



June 10, 2022

Company name: Daito Trust Construction Co., Ltd  
Representative: Katsuma Kobayashi  
President and Representative Director (CEO)  
Securities code: 1878  
Listed in the 1st section of Tokyo and Nagoya security  
exchange  
Address: 2-16-1, Konan, Minato-ku, Tokyo

## **Notice regarding recommendation by the Proxy Advisory Firm ISS to vote Against proposal at the 48th Ordinary General Meeting of Shareholders of the Company**

We Daito Trust Construction Co., Ltd, has confirmed that Institutional Shareholder Services Inc. ("ISS"), a Proxy Advisory Firm, has issued a report recommending shareholders to vote against "Proposal No. 1: Appropriation of Surplus for the 48th Fiscal Term" at the Company's 48th Ordinary General Meeting of Shareholders to be held on June 28, 2022.

We would like to ask our shareholders to decide whether to vote For or Against the proposal in question, after reviewing the details of this notice.

### **1. The reason ISS recommend shareholders to vote Against**

ISS recommends voting Against the proposal as "It will be inappropriate to make final dividend payments before audited financial statements are made available."

### **2. Our view on the ISS's Against recommendations**

Based on ISS's Proxy Voting Guidelines Benchmark Policy Recommendations, it is expected that they recommends Against the proposal because "if the amount of the dividend is excessive, there is concern that it could have a negative impact on the Company's finances, etc.," given that the Company's financial statements have not yet been audited.

The total amount of final dividend payments in this proposal, even if conservatively estimated, is within the distributable amount calculated based on the financial statements for the fiscal year before last (ended March 31, 2021), which have already been finalized.

In addition, because we believe that stable dividends to shareholders are one of the most important management issues of the Company, we have decided, for the common benefit of the shareholders, to discuss this proposal at the Ordinary General Meeting of Shareholders with the distributable amount calculated based on the financial statements for the fiscal year before last (ended March 2021) although the audit of financial statements for the previous fiscal year (ended March 2022) has not been completed.

### **(Reference)**

Distributable amount calculated based on the financial statements for the year before last  
(fiscal year ended March 2021) : ¥383 million\*

The total amount of final dividend payments in this proposal : ¥189 million

\*Note: Estimated as of effective date of dividend payment

END