Secretariat Corporate Planning Department, Construction & Technical Management Department

Joining the UN Global Compact and Contributing to the SDGs

In 2010, the Daibiru Group joined the UN Global Compact. Declared in January 1999 by the former UN Secretary General Kofi Annan and established in 2000 at the UN Headquarters in New York, the UN Global Compact is an initiative that calls on companies to voluntarily support and practice in their corporate activities 10 universally accepted principles in the four areas of human rights, labor, environment, and anti-corruption. Recognizing that the Group Code of Conduct and these 10 principles share a common philosophy, we will pursue our CSR activities even more vigorously through participation in the UN Global Compact.

In addition, to respond to the SDGs adopted at the UN Summit in 2015, we will work to help resolve social issues through our business activities. By doing so, we will contribute to efforts that help realize the goals adopted under the SDGs.



List of CSR Activities and Initiatives

Key area	Details
Town planning together with the community	Establishment of a pedestrian bridge 1
	Nakanoshima West Water Sprinkling Project
	Nakanoshima litter cleanup activities
	Chiyoda-ku disaster response training concerning stranded persons 2
	Industry-academia cooperation "Akiba Techno Club (ATC)"
Cultural activities leveraging our long history	Donation of Dojima Park
	AED machine installation and life-saving courses
	Daibiru Salon "1923" 3
Social contributions and cultural activities utilizing building spaces	Living Architecture Museum Festival Osaka (Open House Osaka) 4
	Osaka Classic 5
With children	Japan for UNHCR Refugee Support Campaign 6
	Smiles x Children x Nakanoshima 7
	Akihabara CAMP Children's Workshop 8
Beyond Japan	YMCA International Charity Run "Love on the Run" 9
	Charity events in Hanoi and Ho Chi Minh City 9

For more details on our CSR activities, please visit our corporate website.
<https://www.daibiru.co.jp/english/company/csr/>



Environmental Conservation

As part of our social obligation to contribute toward the sustainable development of society, the Daibiru Group is proactive in reducing the environmental impact of its activities and seeks to create cityscapes that harmonize with the natural landscape. Furthermore, the Daibiru Group works with all its stakeholders, including customers, local communities, and business partners, to ensure that its activities compliment and harmonize with the natural environment.

Environmental Policy of the Group

- 1. Coexisting with the natural environment**
Strive to minimize the environmental impact at every business stage—from planning to design, construction, operation, and demolition—with the aim of creating natural and environmentally friendly urban environments.
- 2. Contribute to global warming countermeasures and the creation of a recycling-based society**
Work to prevent global warming by conserving resources and energy and utilizing renewable energy in order to curb the generation of greenhouse gases, and contribute to the development of a recycling-based society by reducing waste and reusing/recycling resources.
- 3. Establish frameworks for environmental conservation**
Set goals and guidelines and establish frameworks for environmental conservation.
- 4. Improve awareness of environmental conservation**
Through environmental education and awareness activities, strive to enhance Group employees' awareness of environmental conservation.
- 5. Cooperate with stakeholders**
Work closely with our stakeholders, including customers, local communities, and business partners, to promote coexistence with the natural environment.
- 6. Comply with environmental laws and regulations**
Comply with environmental laws and regulations to ensure our activities harmonize with the natural environment.

Response to Climate Change (Contributions to Global Warming Countermeasures and the Creation of a Recycling-based Society)

Reducing Greenhouse Gas Emissions and Minimizing Energy Use

The CO₂ emissions,*¹ energy use, and their intensity (per operating floor area) for our properties*² over the past five fiscal years are shown in the diagram below. The operating floor area differs in each fiscal year and energy use has changed. However, we have proceeded with initiatives to reduce the environmental impact, and as a result intensity is on a declining trend.

Examples of Initiatives

Buildings

- Active adoption of Low-E glass for windows, reducing the burden of air conditioning due to sunlight and heat dissipation
- Shielding of building interior from sunlight in buildings with louvers and eaves

Lighting

- Improvement of energy consumption efficiency through the gradual shift to LED lighting
- Reduction of wasteful energy consumption through sensors that lower the level of lighting when there is sufficient lighting in the building interior during the day due to sunlight as well as sensors that detect when people are not present and turn off the lighting accordingly

Air conditioning

- Improvement in energy-use efficiency due not only to the adoption of district heating and cooling systems at the Nakanoshima Daibiru Building, Daibiru-Honkan Building, and Hibiya Daibiru Building but also the use of the latest, highly energy-efficient devices when constructing new buildings or conducting large-scale renovations
- Controlling the amount of outside air taken in midcycle while confirming the level of cooling from outside air and CO₂ concentration

Reuse and Conservation of Water Resources

The water use and intensity (per operating floor area) of our properties*² over the past five fiscal years are shown in the diagram below. Water use in fiscal 2019 increased 10% in volume compared to fiscal 2015 due to an increase in the number of properties. However, intensity remained almost flat. The Company strives to utilize water resources effectively through efforts such as adopting the latest sanitary fixtures when renovating or constructing new buildings as well as utilizing rainwater for plant irrigation.

Reduction of Waste Emissions and Promotion of Recycling

The waste emissions and intensity (per operating floor area) of our properties*³ over the past four fiscal years are shown in the diagram below. Waste emissions have changed each fiscal year due to the acquisition of properties. However, intensity is on a declining trend. The Company strives to minimize waste emissions and has established a system for the sorted collection of waste in order to promote recycling.

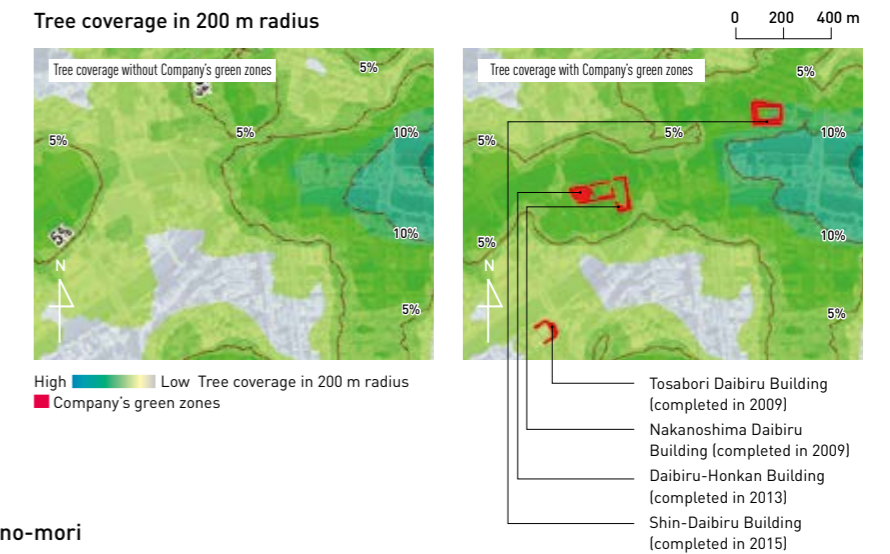
*1 Scope of data: Office and commercial buildings owned by the Company (buildings subject to the Act on the Rational Use of Energy)
 *2 Calculated using emissions coefficients by energy supplier; therefore, CO₂ emissions and emission intensity are impacted by fluctuations in these coefficients.
 *3 Scope of data: Among buildings subject to the Act on the Rational Use of Energy, office and commercial buildings owned by the Company for which calculation is possible

	2016/3	2017/3	2018/3	2019/3	2020/3
CO ₂ emissions (t-CO ₂)	34,614	35,834	35,240	31,788	30,051
CO ₂ emission intensity (t-CO ₂ /m ²)	0.06407	0.06535	0.06412	0.05816	0.05156
Crude oil equivalent energy use (kl)	17,059	18,107	18,021	17,736	18,175
Energy use intensity (kl/m ²)	0.03157	0.03302	0.03279	0.03245	0.03119
Water use (m ³)	484,398	506,572	510,641	514,530	533,179
Water use intensity (m ³ /m ²)	0.8966	0.9238	0.9291	0.9414	0.9149
Waste emissions (t)	—	2,648	2,595	2,468	2,654
Waste emission intensity (t/m ²)	—	0.0048	0.0047	0.0045	0.0045

Coexistence with the Natural Environment

Assessment of Contribution of the Company's Green Zone over a Wide Scale

The Daibiru-Honkan Building, Nakanoshima Daibiru Building, Shin-Daibiru Building, and Tosabori Daibiru Building all have green zones on their premises. The figures to the right show tree coverage in a 200 m radius, comparing the case where the Company's green zones exist with the case where they do not exist. Tree-dwelling birds like the Japanese great tit are living in green zones that are dotted over the city center.



The Company's green zones link the split green zone network, contributing to the vitalization of the avian ecosystem.

Ecosystem of Shin-Daibiru Building Dojima-no-mori

The Shin-Daibiru Building Dojima-no-mori carries on the spirit of the rooftop tree garden of the former Shin-Daibiru Building, with the concept of "a forest that is friendly to people as well as other living things." Some of the trees grown at the rooftop garden of the former Shin-Daibiru Building were transplanted to a temporary location for the purpose of conservation during reconstruction, and then transplanted again to the new building, with more native trees added. This resulted in the creation of a green zone covering approximately 1,000 tsubo (about 3,300 m²) and this is the same size as the former rooftop garden. Through these initiatives, the Company was awarded JHEP Certification with the highest score of "AAA," which evaluates contributions to the ecosystem. This marked the first time that a company in western Japan received the highest score. In order to ascertain the level of contribution to the ecosystem, an external organization monitored organisms there, and as a result, confirmed that a specific level of food chain had been established in Dojima-no-mori. A habitat in the urban area like this is precious for birds and insects, and its contribution to the ecosystem was highly evaluated.

Results of Organism Monitoring at the Shin-Daibiru Building Dojima-no-mori

Monitoring Period
April 2016 to March 2017
Species Confirmed by On-site Survey
 Birds: 15 species including the Japanese great tit, bulbul, bush warbler, short-tailed bush warbler, turtle dove, and Japanese white-eye
 Insects: 54 species including the Asian mantis, white-tailed skimmer dragonfly, and common bluebottle

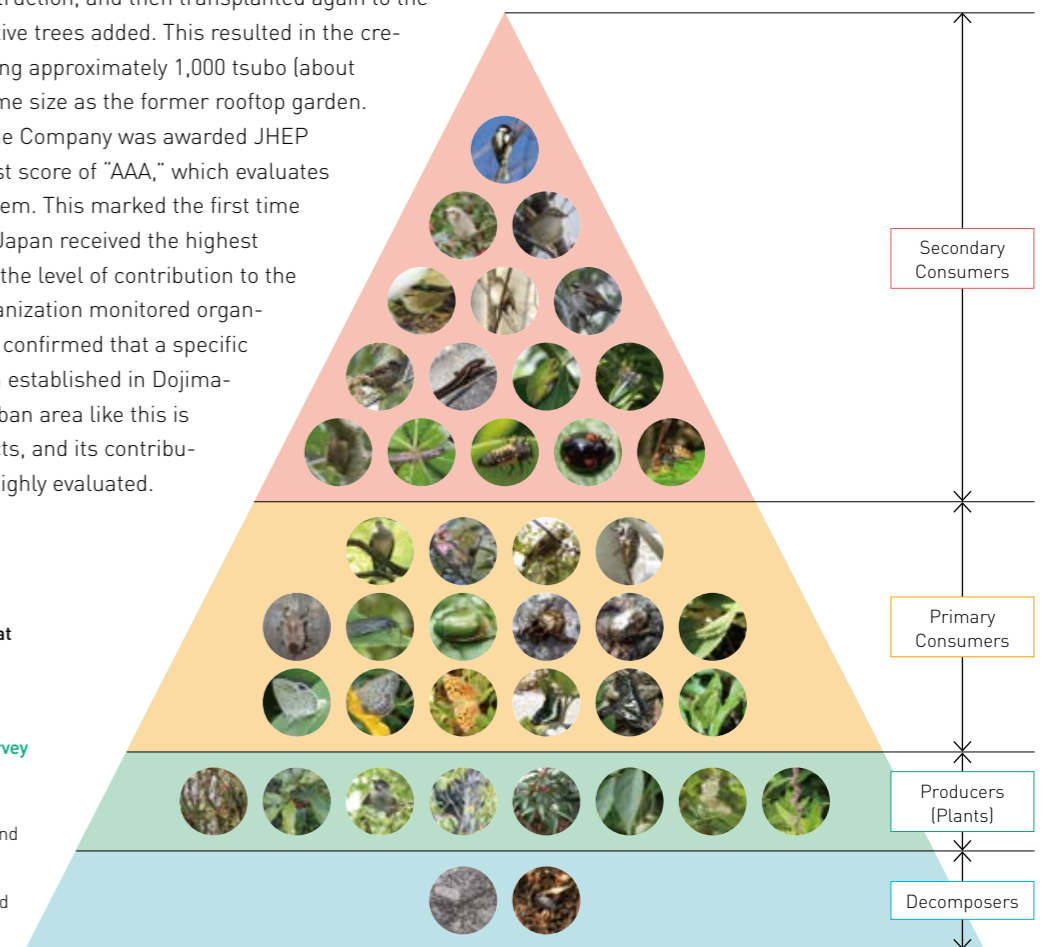


Image of Ecosystem Pyramid

* All photos were taken in the Shin-Daibiru Building Dojima-no-mori.

Environmental Conservation

Topic 1

Acquiring Building Certification at the Shin-Daibiru Building

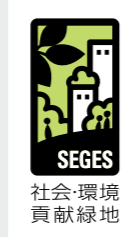
The Shin-Daibiru Building, which was completed in March 2015, adopts LED lighting throughout the entire building. In addition, the building possesses a large number of cutting-edge equipment, including emergency power generators that can provide backup power for 72 hours. In these ways, the Shin-Daibiru Building boasts a high level

of environmental performance and strong BCP capabilities. Furthermore, the green zone Dojima-no-mori has been established on the site of the Shin-Daibiru Building, giving consideration to biodiversity. (Please see "Ecosystem of Shin-Daibiru Building Dojima-no-mori" on page 30.)



DBJ Green Building Highest ranking certification, "Five stars"

DBJ Green Building Certification is a certification system that was established in April 2011 by Development Bank of Japan Inc. (DBJ) as an initiative to support its customers' environmentally and socially conscious measures of their real estate. In addition to environmental performance of targeted properties, this certification involves a comprehensive evaluation including how the property responds to a wide range of stakeholders in terms of such matters as disaster countermeasures and consideration for the local community. Through such an evaluation process, the DBJ Green Building Certification system examines and certifies real estate based on social and economic perspectives, thereby providing support to corporations' environmentally and socially conscious efforts.



Social and Environmental Green Evaluation System (SEGES) Recognized as "Urban Oasis"

SEGES involves evaluations by the Organization for Landscape and Urban Green Infrastructure regarding outstanding green zones created by corporations and relevant daily activities and initiatives. This system recognizes green zones that contribute to society and the environment and that are maintained properly. Within this system, the "Urban Oasis" certification recognizes green zones that provide a valuable place for people to rest and relax amid urban environments.



JHEP Certification Highest score of "AAA"

The JHEP Certification, established by the Ecosystem Conservation Society—Japan, quantitatively evaluates efforts that contribute to the conservation and recovery of biodiversity. The certification comprises a "benchmark value" and a "value of nature 50 years in the future." In the event that the "value of nature 50 years in the future" received through the implementation of a project exceeds that of the "benchmark value," that project is certified either as a project that contributes to biodiversity or a project that does not impact biodiversity. After certification is awarded, it is valid for five years and, afterwards, can be renewed for another five-year period.

Topic 2

Efforts to Enhance Environmental Performance at Saigon Tower

Daibiru is also making efforts to improve the environmental performance and reduce the environmental burden of its buildings overseas. In fiscal 2020, we introduced high-efficiency, air-cooled chillers at Saigon Tower in Hanoi, Vietnam. The outstanding performance of these chillers in terms of reducing CO₂ emissions was evaluated highly, and the project to introduce the chillers qualified as a target of the financing program for Joint Crediting Mechanism (JCM) Model Projects,* which is led by the Ministry of the Environment. Furthermore, when we removed the previous equipment, we collected and destroyed fluorocarbons to prevent them from escaping into the atmosphere. While

environmental awareness in Vietnam is on the rise, this project represented a cutting-edge initiative for climate change countermeasures at office buildings in the country. Going forward, we will actively introduce technologies and facilities that can contribute to environmental conservation.

* JCM Model Projects are projects that use outstanding low-carbon technologies, contribute to the reduction of greenhouse gases in emerging countries, and measures, reports, and verifies these emissions. The purpose of a JCM Model Project is to not only reduce greenhouse gas emissions in emerging countries but also to achieve targets for reducing greenhouse gas emissions in Japan and partner countries through the JCM.

Topic 3

Transition to LED Lighting

Compared to fluorescent lights and incandescent light bulbs, LED lighting consumes significantly less energy and has a longer lifespan, thereby making it an environmentally friendly light source. Daibiru is systematically replacing fluorescent lights and incandescent light bulbs at existing buildings with LED lighting, and plans to have completed

the transition to LED lighting by fiscal 2024. As of March 31, 2020, the completion rate for this replacement work was approximately 25%.

Corporate Governance

Basic Approach to Corporate Governance

Under the management policy of "Constructing buildings, creating towns, pioneering the new era," and with a view toward enhancing corporate value over the long term through sustainable and stable growth, Daibiru believes that fair, transparent, prompt, and bold decision-making is crucial to corporate governance. As such, the Company formulated the Basic Policy for Corporate Governance,* and works to achieve its vision accordingly.

* For more information on this policy, please visit our corporate website. <https://www.daibiru.co.jp/english/company/governance/>

Overview of Corporate Governance Framework

The Company has adopted the Audit & Supervisory Board system, having concluded that the Audit & Supervisory Board system functions effectively in providing oversight to the Company's management. Of the seven directors, two are independent outside directors, and of the three Audit & Supervisory Board members, two are independent outside Audit & Supervisory Board members. This enables the corporate governance system to supervise and audit the management from a neutral and objective standpoint at all times.

Board of Directors

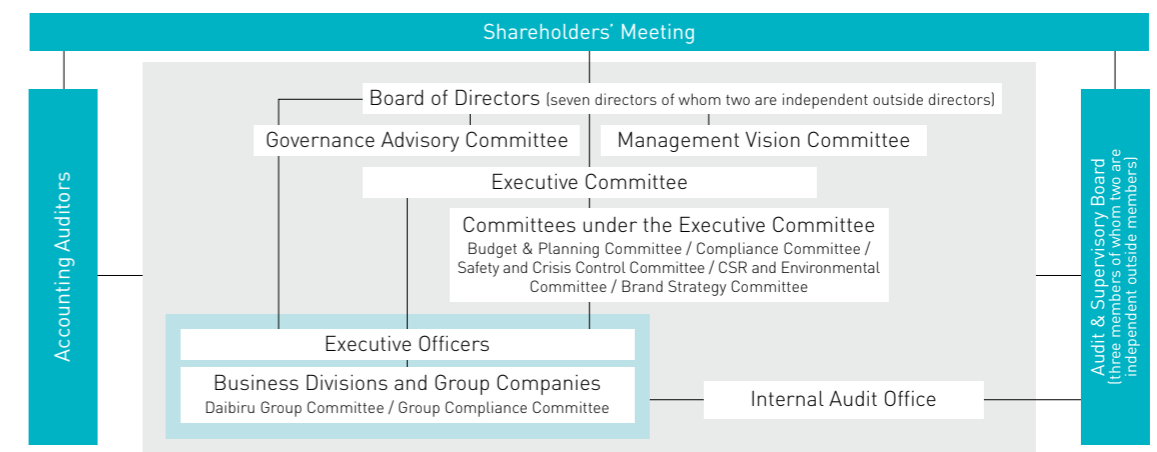
The Board of Directors meets once per month in principle, and otherwise as required, and decides the basic policies for overall management of the Company while also supervising the execution of duties of directors and executive officers. All important management issues are put before the Board of Directors to be deliberated and decided upon. The Board of Directors also receives reports on business execution performance as needed.

The President Chief Executive Officer serves as the chairman of the Board of Directors.

Governance Advisory Committee

The Governance Advisory Committee, comprising two independent outside directors and the President Chief Executive Officer (chaired by an independent outside director), has been

Corporate Governance Organization (As of July 2020)



established as a voluntary advisory body to the Board of Directors. The committee provides advice to the Board of Directors on matters such as the appointment and dismissal of directors and executive officers, the determination of remuneration, etc., for directors and executive officers, and succession plans for the President Chief Executive Officer.

Management Vision Committee

Apart from the Board of Directors, which is a forum for making decisions on the basic policies for the Company's overall management, the Management Vision Committee is held roughly three times a year to present a forum for having extensive discussions on themes related to management in general. The committee is composed of directors, Audit & Supervisory Board members, and executive officers.

Example themes of Management Vision Committee

- ROE and sustainable growth
- Enhancement of Daibiru Group competitiveness
- Promotion of active participation by female workforce / Diversity
- Overseas business strategies
- Domestic investment strategies
- Medium-term Management Plan
- Reduction of cross-shareholdings
- Path toward work-style reforms
- Rebuilding project for the Midosuji Daibiru Building

Executive Committee

The Executive Committee, comprising the President Chief Executive Officer, Senior Managing Executive Officers, and Managing Executive Officers, meets three times a month, in principle, at which time the members conduct thorough deliberation to make decisions on important matters related to business execution, based on the basic policies for overall management set out by the Board of Directors.

Executive Officers

The Company introduced an executive officer system to expedite decision-making at the business execution level and to enhance its business operating capabilities. Executive officers are elected at the Board of Directors, and engage in business execution as persons responsible for each department. The authority for business execution is delegated from the President Chief Executive Officer.

Corporate Governance

Assessment of the Effectiveness of the Board of Directors

The Company conducts an assessment of the effectiveness of the Board of Directors in order to enhance the effectiveness of the Board.

In the fiscal 2019 assessment, continuing on from the previous fiscal year, a signed questionnaire survey was conducted by all directors and Audit & Supervisory Board members, who made a self-assessment on the composition and operations of the Board of Directors based on the Basic Policy for Corporate Governance. The results of the survey were subsequently discussed at the meeting of the Board of Directors.

The result has confirmed that, while there is still room to consider the diversity of its members, the Board of Directors of the Company is maintaining a high level of fairness and transparency, and that it is fulfilling its responsibilities to secure greater long-term corporate value of the Daiburu Group. Based on this assessment, the Company will continue to further enhance the effectiveness of the Board through ongoing discussions at meetings of the Board of Directors.

Attendance at meetings of the Board of Directors by outside directors and outside Audit & Supervisory Board members (FY2019)

- Atsushi Oi (Director) 11 of 11 times
- Atsushi Miyamoto (Director) 9 of 9 times
- Hiroshi Tanaka (Audit & Supervisory Board member) 10 of 11 times
- Shigeki Taenaka (Audit & Supervisory Board member) 8 of 9 times

* The reason for differences in the number of meetings attended is because of differences in appointment periods between members.

Director and Audit & Supervisory Board Member Remuneration

Process for Determining Remuneration for Directors and Audit & Supervisory Board Members

Monthly compensation for directors shall be at a stable level commensurate with their respective job titles and responsibilities, taking into account the characteristics of the Company's business, which aims for stable growth over the medium to long term. Specifically, compensation levels shall be within the aggregate amount of compensation decided by resolutions of the Shareholders' Meeting. Proposals for the monthly compensation of individual directors are created by the Chairman of the Board and decided upon after consultation with the Governance Advisory Committee.

Meanwhile, bonus amounts for directors shall be linked to the business results of the Company and reflect respective job titles,

Director and Audit & Supervisory Board Member Remuneration in Fiscal 2019

Classification	Total compensation amount (Millions of yen)	Total compensation amount by compensation type (Millions of yen)			Number of eligible directors and Audit & Supervisory Board members
		Fixed compensation	Performance-linked compensation	Retirement benefits	
Directors (excluding outside directors)	227	154	73	—	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	46	46	—	—	2
Outside directors and outside Audit & Supervisory Board members	33	33	—	—	6

* The number of directors includes one director who retired following the conclusion of the 147th Shareholders' Meeting, held on June 26, 2019. Also, the number of outside directors and outside Audit & Supervisory Board members includes one outside director and one outside Audit & Supervisory Board member who also retired following the conclusion of the 147th Shareholders' Meeting, held on June 26, 2019.

responsibilities, and individual performance evaluations. These amounts are calculated using a method presented to the Governance Advisory Committee that was determined through discussions with outside consultants. Proposals for total bonus amounts are created by the Chairman of the Board, and these amounts are decided by resolutions of the Shareholders' Meeting for the relevant fiscal year. Individual bonus amounts shall be within the aggregate amount decided by resolutions of the Shareholders' Meeting. These amounts are decided by the President Chief Executive Officer, who has once again been entrusted with this task by the Board of Directors, in accordance with the above calculation method. An outline of the bonus calculation method is disclosed in the Company's annual securities report. Also, from the perspective of objectivity, outside directors are only paid a fixed monthly remuneration and do not receive performance-linked bonuses to ensure the validity of their evaluation of management decision-making and the appropriateness of their supervision of business execution.

Also, based on a resolution by the Shareholders' Meeting (Proposal 5: Decision on Compensation for the Grant of Restricted Stock to Directors) held on June 25, 2020, the Company introduced a new restricted stock compensation plan for directors (excluding outside directors; hereinafter, "eligible directors") that provides compensation for the granting of restricted stock, separate from the above monthly compensation and bonuses, with the aim of not only offering incentive for the sustained enhancement of the Company's corporate value but also for the further promotion of shared value between the eligible directors and the shareholders. Under the plan, the Company grants to the eligible directors monetary compensation claims for the allotting of restricted stock each fiscal year, in principle. The eligible directors will then pay to the Company all such monetary compensation claims as an in-kind contribution in order for the Company to issue or dispose of shares of its common stock for the eligible directors to hold. The specific amount allocated to each eligible director shall be determined by the Board of Directors and in accordance with director job title. This restricted stock compensation plan is also applicable to executive officers.

The monthly compensation for Audit & Supervisory Board members is decided after discussions by the Audit & Supervisory Board members within the aggregate amount of compensation decided by resolutions at the Shareholders' Meeting. As securing independence is necessary for conducting appropriate audits, Audit & Supervisory Board members are only paid a fixed monthly remuneration and do not receive performance-linked bonuses.

Compliance

Based on the recognition that compliance is a basic element of corporate governance, the Company shall "comply with laws and regulations and conduct its operations with integrity as a member of society, acting in accordance with social norms and corporate ethics," as prescribed in the Group Code of Conduct (2. Legal compliance). The Company also established the Compliance Committee to ensure promotion of compliance structures, aiming to ensure compliance in day-to-day operating activities. In addition, based on the Compliance Regulations, the Company has established and operates an internal contact point and an external contact point, which is independent from the Company, for receiving compliance-related reports and consultations.

Example themes of compliance training

- Preventing power harassment
- Common inquires at the outside compliance consultation counter
- Insider trading regulations

Internal Control

The Board of Directors of the Company has decided on Systems for Ensuring Appropriate Business Operations (the Basic Policy regarding the Construction of Internal Control Systems) as prescribed by the Companies Act of Japan and the Regulation for Enforcement of the Companies Act. Furthermore, the Company carries out an appropriate response in terms of internal control related to financial reporting in accordance with the Financial Instruments and Exchange Act.

Overview of operating status of Systems for Ensuring Appropriate Business Operations

1. Promotion of compliance (e.g., establishment of an internal contact point and an external contact point that is independent of the Company)
2. Management of risk of loss (e.g., holding the Safety and Crisis Control Committee meetings)
3. Implement appropriate and effective business execution (e.g., Board of Directors' business execution reports)
4. Ensure appropriate business operations of the Group (e.g., holding Group compliance meetings twice a year)
5. Ensure effectiveness of reporting to the Audit & Supervisory Board members and audit by the Audit & Supervisory Board members (e.g., attendance of standing statutory Audit & Supervisory Board members at the Executive Committee and other key committees)

Risk Management

In accordance with the Risk Management Regulations, which work to reduce business risks, the Company monitors its risk management structure on a regular basis. In addition, when pursuing important investment projects, all relevant departments engage in sufficient examinations of the project. At the same time, the Corporate Planning Department holds thorough discussions to ascertain, analyze, and evaluate risks related to such projects. After this process is completed, these investment projects are deliberated and decided on by the Executive Committee, which is the highest-ranking body for decision-making related to business execution.

Main risks recognized by the Group

- A. Risks that impact rent income
 1. Risks related to declining operating rate of real estate
 2. Risks related to decreased rents
 3. Risks related to tenants leasing large floor area
 4. Risks related to the outbreak of infectious diseases, etc.
 5. Risks related to the damage, destruction, or deterioration of buildings due to natural disasters, etc.
 6. Risks related to the uneven distribution of real estate
- B. Other risks
 1. Risks related to interest rate fluctuations
 2. Risks related to exchange rate fluctuations
 3. Risks related to law revisions, including tax policies on real estate
 4. Risks related to asset price fluctuations

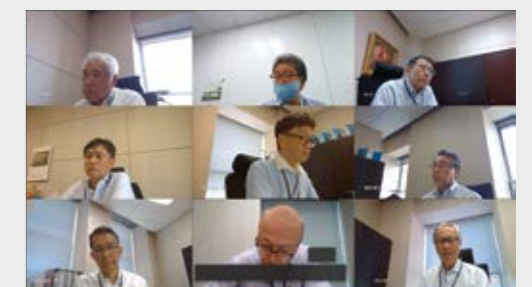
Monitoring of Group Company Management

The Corporate Planning Department is the department responsible for monitoring the management of Group companies. In accordance with the Group Company Management Regulations, the Corporate Planning Department receives necessary reports from Group companies as needed, which it uses to appropriately ascertain the management conditions and business risks at each Group company. Additionally, Group companies are required to receive the permission of the Company regarding the execution of important management matters.

Topic

Response to the COVID-19 Pandemic

In light of the COVID-19 pandemic, we were faced with the issue of finding a balance between preventing the spread of the virus and continuing our business operations. Conventionally, our BCP focused primarily on earthquakes, so it became a particularly urgent issue for us to establish a structure that could respond to the trend of people staying at home, which was most prominent between March and May 2020. We first segmented our sales departments as well as our facility management departments, which form the core of property management, in order to prevent further spread and limit the impact of the virus on our businesses to the greatest extent possible should one of our employees contract the virus. Meanwhile, we maintained important management decision-making functions as we approached major events such as results presentations and Shareholders' Meetings, while also limiting face-to-face meetings by making use of web conferences. Since the national state of emergency was lifted, we have continued to make use of web conference systems in our business operations in an effort to avoid travel between Tokyo and Osaka as well as large meetings within conference rooms (as of August). Furthermore, we have incorporated various new aspects into our operations so as not to reduce the



Meeting making use of the web conference system

speed of our decision-making, including eliminating the need for stamps on documents and transferring authority to local departments. Going forward, we will maintain a structure for business continuity in the "With COVID-19" era while making additional adjustments as circumstances change. Moreover, we will enhance our BCP, including for infectious diseases, while reflecting the experience we are gaining under the current situation.

Board of Directors, Audit & Supervisory Board Members, and Executive Officers

Directors



Toshiyuki Sonobe
Representative Director,
President Chief Executive Officer

Apr. 1981 Joined Japan Line, Ltd. (currently Mitsui O.S.K. Lines, Ltd.)
 Jun. 2009 General Manager of Tanker Division, Mitsui O.S.K. Lines, Ltd.
 Jun. 2011 Managing Director, Mitsui O.S.K. Bulk Shipping (Asia Oceania) Pte. Ltd. (currently MOL (Asia Oceania) Pte. Ltd.) (until March 2016)
 Jun. 2012 Executive Officer, responsible for Southeast Asia, Mitsui O.S.K. Lines, Ltd.
 Jun. 2015 Executive Officer, Chief Executive Representative for Asia, the Middle East and Oceania
 Apr. 2016 Managing Executive Officer of Group Business Division, responsible for Kansai Area / Japan Logistics Business Promotion
 Jun. 2016 Director of the Company
 Mar. 2017 Resigned from Managing Executive Officer, Mitsui O.S.K. Lines, Ltd.
 Apr. 2017 Executive Vice President, Director General of Office Leasing & Development Division of the Company
 Jun. 2017 Representative Director, Executive Vice President, Director General of Office Leasing & Development Division
 Apr. 2018 Representative Director, President Chief Executive Officer (to present)




Junichi Narita
Representative Director,
Senior Managing Executive Officer
Responsible for General Affairs
Department, Human Resources
Department, and Internal Audit Office

Apr. 1981 Joined Mitsui O.S.K. Lines, Ltd.
 Jun. 2008 General Manager of Logistics Business Division, Mitsui O.S.K. Lines, Ltd.
 Jun. 2009 Full-time Corporate Auditor
 Jun. 2011 Outside Audit & Supervisory Board member of the Company
 Jun. 2013 Resigned from Full-time Corporate Auditor, Mitsui O.S.K. Lines, Ltd.
 Resigned from Outside Audit & Supervisory Board member of the Company
 Director, Managing Executive Officer, Director General of Administration Division, and commissioned as General Manager of Corporate Planning & Strategic Business Office of the Company
 Apr. 2016 Director, Senior Managing Executive Officer, Director General of Administration Division, responsible for IR
 Apr. 2019 Representative Director, Senior Managing Executive Officer, supervisor for Finance & Accounting Department, responsible for General Affairs Department, Human Resources Department, and Internal Audit Office
 Apr. 2020 Representative Director, Senior Managing Executive Officer, responsible for General Affairs Department, Human Resources Department, and Internal Audit Office (to present)



Kensuke Tanaka
Director, Managing Executive Officer
Responsible for Real Estate
Development Office, Tokyo Office
Leasing Department, Sapporo
Business Department, and Special
Projects (projects for Sapporo City)

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.
 Jun. 2006 Group Leader, LNG No. 3 Group, LNG Carrier Division, Mitsui O.S.K. Lines, Ltd.
 Jun. 2009 Seconded to the Company, and commissioned as General Manager of Corporate Planning & Strategic Business Office of the Company
 Jun. 2010 Executive Officer, Deputy Director General of Administration Division, and commissioned as General Manager of Corporate Planning & Strategic Business Office
 Jun. 2012 Retired from Mitsui O.S.K. Lines, Ltd.
 Apr. 2017 Managing Executive Officer, Deputy Director General of Office Leasing and Development Division (responsible for Osaka Office Leasing and Development Department), and commissioned as General Manager of Tokyo Office Leasing and Development Department
 Jun. 2019 Director, Managing Executive Officer, supervisor for Business Planning Department and Osaka Office Leasing Department, responsible for Tokyo Office Leasing Department, Real Estate Development Office, and Special Projects (reconstruction of Yaesu Daibiru Building, and branding strategy)
 Apr. 2020 Director, Managing Executive Officer, responsible for Real Estate Development Office, Tokyo Office Leasing Department, Sapporo Business Department, and Special Projects (projects for Sapporo City) (to present)




Takehiko Ota
Director, Managing Executive Officer
Responsible for Corporate Planning
Department, Overseas Business
Department, and IR

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.
 Jun. 2008 Manager of IR Office
 Jun. 2013 Full-time Corporate Auditor
 Jun. 2017 Resigned from Full-time Corporate Auditor, Mitsui O.S.K. Lines, Ltd.
 Executive Officer, Deputy Director General of Administration Division (responsible for Corporate Planning & Strategic Business Office), and commissioned as Manager of Corporate Communications Office of the Company
 Apr. 2019 Managing Executive Officer, responsible for Corporate Planning Department, Overseas Business Department, and IR
 Jun. 2019 Director, Managing Executive Officer, responsible for Corporate Planning Department, Overseas Business Department, and IR (to present)




Hideki Tainaka
Director, Managing Executive Officer
Responsible for Construction &
Technical Management Department
and Special Projects (reconstruction
of Midosuji Daibiru Building and
Yaesu Daibiru Building)

Apr. 1988 Joined the Company
 Jun. 2016 General Manager of Construction & Technical Management Department
 Apr. 2018 Executive Officer, Assistant to the officer responsible for Construction & Technical Management Department, and commissioned as General Manager of Construction & Technical Management Department
 Apr. 2020 Managing Executive Officer, responsible for Construction & Technical Management Department and Special Projects (reconstruction of Midosuji Daibiru Building and Yaesu Daibiru Building)
 Jun. 2020 Director, Managing Executive Officer, responsible for Construction & Technical Management Department and Special Projects (reconstruction of Midosuji Daibiru Building and Yaesu Daibiru Building) (to present)



Atsushi Oi
Director (Outside / Independent)

Apr. 1973 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
 Sep. 1999 Director of Public Utilities Department, Agency for Natural Resources and Energy
 Aug. 2001 Deputy Director-General of Minister's Secretariat, Ministry of Economy, Trade and Industry
 Jul. 2002 Defense Counselor of Japan Defense Agency (currently Ministry of Defense)
 Aug. 2005 Director, Japan Development Bank (currently Development Bank of Japan Inc.)
 Sep. 2007 Resigned from Director, Japan Development Bank
 Oct. 2007 Counselor, Mitsui & Co., Ltd.
 Apr. 2008 Managing Officer, Chairman & Managing Director, Mitsui & Co. (Australia) Ltd.
 Apr. 2010 Executive Managing Officer, Chief Representative, Mitsui & Co., Ltd. in China
 Apr. 2014 Senior Executive Managing Officer, General Manager of Osaka Office
 Apr. 2015 Counselor, Mitsui & Co., Ltd.
 Jun. 2015 Resigned from Counselor, Mitsui & Co., Ltd., President of Japan Institute of Design Promotion (to present)
 Jun. 2018 Outside Director of the Company (to present)



Atsushi Miyanoya
Director (Outside / Independent)

Apr. 1982 Joined Bank of Japan
 May 2010 Director-General of Financial System and Bank Examination Department
 Mar. 2013 Manager of Nagoya Branch
 May 2014 Executive Director and Manager of Osaka Branch
 Mar. 2017 Executive Director, responsible for Financial System and Bank Examination Department, Currency Issue Department, and Public Relations Department
 May 2018 Resigned from Executive Director
 Jun. 2018 Chairman of NTT DATA Institute of Management Consulting, Inc. (to present)
 Jun. 2019 Outside Director of the Company (to present)

Audit & Supervisory Board Members



Hideo Horiguchi

Full-time Audit & Supervisory Board Member
 Apr. 1981 Joined Mitsui O.S.K. Lines, Ltd.
 Jun. 2010 General Manager of Accounting Division, Mitsui O.S.K. Lines, Ltd.
 Jun. 2013 Executive Officer, General Manager of Accounting Division
 Jun. 2015 Executive Officer
 Apr. 2017 Advisor
 Jun. 2018 Resigned from Advisor, Mitsui O.S.K. Lines, Ltd.
 Full-time Audit & Supervisory Board member of the Company (to present)



Hiroshi Tanaka

Audit & Supervisory Board Member (Outside / Independent)
 Apr. 1983 Joined Kikkawa Sogo General Law Offices (now Kikkawa Law Offices) (to present)
 Jun. 2012 Outside Corporate Auditor, KOUZUMI SANGYO CORP.
 Jun. 2015 Outside Audit & Supervisory Board member of the Company (to present)
 Jun. 2018 Outside director (and Corporate Auditor), KOUZUMI SANGYO CORP. (to present)



Shigeki Taenaka

Audit & Supervisory Board Member (Outside / Independent)
 Aug. 1985 Joined the Osaka Office of Aoyama Audit Corporation Price Waterhouse & Company
 Mar. 1988 Registered as a Certified Public Accountant
 Oct. 1989 Joined MIKIO TAENAKA CPA OFFICE
 Jun. 1995 Outside Audit & Supervisory Board Member of Nishimoto Trading Co. (now Canon Lifecare Solutions Inc.)
 Jan. 2006 Head of SHIGEKI TAENAKA CPA OFFICE (to present)
 Jun. 2009 Outside Audit & Supervisory Board Member of Japan System Techniques Co., Ltd. (to present)
 Jan. 2018 Outside Audit & Supervisory Board Member of DENKYO SHA CO., LTD. (to present)
 Jun. 2018 Resigned from Outside Audit & Supervisory Board member of the Company (temporary)
 Jun. 2019 Outside Audit & Supervisory member of the Company (to present)

Executive Officers



Takeo Yada

Senior Managing Executive Officer
 Supervisor for Construction & Technical Management Department
 Responsible for Information Systems Office
 President of Daibiru Facility Management, Ltd.



Yoichi Hayashi

Managing Executive Officer
 Responsible for Finance & Accounting Department
 Secondly Responsible for General Affairs Department



Kazuhiko Yamada

Managing Executive Officer
 Responsible for Business Planning Department, and Osaka Office Leasing & Operations Department
 Secondly Responsible for Special Projects (reconstruction of Midosuji Daibiru Building and Yaesu Daibiru Building)



Kenichi Sekiguchi

Executive Officer
 General Manager of Finance & Accounting Department



Hidetoshi Minematsu

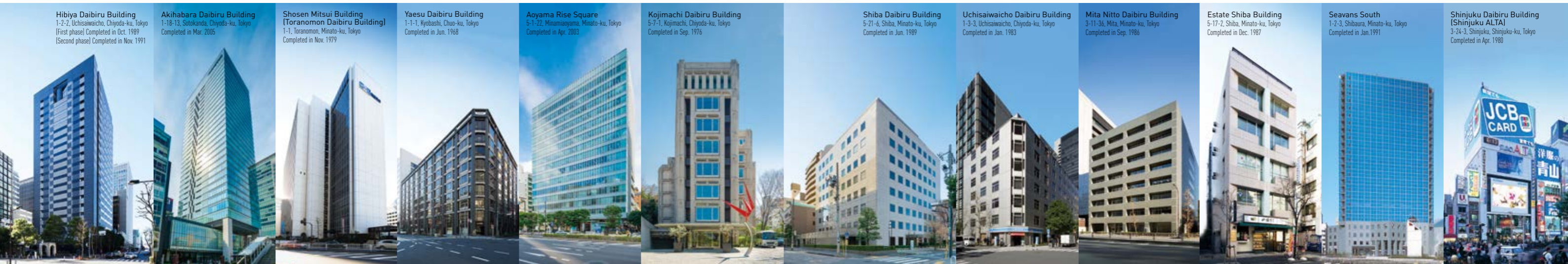
Group Executive Officer
 President of MOL Kosan Co., Ltd.

List of Major Properties

Osaka



Tokyo



Sapporo

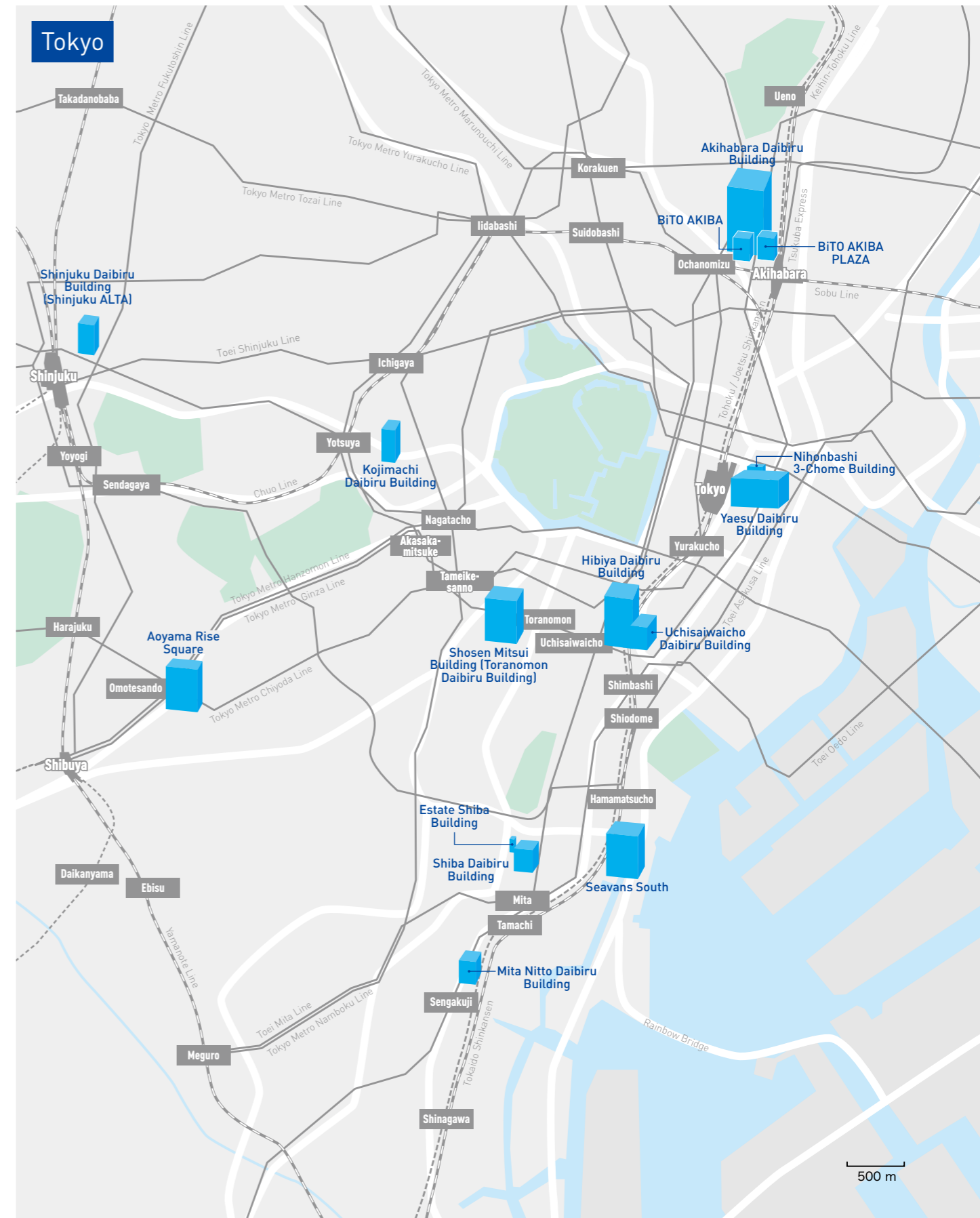
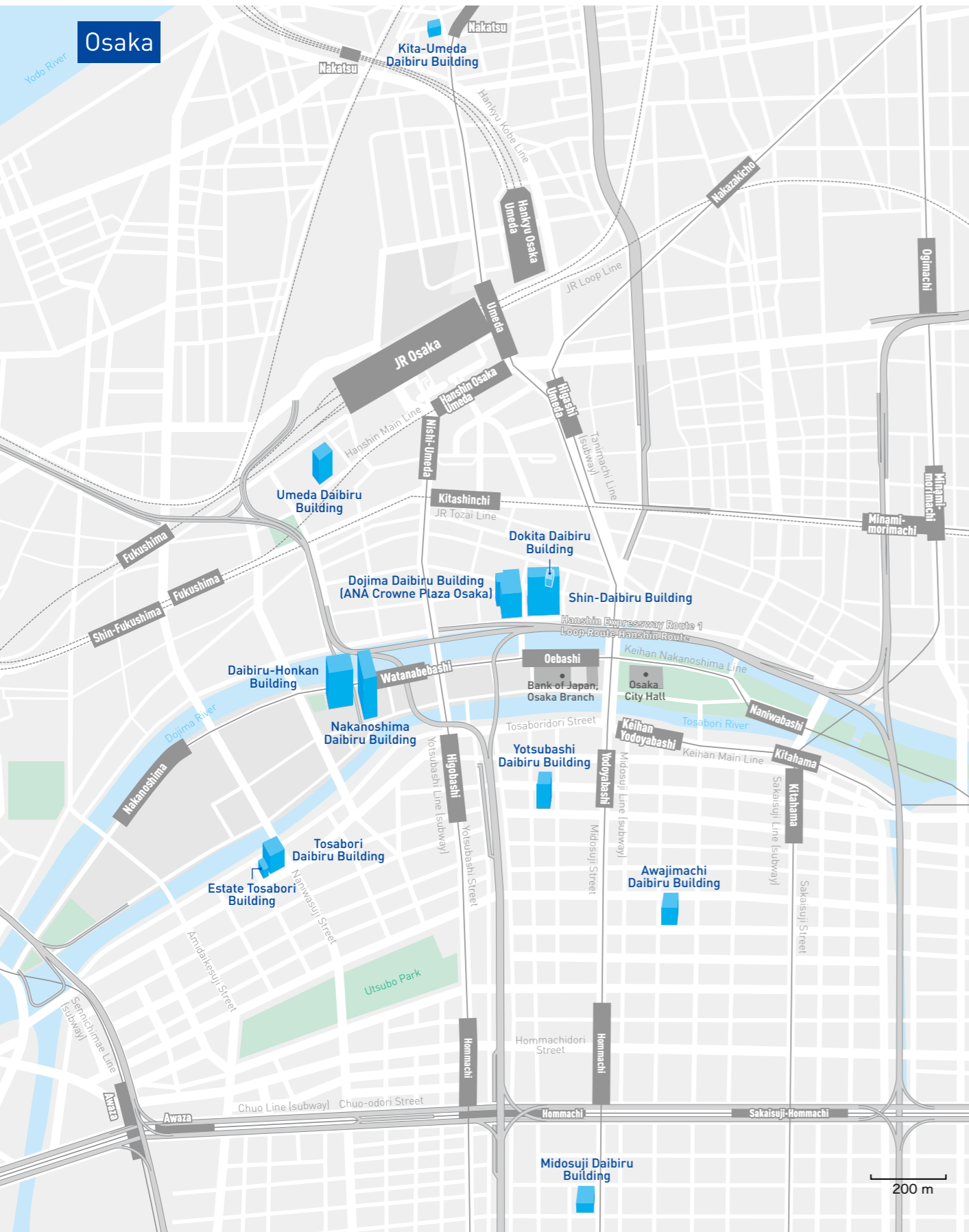


Vietnam

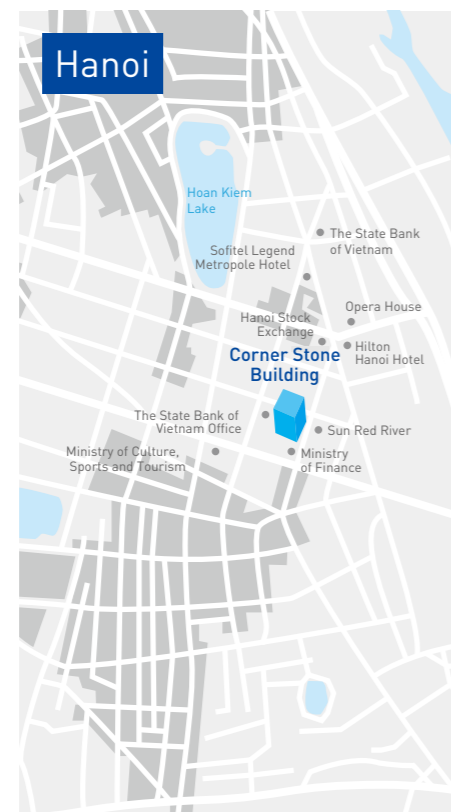
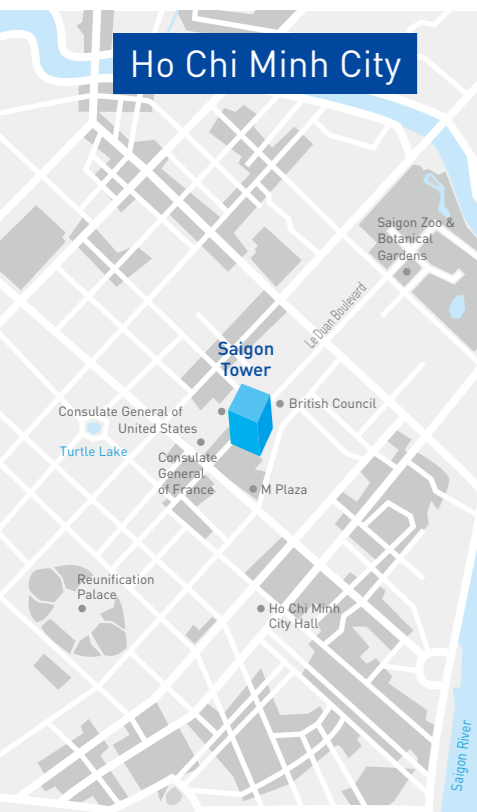
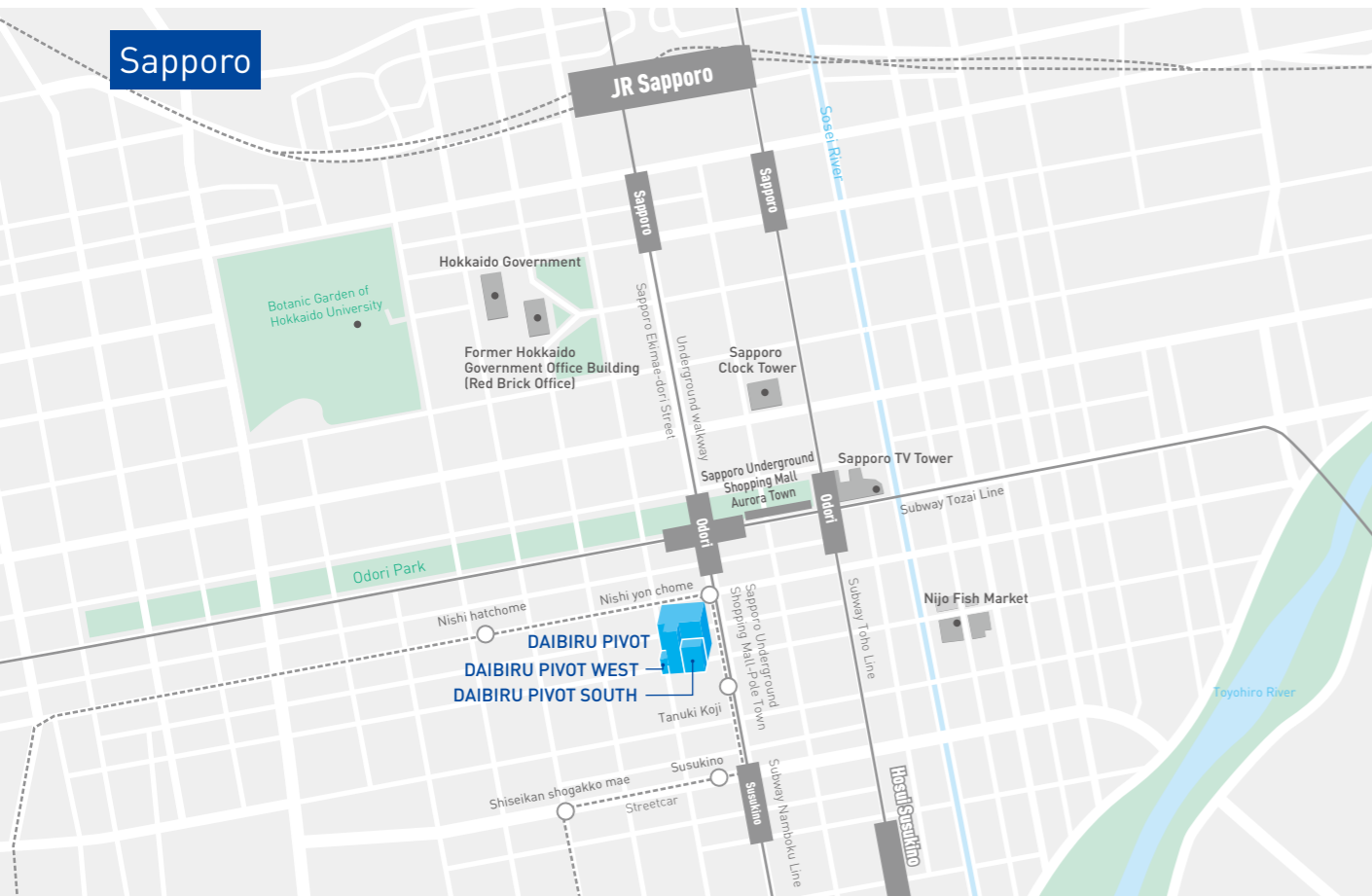


Australia

Location Maps for Major Properties



Location Maps for Major Properties



Consolidated Financial Statements

Consolidated Balance Sheets

	2019/3	2020/3
Assets		
Current assets		
Cash and deposits	15,765	17,975
Trade accounts receivable	1,079	990
Inventories	52	54
Other	1,072	2,027
Allowance for doubtful accounts	(11)	(12)
Total current assets	17,958	21,035
Non-current assets		
Property, plant and equipment		
Buildings and structures	227,004	234,782
Accumulated depreciation	(123,445)	(129,776)
Buildings and structures, net	103,558	105,006
Land	159,559	180,626
Land in trust	31,231	31,231
Construction in progress	12,118	9,472
Other	4,092	4,177
Accumulated depreciation	(3,752)	(3,818)
Other, net	340	359
Total property, plant and equipment	306,809	326,696
Intangible assets		
Goodwill	1,698	1,548
Other	11,823	11,218
Total intangible assets	13,522	12,766
Investments and other assets		
Investment securities	24,124	20,512
Long-term loans receivable	10	4
Retirement benefit asset	435	460
Deferred tax assets	267	376
Other	1,642	1,588
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	26,464	22,927
Total non-current assets	346,796	362,390
Total assets	364,754	383,426

(Millions of yen)

	2019/3	2020/3
Liabilities		
Current liabilities		
Current portion of long-term borrowings	3,680	8,360
Current portion of bonds payable	10,000	15,000
Income taxes payable	2,021	2,142
Accrued consumption taxes	470	165
Provision for bonuses for directors (and other officers)	63	73
Provision for environmental measures	—	622
Other	4,847	5,306
Total current liabilities	21,083	31,669
Non-current liabilities		
Bonds payable	80,000	95,000
Long-term borrowings	59,732	51,372
Leasehold and guarantee deposits received	24,802	25,653
Deferred tax liabilities	8,103	6,554
Deferred tax liabilities for land revaluation	13,439	13,439
Provision for retirement benefits for directors (and other officers)	66	81
Retirement benefit liability	799	829
Provision for environmental measures	620	—
Other	379	998
Total non-current liabilities	187,942	193,928
Total liabilities	209,025	225,598
Net assets		
Shareholders' equity		
Share capital	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	106,759	112,239
Treasury shares	(148)	(148)
Total shareholders' equity	132,692	138,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,962	10,528
Deferred gains or losses on hedges	(7)	(500)
Revaluation reserve for land	6,779	6,779
Foreign currency translation adjustment	1,498	973
Total accumulated other comprehensive income	21,233	17,780
Non-controlling interests	1,803	1,874
Total net assets	155,728	157,827
Total liabilities and net assets	364,754	383,426

Consolidated Financial Statements

Consolidated Statements of Income

	(Millions of yen)	
	2019/3	2020/3
Operating revenue	40,637	42,817
Operating costs	26,310	27,258
Operating gross profit	14,327	15,559
Selling, general and administrative expenses	3,997	3,997
Operating profit	10,329	11,561
Non-operating income		
Interest income	40	67
Dividend income	665	721
Share of profit of entities accounted for using equity method	229	—
Other	55	24
Total non-operating income	990	813
Non-operating expenses		
Interest expenses	1,199	1,282
Bond issuance costs	55	185
Foreign exchange losses	46	23
Other	65	25
Total non-operating expenses	1,367	1,516
Ordinary profit	9,953	10,858
Extraordinary income		
Gain on sales of investment securities	297	842
Total extraordinary income	297	842
Extraordinary losses		
Loss on building reconstruction	65	204
Loss on retirement of non-current assets	40	27
Loss on valuation of investment securities	21	—
Loss on sales of investment securities	19	—
Other	4	—
Total extraordinary losses	150	231
Profit before income taxes	10,100	11,469
Income taxes—current	3,488	3,823
Income taxes—deferred	(478)	(358)
Total income taxes	3,009	3,464
Profit	7,090	8,004
Profit attributable to non-controlling interests	97	71
Profit attributable to owners of parent	6,993	7,932

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2019/3	2020/3
Profit	7,090	8,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(550)	(2,433)
Deferred gains or losses on hedges	(2)	(492)
Revaluation reserve for land	(5,414)	—
Foreign currency translation adjustment	(649)	(513)
Share of other comprehensive income of entities accounted for using equity method	(84)	—
Total other comprehensive income	(6,701)	(3,440)
Comprehensive income	388	4,563
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	291	4,492
Comprehensive income attributable to non-controlling interests	97	71

Consolidated Statements of Changes in Net Assets

	(Millions of yen)											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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 at beginning of period	12,227	13,852	102,099	(147)	128,032	13,512	(4)	12,193	2,233	27,934	1,706	157,673
Changes during period												
Dividends of surplus			(2,332)		(2,332)							(2,332)
Profit attributable to owners of parent			6,993		6,993							6,993
Purchase of treasury shares				(0)	(0)							(0)
Disposal of treasury shares		0		0	0							0
Net changes in items other than shareholders' equity						(550)	(2)	(5,414)	(734)	(6,701)	97	(6,604)
Total changes during period	—	0	4,660	(0)	4,660	(550)	(2)	(5,414)	(734)	(6,701)	97	(1,944)
Balance at end of period	12,227	13,852	106,759	(148)	132,692	12,962	(7)	6,779	1,498	21,233	1,803	155,728

Current Fiscal Year (From Apr. 1, 2019 to Mar. 31, 2020)

	(Millions of yen)											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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 at beginning of period	12,227	13,852	106,759	(148)	132,692	12,962	(7)	6,779	1,498	21,233	1,803	155,728
Changes during period												
Dividends of surplus			(2,449)		(2,449)							(2,449)
Profit attributable to owners of parent			7,932		7,932							7,932
Purchase of treasury shares				(0)	(0)							(0)
Change in scope of equity method			(3)		(3)							(3)
Net changes in items other than shareholders' equity						(2,433)	(492)	—	(525)	(3,452)	71	(3,380)
Total changes during period	—	—	5,479	(0)	5,479	(2,433)	(492)	—	(525)	(3,452)	71	2,098
Balance at end of period	12,227	13,852	112,239	(148)	138,171	10,528	(500)	6,779	973	17,780	1,874	157,827

Appraised Value of Investment and Rental Properties

	(Millions of yen)				
	2016/3	2017/3	2018/3	2019/3	2020/3
Fair value	464,417	477,110	491,318	528,418	570,777
Unrealized gain	146,737	165,672	183,354	213,030	235,415
Book value	317,680	311,438	307,964	315,388	335,362

Note: Total of investment and rental properties in Japan and overseas.

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(Millions of yen)

	2019/3	2020/3
Cash flows from operating activities		
Profit before income taxes	10,100	11,469
Depreciation	7,285	7,114
Amortization of goodwill	120	119
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	9
Increase (decrease) in debt for retirement benefits	11	30
Decrease (increase) in retirement benefit asset	68	(25)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	14
Interest and dividend income	(705)	(788)
Interest expenses	1,199	1,282
Share of loss (profit) of entities accounted for using equity method	(229)	—
Loss (gain) on sales of investment securities	(277)	(842)
Loss (gain) on valuation of investment securities	21	—
Loss on retirement of non-current assets	40	27
Increase (decrease) in leasehold and guarantee deposits received	(540)	860
Decrease (increase) in leasehold and guarantee deposits	(2)	(3)
Decrease (increase) in trade receivables	(80)	88
Decrease (increase) in inventories	0	(1)
Increase (decrease) in trade payables	(322)	174
Increase decrease in accrued taxes on purchase of real estate	—	146
Decrease / increase in consumption taxes receivable / payable	268	(498)
Other, net	130	(429)
Subtotal	17,077	18,746
Interest and dividends received	1,320	788
Interest paid	(1,185)	(1,265)
Income taxes paid	(3,111)	(3,698)
Net cash provided by (used in) operating activities	14,101	14,570
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,294)	(26,854)
Proceeds from sales of investment securities	347	956
Proceeds from capital reduction of investment securities	4,671	—
Payments into time deposits	(388)	(1,670)
Proceeds from withdrawal of time deposits	369	377
Collection of long-term loans receivable	8	6
Other, net	(279)	(118)
Net cash provided by (used in) investing activities	(12,565)	(27,303)
Cash flows from financing activities		
Net increase (decrease) in commercial papers	(5,000)	—
Proceeds from long-term borrowings	10,000	—
Repayments of long-term borrowings	(3,130)	(3,680)
Proceeds from issuance of bonds	10,000	30,000
Redemption of bonds	—	(10,000)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,332)	(2,448)
Other, net	(83)	(185)
Net cash provided by (used in) financing activities	9,453	13,685
Effect of exchange rate change on cash and cash equivalents	258	(19)
Net increase (decrease) in cash and cash equivalents	11,247	933
Cash and cash equivalents at beginning of period	4,155	15,403
Cash and cash equivalents at end of period	15,403	16,336

Consolidated Segment Information

Previous Fiscal Year (From Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Leasing	Facility management	Total				
Revenue							
Outside customers	30,917	9,186	40,103	534	40,637	—	40,637
Intersegment	112	2,308	2,420	—	2,420	(2,420)	—
Total sales	31,029	11,494	42,524	534	43,058	(2,420)	40,637
Segment income	11,407	533	11,940	206	12,147	(1,817)	10,329
Assets	323,227	2,825	326,053	45	326,098	38,656	364,754
Other items							
Depreciation and amortization	7,273	11	7,285	—	7,285	—	7,285
Increase in property, plant and equipment and intangible assets	16,204	15	16,219	—	16,219	—	16,219

Current Fiscal Year (From Apr. 1, 2019 to Mar. 31, 2020)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Leasing	Facility management	Total				
Revenue							
Outside customers	32,828	9,146	41,975	842	42,817	—	42,817
Intersegment	118	2,400	2,519	—	2,519	(2,519)	—
Total sales	32,947	11,547	44,494	842	45,336	(2,519)	42,817
Segment income	12,629	531	13,161	186	13,348	(1,786)	11,561
Assets	343,634	2,761	346,395	50	346,445	36,980	383,426
Other items							
Depreciation and amortization	7,101	13	7,114	—	7,114	—	7,114
Increase in property, plant and equipment and intangible assets	26,876	39	26,915	—	26,915	—	26,915

Corporate Data

Stock Information (As of March 31, 2020)

Stock Summary

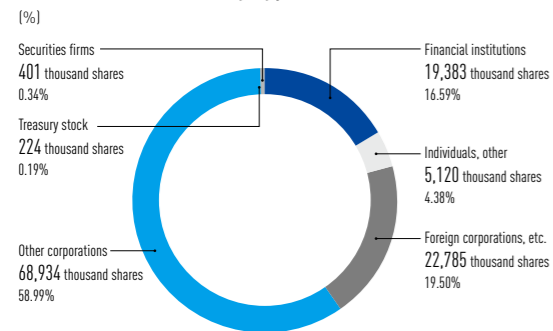
Number of Shares Authorized	300,000,000 shares
Number of Shares Issued	116,851,049 shares (Excluding 224,775 treasury stock)
Number of Shareholders	4,166
Number of Shares per Trading Unit	100 shares
Listed Financial Instruments Exchange	First Section of the Tokyo Stock Exchange
Share Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

Principal Shareholders (Top 10 shareholders)

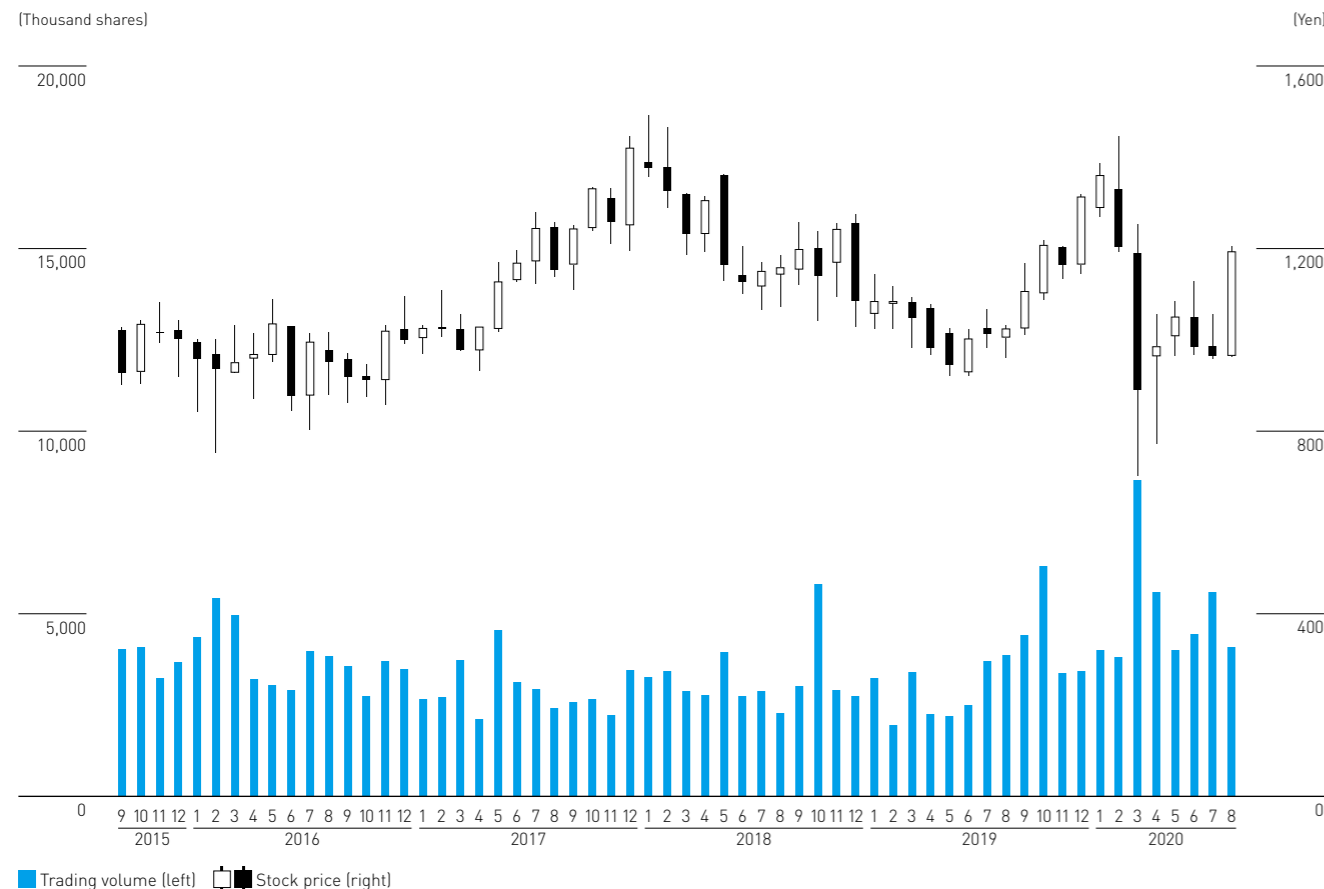
Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
Mitsui O.S.K. Lines, Ltd.	59,527	51.04
Sumitomo Mitsui Banking Corporation	5,802	4.97
Japan Trustee Services Bank, Ltd. (Trust account)	4,987	4.27
The Master Trust Bank of Japan, Ltd. (Trust account)	3,375	2.89
The Kansai Electric Power Co., Inc.	2,953	2.53
CGML PB CLIENT ACCOUNT/COLLATERAL	1,979	1.69
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,050	0.90
THE BANK OF NEW YORK MELLON 140044	1,017	0.87
SSBTC CLIENT OMNIBUS ACCOUNT	928	0.79
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/ABERDEEN STANDARD SICAV I CLIENT ASSETS	923	0.79

Notes: 1. The number of shares held is rounded down to the nearest thousand.
2. The shareholding ratio is calculated by excluding the shares of treasury stock of the Company.

Breakdown of Shares by Type of Shareholder (%)



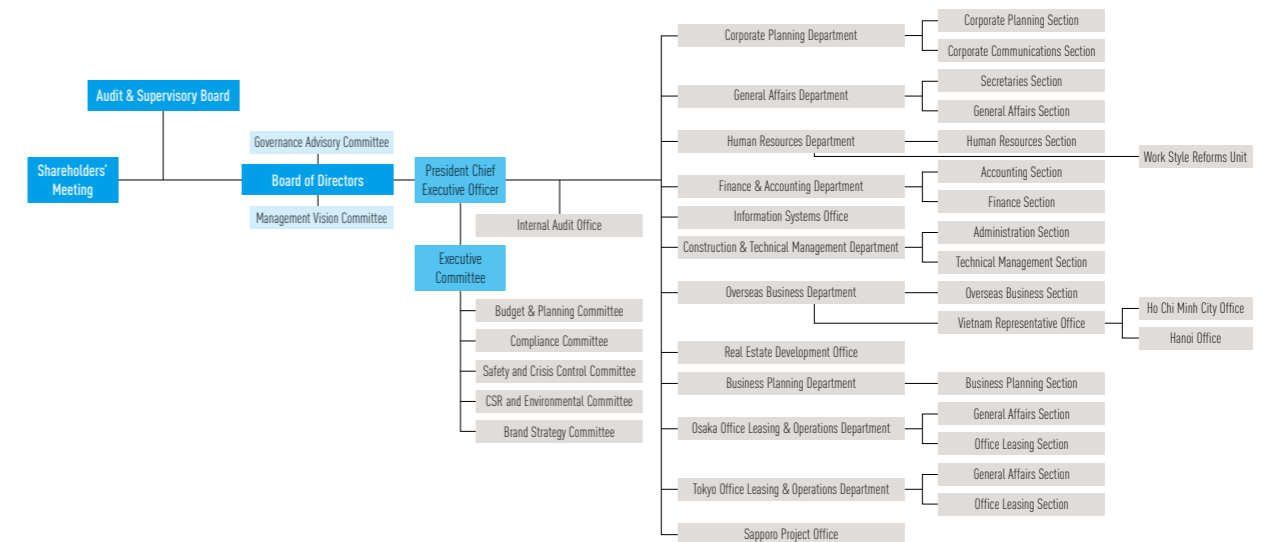
Stock Price Chart



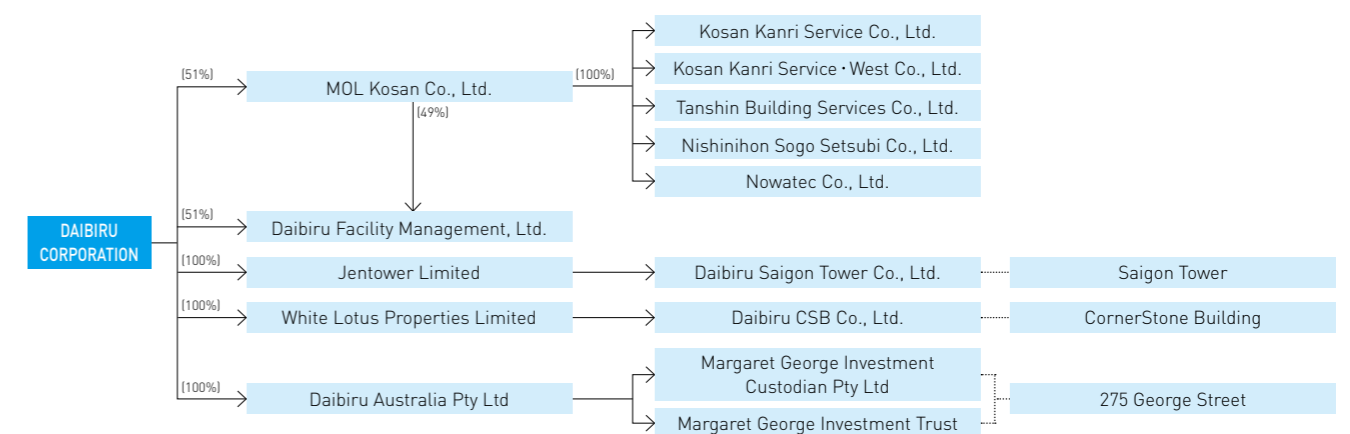
Corporate Data

Corporate Name	DAIBIRU CORPORATION	Osaka Office	3-6-32, Nakanoshima, Kita-ku, Osaka 530-0005, Japan Tel: 81-6-6441-1936
Representative	Representative Director, President Chief Executive Officer Toshiyuki Sonobe	Tokyo Office	1-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan Tel: 81-3-3506-7441
Establishment	October 15, 1923	Sapporo Office	2-3-1, Kita 2-jo Nishi, Chuo-ku, Sapporo 060-0002, Japan Tel: 81-11-218-0111
Capital	¥12,227,847,277	Vietnam Representative Offices	Ho Chi Minh City Office 15th Floor, Saigon Tower, 29 Le Duan Boulevard, District 1, Ho Chi Minh City, Vietnam Tel: 84-28-3822-5350 Hanoi Office 4th Floor, CornerStone Building, 16 Phan Chu Trinh Street, Hoan Kiem District, Hanoi, Vietnam Tel: 84-24-3824-5777
Principal Shareholders	Mitsui O.S.K. Lines, Ltd. / Sumitomo Mitsui Banking Corporation / The Kansai Electric Power Co., Inc.		
Main Business	Ownership, operation, management, and leasing of real estate		
Number of Employees	Consolidated: 2,588 Non-consolidated: 79		
Head Office	3-6-32, Nakanoshima, Kita-ku, Osaka 530-0005, Japan Tel: 81-6-6441-1932		

Organizational Chart



Composition of Group Companies (Figures in () indicate the investment ratio.)



Increase brand recognition by implementing corporate branding strategy

We have developed advertising activities using our corporate slogan "Daibiru Excellence."



"Statue of an eagle and a girl" Tangible cultural property designated by Osaka City

In March 2015, the "statue of an eagle and a girl" placed in the Daibiru-Honkan Building was designated as a tangible cultural property by Osaka City.



<https://www.daibiru.co.jp/english/>

Osaka Office 3-6-32, Nakanoshima, Kita-ku,
Osaka 530-0005, Japan
Tel: 81-6-6441-1936

Tokyo Office 1-2-2, Uchisaiwaicho, Chiyoda-ku,
Tokyo 100-0011, Japan
Tel: 81-3-3506-7441

Sapporo Office 2-3-1, Kita 2-jo Nishi, Chuo-ku,
Sapporo 060-0002, Japan
Tel: 81-11-218-0111

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