

The following statement is an English-language translation of the original Japanese-language document provided for your convenience. In the event there is any discrepancy between the Japanese and English versions, the Japanese version is presumed to be correct.

November 20, 2023

To whom it may concern:

Company name: Daito Trust Construction Co., Ltd
Representative: Kei Takeuchi
Representative Director, Chief Executive Officer
Securities code: 1878
Listed in Prime Market of Tokyo security exchange
and Premier Market of Nagoya security exchange
(ADR Level I, OTC: DIFTY)
Address: 2-16-1, Konan, Minato-ku, Tokyo

**Notice Regarding Acquisition of Own Shares and the Acquisition of Own Shares
through the Off-Auction Share Repurchase Trading (ToSTNeT-3) System
(Acquisition of Own Shares through a Fully Committed Share Repurchase (Japanese ASR))**

As announced in “Notice Regarding Acquisition of Own Shares” on October 30, 2023, DAITO TRUST CONSTRUCTION CO., LTD. (the “Company”) has passed a resolution establishing that it will acquire its own shares pursuant to Article 459, Clause 1 of the Companies Act and Clause 31 of the articles of incorporation. The company hereby announces that it has passed a resolution at the Board of Directors’ meeting today which identifies the specific method that the Company will employ to implement this acquisition.

1. Reason for Treasury Share Acquisition

The Company intends to improve capital efficiency as well as enhance returns to shareholders by repurchasing its own shares.

2. Acquisition method

The Company will commission the purchase through the Tokyo Stock Exchange’s off-auction share repurchase trading (ToSTNet-3) system at 8:45AM on November 21, 2023, at today’s November 20, 2023 closing price (including the final special quote) of ¥16,090 (the “benchmark price”), acquiring ¥50,000 millions (the “anticipated monetary sum of the acquisition”) worth of treasury shares. (No other trading system will be used, and there will be no change to the trading time.) This purchase order will only be made during that time.

Nomura Securities Co., Ltd. (“Nomura Securities”) is scheduled to place a sell order of 3,107,500 shares for this acquisition (the “anticipated number of shares acquired”), but as explained below, the shares obtained from Nomura Securities will be adjusted at a later date using the Company’s stock so that the actual purchase price will be equal to the average price of the Company stock over a specified period of time (to be explained in further detail below). As such, the final number of shares repurchased may fluctuate.

This document is a press release notifying the general public about the Company’s acquisition of its treasury shares and its purchase of treasury shares through the off-auction share repurchase trading (ToSTNeT-3) system. It is not intended in any way to be an investment solicitation or serve any other similar purposes.

3. Details of the repurchase

(1)	Class of shares to be acquired	Ordinary shares of the Company
(2)	Total number of shares to be acquired	3,107,500 shares (4.5% of all shares outstanding (excluding treasury shares))
(3)	Total monetary sum of the acquisition	¥49,999,675,000
(4)	Announcement of results	The results of the repurchase will be announced at 8:45AM following the end of the transaction.

(Note 1) The number of shares will not change. Depending on market trend and other similar factors, the Company may not go through with some or all of the repurchase.

(Note 2) The purchase will be executed through a matching sell order for the anticipated number of shares acquired.

(Reference) Total number of shares outstanding and number of treasury shares as of September 30, 2023

Total number of shares outstanding (excluding treasury stock)	68,371,998 shares
Number of treasury stock	546,981 shares

4. Fully Committed Share Repurchase (FCSR, also “Japanese ASR”)

The Company’s goal heading into this repurchase is to ensure that it can acquire ¥50,000 millions worth of treasury shares, and the Company has concluded that the FCSR method proposed by Nomura Securities (the “Method”) is the best path for satisfying this need.

Among the methods of acquiring treasury stock through market purchases, there are various schemes to acquire treasury stock through regular trading sessions, such as the Company placing individual orders, the use of discretionary account transactions by securities companies, and the use of trust companies. However, when the Company intends to acquire treasury stock at the size of the anticipated acquisition price, considering the Company’s trading volume in the stock market, it is assumed that these methods will require a certain period of time before the completion of the share repurchase.

Unlike the above method, when purchase orders are placed under ToSTNeT-3 via agency transactions, the transaction is completed in a day, but depending on the volume of sell orders placed by shareholders, it may not be possible to repurchase the desired amount of treasury stock.

Employing the Method will allow the repurchase to be completed in a day. Furthermore, if the sell orders placed by shareholders fall below the anticipated monetary sum, in order to make up for the shortfall, Nomura will issue a sell order after borrowing the Company’s stock from the Company shareholders, thereby ensuring that the Company will be able to repurchase its treasury shares for the anticipated monetary sum. Because Nomura Securities’ stock borrowing will take place after this disclosure, the monetary amount of the sell order is not currently known. However, Nomura has indicated that they should be able to place a sufficient sell order so that the Company can repurchase the anticipated number of treasury shares.

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There have been similar transactions in the United States, and this Japanese ASR is a new endeavor in the Japanese market. Interested parties are encouraged to fully understand the details of the Method outlined in this release, as well as the notices regarding the issuance of warrants, which will be disclosed on the Company's website.

Information regarding Nomura Securities' sell order will also be announced on the Tokyo Stock Exchange website (<https://www.jpx.co.jp/markets/public/short-selling/index.html>)

<Outline of the Method>

On November 21, 2023, the Company will execute a repurchase of its treasury shares through ToSTNeT-3 at the benchmark per-share price for the anticipated number of shares and anticipated monetary sum (the "Purchase").

To implement the Purchase, following this disclosure, Nomura Securities will borrow shares of the Company's stock from the Company's shareholders and place a sell order. This should enable the Company to acquire the anticipated number of treasury shares even if the Purchase does not elicit sell orders from the shareholders. Because ToSTNeT-3 prioritizes general shareholders' sell orders over that of Nomura Securities, a financial instruments firm, Nomura's sell-order execution amount will be reduced by the amount sold by general shareholders.

Nomura Securities has indicated that following the Purchase, it will apply its own judgment and calculation to acquire the Company's shares through channels both inside and outside the securities market in order to return the shares it will borrow. However, the Company has not entered into any agreement with Nomura Securities regarding Nomura Securities' acquisition of the Company's stock.

With respect to the shares to be acquired from Nomura Securities, the Company will enter into a separate adjustment transaction with Nomura Capital Investment Co., Ltd. (NCI) (the "Warrant Holder"), who will be the acquiring party of the warrants that the Company will issue pursuant to the Method (the "Warrant"). The Company's actual per-share acquisition cost will be equal to the arithmetic average of the volume-weighted average price (VWAP) of the Company's stock for each trading day over a set period after the Purchase multiplied by the Adjustment Factor. The period will begin on November 22, 2023 and end on either the day preceding the warrant exercise date or the day preceding the Company's receipt of a notice stating that no warrant will be exercised (the "average share price"). Specifically, it has been agreed that this will entail: 1) in the event that the average share price exceeds the benchmark price, an issuance of the Company's shares to the Warrant Holder via Warrant exercise, where the number of such shares is calculated by deducting (a) the number of shares that would be acquired during the Purchase if shares of the Company's stock were bought at the average share price with the monetary sum equivalent to that of the shares acquired from Nomura Securities (the "average number of shares acquired"), from (b) the number of shares acquired from Nomura Securities during the Purchase (the "number of shares acquired"), or 2) in the event that the average share price falls below the benchmark, an acquisition of the Company's shares at

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no cost, where the number of such shares is calculated by deducting the “Number of shares acquired” from the “Average number of shares acquired”.

The Adjustment Factor is the number determined based on the year-end dividend for March 2024, and it is expected to be 100% based on the current dividend forecast.

<Mechanism of the adjustment transaction> (The adjustment is applied only to the shares acquired from Nomura Securities)

The adjustment will ensure that the final number of shares acquired by the Company (the “final number of shares acquired”) will be the same as the number of shares that would be acquired if shares of the Company’s stock were bought at the average share price with the monetary sum equivalent to that of the shares acquired from Nomura Securities (Average number of shares acquired).

① When the average share price is higher than the benchmark price

If the Company’s share price rises after the Purchase and the average share price exceeds the benchmark price, the numbers of shares resulting from the following formula will be delivered to the holders of the Warrant.

Number of shares delivered = Number of shares acquired - Average number of shares acquired (Number of shares delivered is rounded down to the nearest 100 shares)

Final number of shares acquired = Number of shares acquired - Number of shares delivered
= Number of shares acquired - (Number of shares acquired - Average number of shares acquired)
= Average number of shares acquired
= Planned acquisition price ÷ Average share price

Number of shares acquired: Number of shares purchased from Nomura Securities through ToSTNeT-3

Average number of shares acquired: Number of shares to be acquired assuming that the Company’s shares were acquired at the average share price by the amount purchased from Nomura Securities through ToSTNeT-3 (Average number of shares acquired is rounded down to the nearest 1 share)

② When the average share price is lower than the benchmark price

If the Company’s share price declines and the average share price falls below the benchmark price after the Purchase, the number of shares resulting from the following formula will be acquired from the holders of the Warrant without consideration.

Number of Additional Shares Acquired = Average Number of Shares Acquired - Number of Shares Acquired (Number of Additional Shares Acquired is rounded down to the nearest 100 shares)

Final number of shares acquired = Number of shares acquired + Number of additional shares acquired
= Number of shares acquired + (Average number of shares acquired - Number of shares acquired)

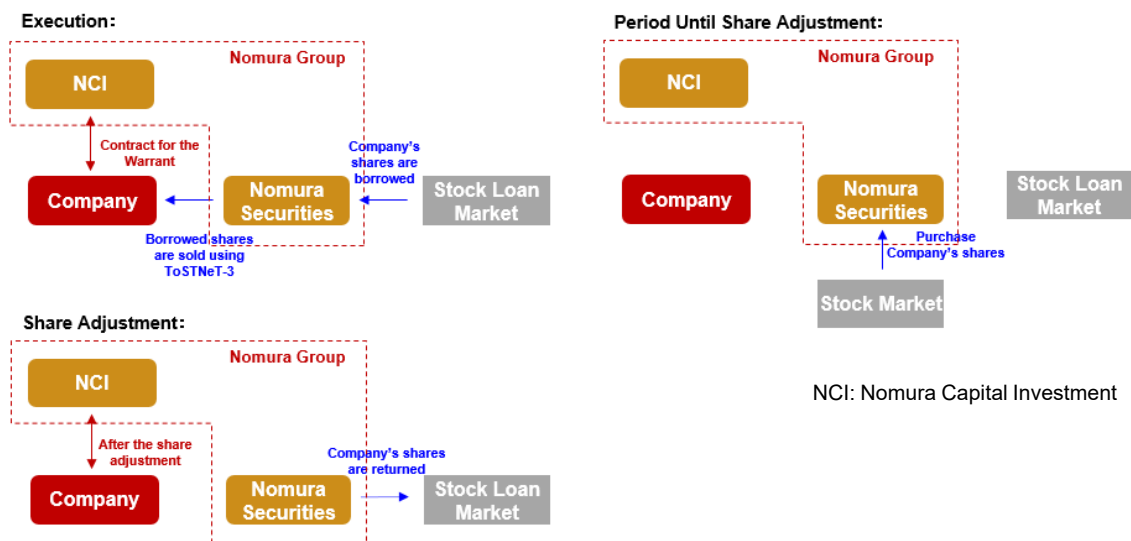
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- = Average number of shares acquired
- = Planned acquisition price ÷ Average share price

As stated above, the final number of shares to be repurchased is the number of shares acquired (Average number of shares acquired) if the Company's shares were repurchased at the average price.

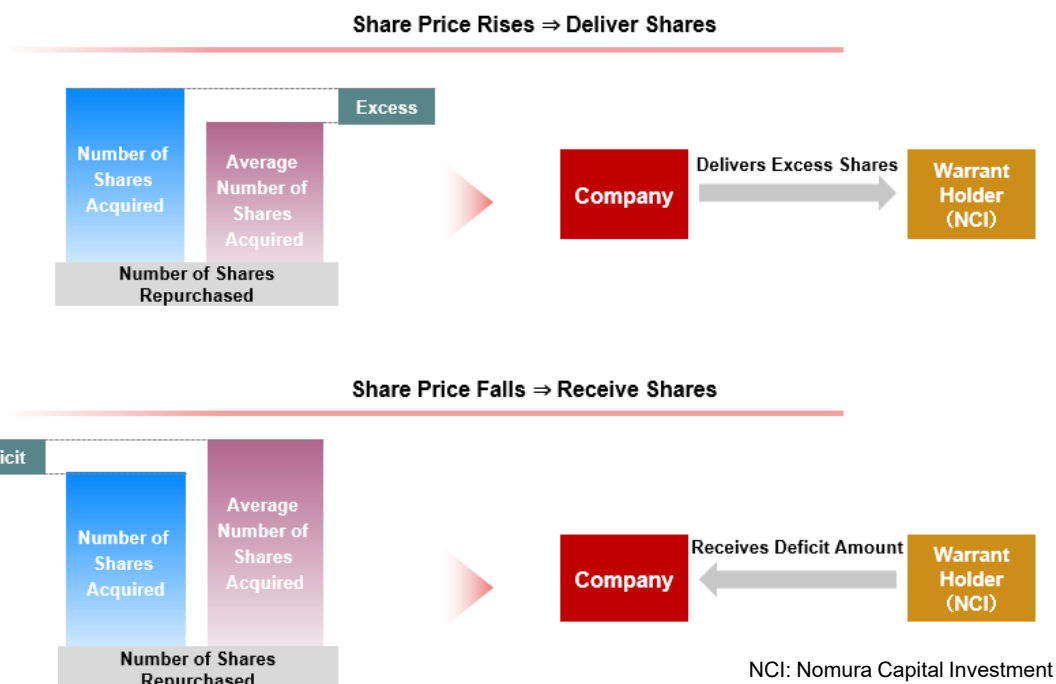
In order to implement the above-mentioned adjustment to the number of acquired shares, the Company will allot a Warrant to the Warrant Holder at no cost. The warrants will be exercised if the average share price exceeds the benchmark price, in which case the Warrant Holder will receive the Company's shares. The number of such shares will be equivalent to what the balance between the two prices would yield. If the average share price is lower than the benchmark, a warrant will not be exercised, and the Company will receive shares of its stock from the Warrant Holder at no cost. The number of such shares will be equivalent to what the balance between the two prices would yield. This adjustment will be executed during the Warrant's exercise period (from April 11, 2024 until November 19, 2024), and a separate disclosure will be made when the number of shares acquired has been finalized. For information regarding the warrant issue, please refer to the Company's electronic public notices.

<FCSR Structure>



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<Share Adjustment Overview>



<Share Adjustment Table>

Average Share Price (A)	Repurchased Amount (B)	Average Number of Shares Acquired (C) = (B) ÷ (A)	Number of Shares Acquired (D)	Number of shares delivered (D) - (C)	Number of Additional Shares Acquired (C) - (D)
20,000	49,999,675,000	2,499,984	3,107,500	607,516	0
19,500	49,999,675,000	2,564,086	3,107,500	543,414	0
19,000	49,999,675,000	2,631,562	3,107,500	475,938	0
18,500	49,999,675,000	2,702,685	3,107,500	404,815	0
18,000	49,999,675,000	2,777,760	3,107,500	329,740	0
17,500	49,999,675,000	2,857,124	3,107,500	250,376	0
17,000	49,999,675,000	2,941,157	3,107,500	166,343	0
16,500	49,999,675,000	3,030,283	3,107,500	77,217	0
16,090	49,999,675,000	3,107,500	3,107,500	0	0
15,500	49,999,675,000	3,225,785	3,107,500	0	118,285
15,000	49,999,675,000	3,333,312	3,107,500	0	225,812
14,500	49,999,675,000	3,448,253	3,107,500	0	340,753
14,000	49,999,675,000	3,571,405	3,107,500	0	463,905
13,500	49,999,675,000	3,703,680	3,107,500	0	596,180

*This is an example that assumes that there were no sales from general shareholders and that all of the shares repurchased are from Nomura Securities. The number of shares delivered and the additional number of shares acquired will be rounded down if less than one unit.

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