

News Release

December 1, 2015

To all stakeholders

DAIBIRU CORPORATION

Notification of Establishment of “Basic Policy for Corporate Governance”

DAIBIRU CORPORATION (the “Company”; Head office: Nakanoshima, Kita-ku, Osaka; Representative Director, President, Chief Executive Officer: Takehiko Yamamoto), under its corporate principles of “Constructing buildings, creating towns — pioneering the new era,” with a view to enhance its corporate value over the long term through sustainable and stable growth of the Group, announces that it adopted a resolution on the “Basic Policy for Corporate Governance” at the meeting of the Board of Directors held on November 26, 2015, and has made it effective from today, as described on the attached document.

Subsequently, the Company shall establish a “Governance Advisory Committee” as the advisory body to the Board of Directors, which is to be chaired by an independent outside director with members comprising outside directors and the President, Chief Executive Officer. The Committee shall provide advice to the Board of Directors on matters including the appointment and dismissal of Directors and Executive Officers, the determination of remuneration, etc., and the plan for succession with respect to President, Chief Executive Officer, in consideration of factors including the Company’s corporate principles, medium- to long-term management plan and business characteristics.

Going forward, the Company will endeavor to meet the expectations and trust of “shareholders,” “customers,” “employees” and all other stakeholders through establishment of prompt and highly transparent decision making and a business execution framework, and to enhance its long-term, sustained corporate value.

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of DAIBIRU Corporation, which is reported to the Tokyo Stock Exchange. The Company provides this translation for reference and convenience only. In the event of any discrepancy between this translation and the Japanese original, the latter shall always prevail.

Basic Policy for Corporate Governance

Chapter 1. General Rules

(Basic views on corporate governance)

- Article 1. With a view to enhance corporate value over the long term through sustainable and stable growth of the Group under the corporate principles of “Constructing buildings, creating towns — pioneering the new era,” DAIBIRU CORPORATION (hereinafter, the “Company”) believes that fair, transparent, prompt and bold decision making is crucial to corporate governance. The Company strives for the enforcement thereof in accordance with this “Basic Policy for Corporate Governance” (hereinafter, the “Basic Policy”).

Chapter 2. Ensuring the Rights of, and Equality among Shareholders

(Shareholders’ Meeting)

- Article 2. The Company strives to deliver notices of convocation of Annual Shareholders’ Meeting at the earliest possible time in order to ensure enough time for shareholders to review the proposals for the Shareholders’ Meeting and enable them to appropriately exercise their voting rights. The notice of convocation is posted on the Company’s website simultaneously with delivery by post.
2. The Company strives to develop an environment whereby all shareholders including those not attending the Shareholders’ Meeting in person can appropriately exercise their voting rights (including making its best effort to hold the Company’s Shareholders’ Meeting on a date different from other companies).

(Ensuring equality among shareholders)

- Article 3. The Company treats all shareholders equally in proportion to the number of shares held and adequately discloses information to prevent any information gap among shareholders.

(Policies for cross-shareholdings and for the exercise of voting rights associated therewith)

- Article 4. From the standpoint of developing and reinforcing the Group’s relationships with business partners and financial institutions, etc., or facilitating transactions therewith, the Company is allowed to acquire and hold shares of such business partners, etc., if such shareholding is deemed to contribute to enhancement of the Company’s corporate value over the medium to long term.

2. With respect to holding of listed shares based on the preceding paragraph (hereinafter “cross-shareholdings”), major cross-shareholdings are subject to an annual verification by the Board of Directors to decide whether such shareholding should be continued or not, from the standpoint of its economic rationality, etc. in light of the purpose, returns and risks associated with such shareholding.
3. The exercise of voting rights associated with cross-shareholdings shall be appropriately carried out by comprehensively considering factors such as enhancement of corporate value of the relevant company and common interest of shareholders.

Chapter 3. Consideration for Stakeholders’ Interest

(Group Code of Conduct and conflicts of interest)

- Article 5. The Company has set forth and discloses the Group Code of Conduct to ensure that directors, executive officers and employees, etc. of the Company as well as group companies (consolidated subsidiaries) act as “good corporate citizens” in an ethical and socially acceptable manner.
2. If any issues concerning conflicts of interest involving directors and executive officers of the Company, they must report such issues to and obtain approval from the Board of Directors in accordance with the Board of Directors’ Regulations and Executive Officers’ Regulations. In cases where such transactions have been carried out, the Company shall adequately disclose material facts about the transactions in accordance with laws and regulations.
 3. The Company shall conduct fair and reasonable transactions, etc. with its parent company or group companies of the parent company upon mutual consultation based on factors such as market prices in a manner equal to transactions with general business partners.

(Relationships with stakeholders)

- Article 6. The Board of Directors shall take into consideration the interests not only of the Company’s shareholders, but also of various stakeholders including employees, customers, business partners, creditors, local communities of the Company and the Company’s group companies in order to enhance the Company’s corporate value over the long term.
2. The Company shall ensure that its officers and employees can communicate their concerns about illegal or unethical practices within the Company to the Board of Directors (or the Audit & Supervisory Board members where appropriate), and that they will not be subject to any disadvantageous treatment from the Company because of such communication.

Chapter 4. Adequate Information Disclosure and Communication with Shareholders

(Disclosure of corporate principles, mission statement and internal control system, etc.)

- Article 7. The Company proactively transmits information on a strategic direction of the Company, such as corporate principles, mission statement and the Medium-term Management Plan.
2. The Board of Directors decides and adequately discloses the Company's policies on the internal control system, corporate governance, risk management and legal compliance, etc., of the Company and the corporate group including the Company in accordance with the Companies Act and other applicable laws and regulations.
 3. The Board of Directors discloses matters related to finance and business of the Company in a fair manner in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations and rules of stock exchanges.

(Communication with shareholders)

- Article 8. The Company fulfills its accountability as a corporation by timely and adequately disclosing financial information such as the progress of the Medium-term Management Plan as well as quantitative financial information, etc., while promoting constructive communication with shareholders and investors.
2. The Company promotes communication with shareholders and investors with the management acting as the main body, whereby an officer in charge of IR shall be appointed from among the members of the Board of Directors and the President, Chief Executive Officer shall serve as person responsible for communication.
 3. Communication shall be carried out by means such as the holding of financial results briefings and individual discussions with shareholders and investors, and corporate information shall be communicated to shareholders and investors both in Japan and overseas through the Company's website.

Chapter 5. Responsibilities of the Board of Directors, etc.

(Roles of, and the scope of authority delegated to the Board of Directors)

- Article 9. The Board of Directors is delegated by shareholders and strives to realize efficient and effective corporate governance for the benefit of all shareholders through maximizing corporate value over the long term to ultimately achieve sustainable and steady growth of the Company and the long-term maximization of its corporate value.
2. In order to fulfill the responsibilities described in the preceding paragraph, the Board of Directors ensures fairness and transparency of the management through exercising its supervisory function over the management in general, while making the best decision for the Company through its decision-making on the execution of important business operations of the Company.

3. The Board of Directors carries out deliberation and decision-making over the important management matters as well as the matters required by laws and regulations and the Articles of Incorporation to be resolved at the Board of Directors. Particularly, matters such as development of real estates, acquisition and disposal of noncurrent assets and shares, etc., procurement of long-term funds, and loans and guarantees are subject to deliberation and decision-making by the Board of Directors if the amounts involved are in excess of the base amounts individually set out by type of risks involved, while all other matters are delegated to the Executive Committee.

(Roles of independent outside directors)

- Article 10. Independent outside directors of the Company verify and assess as appropriate the business results of the Company as well as the performance of the management in light of the corporate principles and the Medium-term Management Plan decided by the Board of Directors. They determine whether the current management framework is appropriate or not and express opinions thereon from the perspective of the common interest of all shareholders.

(Chairman of the Board of Directors)

- Article 11. The chairman of the Board of Directors strives to enhance the quality of discussions at the meetings of the Board of Directors and ensures effective and efficient operation of the Board of Directors. In order to fulfill such responsibilities, the chairman of the Board of Directors must make an arrangement so that sufficient time is secured for deliberation of all the proposals and each director and Audit & Supervisory Board member attending the meeting of the Board of Directors can obtain adequate information in a timely manner.

(Composition of the Board of Directors)

- Article 12. The Board of Directors of the Company shall not exceed fourteen members, and shall include at least two independent outside directors, provided, however, that this Article will be applicable tentatively from the end of June 2016.
2. The Board of Directors formulates the Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members as in the Appendix 1.

(Establishment of the Governance Advisory Committee)

- Article 13. The Company establishes the “Governance Advisory Committee” as an advisory body to the Board of Directors, chaired by an independent outside director, comprising outside directors and the President, Chief Executive Officer.
2. The Governance Advisory Committee shall provide advice to the Board of Directors on the matters such as the appointment and dismissal of directors and executive officers, determination of

remuneration, etc. for directors and executive officers, the plan for succession with respect to President, Chief Executive Officer, in consideration of factors including corporate principles, medium- to long-term management plan and business characteristics.

(Qualification for directors and executive officers and their nomination procedures)

- Article 14. Directors and executive officers of the Company shall have high ethical standards, along with excellent characters, insights, capabilities and a wealth of experience.
2. The Board of Directors of the Company shall be composed of a well-balanced mix of knowledge, experience and capabilities required for effectively fulfilling its roles and responsibilities as a whole, in a manner which balances both diversity and adequate scale.
 3. All directors and executive officers of the Company are appointed annually by resolution of the Shareholders' Meeting and by resolution of the Board of Directors, respectively.
 4. Candidates for directors and executive officers are proposed by the President, Chief Executive Officer based on the provisions of this Article, and decided after deliberation at the Board of Directors, subject to the consultation with the Governance Advisory Committee.

(Qualification for Audit & Supervisory Board members and their nomination procedures)

- Article 15. Audit & Supervisory Board members must have high ethical standards, along with excellent personality, insights, capabilities and a wealth of experience. Furthermore, at least one of the Audit & Supervisory Board members must have adequate knowledge on finance and accounting.
2. The Company decides candidates for Audit & Supervisory Board members in consideration of diversity of knowledge, experience and skills.
 3. Candidates for Audit & Supervisory Board members are proposed by the President, Chief Executive Officer based on the provisions of this Article, and decided after deliberation at the Board of Directors, subject to the consent of the Audit & Supervisory Board.

(Restriction on the concurrent service of independent outside officers)

- Article 16. Independent outside directors and independent outside Audit & Supervisory Board members must not concurrently serve as directors or Audit & Supervisory Board members at more than three listed companies other than the Company. If a director or an Audit & Supervisory Board member concurrently serves as an officer at other listed companies, the Company shall annually disclose the status of their concurrent positions.

(Responsibilities of directors)

- Article 17. Directors shall engage in thorough discussion by actively expressing their opinions, while collecting sufficient information for executing their duties.

2. Directors shall execute their duties exercising their capabilities expected of them and spending sufficient time for the Company.
3. Directors must thoroughly understand their responsibilities, along with relevant laws and regulations, the Articles of Incorporation of the Company, the Board of Directors' Regulations, and other internal regulations of the Company in assuming their position as directors.

(Policies on the training for directors and Audit & Supervisory Board members)

- Article 18. Newly appointed directors and Audit & Supervisory Board members shall be informed of important matters of the Group such as management strategies, the Medium-term Management Plan, and the status of finance, accounting and business by the officer or department responsible.
2. The Company shall provide in a timely manner information regarding the important matters necessary for directors and Audit & Supervisory Board members to carry out their roles, including economic situation, industry trend, legal compliance, corporate governance, finance and accounting, thereby supporting the execution of duties by directors and Audit & Supervisory Board members.
 3. The Company shall arrange opportunities for on-site inspection of the buildings constructed by the Company, etc., in order to allow directors and Audit & Supervisory Board members to deepen their understanding about the business on site.

(Decisions on the agenda for the meeting of the Board of Directors, etc.)

- Article 19. With respect to the meeting of the Board of Directors held at the end of each fiscal year, the chairman of the Board of Directors shall decide main matters to be adopted as agenda items at the meeting of the Board of Directors and the "Management Vision Committee" attended by all members of the Board of Directors in the following fiscal year, based on the proposals and opinions of each director.
2. To ensure active discussions at the meeting of the Board of Directors, materials concerning the agenda items and proposals for the meeting must be distributed to all directors and Audit & Supervisory Board members of the Company (by means including an electronic method), prior to the date of the meeting (which, however, shall not apply to particularly highly confidential matters).

(Access to internal information by independent outside directors and Audit & Supervisory Board members)

- Article 20. Independent outside directors and Audit & Supervisory Board members can request explanation or report, or submission of internal materials from directors, executive officers and employees of the Company, at any time when they need such information or when they consider appropriate.

(Non-executive Officers Committees)

Article 21. The Company shall hold the Non-executive Officers Committees comprising outside directors, outside Audit & Supervisory Board members and standing statutory Audit & Supervisory Board members at least twice a year to freely discuss on matters related to the Company's business as well as corporate governance, etc.

(Assessment of the effectiveness of the Board of Directors)

Article 22. All directors and Audit & Supervisory Board members attending meetings of the Board of Directors shall conduct annual self-assessment, etc., to check whether the Board of Directors of the Company or their respective duties are managed or executed in line with this Basic Policy. The Board of Directors shall conduct analysis and assessment of the overall effectiveness of the Board of Directors while referring to the aforementioned self-assessment, etc. made by directors and Audit & Supervisory Board members and adequately disclose the summary of such analysis and assessment results.

(Policies and procedures for determining compensation, etc., for directors and executive officers)

Article 23. Monthly remunerations for directors and executive officers shall be at a constant level commensurate with their job titles and responsibilities in light of the business characteristics of the Company aimed at constant growth over the medium to long term.

2. Monthly remunerations for directors shall be within the aggregate amount of compensation decided by the resolution at the Shareholders' Meeting. Monthly remunerations for individual directors and executive officers are decided upon consultation with the Governance Advisory Committee on proposals for the remuneration amount made by the President, Chief Executive Officer.
3. Amounts of bonuses for directors and executive officers are linked to the business results of the Company and shareholder returns, and reflect their job titles, responsibilities and individual performance evaluation in reasonable proportion to their monthly compensations.
4. Bonuses for directors are decided by the resolution at the Annual Shareholders' Meeting for the relevant fiscal year upon consultation with the Governance Advisory Committee on proposals for the remuneration amount made by the President, Chief Executive Officer.

Chapter 6. Others

(Formulation, amendment and abolition)

Article 24. This Basic Policy shall be formulated, amended and abolished by the Board of Directors.

Criteria for the Independence of Outside Directors and Outside Audit & Supervisory Board Members

In the Company, outside directors and outside Audit & Supervisory Board members with independence refer to those who do not fall under any of the following:

1. A person who is, or used to be an executor of business at the Company, or a group company of the Company (consolidated subsidiaries)
2. A person who is a principal shareholder of the Company (a shareholder with 10% or higher shareholding of voting rights at the end of the immediately preceding fiscal year). For cases where such principal shareholder is a corporate entity such as a company, a person who is, or used to be an executor of business at such corporation in the past three years.
3. A person who is a principal business partner of the Company or a group company, or a person with whom the Company or a group company is a principal business partner. For cases where such person is a corporation such as a company, a person who is, or used to be an executor of business at such corporation in the past three years. A principal business partner refers to a person who engages in transactions with the Company or a group company in which the annual amount of such transactions accounts for 2% or more of the consolidated total revenue in the immediately preceding fiscal year at either party.
4. A person who is a principal lender to the Company or to a group company. For cases where such person is a corporation such as a company, a person who is, or used to be an executor of business at such corporation in the past three years. A principal lender refers to a person from whom the Company or a group company has borrowings, whose latest balance accounts for 2% or more of the consolidated total assets of the Company.
5. A person who is an independent auditor of the Company or a group company, or an employee, etc., of the independent auditor, or a person who engaged in the audit work for the Company or a group company as an employee, etc., of the independent auditor in the past three years.
6. A person who is an attorney, judicial scrivener, certified public accountant, certified public tax accountant or other consultant, etc., who has received money or other property in excess of ¥10 million per year on average for the past three years from the Company or a group company, other than executive compensation. For cases where such person is an organization such as a corporation and association, a person who belongs to such organization.
7. A person who has received donations in excess of ¥10 million per year on average for the past three years from the Company or a group company. For cases where such person is an organization such as a corporation and association, a person who belongs to such organization.

8. A person who is an executor of business at a company where a director from the Company or a group company has been seconded, or at the parent company or a significant subsidiary of such company.
9. A person who has served for eight years since the first appointment as an independent outside officer of the Company.
10. Spouse or relative within the second degree of kinship of the person who falls under any of the above 1. to 8.