

Bolstering competitiveness by expanding business opportunities deriving from social issues

Daiwa House Industry has evolved a distinctive business portfolio by addressing social issues through enhanced and expanded value chains and broader product variations anticipating future needs. This diverse portfolio and the ability it gives us to draw on Group synergies enable us to offer customers comprehensive business proposals, the ultimate strength that drives our performance and growth. Leveraging this strength, we contribute to society by redeveloping existing communities as well as building whole new ones with a consistent vision.

Business Overview			
Summary of business			
Single-Family Houses		As a pioneer of industrialized construction, we offer living environment based on our evolving, leading-edge technologies. Under the vision of "Shifting homes from where to return to a place to live in" announced in April 2021, not only do we continue providing comfortable and safe living spaces to return, but we also work to offer a wider variety in their functions with a focus on customer lifetime value.	<div>Annual performance</div> <div>▶ Houses sold (Domestic) Single-family houses (contracting) 5,178 Single-family houses (subdivision) 1,841 ▶ ZEH ratio 58%</div> <div>Strengths</div> <div>• Technical capabilities for ensuring safety and security</div>
Rental Housing		To provide living spaces of choice for residents where they wish to reside for a long period, we propose to landowners quality rental housings satisfying both marketability and customer needs, thus supporting both residents' comfortable and safe living spaces and landowners' stable, long-term rental income.	<div>Annual performance</div> <div>▶ Rental housing units sold (Domestic) Rental housing (low-rise) 26,772 Rental housing (medium- to high-rise) 2,716 ▶ Units under management 611,874 Occupancy ratio 98.2%</div> <div>Strengths</div> <div>• Vertically integrated management leveraging Group strengths • Full range of peripheral services conducive to high occupancy</div>
Condominiums		We develop, sell, and manage properties nationwide, supplying comfortable and safe living spaces that keep their asset value over time. Our condominiums feature added value appropriate to local attributes, and our Group synergies-leveraging multiuse developments are active senior-friendly and help reinvigorate urban communities.	<div>Annual performance</div> <div>▶ Condominium units sold (Domestic) (including Cosmos Initia) 2,939 ▶ Units under management 376,168</div> <div>Strengths</div> <div>• Roll out of local business locations in mid-tier cities • Ability to take on redevelopment and rebuilding projects leveraging specialized business units and intra- Group collaboration</div>
Existing Homes		We work to vitalize the market for quality housing stock, buying, renovating, and reselling existing homes and helping homeowners find buyers with services including relocation support and renovations to maintain building value. We are also expanding the scope of our services to provide corporate clients with renovation and maintenance solutions.	<div>Annual performance</div> <div>▶ Renovations Approx. 49,000*1 ▶ Percentage of involvement in resale of existing single-family houses*2 Approx. 30%</div> <div>Strengths</div> <div>• Track record creating living spaces and accumulated know-how • Livness brand (comprehensive solution)</div>
Commercial Facilities		We match landowners and corporate tenants to one another to develop commercial facilities meeting their respective expectations. We marshal our wealth of data on land usage and survey the market to accurately gauge the vicinity's needs so we can provide facilities finetuned to local residents' preferences and help townscapes facilitate the flow of people.	<div>Annual performance</div> <div>▶ Construction projects 916*3 ▶ Leasing floorspace of sublease areas within commercial facilities 6,871,560 m<sup>2</sup></div> <div>Strengths</div> <div>• LOC System • Organization for expanding possibilities with greater ability to gather intelligence and offer innovative solutions</div>
Logistics, Business and Corporate Facilities		We leverage diverse plans to produce logistics facilities to accommodate corporate customers' needs. We were proactive in developing facilities customize for e-commerce during its rapid rise, and we also provide medical, care, social welfare, and nursing care facilities, food-industry facilities, offices, and factories. We are actively developing data centers and municipal markets as well recently.	<div>Annual performance</div> <div>▶ Development site area of logistics projects 10,052,722m<sup>2</sup> ▶ Orders received for contract-based medical and nursing care facilities 672*4</div> <div>Strengths</div> <div>• D Project • Ability to identify promising tracts and diverse business schemes • Track record building logistics facilities and accumulated know-how</div>
Other Businesses		We provide value through businesses that help make people's lives more pleasant in a spectrum of areas: hotels, fitness, and health and leisure; and construction support ranging from comprehensive energy solutions to home centers, logistic services, and interiors.	<div>Annual performance</div> <div>▶ Customer visits to our home centers 29,270,000 ▶ Generating capacity of solar power, wind power, and hydroelectric power generation facilities 314 sites/ 426MW*5</div> <div>Strengths</div> <div></div>

\*1 Figures for Daiwa House Reform only

\*2 Percentage of involvement is the proportion of existing-owner property deals (intermediary or direct sales) in which the Daiwa House Group was involved

\*3 Number of facilities constructed by the commercial facilities business of Daiwa House Industry (non-consolidated)

\*4 Total for Daiwa House Industry (non-consolidated), Daiwa Lease, and Fujita

\*5 Generating capacity of facilities in operation excluding the power consumed internally



Principal companies: Daiwa House Industry (non-consolidated), Stanley Martin Holdings, LLC, Rawson Group Pty Ltd., Trumark Companies, LLC

Delivering without delay products and services that customers truly need by grasping changes in society and lifestyles

Business developments for the Sixth Medium-Term Management Plan

Performance targets (¥ billion)

Sales

Operating income

18.0

497.8

2019

21.8

516.1

2020

30.0

600.0

2021 (Plan)

(FY)

Basic policy

1. Center on xevoΣ, raise the unit price by expanding sales such as of xevoΣ PREMIUM for the wealthy and high value-added products

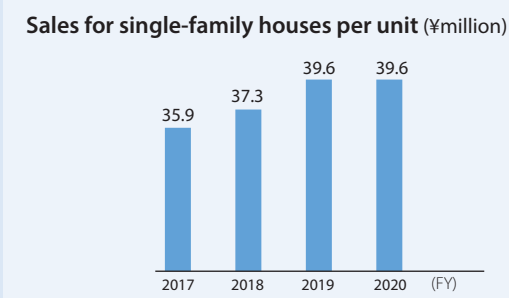
2. Strengthen initiatives for combination housing (housing combined with rentals, stores, clinics, etc.)

3. Emphasize marketing of environment-conscious houses (e.g. ZEH) and disaster-resilient houses, promote IoT-integrated single-family houses, help solve social issues through business

4. Expand business outside Japan in areas with stable growth anticipated, via Stanley Martin Holdings, LLC in the United States and Rawson Group Pty Ltd. in Australia

Looking back at FY2020 and actions going forward		
Single-family houses sales rankings (FY2020)		
Ranking	Company name	Number of sales units
1	Sekisui House	9,831
2	SEKISUI CHEMICAL	9,555
3	Asahi Kasei	8,331
4	Sumitomo Forestry	8,047
5	Daiwa House Industry	7,019

\* Compiled from data published by the companies concerned



3-story house skye3

Fiscal 2020 sales were ¥516.1 billion (+3.7% YoY), and operating income was ¥21.8 billion (+20.7%). In the domestic market, capturing quickly changes in society and lifestyles caused by COVID-19, we started offering living solutions for a new normal, such as "Kaiteki Work Place" and "Tsunagari Work Pit" that enable customers to work from home in comfort. We also launched proposals such as "Antivirus fresh air package plan" verified by Nara Medical University as reducing viruses by 99% and "Nekolet" bath unit dedicated for cats helpful in decreasing owners' stress, to address increasing demand for pets during pandemic.

We also accelerated the sale of our "Lifegenic" product which offers a fun and easy home designing experience online, which was introduced to the market ahead of the times prior to the current pandemic. We addressed customer needs with a varied product lineup including "skye3," a new, 3-storied housing product with larger open interior spaces and wider wall openings, along with the enhanced ability to fit on various sites, and housing combined with stores, clinics, etc. (combination housing). As a result of the foregoing and applying ZEH (net zero energy house) specifications to all products, average unit price was up ¥30 thousand to ¥39,630 thousand.

In the US where changes in lifestyles caused by COVID-19 were prominent, Stanley Martin Holdings, LLC, which operates mainly in the East Coast area, exceeded its initial plan and continued to expand from fiscal 2019, driven by growing demand for housing in suburban areas and continued low interest rates on housing loans.

For fiscal 2021, we forecast sales of ¥600.0 billion and operating income of ¥30.0 billion. While the impact of COVID-19 remains unpredictable, we project that the impact of a steep rise in prices of lumber and other materials will be negligible.



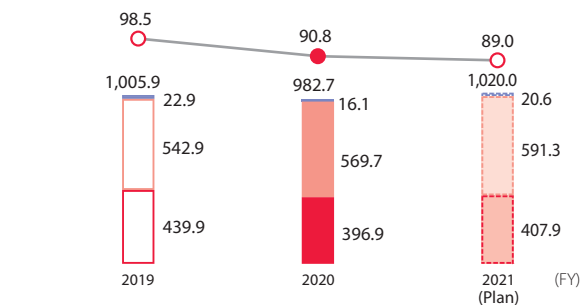
Principal companies: Daiwa House Industry (non-consolidated), Daiwa Living COMPANIES

## Offering quality rental housings satisfying both marketability and customer needs, while supporting owners' stable, long-term rental income

## Business developments for the Sixth Medium-Term Management Plan

## Performance targets (¥ billion)

■ Sales ■ Construction ■ Rental management ■ Sale of development properties  
○ Operating income



## Basic policy

1. Supply more three-stories and medium- to high-rise properties in urban areas
2. Shift to larger properties, e.g. rental housing jointly used with tenants, nursing care facilities, dormitories and company housing
3. Address rebuilding needs of existing properties
4. Progressively greater efficiency in management operations leveraging IT, IoT, and AI-based labor-saving
5. Develop rental housing with excellent local partners in the United States

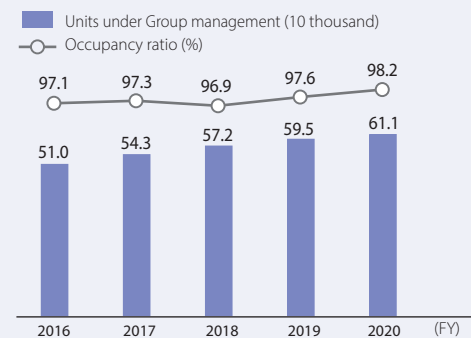
## Looking back at FY2020 and actions going forward

## Rental housing sales rankings (FY2020)

Ranking	Company name	Number of sales units	Share
1	Daito Trust Construction	38,261	Approx. 12%
2	Daiwa House Industry	29,488	Approx. 9%
3	Sekisui House	26,033	Approx. 8%

\* Compiled from data published by the companies concerned

## Units under Group management/ Occupancy ratio



SEJOUR OTT's GT

Fiscal 2020 sales were ¥982.7 billion (-2.3% YoY) and operating income was ¥90.8 billion (-7.9%). On the back of restraint in events and in-person sales activities to prevent the spread of COVID-19, rental housing starts in the market declined to approx. 300,000. Number of our housing starts decreased over 30 consecutive months since September 2018, representing the challenging order environment.

We worked to build continuous relationships with customers by holding regular online seminars targeted at landowners looking for ways to utilize the land they own, and by providing useful information in a timely manner, such as trends in the market and changes in tenant needs under the pandemic.

Daiwa Living Management allowed the residents living in its properties to defer rent payment if they were economically affected by the pandemic, and actively provided information on administrative grants and benefits in an effort to protect the livelihoods of tenants. As a result, as of March 31, 2021, occupancy rate of its properties was 98.2%, among the highest in the industry.

For fiscal 2021, we forecast sales of ¥1,020.0 billion and operating income of ¥89.0 billion. We will bolster our product line-up to meet local needs and further strengthen collaboration with Group companies to propose a variety of land-use solutions to landowners and offer rental housing of choice for residents.



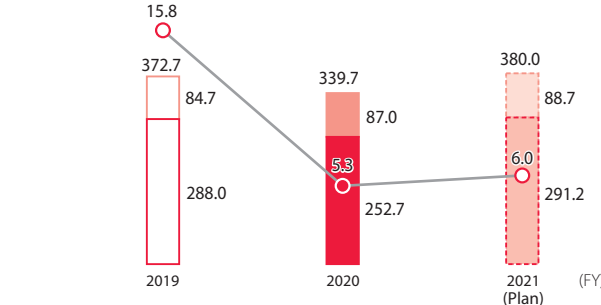
Principal companies: Daiwa House Industry (non-consolidated), Cosmos Initia, Daiwa LifeNext

## Offering safe and comfortable residential experience to condominium customers with our highly value-added condominiums designed to minimize environmental impact

## Business developments for the Sixth Medium-Term Management Plan

## Performance targets (¥ billion)

■ Sales ■ Construction ■ Rental management  
○ Operating income

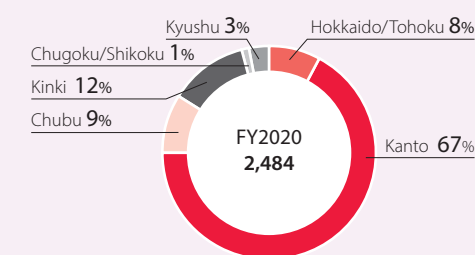


## Basic policy

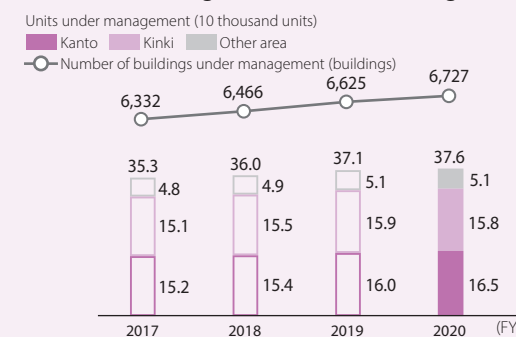
1. Expand large-scale, multi-use development projects highlighting Group synergy
2. Redeveloping and rebuilding in major cities nationwide
3. Development of condominiums for small households or for the elderly
4. Redeveloping and raising the value of office buildings and rental condominiums, expanding their sale

## Looking back at FY2020 and actions going forward

## Condominium units for sales by area (Daiwa House Industry, non-consolidated)



## Condominium buildings and units under management by area



PREMIST Funabashi Tsukada (Chiba)



Initia Yokohama Sakuragicho (Kanagawa)

Fiscal 2020 sales were ¥339.7 billion (-8.8% YoY) and operating income was ¥5.3 billion (-66.0%). The order environment was tough due to restraint in events and delays in the sale of new properties in the face of the pandemic. We are engaged in development of highly value-added condominiums designed to achieve customer comfort and minimize environmental impact. We also worked to improve the condominium management service by our Group to offer a safe and comfortable residential experience to condominium customers.

Daiwa House Industry's "PREMIST Bunkyo Sengoku" (Tokyo), a condominium rebuilt under the new quakeproof standard, was sold out in a short time for its accessibility to central Tokyo and its surrounding historic streetscape. Its "PREMIST TOWER Utsubohonmachi" (Osaka) was selected as a "ZEH-M Ready" building by the Ministry of Economy, Trade and Industry, in recognition of its improved basic performance with the use of double sashes and high-performance heat insulation materials, as well as the high-efficiency built-in systems such as Eco-Jozu, Eco-Farm, and underfloor heating, all of which were aimed at reducing environmental impact. The sales are also steadily progressing for its favorable location, comfortable living space adopting IoT and the view from the tower.

Cosmos Initia promoted online marketing and in-person sales activities based on customers' preference and proceeded with sales largely as planned. It also encouraged the sale of renovated condominiums by launching new plans that meet emerging needs, such as the addition of a workspace within a living room.

For fiscal 2021, we forecast sales of ¥380.0 billion and operating income of ¥6.0 billion. We ongoingly review marketing methods and sell completed inventory, while diversifying revenue sources by undertaking large-scale multi-use development, redevelopment, and rebuilding projects in regional mid-tier cities leveraging Group synergies.





Principal companies: Daiwa House Reform, Nihon Jyutaku Ryutu, Daiwa House Industry (non-consolidated)

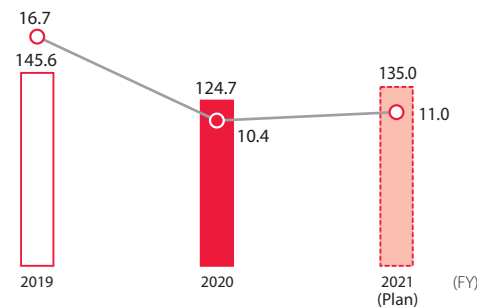
**Working to expand business by actively advancing our Livness comprehensive solution brand building on our accumulated experience and know-how in creating living spaces**

#### Business developments for the Sixth Medium-Term Management Plan

#### Basic policy

##### Performance targets (¥ billion)

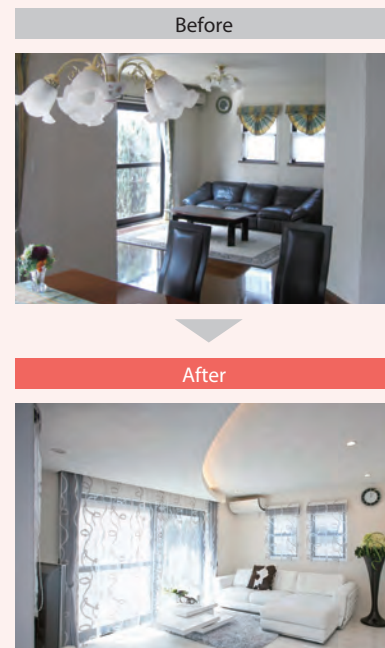
■ Sales ○ Operating income



1. Raise the profile of the Livness brand to raise our involvement in brokerage, purchase, or resale of our own properties
2. Actively expand our purchasing and resale business utilizing our customer stock and new construction sales networks
3. Increase our renovation workforce via active recruiting activities
4. Construct marketing and construction systems in business fields to engage in maintenance and renovation of commercial properties
5. Raise the value of existing properties and expand resales
6. Promote the Livness town projects

#### Looking back at FY2020 and actions going forward

##### Example renovation project



Fiscal 2020 sales were ¥124.7 billion (-14.4% YoY) and operating income was ¥10.4 billion (-37.6%). Under the state of emergency declaration, we temporarily stopped offering inspections (regular inspections at appropriate intervals) of single-family houses and rental properties the Company has built, resulting in fewer opportunities to propose renovations to owners.

However, we continue to strengthen relations with owners through inspections and propose renovations to extend warranty periods. We also focus on offering maintenance services to business assets of corporate customers to grow orders. During the pandemic, we were active in proposing solutions adapting to new lifestyles, such as renovations suitable for teleworking, use of antibacterial/sterilizing materials, and installation of a hand wash basin at home entrance and indoor ventilation systems.

As part of the Livness project to stimulate sales of high-quality existing housing, we actively held campaigns and online seminars for owners of single-family houses and condos nationwide. In fiscal 2020, we were involved in 30% of resale transactions of our single-family houses through brokerage or purchase and resale. We expanded our Livness business premises to 60 locations across the nation to address a wide range of concerns the customers face, particularly home owners.

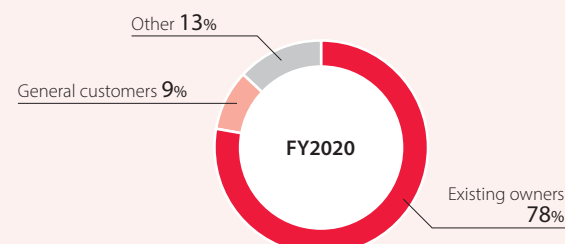
For fiscal 2021, we forecast sales of ¥135.0 billion and operating income of ¥11.0 billion.

##### Housing renovation sales ranking (FY2019) (¥ billion)

Ranking	Company name	Sales
1	Sekisui House Group	152.7
2	Sumitomo Realty & Development Group	124.6
3	Daiwa House Group	120.6
4	Sekisui Chemical Group	95.0
5	Sumitomo Forestry Group	70.2

\* Compiled from data of The Japan Journal of Remodeling (announced in September 2020)

##### New deals closed, by customer type



Principal companies: Daiwa House Industry (non-consolidated), Daiwa House Realty Mgt., Daiwa Lease

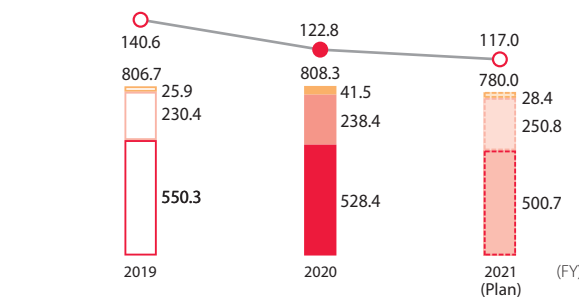
**Helping invigorate communities and accommodate diversifying work- and life-styles with intelligence-gathering and solution-formulation capabilities cultivated with our distinctive LOC system**

#### Business developments for the Sixth Medium-Term Management Plan

#### Basic policy

##### Performance targets (¥ billion)

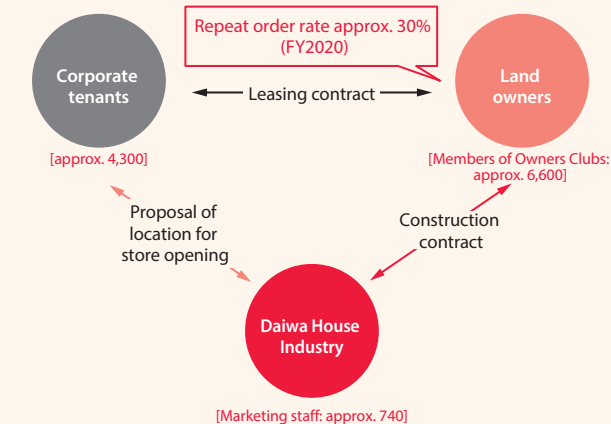
■ Sales ■ Construction ■ Rental management ■ Sale of development properties  
○ Operating income



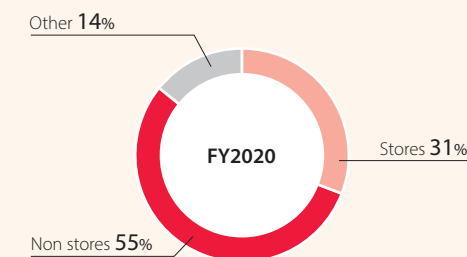
1. Leverage area characteristics to expand commissions for large projects, e.g. logistics facilities, offices, medical and nursing care facilities, and hotels
2. Expand the profit-earning real estate business by purchasing existing properties
3. Expand the development and sale of investment properties
4. Strengthen our overseas business by entering the ASEAN and North American markets

#### Looking back at FY2020 and actions going forward

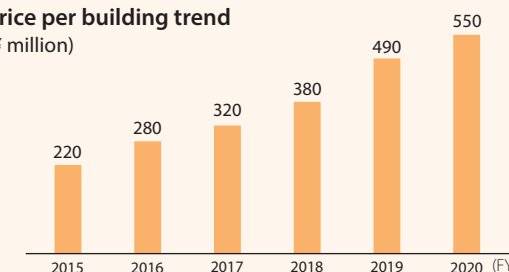
##### LOC System (Land Owner and Company)



##### Ratio of contracts by facilities (based on contract amount)



##### Price per building trend (¥ million)



Fiscal 2020 sales were ¥808.3 billion (+0.2% YoY) and operating income was ¥122.8 billion (-12.6%). Contract construction works declined as the spread of COVID-19 depressed hotel construction demand. The city hotels operated by our Group companies also remained in a severe condition with declining occupancy rates, despite a temporary recovery supported by a subsidy program aimed at promoting domestic tourism. Meanwhile, we designed and proposed store-opening plans that matched tenant corporations' strategic needs and offered various plans to make the best of the particular characteristics of each region. As a result, contracts grew with drugstores, supermarkets, home electronics stores and other consumer products companies with a strong appetite for opening stores in regional living areas.

In terms of large projects, we promote development of multipurpose facilities such as iias Kasugai (Kasugai, Aichi Prefecture) and a large-scale renewal of the shopping center "ALPARK" (Hiroshima, Hiroshima Prefecture) operated by our group company, Daiwa Information Service.

For fiscal 2021, we forecast sales of ¥780.0 billion and operating income of ¥117.0 billion. Seeking to meet the various needs of our tenants and maximize operational synergies, we decided to merge two of our Group companies Daiwa Royal and Daiwa Information Service in October 2021 to launch Daiwa House Realty Mgt. The integration is intended to grow the business by rationalizing corporate management and establishing a business structure with enhanced profitability.



## Logistics, Business and Corporate Facilities Business

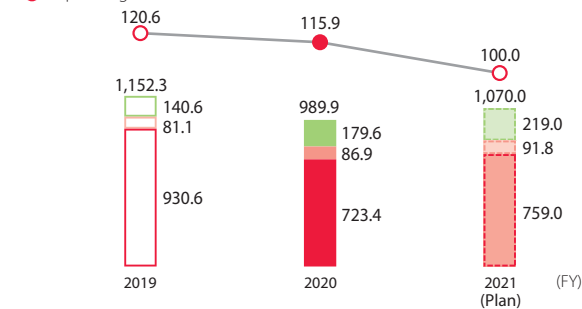
Principal companies: Daiwa House Industry (non-consolidated), Fujita, Daiwa Lease

### Expanding sphere of operations by producing facility construction that accommodate various needs of corporate customers and providing total support for effective utilization of their assets

#### Business developments for the Sixth Medium-Term Management Plan

##### Performance targets (¥ billion)

■ Sales ■ Construction ■ Rental management ■ Sale of development properties  
○ Operating income

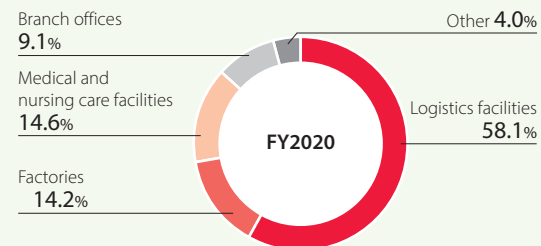


#### Basic policy

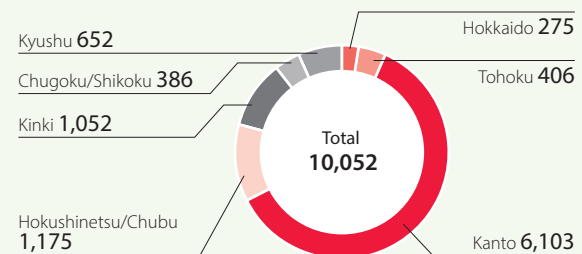
1. Developing logistics facilities incorporating multiple functions like offices, R&D, etc., or high value-added logistics facilities adopting the IoT/AI
2. Maintaining current build-to-suit (BTS) logistics facilities accurately meeting tenant needs and rapid development of multi-use facilities
3. Promoting mixed use development for large medical, care, or social welfare facilities
4. Widen destination countries overseas by developing logistics real estate and industrial parks

#### Looking back at FY2020 and actions going forward

##### Orders received, by segment (Daiwa House Industry, non-consolidated)



##### Aggregate logistics-facility floorspace developed under the D Project real estate securitization scheme\* (thousand m<sup>2</sup>)



\* Includes under construction, as of March 31, 2021



Logistics facilities



Data centers



Gymnasium (Fujita)



Driving license testing site (Daiwa Lease)

Fiscal 2020 sales were ¥989.9 billion (-14.1% YoY) and operating income was ¥115.9 billion (-3.9%). Contract construction works of existing orders progressed steadily, but the order environment remained tough as corporations remained cautious about capital investment during the pandemic. Meanwhile, we are accelerating the construction of logistics facilities to meet the increasing demand for them with the expansion of the e-commerce market demanded by consumers staying at home. The number of logistics facilities we developed came to approx. 300 sites and its total floorspace achieved 10 million m<sup>2</sup>, both marking the highest in Japan. To survive the intensifying competition due to an increase of new entrants, we work to differentiate our facilities with solutions for automation and labor-saving of on-site work and by developing high-performance facilities.

Targeting clients in outdated facilities and hospitals that did not meet earthquake resistance standards, we stepped up our proposals to rebuild and relocate. We also strengthened our lineup of solutions to meet the management needs of healthcare corporations, such as those operating homes for senior citizens or multipurpose nursing care facilities. To the "Hofu No.2 Techno-Town" in Hofu, Yamaguchi Prefecture, which is currently under development, we succeeded in attracting first companies. In data centers, a field of potential for growth, we are developing a data center park, which will be the largest in Japan, in Inzai, Chiba Prefecture.

For fiscal 2021, we forecast sales of ¥1,070.0 billion and operating income of ¥100.0 billion. In addition to logistics facilities and industrial parks, we are expanding into new fields including data centers, redevelopment of regional wholesale markets and closed onshore aquaculture facilities.

## Daiwa House Group's Real Estate Development

### Investments in Real Estate Development and Risk Management

#### Establishment of Business Investments Committee

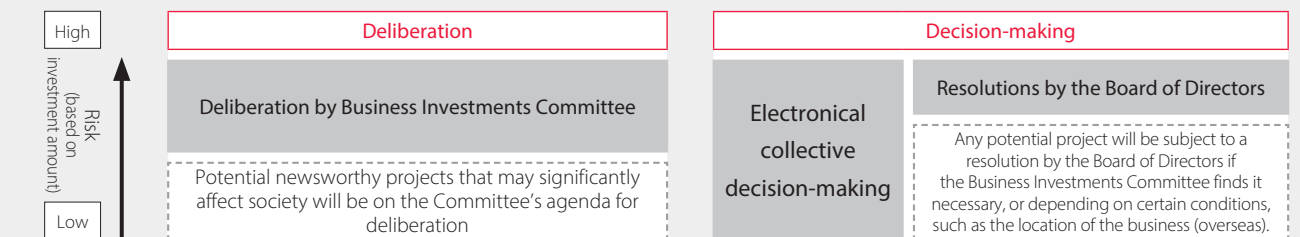
The Company's Business Investments Committee is established to ensure that appropriate decisions will be made about important potential investments in the real estate development business and other businesses after sufficient deliberations and discussions through assessments of their feasibility and risks. As a rule, a meeting of the Committee is held once in every 10 days or so and chaired by the president of the Company. The Company's decisions will be made through an electronic collective decision-making process, which will proceed in parallel with the Committee, and will be resolved by the Board of Directors.

The Committee will deliberate over potential domestic or overseas investment projects of a certain amount or more, according to the investment amount classifications, to facilitate the collective decision-making process and the Board of Directors' resolutions. However, regardless of the amounts, any projects involving operation of highly public facilities or the

like (concessions pertaining to airports, parks, roads or other similar infrastructure), and other potential newsworthy projects, which may significantly affect society, will be on the Committee's agenda for deliberation, regardless of whether the land or facilities are owned publicly or privately. Furthermore, if a potential project may pose a significant reputational risk to the Company, or if the Company may essentially take total responsibility for a potential project due to the structure of its business partners even though the Company's investment ratio is low, then the project will be deliberated, regardless of the investment amount requirement. The Committee has been sitting since 2008 and had considered a total of 383 projects as of the end of fiscal 2020.

Note: The Real Estate Investment Committee was renamed Business Investments Committee in October 2020. Potential investments in all types of projects are subject to its deliberation so as to conduct careful risk assessment and strengthen monitoring.

#### Deliberation and decision-making process according to impact of risk (based on investment amount)

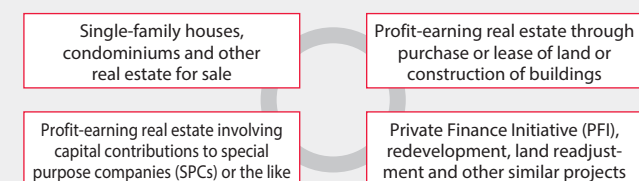


#### Deliberation based on unique criteria

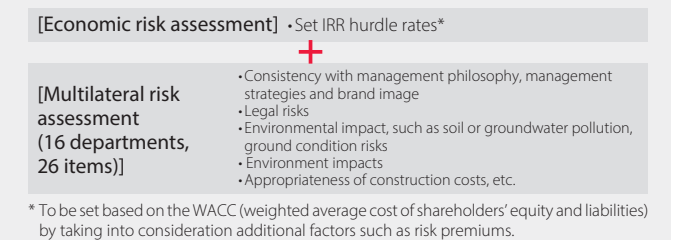
The Business Investments Committee deliberates potential projects based on explanations given by the drafting and related departments. The Company has set hurdle rates for the internal rate of return (IRR) as investment criteria for investments in the real estate development. The implementation of a potential investment will be adopted if the relevant rate requirement is met. At the same time, the Committee's deliberations involve risk assessments (16 departments, 26 items) from multiple perspectives, including social and environmental the ESG viewpoints (legal risks and risks associated with soil or groundwater contamination, soil conditions, proneness to flooding and other disasters, environmental

impacts and appropriateness of construction costs) as well as whether going ahead with the investment is consistent with the Company's management philosophy, management strategies, and brand image. Thus, a project that is economically viable as an investment might not go ahead if other aspects significantly conflict with the Company's overall goals or vision, or has a significant environmental impact. The risk assessment items are subject to periodic review. The criteria for other business investments are according to those for real estate development. In fiscal 2020 the Committee considered 42 projects, of which four were put on hold after thorough deliberation.

#### Major real estate development projects subject to deliberation

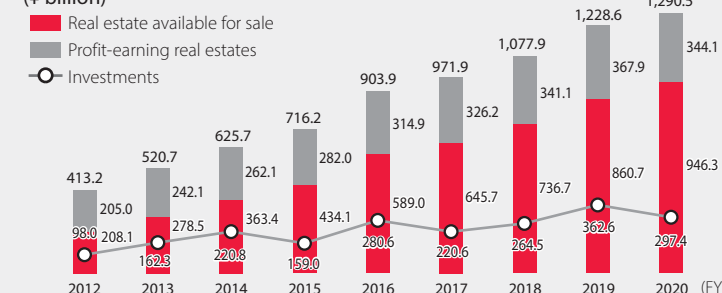


#### Risk assessment for investment decisions

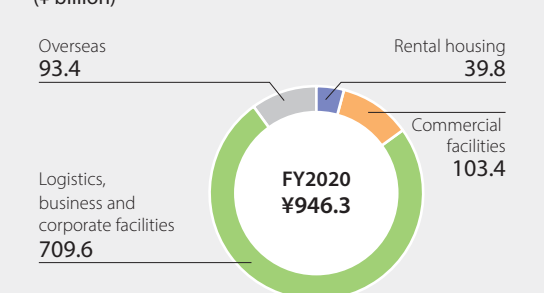


### Trends of invested real estate and real estate development investment

#### Trends of invested real estate and real estate development investment (¥ billion)



#### Breakdown of real estate available for sale (¥ billion)



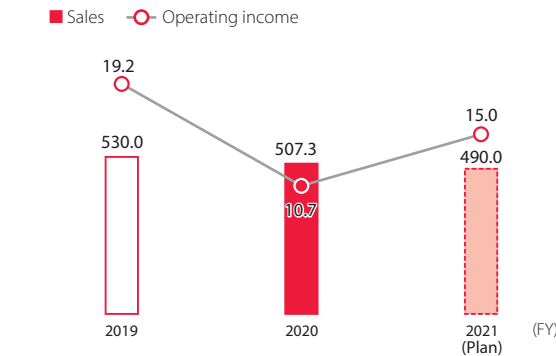




## Providing value in a spectrum of area related to people's lives like construction support, environment and energy, and health and leisure

### Business developments for the Sixth Medium-Term Management Plan

#### Performance targets (¥ billion)



### Looking back at FY2020 and actions going forward

The Home Centers' business developed stores useful in the lives of various customers by capturing the stay-at-home consumption, and the Logistics Services business developed logistics bases optimal for each customer's business, both of which performed strongly. However, as the Resort hotels and Sports clubs businesses were largely affected by COVID-19, sales were ¥507.3 billion (-4.3% YoY) and operating income was ¥10.7 billion (-44.1%).

For fiscal 2021, we forecast sales of ¥490.0 billion and operating income of ¥15.0 billion, despite the ongoing impact of the pandemic on the Resort hotels and Sports clubs businesses.

### Features and strengths

#### Construction support

**Principal companies:**  
Royal Home Center, Daiwa Logistics, DesignArc

##### Home centers

Royal Home Center has 59 locations across Japan offering their communities unique services and local needs-tailored selections of DIY, interior, gardening, and pet goods, as well as renovation and professional grade building materials.



Home center business

##### Logistics services

Daiwa Logistics operates a logistics network with a massive 97 bases throughout Japan to deliver logistics services tailored to customers' business models.

##### Interiors business

DesignArc creates spaces embodying contemporary trends and customer needs for the interiors of hotels, offices, and other commercial spaces as well as living spaces in single-family houses, condominiums, and housing showrooms.

#### Health and leisure

**Principal companies:** Daiwa Resort, Sports Club NAS

##### Resort hotels

Daiwa Resort operates 27 resort hotels under the Daiwa Royal Hotel brand, offering quality services. Its hotels are all designed to drive the community development.



THE HAMANAKO



THE KASHIHARA

##### Sports clubs

Sports Club NAS operates 71 facilities nationwide. Designed to satisfy the people's growing interest in getting exercise and maintaining health and beauty, they provide spaces where people of all ages can have fun staying.



Sports Club NAS

### Environment and energy

**Principal companies:** Daiwa House Industry (non-consolidated), Daiwa Energy, Eneserve Corporation

## Contributing to the spread of renewable energy to realize a carbon-free society

Our environmental energy business provides environmental and energy solutions with our technology, planning, and comprehensive capabilities.

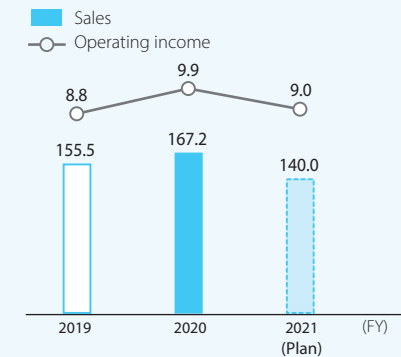
As a provider of EPC (engineering, procurement, and construction of power plants for renewable energy), we construct renewable energy power plants centering on photovoltaic generation facilities and mega solar farms, accumulating a solid track record nationwide.

We also provide PPS (electric power retail business as a power producer and supplier) to both corporate customers such as offices and factories and for individual customers including single-family houses and rental housing.

In the field of IPP (electric power generation business as an independent power producer), we develop and operate renewable energy plants such as mega solar farms and wind-power plants leveraging the Group's idle land and building roofs. Currently our solar, wind, and hydroelectric generating facilities have 427MW of capacity.

With the world rapidly going carbon-free, renewable energy continues to grow in importance, and the Group works actively to help popularize the use of renewable energy.

### Environmental energy business (¥ billion)



Photovoltaic power generation business



Wind generation business

### Other businesses

**Principal companies:** Daiwa House Parking, Daiwa House Financial, Daiwa House Insurance

Daiwa House is also involved in the parking business, which contributes to society by providing profitable, high-convenience parking areas. We also manage private homes for the elderly and assisted-living residential facilities for seniors. These provide residential and other facilities where elderly people can live in comfort. Our range of financial services is also developing, including credit cards and insurance agencies.

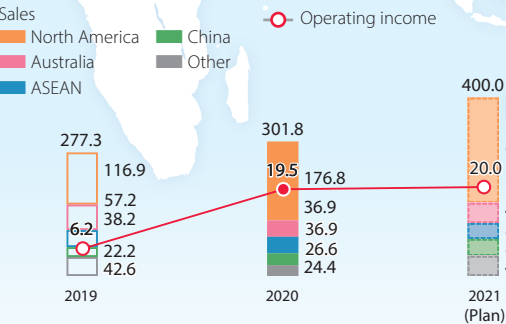


Car parking business

Feature Daiwa House Group’s Overseas Businesses

Delivering quality construction and services to people all over the world while sharpening our business acumen and lowering risk for the whole Group

Performance targets (¥ billion)



Note: Totals include consolidation adjustments

To bring Daiwa House Industry’s quality architectural workmanship and services to people around the world, we have developed overseas interests spanning 24 countries and territories, maximizing on business resources we have accumulated to date.

In fiscal 2020, the US housing businesses performed strongly, and housing demand has been expanding in China following a quick recovery from the pandemic. Meanwhile, ASEAN countries and others remained in difficult economic conditions as the spread of infections became severe. The overseas business sales were ¥301.8 billion and operating income was ¥19.5 billion. For fiscal 2021, we continue to make sustainable project investment, working to achieve sales of ¥400.0 billion and operating income of ¥20.0 billion.

By region

The Americas (North America)

Producing results of M&A in single-family houses, focus also on rental housing and condominiums to eventually extend coverage nationwide

In fiscal 2020, Stanley Martin Holdings, LLC operating the Single-Family Houses Business mainly in the East Coast area steadily expanded earnings, driven by growing demand for housing in suburban areas and continued low interest rates on housing loans. In recognition of its aggressive business development despite the pandemic, Stanley Martin was named BUILDER magazine’s prestigious 2021 national “Builder of the Year.”

In the Rental Housing Business, we completed as planned the sale of Cooper Street , a rental housing property which had been in stable operation in a suburb of Boston. In the Condominiums Business, we are advancing 100 Claremont Avenue Project of 41 stories above the ground in Manhattan, New York. In Houston, Texas which has experienced remarkable population growth, we are developing the Block 98 Project , a property with 43 stories aboveground jointly with Nishi-Nippon Railroad Co., Ltd. Both of these buildings are slated for completion in fiscal 2023.

While there are concerns for a steep rise in prices of lumber and other materials , Trumark Companies, LLC, a west-coast single-family home builder joined the Group in February 2020 is forecast to fully contribute to the performance from fiscal 2021.



A type of single-family house offered by Stanley Martin Holdings, LLC

Launching the housing business in Texas, one of the largest markets in US

In the US market, where strong housing demand is expected due to population growth, the Group has been developing its single-family houses business in the eastern, southern and western parts of the nation, which have particularly robust economies. In the course of expanding business opportunities in the nation, we affiliated CastleRock Communities LLC (“CastleRock”) engaged in the single-family houses business in Texas in September 2021.

CastleRock specializes in the development of residential land and the development and sale of single-family houses in Texas, where the housing market is expected to expand, delivering 1,628 homes in 2020. Its growth-oriented, customer-centric, and human-oriented management approach of developing talent internally has a close affinity with the Group’s culture and values. Having determined that CastleRock is an appropriate partner for the development of our business in Texas, we conducted this M&A. By sharing and mutually utilizing the know-how and experience of both companies, we aim to expand sales channel in the southern US and collaborate in a wide range of housing-related businesses.



Architectural rendering of the 100 Claremont Avenue Project (high-rise on right)

By region

Pacific (Australia)

Meeting homeowners’ needs by combining our knowhow in residential housing and real estate development in the market heading for recovery

The Australia’s housing market is picking up backed by the government’s housing affordability package and economic stimulus measures after the downturn of recent years. A quick economic recovery from the pandemic that left only a minor impact is also supporting the current growth.

In fiscal 2020, orders for the Box Hill Project, a large-scale subdivision development encompassing some 1,500 lots underway in the suburbs of Sydney from 2018, dropped temporarily due to the pandemic. Driven by the government’s economic stimulus measures, however, sales then progressed steadily and orders outpaced our initial plan.

Rawson Group Pty Ltd. is now working to fill its order books after having reworked its pricing strategies to better fit potential homeowners’ needs, aiming to achieve profitability in fiscal 2021.

ASEAN and South Asia

Contributing to economic growth in ASEAN countries by developing industrial parks, serviced apartments , hotels, and other infrastructure

While ASEAN countries’ economic growth rates varied widely in the pace of recovery from the pandemic, our logistics facilities development progressed steadily leveraging our strengths accumulated in Japan. In Malaysia, we began construction of D Project Malaysia II in September 2020, the second multi-tenant logistics facility in the nation that follows the D Project Malaysia I, which was developed from 2019 and fully occupied before its completion. In Vietnam where economic growth continues, we established Daiwa Logistics Vietnam Co., Ltd. to focus on developing logistics facilities capable of providing storage in the four temperature bands, accommodating needs for sophisticated logistics services.

In the Water Front City Project , which was being developed in Vietnam jointly with our subsidiary Fujita to seize post-covid opportunities, we opened Roygent Parks Hai Phong , a long-stay hotel with 152 guest rooms, in April 2020. We will meet accommodation needs leveraging its favorable location close to an industrial park. In Indonesia, we opened in August 2021 serviced apartments via alma KOTA DELTAMAS for Japanese families, which were jointly developed with Sojitz Corporation.



Architectural rendering of D Project Malaysia II

East Asia (China, Taiwan)

Providing the full suite of services from condominium development to post-move-in customer care, all in high quality drawing on knowhow accumulated in Japan

We develop the condominiums business in China where a real GDP growth rate remains high even during the pandemic. At a Grace Residence being built in Changzhou, Jiangsu province, all of its 636 units were already sold, waiting for its completion in March 2022. Another Grace Residence in Nantong, also a Jiangsu city, had its 1,480 units all sold out. The first phase of the project is slated for completion in November 2021, which will contribute to earnings from fiscal 2022. Currently, preparations are underway to start construction of the third condominium development project in Changzhou in October 2021. We focus our efforts on post-move-in customer care and management service of condominiums in recent years. The number of properties under our management is projected to exceed 10,000, including those slated for completion.

In Taiwan, the Kaohsiung project (tentative name) is underway, a multi-purpose development consisting of a hotel and a condominium. Sale of its 227 residential units has been strong, with a closing rate of approx. 90%. The project is slated for completion in July 2023.

Europe

Expanding into the European market at full scale, aiming to offer better lives around the world

In Europe , with the population growth in its major countries, there arise issues such as a shortage of housing, a lack of craftsmen and the soaring building material prices. As a stepping stone in our full-fledged entry into the area, we made Flexbuild Holding B.V. specialized in sales and rents of modular building products in the Netherlands, and its operating company, the Jan Snel Group, into our subsidiaries in January 2021, and started operation as Daiwa House Modular Europe.

We will work to create synergies and expand our business in the European market by combining the Group’s expertise in high-quality industrialized housing and the technologies and sales network Jan Snel Group possesses in Europe, so as to be able to supply the housing needed in the continent.



Feature Digital transformation (DX) initiatives

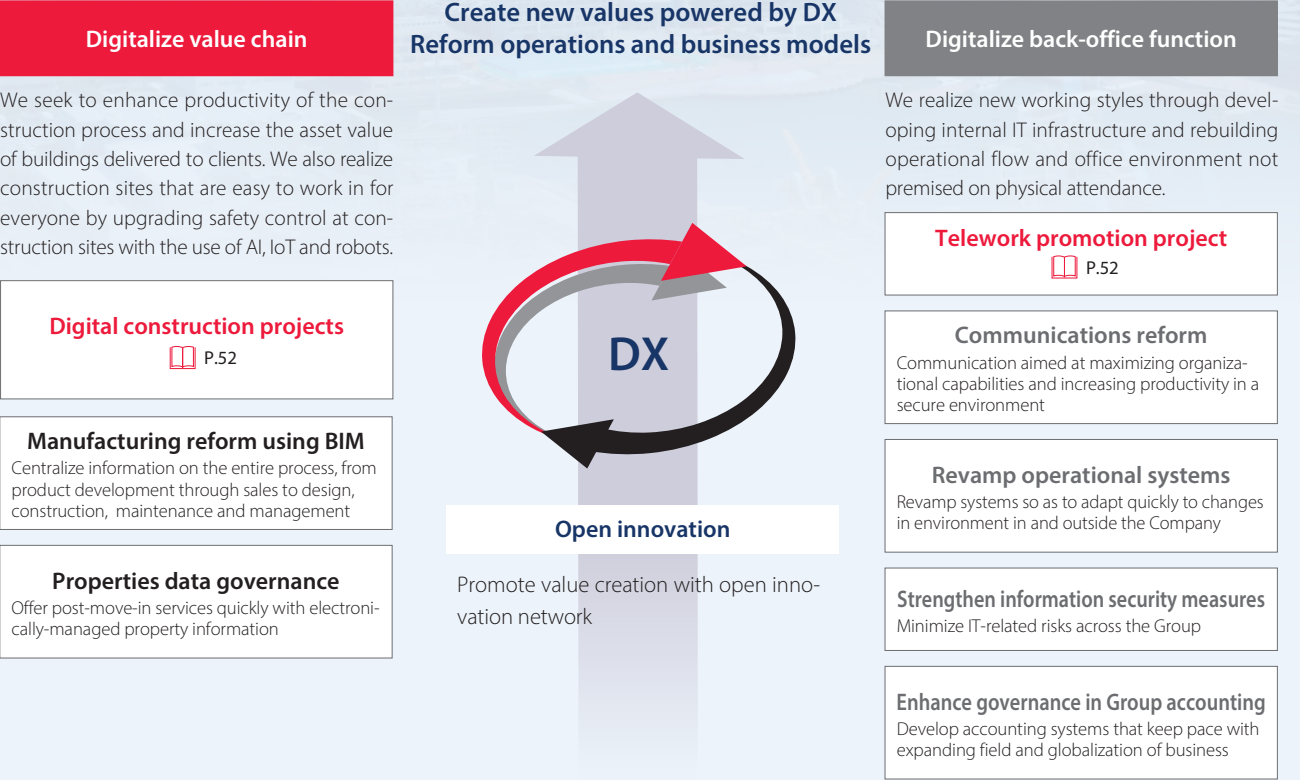
Promoting DX initiatives to drive innovations with our diverse working styles and manufacturing expertise, in response to society's needs

In the construction industry where a decline and aging of skilled workers are progressing, technical innovation based on digitalization is expected to grow in importance. Moreover, with a shift to new lifestyles and business models in line with the pandemic, digitalization will pick up speed across the society.

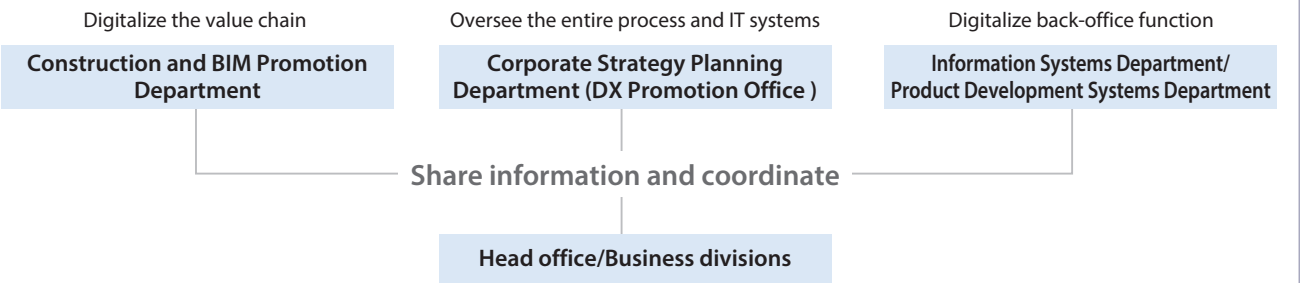
Looking ahead to changes in the social environment, the Daiwa House Group has become the first in the industry to launch digital construction projects in fiscal 2019 and a telework promotion project in fiscal 2020, in an effort to digitalize our value chains and back-office function.

We promote digitalization in both our businesses and bases to adapt to social changes, and by developing an environment to foster open innovation, aim to create new value.

Initiatives and vision in DX promotion

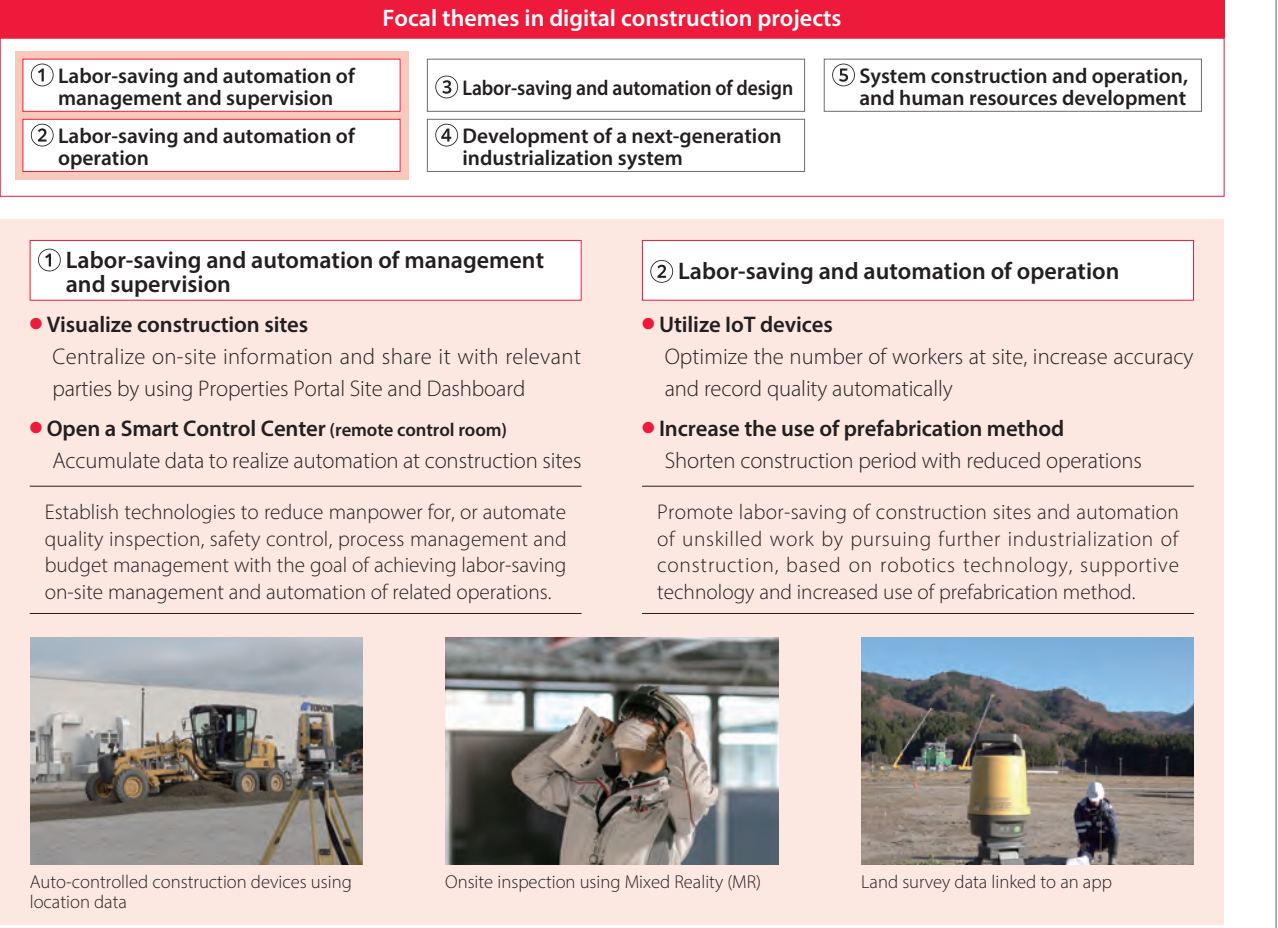


Organizations to support DX promotion



Digital construction projects

As a construction industry leader, we are, with the promotion of digital transformation (DX), tackling the challenge of overhauling the way our people work at construction sites so that duties can be an even more satisfying experience for them. Transforming the past “difficult, dirty and dangerous” image, we will, through the digital construction projects, pursue worksites that become the “dream” of the younger generation upon whose shoulders rests the future of the construction industry. By merging real and virtual worlds with the use of digital technologies, we will offer an exciting experience to customers, while at the same time exploring new sources of revenue by leveraging information relating to our manufacturing expertise (*monozukuri*).



Telework promotion project

We are digitalizing our back-office function to realize new, flexible working styles through rebuilding the office environment. The effort includes development of internal IT infrastructure and revision of operational flow where coming to the office will no longer be a prerequisite. For teleworking, in particular, we launched the program on a trial basis in 2018 and have built a new, company-wide mobile environment that provides secure and comfortable communication through internet connection at home and via Wi-Fi services. This has enabled all employees to access the in-house systems from home or construction sites using devices rented by the Company, and perform their duties in an environment equivalent to that in the office.

In the wake of the COVID-19 pandemic, we introduced teleworking at all domestic offices in April 2020, and launched a telework promotion project in September to accelerate our efforts to elevate it to permanent work style reform as an element of sustainable growth. We also adopted flextime arrangements, which are highly compatible with teleworking, in April 2021. Through the project, in tandem with workplace digitalization, we are reforming the way we communicate so as to maximize organizational capabilities and increase productivity in a secure environment. We also aim at maximizing results by having each and every employee to think for themselves how to work efficiently and productively, and achieve independent, proactive work styles.