

Notice of the 54th Ordinary Shareholders Meeting

Date : Thursday, 10:00 AM (Japan Standard Time), June 20, 2019 (Start of reception : 9:20AM)

Place: 3rd Floor, Takamatsu Construction Group Co., Ltd. 1-2-3 Shin-Kitano, Yodogawa-ku, Osaka

VOTING DEADLINES (by post and internet)

5:30PM, June 19, 2019 (Wednesday)

CONTENTS

Notice of the 54th Ordinary Shareholders Meeting	P 2
Reference Materials for the Shareholders Meeting	P 5
Matters to be Resolved and Reference Materials	
Item No.1 : Election of Twelve (12) Directors of the Board	
Item No.2 : Election of Two (2) Auditor of the Board	
(Attached Document)	
Business Report	P16
Consolidated Financial Statements	P36
Non-consolidated Financial Statements	P38
Auditors' Report (Summary only)	P40

【Booklet P1】

Photo

--- Management Credo---

We conduct the construction business as a mutually complimentary activity vital to society.

To Our Shareholders

Thank you for your continued support towards us and we are pleased to deliver our shareholders our invitation of 54th Regular General Shareholders Meeting.

Concerning year ended March 2019, we worked hard as a team to realize our goals of our previous Mid-Term Plan “TRY! NEXT CENTURY 2020” (From April 2017 through March 2020) one year in advance, to be achieved in fiscal year ended March 2019. As the result, although we were short vs our revenue and profit goals, we significantly surpassed our order amount goals, as well as our orders and revenue exceeding our record highs.

Fiscal year ending March 2020 will be our first year of our new Mid-Term Plan "Create! 2022". This Mid-Term Plan was formulated because the new young Presidents took office in Takamatsu Corporation and Asunaro Aoki Construction, our core companies of the Group in April of 2018, thus there is a need to clarify long term vision under the new management. The Group as a whole will strive to achieve the goals of this Mid-Term Plan based on the “Five Creates”, that are; “Create High-growth, High profit Group”, “Create New Business Domain”, “Create Group Culture that Respects Diversity and Compliance”, “Create Synergy Effect”, and “Create Value towards Economy, Society and Environment”. At the same time, we set our goals of this fiscal year with 270BJPY of revenue and 13.3BJPY of operating income, that we believe are “must achieve” goals.

We ask for the further understanding and support of our shareholders and other stakeholders.

May 30, 2019

President and Representative Director of the Board

Nobuhiko Yoshitake

【Booklet P2】

Notice of the Shareholders Meeting

Securities Code 1762

May 30, 2019

To our Shareholders :

Nobuhiko Yoshitake
President and Representative Director of the Board
Takamatsu Construction Group Co., Ltd.
1-2-3 Shin-Kitano, Yodogawa-ku, Osaka

Notice of the 54th Ordinary Shareholders Meeting

You are cordially invited to attend the 54th Ordinary Shareholders Meeting of the Company. The Meeting will be held as described below.

If you are unable to attend the Meeting, you can exercise your voting rights by paper ballot, or via the internet. Please review “Instructions for Exercising Your Voting Rights” on Page 3 to 4 of the booklet to exercise your voting rights in accordance with the guidance hereinafter no later than 5:30 PM, Wednesday, June 19, 2019.

Details :

1. Date and Time

10:00 AM, Thursday, June 20, 2019

(Reception will start at 9:20 AM)

We will present our “Group Introduction Video” starting at around 9:40 AM.

2. Place

1-2-3 Shin-Kitano, Yodogawa-ku, Osaka

Conference Room, 3rd Floor (Please refer to the map shown on the last page of the booklet, as well as the last page of this document.)

3. Agenda

Subjects to be Reported

1. Business Report, Consolidated Financial Statements and their auditing reports by Accounting Auditor and Auditors of the Board for the fiscal year that ended March 31, 2019 (the 54th Business Year commenced on April 1, 2018 and ended March 31, 2019).
2. Non-consolidated Financial Statements for the fiscal year that ended March 31, 2019 (the 54th Business Year commenced on April 1, 2018 and ended March 31, 2019).

Matters to be Voted Upon by Shareholders

1. Election of Twelve (12) Directors of the Board
2. Election of Two (2) Auditors of the Board

(Footnote)

Payment of Fiscal Year End Dividends, 54th Business Year

At the Directors of the Board Meeting of the Company held on May 13, 2019, it was decided that the Company will pay Thirty Eight (38) Japanese yen per share as the Fiscal Year End Dividends of the 54th Business Year, and that the start date of the dividend payment will be June 21, 2019.

【Booklet P3】

Instructions for Exercising Your Voting Right

If you can attend the Meeting:

Shareholders attending the Meeting are requested to submit the Voting Form to the reception desk at the place of the Meeting.

Please bring this Notice (Booklet) to the Meeting as this Notice will be used as the reference material of the Meeting.

If you attend the Meeting by Proxy, please have the proxy submit your Voting Form at the reception desk of the Meeting, together with the document that certifies your delegation. Due to our Articles of Incorporation, we need to limit the number of proxy to one person only.

Shareholders Meeting Date & Time : Thursday, June 20, 2019 10:00 AM (JST, Reception starts at 9:20AM)

If you cannot attend the Meeting

Exercising your voting right by post

Please indicate your vote, either “for” or “against”, on each item of the matters to be voted upon in the enclosed Voting Form. In case no preference is indicated on any of the items, we treat it as an affirmative vote to such items.

Deadline: Please return the Form by post to be received by the Company no later than 5:30 PM, Wednesday, June 19, 2019.

Exercising your voting right via the internet

Please access our designated Voting website via the internet (PC), and enter your vote (i.e. for or against) on each item of the matters to be voted upon by following the instructions on the screen and by using the Voting Right Exercising Code and Password contained in the enclosed Voting Right Exercise Form.

Deadline: Please enter your vote no later than 5:30 PM, Wednesday, June 19, 2019.

For details, please refer to the next page.

Footnote

Items listed in the internet

- Items listed in this booklet is also listed in our Corporate Website as listed below.
- English translation of this Notice is available on the following website for courtesy purpose.

<https://www.takamatsu-cg.co.jp/en/>

- In accordance with the relevant laws, regulations and Article 15 of the Articles of Incorporation of the Company, the following explanations are not included in this Notice, as they are available on the Company's Web Site.
 - (i) Consolidated Financial Statements → Consolidated Statements of Changes in Equity, Notes to Consolidated Financial Statements
 - (ii) Financial Statements → Statement of Changes in Equity, Notes to Financial Statements
Changes, if any, to the Reference Material for the Ordinary Shareholders Meeting, the

Business Report or the Consolidated and Non-consolidated Financial Statements will be notified on the Company's web site below.

TCG Corporate Website :

Japanese - <https://www.takamatsu-cg.co.jp/>

English - <https://www.takamatsu-cg.co.jp/en/>

【Booklet P4】

Details of exercising your voting right via the internet

When you exercise your voting right via the internet, please access to our Voting Right Exercise Website and vote by following the instructions as follows:

Voting Right Exercise Website

<https://soukai.mizuho-tb.co.jp/>

(Please google “議決権行使 みずほ” or you can access through QR code on Booklet page 4.)

Procedures

1. Access Voting Right Exercise Website

Please read “Voting right exercise via internet” and click “proceed to next step”

2. Log in

Enter “Voting Right Exercise Code” and click “Next”

**“Voting Right Exercise Code” and “Password” are listed on Voting Form enveloped together with this Notice.

3. Enter password

When password change screen shows up, please enter “Initial Password” and then enter “password” that you will use.

After 3, please follow the instruction on the screen and enter for / against proposals.

Caution!

- Password secures that the voter is the shareholder. Please conduct cautious handling until the Shareholders Meeting is over. We cannot tell passwords through phone inquiries.
- If you enter wrong password for certain times, the window will be locked and cannot be used further. In case the window is locked, please follow instructions on the screen.
- There may be cases where you cannot use the website due to the internet environment or other technical reasons.
- In the event that a Shareholder votes both by mailing the Voting Form and via the internet, only the voting via the internet shall be treated as valid.
- if you vote via the internet more than once, the most recent voting shall be treated as valid.

If you have further questions regarding voting through the internet, please call “Internet Help Dial”, Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

Phone: 0120-768-524 (Toll Free, available 9:00 AM through 9:00 PM except Saturdays, Sundays and Holidays.)

For our Institutional Shareholders

TCG participates Electronic Exercise Platform operated by ICJ Co., Ltd.

【Booklet P5】

Reference Material of the Shareholders Meeting

Item No.1 : Election of Twelve (12) Directors of the Board

The terms of offices of all our 16 Directors of the Board will expire at the closing of this General Shareholders Meeting. Therefore, an election of twelve (12) Directors of the Board is proposed.

The candidates for the Directors of the Board are as follows:

No.	New/Reassign	Name	Current Position of the Company	Attendance to BOD Meetings
1	Reassign	Takayuki Takamatsu	Honorary Chairperson and Director of the Board	100.0% (13 attended / 13Meetings)
2	Reassign	Kanji Ogawa	Chairperson and Representative Director of the Board	100.0% (13 attended / 13Meetings)
3	Reassign	Nobuhiko Yoshitake	President and Representative Director of the Board	100.0% (13 attended / 13Meetings)
4	Reassign	Takayoshi Takamatsu	Vice President and Representative Director of the Board	100.0% (13 attended / 13Meetings)
5	Reassign	Hiroataka Takamatsu	Director of the Board	100.0% (13 attended / 13Meetings)
6	Reassign	Takatoshi Takamatsu	Director of the Board	100.0% (13 attended / 13Meetings)
7	Reassign	Yasunobu Ueno	Director of the Board	100.0% (13 attended / 13Meetings)
8	Reassign	Toshitaka Hagiwara	External Director of the Board (Independent)	100.0% (13 attended / 13Meetings)
9	Reassign	Masahiro Nishide	Director of the Board	100.0% (13 attended / 13Meetings)
10	Reassign	Shigehiro Aoyama	External Director of the Board (Independent)	100.0% (13 attended / 13Meetings)
11	Reassign	Hideyuki Takamatsu	Director of the Board	100.0% (13 attended / 13Meetings)
12	New	Hideto Nakahara	External Auditor of the Board (Independent)	100.0% (11 attended / 11Meetings)

Toshitaka Hagiwara, Shigehiro Aoyama and Hideto Nakahara are candidates for External Directors of the Board. The Company has registered Toshitaka Hagiwara and Shigehiro Aoyama as independent officers in accordance with the regulations of Tokyo Stock Exchange. In addition, Hideto Nakahara meets the requirements of the independent officer in accordance with the regulations of Tokyo Stock Exchange and will be registered as an independent officer upon the election of Hideto Nakahara as the External Director of the Board.

【Booklet P6】

Candidate No.1

Name and Date of Birth: Takayuki Takamatsu, September 27, 1937 (81 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Jun. 1965	President and Representative Director of the Board of the Company
Apr. 1990	Chairperson and Representative Director of the Board of the Company
Jun. 2005	Honorary Chairperson and Director of the Board of the Company (Current)
Oct. 2008	Honorary Chairperson and Director of the Board of Takamatsu Corporation Co., Ltd. (Current)
Jun. 2013	Director of the Board of Asunaro Aoki Construction Co., Ltd. (Current)

Number of Company shares held by the Candidate: 8,581,700

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Takayuki Takamatsu has experienced President and Representative Director of the Board as well as Chairperson and Representative Director of the Board, and is currently working as Honorary Chairperson and Director of the Board of the Company. He has provided advice on overall management issues from a broad perspective with the goal to build an ever-lasting Group in accordance with its management Credo. With his abundant management experience and deep insight, we believe Mr. Takayuki Takamatsu will be able to make further contributions to the continuous increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

Candidate No.2

Name and Date of Birth: Kanji Ogawa, July 3, 1949 (69 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Jun. 2003	Joined the Company, Advisor of the Company
Jun. 2003	Vice President and Representative Director of the Board, in charge of Headquarter of the Company
Apr. 2004	Vice President and Representative Director of the Board, Director in charge of Headquarter of the Company
Apr. 2004	Director of the Board, Asunaro Aoki Construction Co., Ltd. (Current)
Jan. 2006	President and Representative Director of the Board, Kongo-Gumi Co., Ltd.
Mar. 2006	Vice President and Representative Director of the Board, Director integrating Headquarter of the Company
Sep. 2007	Chairperson and Representative Director of the Board, Nakamura Shaji Co., Ltd.
Oct. 2008	Vice President and Representative Director of the Board of the Company
Aug. 2009	Director of the Board, Takamatsu Corporation Co., Ltd. (Current)

Apr. 2012 President and Representative Director of the Board of the Company
Apr. 2012 Chairperson and Representative Director of the Board, Kongo-Gumi Co., Ltd. (Current)
Apr. 2013 President and Representative Director of the Board, Director of the Company
Apr. 2017 Chairperson and Representative Director of the Board of the Company (Current)

Important Concurrent Position of the Candidate: Chairperson and Representative Director of the Board, Kongo-Gumi Co., Ltd.

Number of Company shares held by the Candidate : 18,137

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Kanji Ogawa has experienced President and Representative Director of the Board and is currently posted as the Chairperson and Representative Director of the Board of the Company. He is currently working as the chair of the Board of the Directors Meetings and is managing the Meetings effectively, as well as appropriately supervising Group management. With his abundant management experience and deep insight, we believe Mr. Kanji Ogawa will be able to make further contributions to the continuous increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

【Booklet P7】

Candidate No.3

Name and Date of Birth: Nobuhiko Yoshitake, November 19, 1952 (66 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Jun. 2012 Vice President and Representative Director of the Board,
Director of Asunaro Aoki Construction Co., Ltd.

Apr. 2015 Vice President and Representative Director of the Board,
Director integrating Headquarter and Sales Planning Division of
Asunaro Aoki Construction Co., Ltd.

Jun. 2015 Director of the Board of the Company

Apr. 2017 President and Representative Director of the Board, Director of the Company (Current)

Apr. 2017 Director of the Board of Asunaro Aoki Construction Co., Ltd.(Current)

Jun. 2017 Director of the Board of Takamatsu Corporation Co., Ltd.(Current)

Number of Company shares held by the Candidate : 2,832

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Nobuhiko Yoshitake has experienced important positions such as Senior Director of Resona Bank Co.,Ltd., Chairperson and Director of the Board of Showa Lease Co.,Ltd., as well as Vice President and Representative Director of the Board, Asunaro Aoki Construction Co., Ltd., which is our core company of the Group, and is currently President and Representative Director of the Board, Director of the Company. Mr. Yoshitake is making significant contributions to improve our results by enhancing decision making capabilities of the Board by seeking management decisions of the Board Members sufficiently and appropriately, as well as taking lead of the Group management. With his abundant management experience and deep insight, we believe Mr. Nobuhiko Yoshitake will be able to make further contributions to the continuous increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

Candidate No.4

Name and Date of Birth: Takayoshi Takamatsu, February 6, 1967 (52 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Apr. 1990 Joined the Company

Apr. 2005 General Manager, President's Office of the Company

Jun. 2005 Director of the Board, General Manager of President's Office of the Company

Mar. 2006 Director of the Board of the Company

Mar. 2006 Director of the Board, Senior Director of Nippon Kensho Co., Ltd. (Osaka)
(Currently Takamatsu Estate Co., Ltd. (Osaka))

Oct. 2008 Director of Management Planning Dept., Takamatsu Corporation Co., Ltd.

Aug. 2009	Director of the Board, Director in charge of Headquarter, Takamatsu Corporation Co., Ltd.
Apr. 2011	Director of the Board, Senior Director in charge of Headquarter, Takamatsu Corporation Co., Ltd.
Apr. 2013	Director of the Board, Senior Director in charge of Administration Division of the Company
Jun. 2015	Director of the Board, Executive Director in charge of Group Integration Division of the Company
Jun. 2016	Representative Director of the Board, Executive Director in charge of Group Integration Division of the Company
Apr. 2017	Representative Director of the Board, Vice President in charge of Group Integration Division of the Company
Jun. 2017	Director of the Board, Takamatsu Corporation Co., Ltd. (Current)
Apr. 2019	Representative Director of the Board, Vice President integrating all Divisions and in charge of Group Auditing Division of the Company (Current)

Number of Company shares held by the Candidate : 320,871

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Takayoshi Takamatsu has experienced important positions such as Director of the Board, General Manager of President's Office of the Company, and is currently Representative Director of the Board, Vice President of the Company. He is making significant contributions to improve our results by enhancing decision making capabilities of the Board by seeking management decisions of the Board Members sufficiently and appropriately, as well as taking lead of the management to integrate the Group. With his abundant management experience and deep insight, we believe Mr. Takayoshi Takamatsu will be able to make further contributions to increase corporate value, thus he is continuously listed as the candidate as the Director of the Board.

【Booklet P8】

Candidate No.5

Name and Date of Birth: Hirotaka Takamatsu, February 28, 1971 (48 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Jun. 2007	Director of the Board of the Company
Apr. 2014	Vice President and Representative Director of the Board, Yamato Construction Co., Ltd. (Osaka) (Currently Takamatsu Techno Service Co., Ltd. (Osaka))
Jun. 2015	Director of the Board, Senior Director, Takamatsu Corporation Co., Ltd.
Apr. 2016	Director of the Board, Executive Director, Takamatsu Corporation Co., Ltd.
Apr. 2017	Director of the Board, Executive Director in charge of Group Strategy Division, as well as General Manager of Group Management Strategy Department of the Company
Apr. 2017	Director of the Board, Takamatsu Corporation Co., Ltd.
Apr. 2018	Director of the Board, Executive Director in charge of Group Strategy Division of the Company
Apr. 2018	Vice President and Representative Director of the Board, Takamatsu Corporation Co., Ltd. (Current)
Apr. 2019	Director of the Board of the Company (Current)

Important Concurrent Position of the Candidate: Vice President and Representative Director of the Board, Takamatsu Corporation Co., Ltd.

Number of Company shares held by the Candidate : 292,472

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Hirotaka Takamatsu has experienced important positions such as Vice President and Representative Director of the Board, Takamatsu Techno Service Co., Ltd. as well as Director of the Board, Executive Director, Takamatsu Corporation Co., Ltd., and is currently Vice President and Representative Director of the Board, Takamatsu Corporation Co., Ltd., which is the core company of the Group. Mr. Hirotaka Takamatsu owns abundant management experience as well as deep insight in construction industry, and by seeking his appropriate opinion concerning strategic business promotion of our Group, he will be able to make further contributions to the increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

Candidate No.6

Name and Date of Birth: Takatoshi Takamatsu, September 6, 1970 (48 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Mar. 1998	Joined the Company
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Jun. 2005	Director of the Board and General Manager of Tokyo Headquarter, JP Home Co., Ltd.
Apr. 2009	Vice President and Representative Director of the Board, JP Home Co., Ltd.
Jun. 2010	Director of the Board of the Company (Current)
Apr. 2012	President and Representative Director of the Board, JP Home Co., Ltd.
Jun. 2013	Director of the Board, Takamatsu Corporation Co., Ltd.
Apr. 2014	Vice President and Representative Director of the Board, Takamatsu Corporation Co., Ltd.
Jun. 2015	Vice President and Representative Director of the Board, Director of Takamatsu Corporation Co., Ltd.
Apr. 2016	Chairperson and Director of the Board, JP Home Co., Ltd.
Apr. 2017	Director of the Board, JP Home Co., Ltd.
Apr. 2018	President and Representative Director of the Board, Takamatsu Corporation Co., Ltd. (Current)

Important Concurrent Position of the Candidate: President and Representative Director of the Board, Takamatsu Corporation Co., Ltd.

Number of Company shares held by the Candidate : 297,872

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Takatoshi Takamatsu has experienced important positions such as Director of the Board and General Manager of Tokyo Headquarter, JP Home Co., Ltd., Vice President and Representative Director of the Board, JP Home Co., Ltd., President and Representative Director of the Board, JP Home Co., Ltd., Vice President and Representative Director of the Board, Takamatsu Corporation Co., Ltd., and is currently working as President and Representative Director of the Board, Takamatsu Corporation Co., Ltd., which is the core company of the Group. Mr. Takatoshi Takamatsu owns abundant management experience as well as deep insight in construction industry, and by seeking his appropriate opinion concerning strategic business promotion of our Group, he will be able to make further contributions to the increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

【Booklet P9】

Candidate No.7

Name and Date of Birth: Yasunobu Ueno, October 23, 1949 (69 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Apr. 1972	Joined Aoki Construction Co., Ltd.
Jul. 2002	Director of the Board and Senior Director, General Manager of Osaka Headquarter, Aoki Construction Co., Ltd.
Apr. 2004	Director of the Board and Executive Director, General Manager of Osaka Headquarter, Asunaro Aoki Construction Co., Ltd.
Jun. 2010	Representative Director of the Board and Executive Director, in charge of Civil Engineering and General Manager of Osaka Civil Engineering Headquarter, Asunaro Aoki Construction Co., Ltd.
Apr. 2011	Vice President and Representative Director of the Board, Director of Civil Engineering Division, Civil Engineering Technology Division and Osaka Region Affiliates Division, Asunaro Aoki Construction Co., Ltd.
Apr. 2013	President and Representative Director of the Board, Asunaro Aoki Construction Co., Ltd.
Jun. 2013	Director of the Board of the Company (Current)
Apr. 2018	Chairperson and Director of the Board, Asunaro Aoki Construction Co., Ltd. (Current)

Important Concurrent Position of the Candidate: Chairperson and Director of the Board, Asunaro Aoki Construction Co., Ltd.

Number of Company shares held by the Candidate : 1,470

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Yasunobu Ueno has experienced important positions such as Vice President and Representative Director of the Board, Director of Civil Engineering Division, Civil Engineering Technology Division and Osaka Region Affiliates Division, Asunaro Aoki Construction Co., Ltd., as well as President and Representative Director of the Board, Asunaro Aoki Construction Co., Ltd., which is the core company of the Group, and is currently Chairperson and Director of the Board, Asunaro Aoki Construction Co., Ltd. Mr. Yasunobu Ueno owns abundant management experience as well as deep insight in construction industry, and by seeking his appropriate opinion concerning strategic business promotion of our Group, he will be able to make further contributions to the increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

Candidate No.8

Name and Date of Birth: Toshitaka Hagiwara, June 15, 1940 (78 years old, Reassign, External, Independent)

History, Post and Important Concurrent Position of the Candidate:

Dec. 1969	Joined Komatsu Co., Ltd.
Jun. 1990	Director of the Board, Komatsu Co., Ltd.
Jun. 1995	Director of the Board, Senior Director, Komatsu Co., Ltd.
Jun. 1997	Director of the Board, Executive Director, Komatsu Co., Ltd.
Jun. 1999	Vice President and Representative Director of the Board, Komatsu Co., Ltd.
Jun. 2003	Chairperson and Representative Director of the Board, Komatsu Co., Ltd.
Jun. 2007	Counsel and Special Advisor, Komatsu Co., Ltd.
Jun. 2011	Special Advisor, Komatsu Co., Ltd.
Jun. 2013	Advisor, Komatsu Co., Ltd. (Current)
Jun. 2014	External Director of the Board of the Company (Current)

Important Concurrent Position of the Candidate: Advisor, Komatsu Co., Ltd., External Director of the Board, Yamato Holdings Co., Ltd., External Director of the Board, Zensho Holdings Co., Ltd., External Director of the Board, Hino Automobile Co., Ltd.

Number of Company shares held by the Candidate : 4,388

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Toshitaka Hagiwara has experienced important positions such as Vice President and Representative Director of the Board, Komatsu Co., Ltd., Chairperson and Representative Director of the Board, Komatsu Co., Ltd. and owns abundant management experience as well as deep insight as executive manager. Mr. Toshitaka Hagiwara has provided TCG precious opinions from the independent standpoint having no special interests with the Company. By seeking continued advice in overall management fields, we have judged we will be able to further strengthen our management structure, thus he is continuously listed as the candidate as the External Director of the Board.

【Booklet P10】

Candidate No.9

Name and Date of Birth: Masahiro Nishide, December 29, 1956 (62 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Apr. 1981	Joined the Company
Jun. 2005	Director, General Manager of Sales Planning Department of the Company
Jun. 2007	Director of the Board, Senior Director, General Manager of Osaka Headquarter of the Company
Oct. 2008	Director of Board, Executive Director, General Manager of Osaka Headquarter, Takamatsu Corporation Co., Ltd.
Jun. 2010	Representative Director of the Board, Executive Director, General Manager of Osaka Headquarter, Takamatsu Corporation Co., Ltd.
Apr. 2014	President and Representative Director of the Board, Takamatsu Corporation Co., Ltd.
Jun. 2014	Director of the Board of the Company (Current)
Apr. 2018	Chairperson and Representative Director of the Board, Takamatsu Corporation Co., Ltd. (Current)

Important Concurrent Position of the Candidate: Chairperson and Representative Director of the Board, Takamatsu Corporation Co., Ltd.

Number of Company shares held by the Candidate : 30,024

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Masahiro Nishide has experienced important positions such as Director of the Board, Senior Director, General Manager of Osaka Headquarter of the Company, Director of the Board, Executive Director, General Manager of Osaka Headquarter, Takamatsu Corporation Co., Ltd., President and Representative Director of the Board, Takamatsu Corporation Co., Ltd. and is currently Chairperson and Representative Director of the Board, Takamatsu Corporation Co., Ltd., which is the core company of the Group. Mr. Masahiro Nishide owns abundant management experience as well as deep insight in construction industry, and by seeking his appropriate opinion concerning strategic business promotion of our Group, he will be able to make further contributions to the increase of corporate value, thus he is continuously listed as the candidate as the Director of the Board.

Candidate No.10

Name and Date of Birth: Shigehiro Aoyama, April 1, 1947 (72 years old, Reassign, External, Independent)

History, Post and Important Concurrent Position of the Candidate:

Apr. 1969	Joined Suntory Co., Ltd.
Mar. 1994	Director of the Board and General Manager of Whiskey Division, Suntory Co., Ltd.
Mar. 1999	Director of the Board and Senior Director in charge of Marketing and Advertisement, General Manager of Sales Promotion Division of Suntory Co., Ltd.
Mar. 2003	Director of the Board and Executive Director of Management Planning, Suntory Co., Ltd.
Mar. 2006	Vice President and Director of the Board, Alcohol Beverage Company President, Suntory Co., Ltd.
Feb. 2009	Vice President and Director of the Board, Suntory Holdings Co., Ltd.
Mar. 2010	Vice President and Representative Director of the Board, Suntory Holdings Co., Ltd.
Oct. 2014	Vice Chairperson and Representative Director of the Board, Suntory Holdings Co., Ltd.
Apr. 2015	Supreme Advisor, Suntory Holdings Co., Ltd.
Jun. 2016	External Director of the Board of the Company (Current)
Apr. 2018	Special Advisor, Suntory Holdings Co., Ltd.

Important Concurrent Position of the Candidate:

Primary Trustee, The Distribution Economics Institute of Japan (Public Foundation)

External Director of the Board, Miraka Holdings

External Director of the Board, SUBARU Corporation

Number of Company shares held by the Candidate : 172

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Shigehiro Aoyama has experienced important positions such as Vice President and Director of the Board, Suntory Co., Ltd., Vice President and Representative Director of the Board, Suntory Holdings Co., Ltd., Vice Chairperson and Representative Director of the Board, Suntory Holdings Co., Ltd. and owns abundant management experience as well as deep insight as executive manager. Mr. Shigehiro Aoyama has provided TCG precious opinions from the independent standpoint having no special interests with the Company. By seeking continued advice in overall management fields, we have judged we will be able to further strengthen our management structure, thus he is continuously listed as the candidate as the External Director of the Board.

【Booklet P11】

Candidate No.11

Name and Date of Birth: Hideyuki Takamatsu, February 28, 1977 (42 years old, Reassign)

History, Post and Important Concurrent Position of the Candidate:

Nov. 2005 Founded Takamatsu-ya Co.,Ltd. (Currently Kokeisha Co., Ltd.),
 President and Representative Director of the Board (Current)

Jun. 2016 Director of the Board of the Company (Current)

Important Concurrent Position of the Candidate: President and Representative Director of the Board,
Kokeisha Co., Ltd.

Number of Company shares held by the Candidate : 292,472

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Hideyuki Takamatsu has experienced corporate management as President and Representative Director of the Board, Kokeisha Co., Ltd., and by utilizing his young power and talent, we judged he will be able to make further contributions to the increase of corporate value, thus he is continuously listed as the candidate of the Director of the Board.

Candidate No.12

Name and Date of Birth: Hideto Nakahara, November 17, 1950 (68 years old, New candidate,
External, Independent)

History, Post and Important Concurrent Position of the Candidate:

Apr. 1973 Joined Mitsubishi Corporation

Apr. 2004 Director and Executive Manager of Europe, Mitsubishi Corporation

Apr. 2006 Director and Executive Manager of China, Mitsubishi Corporation

Apr. 2007 Senior Director and Executive Manager of China, Mitsubishi Corporation

Jun. 2009 Director of the Board, Senior Director in charge of Corporate, Mitsubishi Corporation
(Regional Strategy and Regional Development)

Jun. 2011 Vice President and Representative Director of the Board, Mitsubishi Corporation

Apr. 2016 Director of the Board, Mitsubishi Corporation

Jun. 2016 Advisor, Mitsubishi Corporation

Jun. 2018 Auditor of the Board of the Company (Current)

Number of Company shares held by the Candidate : None

Attendance to BOD Meetings : 100.0% (11 attended / 11Meetings)

Reason for listing as the candidate for Director of the Board

Mr. Hideto Nakahara has experienced important positions such as Vice President and Representative Director of the Board, Mitsubishi Corporation and owns abundant management experience as well as

deep insight as executive manager, and provided TCG with overall management audit as well as effective advice from June of the last year as External Auditor of the Board. In the future, by seeking continued advice in overall management fields from the independent standpoint with no special interest with the Company, we have judged we will be able to further strengthen our management structure, thus he is listed as the candidate as the External Director of the Board.

【Booklet P12】

Note 1. Descriptions of the Limited Liability Contract

The Company has entered contracts with Takayuki Takamatsu, Takatoshi Takamatsu, Yasunobu Ueno, Toshitaka Hagiwara, Masahiro Nishide, Shigehiro Aoyama and Hideyuki Takamatsu, all Director of the Board candidates, to limit their maximum liability for damages to the Company as defined in Paragraph 1, Article 423 of the Companies Act. Under this contract, the abovementioned Director of the Board candidates shall only be held liable for damages up to the maximum responsibility limit amount as defined in Paragraph 1 of Article 425 of the Companies Act, provided that the abovementioned Director of the Board candidates have performed their duties in good faith and without gross negligence. In the case the abovementioned Director of the Board candidates are approved as the Directors of the Board, the Company shall continue the contract to limit their maximum liability for damages to the Company as defined in Paragraph 1, Article 425 of the Companies Act. In addition, the Company shall enter the same contract with Hiroataka Takamatsu and Hideto Nakahara, Director of the Board candidates, in the case they are approved as the Directors of the Board, as they will become the non-executive Directors of the Board of the Company.

Note 2.

There are no special relationships to be mentioned between the Company and the candidates.

Note 3.

Toshitaka Hagiwara, Shigehiro Aoyama and Hideto Nakahara are candidates for External Directors of the Board. The Company has registered Toshitaka Hagiwara and Shigehiro Aoyama as independent officers in accordance with the regulations of Tokyo Stock Exchange. The Company will register Hideto Nakahara as an independent officer in accordance with the regulations of Tokyo Stock Exchange upon the election of Hideto Nakahara as the Director of the Board because he meets the requirements of the independent officer.

Note 4.

Takatoshi Hagiwara will have served as the External Director of the Board of the Company for five years at the time of the closing of this Shareholders Meeting.

Note 5

Shigehiro Aoyama will have served as the External Director of the Board of the Company for three years at the time of the closing of this Shareholders Meeting.

Note 6

Although Hideto Nakahara currently holds the position of External Auditor of the Board, he will resign from the position of External Auditor of the Board at the time of the closing of this Shareholders Meeting. Hideto Nakahara will have served as the External Auditor of the Board of the Company for one year at the time of the closing of this Shareholders Meeting.

Note 7.

Takatoshi Hagiwara plans to resign as the External Director of the Board, Yamato Holdings Co., Ltd. on

June 2019.

【Booklet P13】

Note 8. Actions to inappropriate operation of other companies within the past five years

1. Mr. Hagiwara has been serving as an External Director of the Board of Yamato Holdings Co.,Ltd. since June 2009. Due to recent rapid growth of e-commerce and other businesses, Yamato Holdings Group could not match its organizational structure with the growth. Thus, when labor hours study of the employees were conducted from February 2017, it was found that the Company was not able to recognize the situation that many employees were not able to obtain sufficient break time. Recognizing the seriousness of the situation, Yamato Holdings is now working to strategically improve various work procedures including delivery business, with its pillars on “Improvement and thorough implementation of labor management” and “Promotion of work-life balance”.

In addition, in January 2019, Yamato Home Convenience Co.,Ltd., which is one of consolidated subsidiaries of Yamato Holdings Co.,Ltd., received administrative disposition as well as improvement order from the Ministry of Land, Infrastructure and Transport due to inappropriate invoicing that are not in accordance with its policies and procedures concerning moving service directed towards corporate employees. Yamato Holdings Co.,Ltd. is working to develop preventive measures so that recurrence of such incident can be avoided in Yamato Home Convenience Co.,Ltd., as well as strengthening governance to enhance healthiness of Group management.

Mr. Hagiwara was unaware of the abovementioned fact until it was revealed. However, Mr. Hagiwara had always provided advice to Yamato Holdings from the viewpoint of legal compliance. After the fact was revealed, at meetings of Yamato Holding’s Board of the Directors, he is fulfilling his duties by investigating the matter and urging Yamato Holdings to further study the reason of this issue, how labor environment can be improved, how to ensure compliance and strengthen corporate governance.

2. Mr. Shigehiro Aoyama has been serving as an External Director of the Board of SUBARU Corporation since June 2016. Concerning inappropriate treatment of completion inspection at Main Plant and Yajima Plant of Gunma Works, in October 2017, SUBARU Corporation received “Improvement of Operation Concerning Type Approval” from the Ministry of Land, Infrastructure and Transport, and was requested to report inappropriate operation status of completion inspection in the past and other details to the Ministry. Recognizing the seriousness of the situation, SUBARU conducted objective and neutral inspection and consigned external professional team such as external lawyers. During the procedure, new inappropriate inspection concerning completion inspection was revealed which resulted in registration of recall to the Ministry of Land, Infrastructure and Transport. By taking this series of inappropriate incidents very seriously, SUBARU Corporation has been working as a team to share strong sense of compliance and are working to develop preventive measures such as facility

improvement and personnel / organizational changes to prevent recurrence and to recover the lost trust from customers. Although Mr. Aoyama was unaware of the abovementioned fact until it was revealed, as an External Director of the Board, he has been duly fulfilling his duties by providing advice to SUBARU Corporation from the viewpoint of legal compliance, and after this matter was revealed, by urging SUBARU Corporation to conduct appropriate measures to prevent recurrence of similar incidents.

【Booklet P14】

Item No. 2 Election of Two (2) Auditors of the Board

Mr. Koji Shibata and Hideto Nakahara, our Auditors of the Board will resign as of the closing of this Shareholders Meeting. Therefore, an election of two (2) Auditors of the Board is proposed.

Concerning Item No.2, the Company has already obtained approval from the Board of the Auditors.

The candidates for the Auditors of the Board are as follows:

Candidate No.1

Name and Date of Birth: Yoshinori Matsushita, August 17, 1955 (63 years old, New candidate)

History, Post and Important Concurrent Position of the Candidate:

Jan. 2009	Joined the Company, General Manager of Management Control Division
Apr. 2011	Director of Group Control Division of the Company
Apr. 2015	Senior Director of Administration Division of the Company
Jun. 2016	Director of the Board, Senior Director of Administration Division of the Company
Apr. 2017	Director of the Board, Senior Director in charge of Administration Division of the Company
Apr. 2018	Director of the Board, Senior Director in charge of Group Risk Integration Division as well as General Manager of Group Risk Integration Division as well as Risk & Policy Administration Manager of the Company
Apr. 2018	President and Representative Director of the Board, Nippon Owners Credit Co., Ltd.
Apr. 2019	Director of the Board, Senior Director of Group Auditing Division (Current)

Number of Company shares held by the Candidate : 2,503

Attendance to BOD Meetings : 100.0% (13 attended / 13Meetings)

Reason for listing as the candidate for Auditor of the Board

After conducting various jobs in a financial institution, Mr. Yoshinori Matsushita joined the Company in 2009 and experienced important positions such as Senior Director of Administration Division of the Company, and is in charge of internal audit as Senior Director in charge of Group Audit Division. As the internal auditor with abundant knowledge of the Group and by utilizing broad experience and professional knowledge, we have judged we will be able to expect overall management audit as well as effective advice, thus he is listed as the candidate as the Auditor of the Board.

【Booklet P15】

Candidate No.2

Name and Date of Birth: Nobuko Ishibashi, June 12, 1961 (57 years old, New candidate, External, Independent)

History, Post and Important Concurrent Position of the Candidate:

Apr. 1989	Registered as lawyer
Oct. 1995	Co-founded Iguchi-Ishibashi Law Firm
Oct. 2004	Representative Employee Lawyer, Kobe City Law Firm (Current)
Jun. 2005	External Auditor of the Board, Asia Pacific Trade Center Co.,Ltd.
Jun. 2015	External Director of the Board, Kansai Urban Bank Co.,Ltd. (Currently Kansai Mirai Bank)

Important Concurrent Position of the Candidate: Representative Employee Lawyer, Kobe City Law Firm

Number of Company shares held by the Candidate : None

Attendance to BOD Meetings : -

Reason for listing as the candidate for Auditor of the Board

Ms. Nobuko Ishibashi has an abundant track record in corporate legal fields as well as possesses abundant managerial knowledge. We judged we will be able to expect further enhancement of auditing functions as well as promotion of compliance management from her track record, thus she is listed as the candidate of the Auditor of the Board.

Note 1. Descriptions of Limited Liability Contract

In the case Yoshinori Matsushita and Nobuko Ishibashi are approved as the Auditors of the Board, the Company shall enter into contract to limit their maximum liability for damages to the Company as defined in Paragraph 1, Article 423 of the Companies Act. Under this contract, Yoshinori Matsushita and Nobuko Ishibashi shall only be held liable for damages up to the maximum responsibility limit amount as defined in Paragraph 1 of Article 425 of the Companies Act, provided that Yoshinori Matsushita and Nobuko Ishibashi have performed their duties in good faith and without gross negligence.

Note 2.

There are no special relationships to be mentioned between the Company and the candidates.

Note 3.

Nobuko Ishibashi is a candidate for External Auditor of the Board. The Company will register Nobuko Ishibashi as an independent officer in accordance with the regulations of Tokyo Stock Exchange upon the election of Nobuko Ishibashi as the Auditor of the Board because she meets the requirements of the independent officer.

【Booklet P16】

(Reference Materials)

Business Report (From April 1, 2018 through March 31, 2019)

1. Current State of the Affiliated Companies

(1) Progress and Results of Business Operations

During the consolidated fiscal year ended March 2019, the Japanese economy maintained moderate recovery trend from previous fiscal years, but towards the end of the fiscal year, there was a sense of stagnation due to downturn trend of external demand.

On the other hand, in the domestic construction market, orders from private sector companies improved significantly at the end of the fiscal year, despite a pullback in the public sector, where large-scale construction projects were recorded in the previous fiscal year. As the result, overall orders increased by 7.1% vs last year.

The overall domestic construction market has remained to be tight since fiscal 2013 and is expected to continue for the next two to three years.

Under these circumstances, Takamatsu Construction Group celebrated its centenary in October 2017. With this commemorative fiscal year of 2017 as the starting year, we kicked off our Mid Term Plan “TRY! NEXT CENTURY 2020”.

In the Mid Term Plan, Takamatsu Corporation, one of our core companies, was designed to be the main engine for the growth of the TCG Group by focusing on winning orders to construct condominiums for rental purpose in Tokyo, Osaka and Nagoya Areas, while Asunaro Aoki Construction, the other core company of the Group as well as mid-sized general contractor, works hard to realize a moderate but steady growth to maintain its high level of profit achieved in the previous fiscal year.

For the fiscal year ended March 2019, after considering our strong results of the fiscal year ended March 2018 as well as our aggressive hiring status to secure future growth, we decided our theme for the fiscal year to be “NEXT CENTURY 101! Let’s Achieve our Mid Term Plan Goals One Year Ahead!” to achieve our Mid Term Plan revenue and profit goals one year in advance.

As the result, orders received in the fiscal year that ended March 2019 amounted to 305,257 million yen, (+19.8% vs last year), marking a record high.

Net sales rose to 249,720 million yen (+1.9% vs last year), marking the seventh consecutive year of growth and the fifth consecutive year of record-high sales.

On the other hand, due to delays in the commencement and progress of some construction projects, operating income was 12,441 million yen (-8.7% vs last year), ordinary income was 12,425 million yen (-9.3% vs last year), and profit attributable to owners of parent was 7,022 million yen (-11.7% vs last year).

Highlights of Consolidated Results

Revenue	: 249,720million yen	(+1.9% vs previous year)
Operating Income	: 12,441million yen	(-8.7% vs previous year)
Ordinary Income	: 12,425million yen	(-9.3% vs previous year)
Net Earnings	: 7,022million yen	(-11.7% vs previous year)

【Booklet P17】

The following are our annual by-segment orders received and revenue status.

(Million Yen)

<u>Item</u>		<u>Orders carried from previous FY</u>	<u>Orders received</u>	<u>Revenue</u>	<u>Orders carried to next FY</u>
Constr uction	Architecture	160,112	169,742	115,114	214,739
	Civil Engineering	115,580	109,265	108,355	116,490
	Total	275,693	279,007	223,470	331,230
Real Estate		—	26,250	26,250	—
Total		275,693	305,257	249,720	331,230

- (2) Fund Procurement
No special notes are necessary.
- (3) Capital Investments
The capital investments conducted during this consolidated fiscal year totaled 4,133 million yen, with purchase of fixed assets by TCG USA, Inc. as well as construction in progress for the office building by TCG (unconsolidated).
- (4) Business Transfers and absorption-type or incorporation-type Demerger
None
- (5) Businesses transferred or assigned from other companies
None
- (6) Succession of rights and obligations associated with other entities' businesses due to absorption and merger or demerger transactions with such entities
None
- (7) Acquisition or disposal of stock, ownership interest or share acquisition rights, etc. in other companies
Takamatsu Corporation Co.,Ltd., a TCG subsidiary, has acquired all shares of Mibu Corporation Co.,Ltd. as of April 2, 2018, and the company has become a consolidated subsidiary.

【Booklet P18】

(8) Issues to be addressed

The construction market in Japan is expected to remain relatively firm for two to three years after the 2020 Tokyo Olympics, but we believe the market will gradually decline thereafter.

In addition, we will need to respond to government-led work style reforms while responding to increased labor costs due to the rapid decline in the number of workers in the construction industry.

On the other hand, the current market trend for the construction of condominiums for rental purpose, which is the main target market of Takamatsu Corporation, continues to be tight due partially to low interest rates. This trend especially applies for the three big cities of Japan (Osaka, Nagoya and especially Tokyo) where population is expected to increase continuously. We estimate this trend to continue in the near future as well.

Under these circumstances, Takamatsu Construction Group celebrated its centenary in October 2017. With this commemorative fiscal year of 2017 as the starting year, we kicked off our new Mid Term Plan "TRY! NEXT CENTURY 2020", and for the fiscal year ended March 2019, we targeted to achieve the Mid-Term Plan goals one year ahead of schedule.

Although net sales and income items fell short of our targets, we were able to significantly exceed our targets for orders. In addition, in April 2018, the new Presidents took office in Takamatsu Corporation and Asunaro Aoki Construction, our core companies of the Group. Thus, we decided to formulate a new Mid-Term Plan, "Create! 2022", with the fiscal year ending March 2020 as the first year, to clarify our long-term vision under the new Management.

The five keywords of this plan are "Create High-growth, High-profit Group", "Create New Business Domain", "Create Group Culture that Respects Diversity and Compliance", "Create Synergy Effect", and "Create Value towards Economy, Society, and the Environment".

Concerning "Create High-growth, High-profit Group", Takamatsu Corporation will drive the growth of the Group by focusing on winning orders of real estate utilization business which remains to be tight especially in Tokyo Metropolitan Area. On the other hand, Asunaro Aoki Construction, the other core company of the Group as well as mid-sized general contractor, plans to grow at a moderate but steady rate and further increase profitability rate by considering gradual peak-out of the overall construction market in the future.

To this end, Takamatsu Group will strengthen its competitiveness in non-condominium area by tightening its checking system to prevent the delay in the design period, which was a factor behind the sales shortfall in the fiscal year ended March 2019, while improving technology, know-how, and employee skills.

At the same time, Asunaro Aoki Group will work to improve productivity and by-project profitability to improve profitability rates.

Concerning "Create New Business Domain", it will be appropriate to list a recent example of our Group entering into our new business domain of wooden residence construction segment by

Takamatsu Corporation founding Takamatsu House Co.,Ltd. in April 2019, as well as conducting M&A in May 2019 to welcome Tatsumi Planning Co.,Ltd. into our Group. As this example shows, our Group will continue to actively pursue M & A and take on challenges into new business domains.

Concerning "Create a Corporate Culture that Respects Diversity and Compliance", the Group recognizes diversity as the foundation of growth, change and innovation, and will work together to respect the diversities among Group companies as well as their employees, such as motivating and promoting women and senior workforce, training programs. Concerning work style improvements, the core companies have set monthly shut-down day targets to their construction sites, and combined with productivity improvements, should lead into overall improvement of the working environments of the construction industry.

With the above "Creates", we plan to maximize our synergy effects as well as our contribution to the economy, society, and the environment, while achieving net sales of 300 billion yen and operating income of 18 billion yen.

We ask for shareholders' further support and advice in the future.

[Booklet P19]

(9) Group financial highlights for the last four fiscal years

Item	51st Fiscal Year (From:April 1, 2015 To:March 31, 2016)	52nd Fiscal Year (From:April 1, 2016 To:March 31, 2017)	53rd Fiscal Year (From:April 1, 2017 To:March 31, 2018)	54th Fiscal Year (From:April 1, 2018 To:March 31, 2019)
Orders Received (Million Yen)	237,762	256,488	254,857	305,257
Revenue (Million Yen)	208,883	214,130	245,107	249,720
Ordinary Income (Million Yen)	10,468	12,932	13,702	12,425
Net earnings attributable to controlling interest (Million Yen)	5,799	6,596	7,957	7,022
Net earnings per share (Yen)	161.01	183.13	223.39	201.70
Total Assets (Million Yen)	165,274	180,927	184,914	190,590
Net Assets (Million Yen)	104,592	110,555	113,992	118,126

Notes:

1. Net earnings per share is calculated based on average numbers of shares outstanding during the fiscal year (excluding treasury stock).
2. "Partial Amendment to 'Accounting Standard for Tax Effect Accounting' (ASBJ Statement No.28, February 16, 2018), etc." was applied from 54th fiscal year. Retroactive application of this amendment was conducted for 51st to 53rd fiscal year for calculating total assets.

【Booklet P20】

(10) Major subsidiaries (as of March 31, 2019)

① Major subsidiaries

<u>Name</u>	<u>Capital Stock</u>	<u>TCG share</u>	<u>Main business</u>
Takamatsu Corporation Co.,Ltd.	5,000 Million Yen	100.0 %	Architecture
Asunaro Aoki Construction Co.,Ltd.	5,000 Million Yen	79.1	Civil engineering / Architecture
Mirai Construction Co.,Ltd.	2,500 Million Yen	— (100.0)	Harbor, Marine, Civil engineering / Architecture
Takamatsu Construction Group USA, Inc.	22,100 000 \$	100.0	Real estate
Takamatsu Techno Service Co.,Ltd. (Osaka)	300 Million Yen	— (100.0)	Reforms & maintenance
Takamatsu Techno Service Co.,Ltd. (Tokyo)	300 Million Yen	— (100.0)	Reforms & maintenance
Kongo Gumi Co.,Ltd.	300 Million Yen	— (100.0)	Architecture of temples & shrines
JP Home Co.,Ltd.	100 Million Yen	— (100.0)	R.C. individual housing
Nakamura Shaji Co.,Ltd.	100 Million Yen	— (100.0)	Architecture of temples & shrines
Mibu Corporation Co.,Ltd	100 Million Yen	— (100.0)	Sales, purchase & intermediary of real estate
Suminoe Kogei Co.,Ltd.	98 Million Yen	— (100.0)	Interiors & reforms
Aoki Marine Co.,Ltd.	90 Million Yen	— (100.0)	Marine Civil Engineering
Shimada Gumi Co.,Ltd.	85 Million Yen	— (100.0)	Excavation & research of archaeological resources
Asunaro Road Co.,Ltd.	80 Million Yen	— (100.0)	Pavement
Toko Geotech Co.,Ltd.	80 Million Yen	— (100.0)	Slope protection / ground improvement
Takamatsu Estate Co.,Ltd. (Osaka)	50 Million Yen	— (100.0)	Integrated real estate consulting
Takamatsu Estate Co.,Ltd. (Tokyo)	50 Million Yen	— (100.0)	Integrated real estate consulting
M's Co.,Ltd.	40 Million Yen	— (90.0)	Renovation of office buildings
Access Co.,Ltd.	40 Million Yen	— (100.0)	Excavation & research of archaeological resources
Niigata Mirai Construction Co.,Ltd.	20 Million Yen	— (100.0)	Pavement and civil engineering

- Notes: 1. Listed in sequence of (1) the capital stock amount and (2) the date of foundation (or the date of joining the Group).
2. The figures in parentheses “ () ” show percentage of shares including indirect ownership.
3. None of the above companies falls under the “specified wholly owned subsidiary”, the capital stock amount of which exceeds 20% of the TCG total asset amount.

【Booklet P21】

- ② Transactions with the parent company
No special notes are necessary.

(11) Main businesses (as of March 31, 2019)

Takamatsu Construction Group is made up of Takamatsu Construction Group Co.,Ltd. and its twenty two (22) affiliates of consolidated subsidiaries, with architecture and civil engineering as the main pillars of business, as well as real estate and other related businesses.

(12) Major offices (as of March 31, 2019)

- | | |
|-------------------------------------------|---------------------------------------|
| ① TCG Headquarter : | 1-2-3 Shin-Kitano, Yodogawa-ku, Osaka |
| TCG Tokyo Headquarter : | 4-8-2 Shiba, Minato-ku, Tokyo |
| ② Offices of Affiliates | |
| Takamatsu Corporation Co.,Ltd. | Yodogawa-ku, Osaka |
| Asunaro Aoki Construction Co.,Ltd. | Minato-ku, Tokyo |
| Mirai Construction Co.,Ltd. | Minato-ku, Tokyo |
| Takamatsu Construction Group USA, Inc. | New York, USA |
| Takamatsu Techno Service Co.,Ltd. (Osaka) | Kita-ku, Osaka |
| Takamatsu Techno Service Co.,Ltd. (Tokyo) | Minato-ku, Tokyo |
| Kongo Gumi Co.,Ltd. | Tenno-ji-ku, Osaka |
| JP Home Co.,Ltd. | Chuo-ku, Tokyo |
| Nakamura Shaji Co.,Ltd. | Ichinomiya-shi, Aichi |
| Mibu Corporation Co.,Ltd | Shibuya-ku, Tokyo |
| Suminoe Kogei Co.,Ltd. | Mihara-ku, Sakai, Osaka |
| Aoki Marine Co.,Ltd. | Higashi-Nada-ku, Kobe-shi, Hyogo |
| Shimada Gumi Co.,Ltd. | Yao-shi, Osaka |
| Asunaro Road Co.,Ltd. | Chuo-ku, Sapporo, Hokkaido |
| Toko Geotech Co.,Ltd. | Minato-ku, Tokyo |
| Takamatsu Estate Co.,Ltd. (Osaka) | Yodogawa-ku, Osaka |
| Takamatsu Estate Co.,Ltd. (Tokyo) | Minato-ku, Tokyo |
| M's Co.,Ltd. | Chuo-ku, Tokyo |
| Access Co.,Ltd. | Yao-shi, Osaka |
| Niigata Mirai Construction Co.,Ltd. | Minami-Uonuma-gun, Niigata |

[Booklet P22]

(13) Employees (As of March 31, 2019)

① Consolidated

<u>Number of employees</u>	<u>Increase / decrease vs last year</u>
3,915	+338

Note : Number of employees refers to the number of employees actually working for the Group companies.

② Non-consolidated

<u>Number of employees</u>	<u>+/- vs last year</u>	<u>Average age</u>	<u>Average service years</u>
31	+3	45	10 years

Notes: 1. Number of employees refers to the number of employees actually working for the Company and does not include directors.

2. For the purpose of calculating annuity, average service years in the table is calculated based on the figures including transferred employees' total length of service within the Group.

(14) Major lenders (As of March 31, 2019)

① Major lenders towards the Group

There is no balance of borrowings of the Group.

② Major lenders of towards the Company

There is no balance of borrowings of the Company.

(15) Other important matters concerning the Group

No special notes are necessary.

【Booklet P23】

2. Matters relating to the shares of the Company (as of March 31, 2019)

(1) Total number of shares authorized to be issued

Ordinary Shares : 52,800,000

(2) Total number of shares issued

Ordinary Shares : 38,880,000

(Out of the above, Treasury shares = 4,061,303)

(3) Total number of shareholders 11,999

(4) Major shareholders (Top 10)

<u>Name</u>	<u>Number of shares</u>	<u>Stockholding ratio%</u>
Takayuki Takamatsu	8,581 000 shares	24.6 %
Sanko-sha Co.,Ltd.	4,800	13.8
Takayasu Takamatsu	2,165	6.2
Nippon Trusty Service Trust Bank (Trust # 9)	1,331	3.8
Taka Co.,Ltd.	1,226	3.5
Resona Bank Co.,Ltd.	1,080	3.1
Mizuho Bank Co.,Ltd.	824	2.4
Nippon Master Trust Trust Bank (Trust)	771	2.2
Northern Trust Co. (AVFC) RE HCR00	548	1.6
Takamatsu Construction Group Share Ownership Program	448	1.4

Notes 1. TCG owns 4,061 thousand shares of Treasury stock, which is not included in the above chart.

2. Percentage of shares excludes Treasury stock.

(5) Other issues relating to shares of the Company

No special notes are necessary.

3. Share acquisition rights

None

【Booklet P24】

4. Matters relating to Directors and Corporate Auditors

(1) Directors and Auditors of the Board (as of March 31, 2019)

<u>Position of the Company</u>	<u>Name</u>	<u>Responsibilities in the Company and significant concurrent positions at other organizations</u>
Honorary Chairperson, Director of the Board	Takayuki Takamatsu	
Chairperson, Representative Director of the Board	Kanji Ogawa	Chairperson and Representative Director of the Board of Kongo-Gumi Co.,Ltd.
President, Representative Director of the Board	Nobuhiko Yoshitake	President
Representative Director of the Board	Takayoshi Takamatsu	Vice President (In charge of Group Integration Division)
Director of the Board	Hiroataka Takamatsu	Executive Director (in charge of Group Strategy Division) Vice President and Representative Director of the Board, Takamatsu Corporation Co., Ltd.
Director of the Board	Yoshinori Matsushita	Senior Director in charge of Group Risk Integration Division as well as General Manager of Group Risk Integration Division as well as Risk & Policy Administration Manager of the Company President and Representative Director of the Board, Nippon Owners Credit Co., Ltd.
Director of the Board	Masaru Ishida	
Director of the Board	Akira Kitamura	
Director of the Board	Ryoji Ichiki	
Director of the Board	Takatoshi Takamatsu	President and Representative Director of the Board, Director of Takamatsu Corporation Co.,Ltd.
Director of the Board	Yasunobu Ueno	Chairperson and Director of the Board, Asunaro Aoki Construction Co.,Ltd.
Director of the Board	Toshitaka Hagiwara	Advisor, Komatsu Ltd. External Director of the Board, Yamato Holdings Co.,Ltd. External Director of the Board, Zensho Holdings Co.,Ltd. External Director of the Board, Hino Automobile Co.,Ltd.
Director of the Board	Masahiro Nishide	Chairperson and Representative Director of the Board, Takamatsu Corporation Co.,Ltd.
Director of the Board	Shigehiro Aoyama	Primary Trustee, The Distribution Economics Institute of Japan (Public Foundation) External Director of the Board, Miraka Holdings Co.,Ltd External Director of the Board, SUBARU Co.,Ltd Supreme Advisor, Suntory Holdings Co.,Ltd.
Director of the Board	Hideyuki Takamatsu	President and Representative Director of the Board, Kokeisha Co.,Ltd.
Director of the Board	Yasushi Tsujii	President and Representative Director of the Board, Asunaro Aoki Construction Co.,Ltd.
Auditor of the Board (Full Time)	Koji Shibata	
Auditor of the Board (Full Time)	Michinari Fujiwara	
Auditor of the Board	Tomokuni Tsuno	Representative, Tsuno CPA Office Representative, Izanami Auditing Co. Representative, Izanami Tax Co. Representative Director of the Board, Izanami Research Institute Co.,Ltd.
Auditor of the Board	Hideto Nakahara	

【Booklet P25】

- Notes
1. Our Directors of the Board, Toshitaka Hagiwara and Shigehiro Aoyama, are our External Directors of Board.
 2. Our Auditors of the Board, Koji Shibata, Michinari Fujiwara, Tomokuni Tsuno and Hideto Nakahara are our External Auditors of the Board.
 3. Our Directors of the Board, Toshitaka Hagiwara and Shigehiro Aoyama and our Auditors of the Board, Koji Shibata, Michinari Fujiwara, Tomokuni Tsuno and Hideto Nakahara are assigned and registered as independent officers in accordance with the regulations of Tokyo Stock Exchange.
 4. Tomokuni Tsuno, our Auditor of the Board, possesses a considerable knowledge of finance and accounting as a certified public accountant.
 5. There is no special relationship between Takamatsu Construction Group Co.,Ltd. and other organizations, the positions of which our External Directors / Auditors of the Board concurrently hold.
 6. As of April 1, 2019, there has been following changes of the posts and significant concurrent positions:
 - Takayoshi Takamatsu has changed his position from Vice President, Representative Director of the Board (in charge of Group Integration Division) to Vice President, Representative Director of the Board (integrating all Divisions as well as in charge of Group Auditing Division).
 - Hiroataka Takamatsu has changed his position from Director of the Board, Executive Director (in charge of Group Strategy Division) to Director of the Board
 - Yoshinori Matsushita has changed his position from Director of the Board, Senior Director (in charge of Group Risk Integration Division as well as General Manager of Group Risk Integration Division as well as Risk & Policy Administration Manager) to Director of the Board, Senior Director (in charge of Group Auditing Division), and resigned from President and Representative Director of the Board, Nippon Owners Credit Co.,Ltd.

【Booklet P26】

<REFERENCE> The following are our Directors as of April 1, 2019

(* indicates concurrent position with Director of the Board)

<u>Position of the Company</u>	<u>Name</u>	<u>Division</u>
President	※ Nobuhiko Yoshitake	
Vice President	※ Takayoshi Takamastu	Integrating all Divisions as well as in charge of Group Auditing Division
Senior Director	※ Yoshinori Matsushita	General Manager of Group Auditing Division
Senior Director	Hiroyuki Izutsu	General Manager of Group Integration Division as well as General Manager of IR/Publications Department
Senior Director	Minoru Tsunoda	General Manager of Group Strategy Division as well as General Manager of New Business/M&A Department and Group Management Department
Senior Director	Shingo Ueda	General Manager of Administration Division as well as General Manager of Legal Department

(2) Outline of Limited Liability Contract

The Company has agreed to enter into contract to limit the liabilities for damages to the Company as defined in Paragraph 1, Article 423 of the Companies Act, with Directors and Auditors of the Board (excluding Directors in executive positions). Under this contract, the abovementioned members shall only be held liable for damages up to the maximum responsibility limit amount as defined in Paragraph 1 of Article 425 of the Companies Act, provided that the abovementioned members have performed their duties in good faith and without gross negligence.

(3) Remuneration of Directors and Auditors of the Board

<u>Position</u>	<u>Number of Members</u>	<u>Total Remuneration</u>	<u>Notes</u>
Directors of the Board	17	224 Million yen	The maximum amount of remuneration for Directors of the Board does not exceed 250million yen per year (Resolution of Shareholders Meeting on June 29, 2004)
Auditors of the Board	4	39	The maximum amount of remuneration for Auditors of the Board does not exceed 45million yen per year (Resolution of Shareholders Meeting on June 25, 1997)
Total	21	264	

Notes: 1. Total amount of remuneration in the table above is the amount paid by Takamatsu Construction Group Co.,Ltd.

2. Outside the above chart, 50 million yen of special award was paid to one retired Director of the Board based on the resolution at the Shareholders' Meeting held on June 27, 2018.

【Booklet P27】

(4) Matters relating to External Directors and Auditors

<u>Position</u>	<u>Name</u>	<u>Major Activities</u>
Director of the Board	Toshitaka Hagiwara	Attended 13 Directors of the Board Meetings out of 13 held during fiscal year ended Mar 2019. Has provided appropriate and necessary opinions and advice based on abundant managerial experience and broad knowledge.
Director of the Board	Shigehiro Aoyama	Attended 13 Directors of the Board Meetings out of 13 held during fiscal year ended Mar 2019. Has provided appropriate and necessary opinions and advice based on abundant managerial experience and broad knowledge.
Auditor of the Board (FullTime)	Koji Shibata	Attended 13 Directors of the Board Meetings out of 13 held during fiscal year ended Mar 2019. Has provided appropriate questions and opinions based on experience and knowledge obtained from his background field of financial institutions. Also attended 12 Auditors of the Board Meetings out of 12 Meetings and exchanged opinions concerning audit as well as engaged in discussions concerning important topics.
Auditor of the Board (FullTime)	Michinari Fujiwara	Attended 13 Directors of the Board Meetings out of 13 held during fiscal year ended Mar 2019. Has provided appropriate questions and opinions based on experience and knowledge obtained from his background field of financial institutions. Also attended 12 Auditors of the Board Meetings out of 12 Meetings held and exchanged opinions concerning audit as well as engaged in discussions concerning important matters.
Auditor of the Board	Tsuno Tomokuni	Attended 11 Directors of the Board Meetings out of 13 held during fiscal year ended Mar 2019. Has provided appropriate questions and opinions based on his experience and knowledge as a CPA. Also attended 11 Auditors of the Board Meetings out of 12 Meetings held and exchanged opinions concerning audit as well as engaged in discussions concerning important topics.
Auditor of the Board	Hideto Nakahara	Elected as Auditor of the Board at 53 rd Shareholders' Meeting held on June 27, 2018 and attended 11 Directors of the Board Meetings out of 11 held after June. Has provided appropriate questions and opinions based on abundant experience and broad knowledge. Also attended 10 Auditors of the Board Meetings out of 10 Meetings held after June and exchanged opinions concerning audit as well as engaged in discussions concerning important topics.

【Booklet P28】**(5) Compensation of External Directors and Auditors**

<u>Position</u>	<u># of personnel</u>	<u>Total Remuneration</u>	<u>Compensation from other Group Companies</u>
External Directors and Auditors of the Board	6	79 million yen	—

5. Matters relating to Accounting Auditor

(1) Name KPMG Azusa LLP

(2) Amount of remuneration for the fiscal year under review

<u>Item</u>	<u>Amount</u>
Amount of remuneration paid to accounting auditor	22 million yen
Total amount of money and/or other financial benefits payable to accounting auditor by TCG and/or its Affiliates	88 million yen

Notes:

- Concerning remuneration to accounting auditors, Auditors of the Board scrutinized the appropriateness of an accounting audit plan for this fiscal year, which was provided by the accounting auditor, by taking into account the analysis and evaluation for the audit results of the year earlier. In addition, appropriateness of the calculation basis of the quoted amount of remuneration to the accounting auditor was also scrutinized. The Board concluded both of the plan and the calculation basis to be appropriate, and agreed to the remuneration amount.
 - The audit contract between the Company and the accounting auditor provides no distinction in the remuneration amount payable between the auditing under the Corporate Act and the auditing under the Financial Instruments and Exchange Act. Thus, the above amount in the table is the total of these two audits.
 - The above amount does not include consumption tax.
- (3) Policy for decisions to terminate or not extend contracts with the Accounting Auditor
- If there is need to do so due to, for instance, obstacles in conducting accounting audit, the Company may propose to terminate or not extend contracts with the Accounting Auditor at the Shareholders Meeting upon the decision of Auditors of the Board. In addition, upon unanimous agreement of the Auditors of the Board, the Board may terminate contracts with the Accounting Auditor in case the Accounting Auditor falls under any of the events listed in Paragraph 1, Article 340 of the Corporate Act.

【Booklet P29】

6. Structure to Ensure Appropriateness of Business Operations and its Status

(1) Structure to Ensure Appropriateness of Business Operations

At the Board of Directors Meeting held on May 18, 2006, we adopted a basic policy for the establishment of internal control. Since then, TCG has updated the policy, with the current structure as follows:

- ① Structure to ensure directors of the board of TCG and Group companies execute their duties in accordance with laws, regulations and the Articles of Incorporation.
 - i. In our Group, directors of the board are to execute their duties in accordance with “Directors of the Board Meeting Policy” as well as “Approval Policy”, that are based on laws, regulations, articles of incorporation, Corporate Philosophy and various policies.
 - ii. Directors of the board in our Group are to act in accordance with ethics and social responsibility, and to self-check the legality, appropriateness, relevance, due care of prudent manager and violation of fidelity due to omission, for our management directions and execution.
 - iii. Internal audit departments of TCG as well as our Group companies collaborate to conduct internal audits of each company on routine basis and whenever necessary.
 - iv. We will all stand against any antisocial forces and organizations that threaten healthy social order and sound corporate activities
- ② Structure to preserve and administrate information concerning execution of duties by the Directors of the Board

Concerning records of decisions at the Director of the Board Meetings, TCG prepares, preserves and administrates necessary documents in accordance with “Directors of the Board Meeting Policy” as well as “Document Administration Policy”.
- ③ Structure concerning risk of loss control of TCG and Group companies
 - i. In our Group, items that are related to risk of loss are handled by “Approval Policy”, “Risk Control Policy”, “Emergency Countermeasure Policy” and “Risk Item Handling Policy”, within which important items are discussed and resolved at the Director of the Board Meetings.
 - ii. TCG identifies significant risks of subsidiaries and supervise matters affecting the Group, with high risk items to be reported to TCG promptly.

【Booklet P30】

- ④ Structure to ensure efficiency of directors of the board of TCG and its subsidiaries
 - i. In our Group, director of the board meetings have set structures that enables appropriate and timely decision concerning important items of the Group. Director of the board meetings also inspect the matching between management directions and execution, as well as to provide instructions to realize set goals.
 - ii. TCG appoints External Directors of the Board to further activate Directors of the Board Meetings as well as to strengthen governance and management supervision functions.
 - iii. TCG ensures directors of the board meetings of Group companies are making proper resolutions, and provide support to enable they work as checking functions as well as to make sure their resolutions are appropriate.
- ⑤ Structure to ensure employees of TCG and Group companies execute their duties in accordance with laws, regulations and the Articles of Incorporation.
 - i. In our Group, we distribute "Corporate Philosophy Card" to all employees, and read them outloud on daily basis with the purpose to lead employee actions to be in accordance with Corporate Philosophy that consists of management goals, management attitudes, raison d'être of the Group and Action Principles.
 - ii. In our Group, all employees are repeatedly communicated through Group newsletters and internal meetings of Group companies that the first step of corporate activity is to comply with laws, regulations, articles of incorporation and other policies.
 - iii. The Internal Audit Department of TCG and Group companies collaborate to conduct internal audit of Group companies whenever necessary.
- ⑥ Structure to ensure appropriateness of operations of TCG and Group companies
 - i. TCG has adopted pure holding company structure, whereas TCG is in charge of Group common matters and core companies (Takamatsu Corporation and Asunaro Aoki Construction) are in charge of supporting and controlling the operation of Group companies.
 - ii. We have adopted "Group Principles" to nurture uniformity of the Group so that the Group companies can conduct appropriate and legal corporate activities in accordance with common Corporate Philosophy.
 - iii. TCG has a policy "Relationship between holding company and Group companies" to enable smooth and thick communication among Group companies to enhance independent growth of each Group companies so that Group's total corporate value can be maximized.
 - iv. Group President Meeting is presided by core companies to enable effective management so that appropriate operation can be conducted by Group companies.
 - v. TCG receives appropriate reports from Group companies on routine and necessary basis.

【Booklet P31】

- ⑦ Items concerning supporting employee towards Auditor of the Board
TCG established Auditor of the Board Office to support operations of auditors of the board.
- ⑧ Items concerning independence of supporting employee towards Auditor of the Board from Director of the Board as well as securing effectiveness of instruction towards the supporting employee
 - i. Auditor of the Board will provide direct instructions and supervision to the supporting employee.
 - ii. Personnel evaluation for the portion where support towards auditor of the board was provided is conducted by the Auditor of the Board, as well as personnel transfer and punishment will be conducted with the consent of the Auditor of the Board.
- ⑨ Reporting structure from director of the board and employees of the TCG and its subsidiaries to report to Auditors of the Board
 - i. TCG Directors of the Board will promptly notify Auditors of the Board when an incident which may have significant impact to the Company occurs or has the risk to occur.
 - ii. TCG Auditor of the Board concurrently serves as Auditor of the Board of other Group companies, resulting in structure to receiving operation reports of Group companies.
 - iii. Auditor of the Board will ask for report from Director of the Board or employee whenever necessary.
 - iv. Internal Audit Department and Group Integration Division are to report the status of internal audit and risk control.
 - v. TCG and Group companies have established whistleblower policies with the receiver of the information as TCG and core companies' division in charge of compliance, auditors of the board and external lawyers. In addition, unfavorable treatment to the sender of such information, such as dismissal, etc. is prohibited.
- ⑩ Other structures to ensure effective auditing by the Auditor of the Board
 - i. Auditors of the Board Meeting will receive explanations from accounting auditors as well as internal audit departments, and collaborate with them to exchange necessary information.
 - ii. Expense of Auditor of the Board that are necessary to conduct their duty is budgeted and paid upon request, as well as emergency expense is paid upon request after confirming its justification.

【Booklet P32】

(2) Status of Structure to Ensure Appropriateness of Business Operations

Based on structure to ensure appropriateness of business operations, TCG and Group companies are working to properly set structures as well as its appropriate operation, to lead into continuous growth of corporate value. The following is an overview of the status of structure to ensure appropriateness of business operations.

① Overall internal control system

- i. TCG held 13 Directors of the Board Meetings during this fiscal year, in which discussion and resolution were conducted for important items, as well as received reports concerning operation, result, risk and compliance status in accordance with importance of the incidents.
- ii. Internal audits were conducted in accordance with Internal Audit Base Policy developed by TCG, with actual auditing conducted centering around internal audit departments of core companies with its results monitored by TCG Internal Audit Department. With the above implemented, improvement of auditing standard, sharing of issues and thorough improvement were conducted. In addition, auditing by independent CPA was conducted, resulting in further strengthening of internal control systems.
- iii. Evaluation of internal control of financial reporting of TCG and Group companies was conducted during mid to end of the fiscal year to further improve structure to prepare appropriate financial reports.

② Compliance initiatives

i. Action guideline

Based on our Group Principles and Management Credo, to clarify employee thinking and consciousness, TCG developed “Action Principles” and shared with our employees the followings:

- We shall recognize the importance of compliance, and always act fairly and faithfully in accordance with high standards requested by the society.
- We shall draw a distinct line between work and private, and never request nor receive personal benefits nor interest from our business partners.
- As independent individuals, we shall always improve ourselves and fix the wrong with bravery.

ii. Compliance Committee

Compliance Committee of our core companies gathered information to check whether there are any issues, as well as conducted employee training and education.

iii. Compliance training

“Compliance Manual” was established and shared with employees through training programs and morning meetings, as well as by sending out necessary information through corporate notice letters.

【Booklet P33】

iv. Whistleblower protection structure

The receiver of whistleblower information was assigned to be auditors of the board and external lawyers, aside from internal organization. In addition, prohibition of unfavorable treatment to the whistleblower is widely and thoroughly shared with the employee through corporate intranet and newsletters. For this fiscal year, there was no whistleblower information that led to significant illegal activities.

③ Strengthening risk management structure

i. Risk management structure

In our “Risk Item Treatment Policy”, procedures to report, respond and control incidents that involve significant physical, economical and trust risks are listed. In accordance with the degree of impact, TCG received the report as well reported the incident at the Directors of the Board Meetings. In addition, we have also established “Crisis Control and Public Relations Manual”, which enables smooth crisis management based on escalation rules.

ii. Information security

Concerning information asset risks, “Information Security Base Policy” was developed, and in accordance with the Policy, information security structures and necessary system constitution, education and trainings, self checks and supervision methods, as well as response procedure towards occurrence of such incidents were conducted, leading into enhanced information security level of TCG and the Group companies.

④ Group company management

- i. “Policy Concerning Holding Company and Group Companies” have been established, which sets the rule on what needs to be approved by TCG Director of the Board Meeting. Important matters of the Group companies that needs TCG approval are categorized into (1) items that needs shareholder approval, (2) high risk financial and operational items that may influence the Group and (3) items that needs Group approval from the standpoint of maximizing Group total corporate value.
- ii. Both core companies held Presidents’ Meeting on monthly basis and exchanged operation reports, Group decisions and need-to-report items, discussed issues as well as advised resolutions.
- iii. TCG received reports of Group companies’ budget-actual comparison, full year estimates, KPIs, financial status, risk items on routine format basis. New items were reported with detailed materials and significant risk incidents were reported at Director of the Board Meetings. In addition, risk status of the Group is reported at the Director of the Board Meetings on quarterly basis.

【Booklet P34】

- iv. Minutes of director of the board meetings of Group companies were sent to TCG, and the content was scrutinized to check appropriateness of resolution items as well as their contents. Advise were fed back when necessary.
- ⑤ Execution of duty by Directors of the Board
- i. Based on Director of the Board Meeting Policy, TCG held Director of the Board Meeting on monthly basis, and resolved important items as depicted by law, articles of incorporation and policies and procedures manuals. In addition, reports and supervisions concerning execution of duties of Directors of the Board were conducted.
 - ii. When distributing materials of Director of the Board Meetings, cares were taken so that the materials were distributed one week in advance to activate and deepen discussion.
 - iii. Sufficient discussion was conducted among Directors of the Board, with External Directors of the Board taking the lead in many cases.
 - iv. Evaluation to check the effectiveness of the Meeting were conducted and clarified points of improvement.
- ⑦ Execution of duty by Auditors of the Board
- i. Auditors of the Board attended important meetings including Board of the Directors Meeting of TCG and other Group companies and expressed opinions when necessary, as well as conducted audit trips and requested explanation from directors of the board and employees of Group companies and advised improvements when necessary.
 - ii. Auditors of the Board Meetings were held on monthly basis, where reports of individual auditor's auditing activities were reported, as well as exchange of information and discussion and resolution of important items.
 - iii. Auditors of the Board exchanged opinions with Representative Directors, External Directors, accounting auditors as well as internal auditing departments. In addition, opinion exchange meetings with auditors of the board of Group companies were conducted on quarterly basis, resulting in enhancing effectiveness of the audit. Also, important information concerning TCG and Group companies were reported to Auditor of the Board on appropriate and timely basis, as well as Auditor of the Board were able to request reports.
 - iv. Auditors of the Board Office was established independent from direction line of command of Director of the Board,, where CPA employee was placed, and conducted broad and high level audit.

【Booklet P35】

7. Policies Concerning Dividend Payment

Distributing earnings to shareholders is one of our highest priorities. Our basic policy is to maintain stable and consistent dividend payments while distributing earnings in a manner that reflects the results of operations. At the same time, retained earnings will be used effectively from a medium to long-term perspective with the primary objectives of strengthening and upgrading operations of the entire Group and building a sound base for future operations. At the start of the fiscal year, we planned 53 yen.

For the fiscal year ended March 2019, as announced at the beginning of the fiscal year, we declare an annual dividend of 60 yen per share.

As the result, the dividend payout ratio rose to 29.7% in companion to the primary target of 25%. For the fiscal year ending March, 2020, we plan to pay a dividend of 63 yen per share, with the dividend payout ratio of 30%.

Notes: The amounts appearing on the business reports are rounded down to the nearest million yen.

【Booklet P36】

Consolidated Financial Statements

Consolidated balance sheet

(As of March 31, 2019)

(Million yen, figures in parentheses indicate negative amounts)

ACCOUNT TITLE	AMOUNT	ACCOUNT TITLE	AMOUNT
[ASSETS]		[LIABILITIES]	
Current assets	154,199	Current liabilities	59,757
Cash and deposits	62,074	Accounts payable for construction contracts	30,974
Notes receivable, accounts receivable from completed construction contracts and other	72,219	Income taxes payable	1,737
Real estate for sale	10,153	Advances received on uncompleted construction contracts	15,341
Costs on uncompleted construction contracts	1,594	Deposits received	4,039
Costs on real estate business	631	Provision for warranties for completed construction	311
Accounts receivable	6,262	Provision for loss on construction contracts	79
Other	1,369	Provision for bonuses	3,099
Allowance for doubtful accounts	(106)	Other	4,175
Noncurrent assets	36,391	Noncurrent liabilities	12,706
Tangible Assets	22,502	Deferred tax liabilities for land revaluation	256
Buildings and structures, net	5,429	Deferred tax liabilities	14
Machinery, vehicles, tools, furniture and fixtures, net	1,273	Provision for special repairs of vessels	75
Vessels, net	967	Retirement allowances	10,903
Land	13,599	Other	1,455
Lease assets, net	185	Total liabilities	72,463
Construction in progress	1,046	[NET ASSETS]	
Intangible assets	2,063	Shareholders' equity	105,138
Investments and other assets	11,825	Capital stock	5,000
Investment securities	5,276	Capital surplus	524
Deferred tax assets	3,802	Retained earnings	107,097
Other	3,029	Treasury shares	(7,483)
Allowance for doubtful accounts	(283)	Accumulated other comprehensive income	(1,119)
		Valuation differences on available-for-sales securities	635
		Revaluation reserve for land	(1,266)
		Foreign currency translation adjustment	5
		Remeasurements of retirement allowance plans	(493)
		Non-controlling interests	14,108
		Total net assets	118,126
Total assets	190,590	Total liabilities and net assets	190,590

【Booklet P37】**Consolidated statements of income**

(April 1, 2018— March 31, 2019)

(Million yen, figures in parentheses indicate negative amounts)

ACCOUNT TITLE	AMOUNT	
Net sales		
Net sales of completed construction contracts	223,470	
Sales on real estate business	26,250	249,720
Cost of sales		
Cost of sales of completed construction contracts	192,937	
Cost of sales on real estate business	22,421	215,359
Gross profit		
Gross profit on completed construction contracts	30,532	
Gross profit-real estate business	3,828	34,361
Selling, general and administrative expenses		21,919
Operating income		12,441
Non-operating income		
Interest & dividend income	109	
Rent income	56	
Other	61	226
Non-operating expenses		
Interest expense	174	
Idle asset expenses	57	
Other	10	242
Ordinary income		12,425
Extraordinary income		
Gain on sales of noncurrent assets	47	
Gain on sales of investment securities	393	
Other	14	455
Extraordinary losses		
Loss on disposal of fixed assets	164	
Loss on disaster	508	
Impairment loss	430	
Other	184	1,287
Income before income taxes		11,593
Income taxes-current	3,755	
Income taxes-deferred	(70)	3,685
Net earnings		7,908
Net earnings attributable to non-controlling interests		885
Net earnings attributable to controlling interests		7,022

[Booklet P38]

Balance sheet (Unconsolidated)

(As of March 31, 2019)

(Million yen, figures in parentheses indicate negative amounts)

ACCOUNT TITLE	AMOUNT	ACCOUNT TITLE	AMOUNT
[ASSETS]		[LIABILITIES]	
Current assets	8,079	Current liabilities	153
Cash and deposits	6,320	Accounts payable- real estate	8
Receivable – real estate	0	Accounts payable	25
Real estate for sale	1,092	Income taxes payable	17
Other	665	Deposit received-real estate	28
Allowance for doubtful accounts	(0)	Provision for bonuses	24
Noncurrent assets	22,945	Other	49
Tangible Assets	11,046	Noncurrent liabilities	702
Buildings and structures, net	2,094	Deferred tax liabilities for land revaluation	40
Machinery, vehicles, net	208	Deferred tax liabilities	14
Tools, furniture and fixtures, net	18	Retirement allowances	40
Land	7,678	Directors' retirement benefits payable	502
Construction in progress	1,046	Long term warranties received	103
Intangible assets	0	Total liabilities	856
Investments and other assets	11,899	[NET ASSETS]	
Investment securities	591	Shareholders' equity	31,424
Shares of subsidiaries and affiliates	10,831	Capital stock	5,000
Other	476	Capital surplus	272
		Legal capital surplus	272
		Retained earnings	33,635
		Legal retained earnings	978
		Other retained earnings	32,657
		General reserve	28,270
		Retained earnings brought forward	4,387
		Treasury shares	(7,483)
		Valuation and translation adjustments	(1,255)
		Valuation differences on available-for-sale securities	47
		Revaluation reserve for land	(1,303)
		Total net assets	30,168
Total assets	31,025	Total liabilities and net assets	31,025

【Booklet P39】
Income statement (Unconsolidated)

(April 1, 2018—March 31, 2019)

(Million yen, figures in parentheses indicate negative amounts)

ACCOUNT TITLE	AMOUNT	
Net sales		
Sales on real estate business	438	
Dividends from subsidiaries and associates	3,260	
Commissions from subsidiaries and associates	1	3,700
Cost of sales		
Cost of sales on real estate business	371	371
Gross profit		3,329
Selling, general and administrative expenses		966
Operating income		2,363
Non-operating income		
Interest and dividend income	47	
Other	2	50
Ordinary income		2,413
Extraordinary income		
Gain on sales of noncurrent assets	0	
Gain on sales of investment securities	393	393
Extraordinary losses		
Loss on disposal of fixed assets	58	
Loss on sales of investment securities	17	76
Income before income taxes		2,730
Income taxes		3
Net earnings		2,727

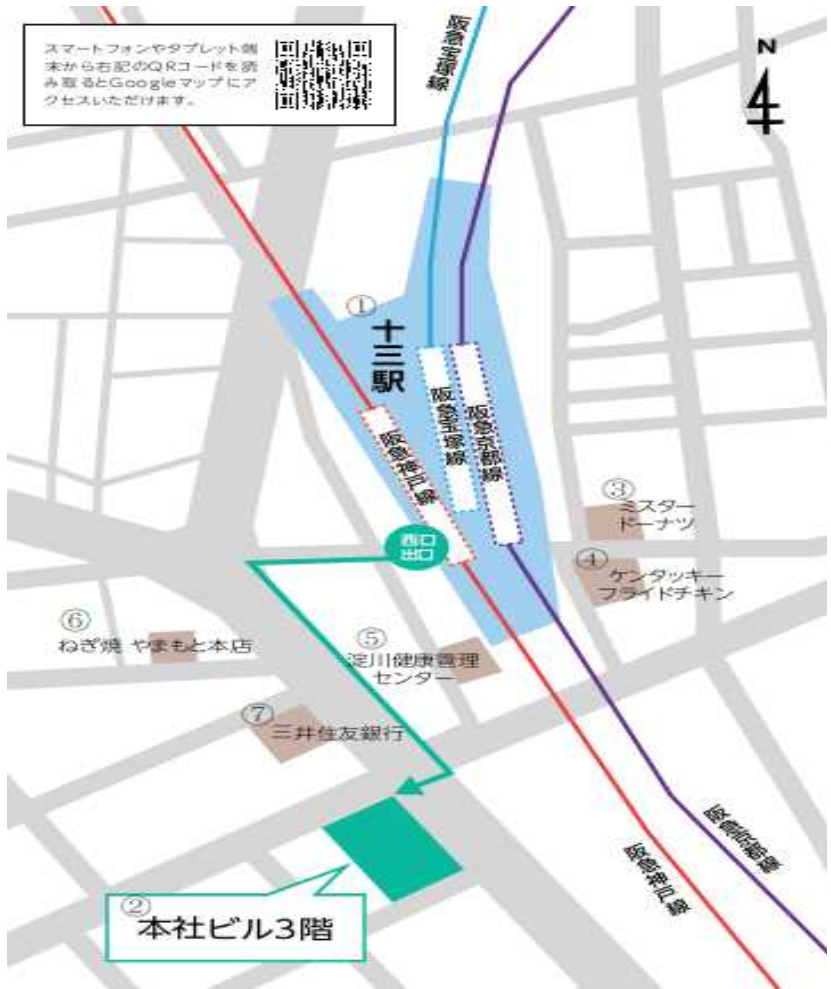
【Booklet P40-43】

Audit Report by Accounting Auditor (KPMG AZSA LLP)

Unqualified opinion for both consolidated and unconsolidated financial statements. Translation omitted.

Audit Report by Auditors of the Board (Translation omitted, summary as described below)

- 2.(1) 1. Operations report and its attached documents are in accordance with laws and regulations, and appropriately shows the status of the Company.
 - 2. No serious violation of laws and/or regulations of the Company are observed.
 - 3. No special report is necessary concerning internal control of the Company.
- (2) KPMG AZSA's accounting audit is appropriate for unconsolidated financial statements.
 - (3) KPMG AZSA's accounting audit is appropriate for consolidated financial statements.



- ① Juso Station
- ② Takamatsu Construction Group, 3rd Floor
- ③ Mister Donuts
- ④ Kentucky Fried Chicken
- ⑤ Yodogawa Health Center
- ⑥ Negiyaki Yamamoto
- ⑦ Mitsui Sumitomo Bank