News Release (Translation)

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Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange)
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Notice Concerning Surplus Dividends (Interim Dividends) and Revisions to Earnings and Dividend Forecasts for the Fiscal Year Ending March 2021

Daiwa House Industry Co., Ltd. hereby announces details on an agenda passed at the Board of Directors meeting convened today. In accordance with this agenda, which was presented in response to recent earnings trends, the Company shall revise full-year earnings and dividend forecasts for the fiscal year ending March 2021 and issue surplus dividends (interim dividends) with a date of record of September 30, 2020.
Details are as indicated below.

1. Details of the surplus dividends (interim dividends)

	Resolution amount	Latest forecasts of dividends (Announced on May14, 2020)	(Ref.) Previous fiscal year results (Fiscal year ended March 31, 2020)
Date of record	September 30, 2020	September 30, 2020	September 30, 2019
Dividends per share	50 Yen	40 Yen	55 Yen
Total dividends	32,707 million yen	—	36,526 million yen
Date of efficacy	December 7, 2020	—	December 5, 2019
Dividend capital	Retained earnings	—	Retained earnings

2. Revised of consolidated earnings forecasts for the fiscal year ending March 31, 2021
（From April 1, 2020 to March 31, 2021）

	Net Sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Basic net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	3,650,000	170,000	164,000	105,000	159.96
Revised forecast (B)	4,000,000	258,000	243,000	130,000	198.05
Change (B－A)	350,000	88,000	79,000	25,000	—
Rate of Change (%)	9.6	51.8	48.2	23.8	—
(Ref.) Previous fiscal year results (Fiscal year ended March 31, 2020)	4,380,209	381,114	367,669	233,603	351.84

3. Revised of dividend forecasts for the fiscal year ending March 31, 2021

	Dividend pare share (Yen)		
	End of 2nd quarter (Sep.30)	Fiscal year-end quarter (Mar.31)	Annual
Previous forecast	40 Yen	50 Yen	90 Yen
Revised forecast		60 Yen	110 Yen
Current year dividends	50 Yen		
(Ref.) Previous fiscal year results (Fiscal year ended March 31, 2020)	55 Yen	60 Yen	115 Yen

4. Reason for surplus dividends (interim dividends) and revisions to consolidated earnings and dividend forecasts

The Daiwa House Group engages in business activities as a group that co-creates value for individuals, communities, and people's lifestyles. We place the highest priority on protecting the lives and health of all our stakeholders, including our customers, business partners, and our employees and their families.

In order to prevent the spread of COVID-19, we took measures in April and May, including temporarily suspended work at contraction sites, temporarily closed the facilities such as hotels and commercial facilities or reduced their operation hours, and self-restraint in respect to the business activities. However, after the lifting of the emergency declaration, we have gradually resumed face-to-face sales since June and we are diversifying sales methods, incorporating the use of online sales.

Looking at segment-specific performance, the Housing Segment, which includes the Single-Family Houses Business and the Rental Housing Business, continued to face severe operating environment due to concerns about the future caused by COVID-19. We are responding by strengthening proposals in response to new demand brought on by changes in workstyles and living situations. We will also continue providing solutions for land owners, among whom there is strong demand for land use proposals that provide inheritance tax relief.

The Business Segment, which includes the Commercial Facilities Business and the Logistics, Business and Corporate Facilities Business, continues to be impacted by a downturn in investment sentiment among tenant businesses and the postponement or cancellation of hotel construction in anticipation of inbound demand. We are strengthening initiatives related to new types of real estate development such as data centers and the development of large-scale, multi-function facilities.

Business performance through the consolidated first half were impacted by a decline in occupancy rates of hotels operated by Group companies. However, smooth progress of construction already ordered, firm performance in the US housing business, and increasing needs for logistics facility development in response to growing in-home consumption resulted in performance that was above initial assumptions.

Based on the above factors, we project that earnings will outperform forecasts announced in May 2020. As such, we will conduct an upward revision to our earnings forecast for the fiscal year ending March 2021.

The basic policy outlined in our financial strategy is to maintain financial stability while generating ROE that exceeds capital costs and securing an equity spread that leads to increased shareholder value. Our basic policy on shareholder returns is to increase shareholder value by increasing our earnings per share. We aim to achieve this by applying profits earned through operating activities towards growth investments. Through this policy, we engage in performance-linked profit returns and aim to maintain stable dividends based on a goal dividend payout ratio of 30% or higher.

With the revision to our consolidated earnings forecast, we will revise our profit dividend for the current fiscal year from the original target to 20 yen, representing an increase to the full-year dividend of 110 yen. Accordingly, we will increase the interim dividend by 10 yen to 50 yen.

End