

## FY2021 2Q Presentation on Management Policies

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November 15, 2021

Daiwa House Industry Co., Ltd.

Code No: 1925

(First section of the Tokyo Stock Exchange)

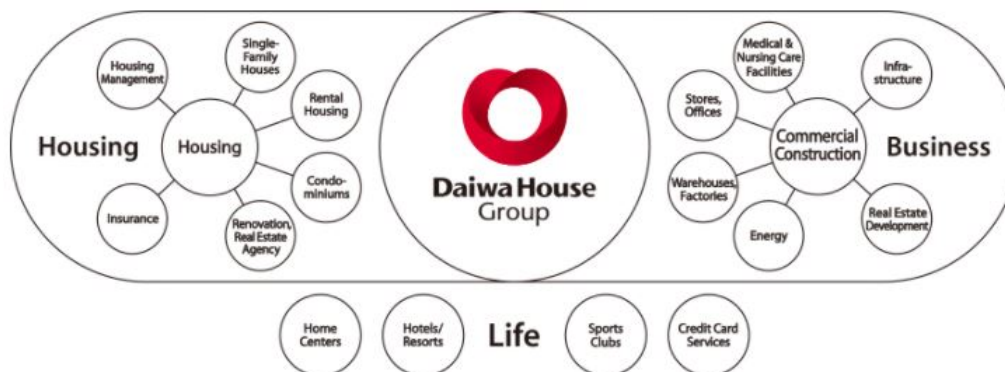
# Creating Dreams, Building Hearts

The Daiwa House Group symbol—the Endless Heart— represents our vision of building endless emotional connections with each and every one of our customers, as well as the solidarity of the Daiwa House Group.

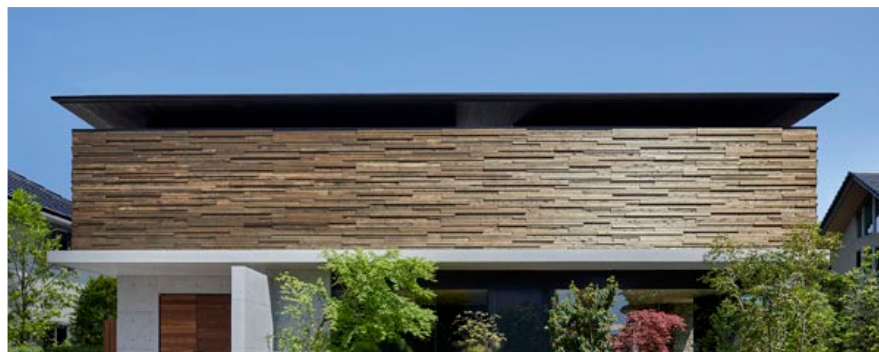
As a group that co-creates value for individuals, communities and people's lifestyles, we aim to think outside the box and always to create new value in each successive generation. We will continue to pass on the ideals on which the Company was founded, and work to help realize a sustainable society.



## Our business field



Offered an array of products ranging from a product offering an easy home designing experience online to the most luxury product offering a unique residence designed in close consultation with professionals



**“MA-RE”**  
Realizing unique residences



● ZIZAI Design Office, a top design team including designers who have won the Good Design Award, are in charge of planning, realizing unique residences



**“Lifegenic”**  
House available online



● Lifegenic offers a fun and easy home designing experience online. In addition, customers can also get a sense of the cost of building a house and consult a professional



**Provided high-quality rental housing which accurately meets area needs and tenant needs,  
and supported owners' long-term stable rental housing management  
through integrated Group operations encompassing management and reform**

- **Strengthen property sale business**

Strengthen purchase of land for sale and promote sales of properties in which Daiwa House has invested through the referral route (financial institutions, tax accountants, etc.)

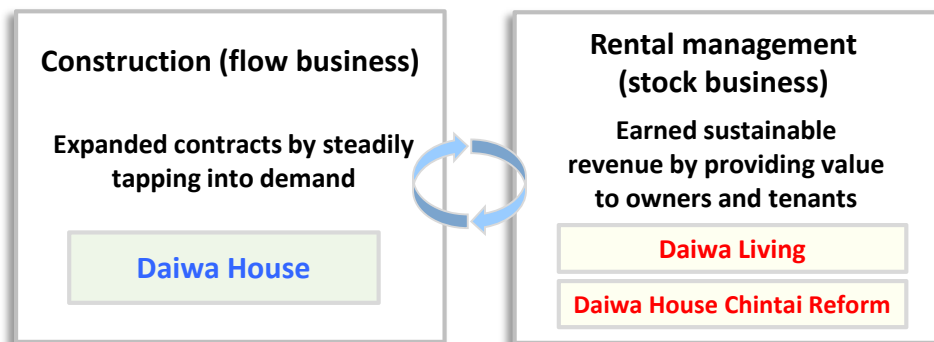
- **Strengthen mid- and high- rise rental housing business**

Strengthen proposals for mid- and high-rise rental housing to landowners in the Tokyo metropolitan area and other urban areas

- **Maximize lifetime value through integrated operations with Daiwa Living and Daiwa House Chintai Reform**

Example

- Stepping up of ZEH-M initiatives
- Strengthening property management of properties constructed by Daiwa House
- Strengthening the Livness business, including purchase and resale



**Created positive cycle linking the construction and management value chains**



Expanded the purchase/renewal business (Livness business), which is linked to the SDGs/regional revitalization  
Developed management framework which will increase business value through a one-stop service encompassing facility development, operation and management

## ● Pursue the Livness business by increasing purchases and value enhancements

Tapping into demand for the reconstruction of approximately 2,300 aging shopping centers built more than 20 years ago, purchase and operate them after value enhancement work. Also planning to replace competitor properties or resell in the future.

### Business scheme leveraging our group's strengths

1. Purchase of aging properties and tenanted properties in regional core cities
2. Value enhancement work utilizing the Group's comprehensive capabilities
  - Leveraging of tenant leasing capabilities to attract influential tenants
  - Renewal work by Daiwa House
  - Operation and management by Daiwa House Realty Management
3. Efforts to improve profitability with an eye on resale business in the future



Case: iias Kasugai (exterior)

Purchase of "The Mall Kasugai Part 1" (Aichi Pref.) opened in 1977

Newly opened in October in 2021 utilizing stained glass, which was the symbol of the former facility

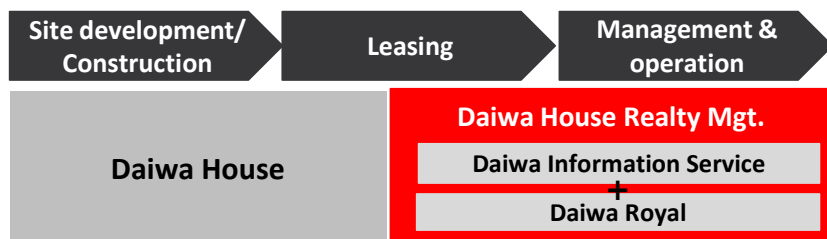


Case: ALPARK Hiroshima (interior image after renovation)

Purchase of "ALPARK" (Hiroshima Pref.) opened in 1990

Scheduled to re-open in 2023, after renovating interior and exterior

## ● Through the management integration of two companies, we aim to achieve sustainable growth by increasing Group synergy, including centralized operation and management of facilities



### Scale of facilities operated by Daiwa House Realty Management

Commercial facilities : Approx. **4,000 buildings**

Subleasing areas of commercial facilities : Approx. **4.65 million m<sup>2</sup>**

Hotels : **72** Total number of guest rooms : Approx. **15,000**

\*As of the end of Sept. 2021

Proposed solutions which combine physical infrastructure with DX to increase business efficiency,  
as the No.1 developer of logistic facilities

Planning to expand business domain into lifestyle infrastructure, supporting future lifestyles with logistics facilities at the core

## Advanced logistics facilities



Agreement on  
assistance in  
time of disasters



Childcare facility

DX in logistics



**Supporting “lifestyle infrastructure” which,  
with logistics facilities at the core, meets the food, ICT  
and other needs of local communities**



**Redevelopment of the public  
wholesale market (food)**



**Plant factory (food)**



**Onshore aquaculture  
facility (food)**



**Data center (ICT)**



**Research facility (R&D)**

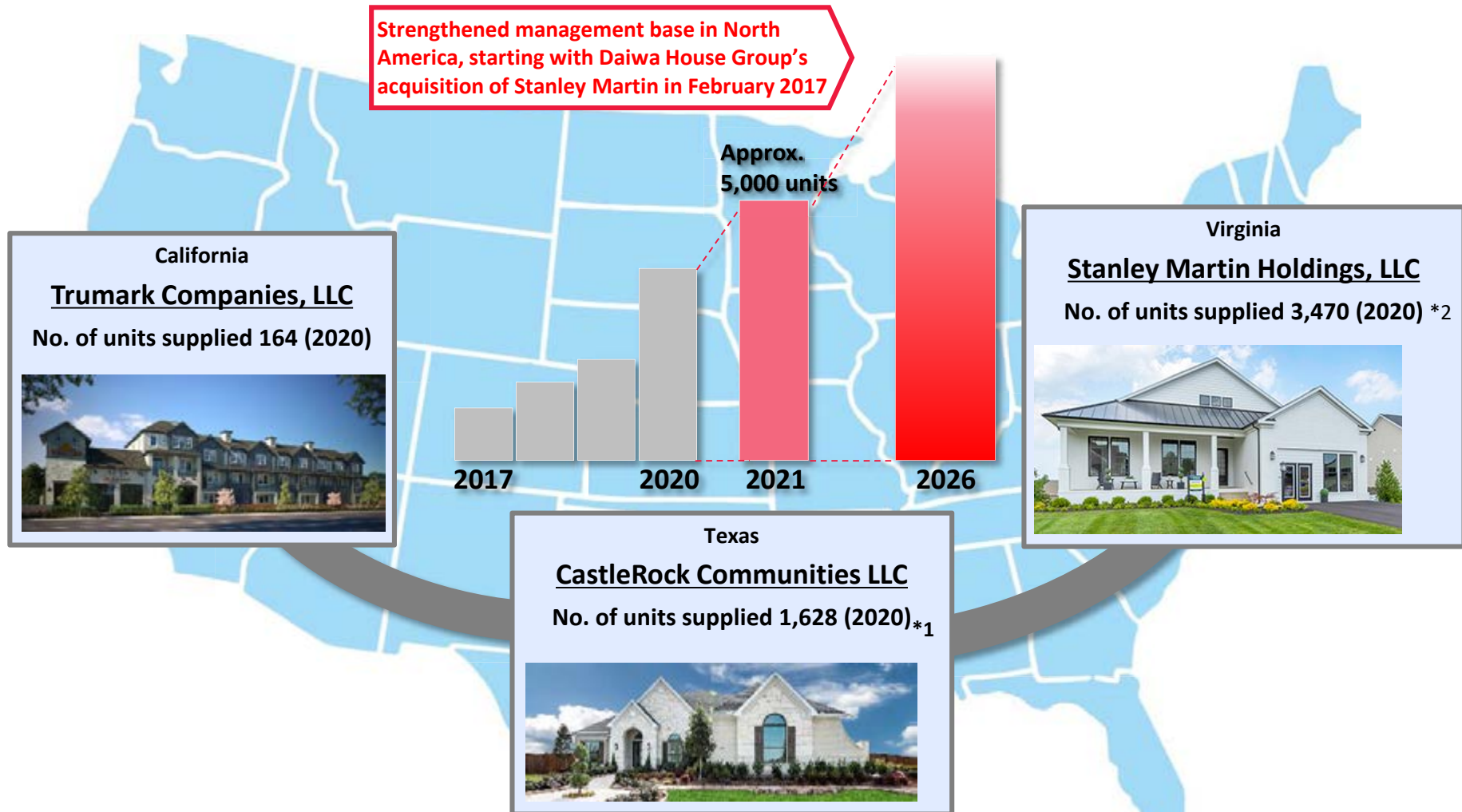


**Medical and nursing care facility**



**Built management base in the three rapidly growing American regions dubbed the “smile zone”**  
**Leveraging the technology and knowhow built up in Japan to become a global homebuilder**

Strengthened management base in North America, starting with Daiwa House Group's acquisition of Stanley Martin in February 2017



\*1 Joined the Group in September 2021

\*2 Including the numbers of Avex Homes, which joined the Group in September 2021, but not including the number of Stanley's custom home business

Already sold all apartments at 5 out of 6 properties in the condominium development business in China  
Entered growth stage (capital recovery/reinvestment stage) and pursued business expansion  
by focusing on areas with high market potential

③-1 The Grace Residence  
(Changzhou one)



③-2 The Grace Residence  
(Changzhou two)



③-3 The Grace Residence  
(Changzhou three)



② Moonlit Garden



Yandtze River Delta  
including Shanghai  
to central China

④ The Grace Residence  
(Suzhou)



① The Grace Residence  
(Nantong)



	Project name	No. of unit	The status of sales	Delivery schedule
①	The Grace Residence Nantong project	1,480	<b>Sold out</b>	June 2023
②	Moonlit Garden Wuxi project	436	<b>Sold out</b>	Delivered
③-1	The Grace Residence Changzhou project one	1,178	<b>Sold out</b>	Delivered
③-2	The Grace Residence Changzhou project two	636	<b>Sold out</b>	Dec. 2022
③-3	The Grace Residence Changzhou project three	1,074	Started construction Scheduled to launch in spring 2022	Oct. 2024
④	The Grace Residence Suzhou project	902	<b>Sold out</b>	Delivered



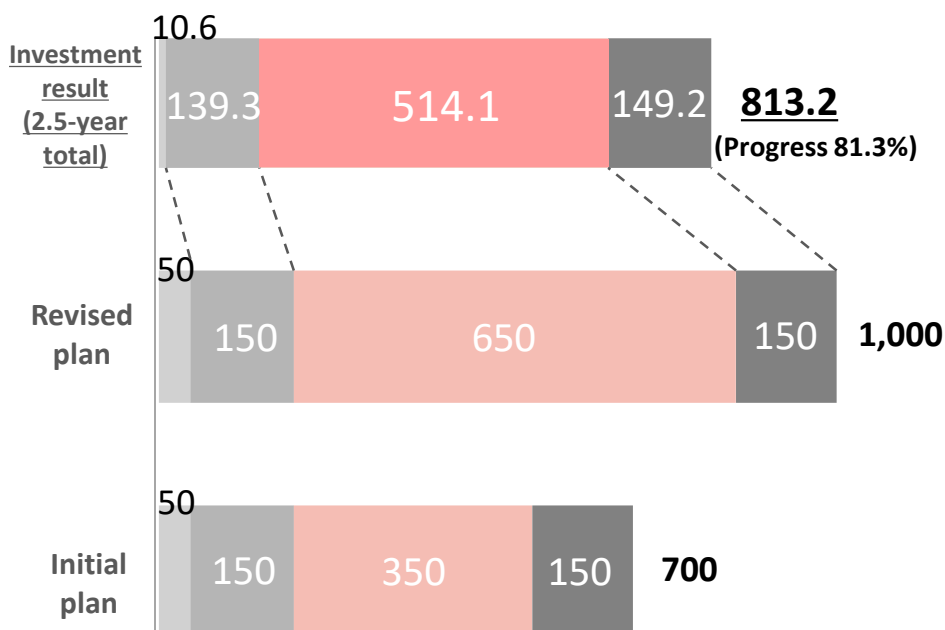
Actively invested in the development of logistics, business and corporate facilities and in overseas business

Also steadily generating profits in accordance with exit strategy and expect investment returns to be higher than planned

## Real estate investment

■ Rental Housing   ■ Commercial Facilities  
■ Logistics, Business & Corporate Facilities   ■ Overseas

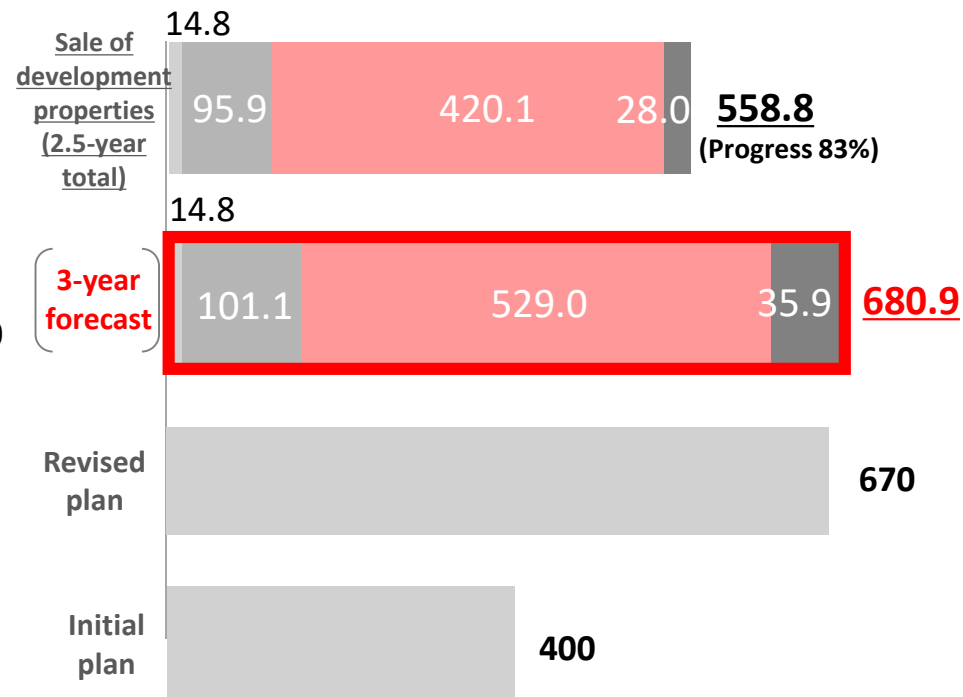
(¥billion)



## Sale of development properties

■ Rental Housing   ■ Commercial Facilities  
■ Logistics, Business & Corporate Facilities   ■ Overseas

(¥billion)



Performance progressed smoothly due to proposals to match the “new normal”  
and increased demand for US housing

As originally planned, we expect net sales of 4.3 trillion yen and operating income of 320 billion yen

	Net sales				Operating income (¥billion)			
	FY2020 Results	for overseas	FY2021 Revised Forecasts	for overseas	FY2020 Results	for overseas	FY2021 Revised Forecasts	for overseas
Single-Family Houses	516.1	190.8	600.0	254.3	21.8	13.5	30.0	17.5
Rental Housing	982.7	35.8	1,020.0	30.1	90.8	7.3	93.0	4.0
Condominiums	339.7	0.5	380.0	14.9	5.3	-1.5	7.0	0.4
Existing Homes	124.7	-	135.0	-	10.4	-	11.0	-
Commercial Facilities	808.3	2.6	780.0	2.2	122.8	-0.0	117.0	-0.9
Logistics, Business & Corporate Facilities	989.9	68.4	1,070.0	90.5	115.9	-0.8	109.0	1.1
Other Businesses	507.3	3.6	490.0	3.5	10.7	-0.3	2.0	-2.8
<b>Total</b>	<b>4,126.7</b>	<b>301.8</b>	<b>4,300.0</b>	<b>400.0</b>	<b>357.1</b>	<b>19.5</b>	<b>320.0</b>	<b>20.0</b>
Amortization of actuarial differences					27.6		—	
<b>OP income excluded amortization of actuarial differences</b>					<b>329.4</b>		<b>320.0</b>	

# Initiatives for a decarbonized society

## – Lowering environmental impacts while reaping corporate profits

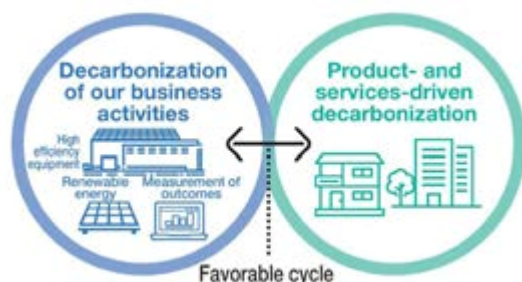
Recognize that carbon neutrality is a top priority for future business operations  
Plan to lower environmental impacts while reaping corporate profits  
by making action on the environment the source of our competitiveness

### ● Progress in CO<sub>2</sub> reduction, energy saving, and renewable energy utilization for decarbonization

Theme	KGI	2018	2019	2020	2021(targets)	2030(targets)	Long-term goals
Reduction CO <sub>2</sub> emissions (SBT)	<b>Greenhouse gas emissions</b> (absolute)	<b>-7%</b> from FY2015	<b>-9%</b> from FY2015	<b>-24%</b> from FY2015	<b>-20%</b> from FY2015	<b>-50%</b> from FY2015	<b>2050 year Net Zero</b>
Energy conservation (EP100)	<b>Energy efficiency</b> (=Consolidated net sales ÷ Energy consumption)	<b>1.27 times</b> from FY2015	<b>1.34 times</b> from FY2015	<b>1.46 times</b> from FY2015	<b>1.4 times</b> from FY2015	<b>2.0 times</b> from FY2015	—
Renewable Energy (RE100)	<b>Renewable energy generation rate (creation)</b> (=Renewable energy generation volume ÷ electricity utilization volume)	<b>84%</b>	<b>96%</b>	<b>133%</b>	Achieved target 10 years ahead of schedule		
	<b>Renewable energy utilization rate (use)</b> (=Renewable energy utilization volume ÷ electricity utilization volume)	<b>0.23%</b>	<b>0.3%</b>	<b>8.5%</b>	Over 100%	—	(internal consumption)
					From “generation” to “consumption”		
					<b>10%</b>	<b>70%</b>	2040 year <b>100%</b>

### ● Acquisition of business opportunities: Achieve corporate profitability coexisting with environmental sustainability through construction of Zero Energy Houses and Building, and 100% renewable energy urban development

[xevoΣ\(sigma\) PREMIUM \(steel frame\)](#) [Commercial Facilities / iias Kasugai](#) [Logistics Facilities / DPL Misato II](#)



ZEH compliant products as standard



100% renewable energy  
in common areas



Onsite PPA installed  
on rooftops



# Initiatives for a decarbonized society

## – Nationwide rollout of high energy-efficient community development

**Achieved a 100% renewables-powered community from the construction through the habitation stage,  
Committed to promoting urban development which brings happiness to all humans and other living things  
based on the themes of regeneration and recycling**

The first net zero energy town in the Hokuriku Region,  
featuring full countermeasures against possible  
natural disasters

SECUREA Toyota Honmachi (on sale)

Toyama City, Toyama Prefecture

New smart town where sales revenue from  
the town is returned as living support service  
SMA × ECO TOWN Hidamari-no Oka (sales completed)

Kuwana City, Mie Prefecture

Japan's first, next-generation Net-Zero  
Energy community

SMA × ECO TOWN Harumidai (sales completed)

Sakai City, Osaka Prefecture

Multigenerational community development  
to revitalize a new town

Midorigaoka and Miki Aoyama  
Housing Complex Revitalization Project

Miki City, Hyogo Prefecture

First community in Japan to take advantage  
of power interchange system among  
multiple single-family houses

SECUREA Toyota Kakimoto (sales completed)

Toyota City, Aichi Prefecture

Achieving reconstruction through area  
management in cooperation with the people  
Kyassen Ofunato

Ofunato City, Iwate Prefecture

Each house is fitted with three batteries, and  
a home energy management system (HEMS)  
that enables easy tracking of energy usage  
SMA×ECO CITY Tsukuba Science City (sales completed)

Tsukuba City, Ibaraki Prefecture

A water town that utilizes the power  
of wind, sun, greenery and nature  
Lake Town Miwa-no Mori (sales completed)

Koshigaya City, Saitama Prefecture

Community development that  
integrates residences with shops,  
including a large-scale commercial facility  
Takao Sakura City (sales completed)

Hachioji City, Tokyo

Japan's cutting-edge biomedical town  
King Skyfront District A

Kawasaki City, Kanagawa Prefecture

Community development with 100%  
renewable energy from the construction  
through the habitation stage  
Funabashi Grand Oasis

Funabashi City, Chiba Prefecture



# Community Redevelopment Initiatives: Building vibrant communities where everyone can play a key role

Redevelopment of Midorigaoka Neopolis and Kamigo Neopolis progressed, reenergizing their communities  
Plan to roll out similar initiatives nationwide to reenergize other Neopolis communities

## Midorigaoka Neopolis

(Miki City, Hyogo Pref.)

Developed in 1971

5,600 lots



## Hankyu-North Neopolis

(Kawanishi City, Hyogo Pref.)

Developed in 1974

3,950 lots

## Tokorozawa Neopolis

(Tokorozawa City, Saitama Pref.)

Developed in 1970

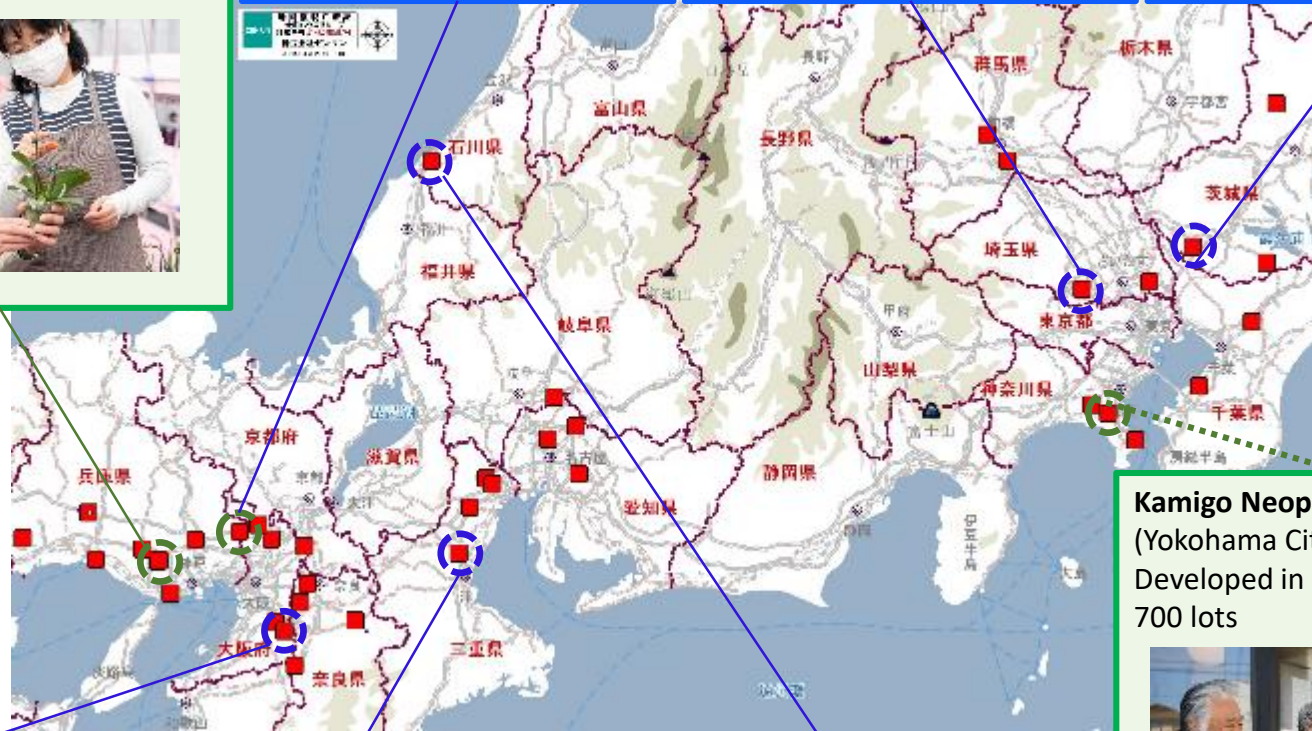
483 lots

## Toride-North Neopolis

(Tsukubamirai City, Ibaraki Pref.)

Developed in 1979

382 lots



## Hannan Neopolis

(Kanan Town, Osaka Pref.)

Developed in 1972

2,360 lots

## Toyosato Neopolis

(Tsu City, Mie Pref.)

Developed in 1977

2,300 lots

## Kaga Matsugaoka housing complex

(Kaga City, Ishikawa Pref.)

Developed in 1976

1,460 lots

## Kamigo Neopolis

(Yokohama City, Kanagawa Pref.)

Developed in 1972

700 lots



## Human resources are key to sustainable growth

Aiming for diversity of human resources and improvement of the job satisfaction of individual employees

### ● Work style reform for employee

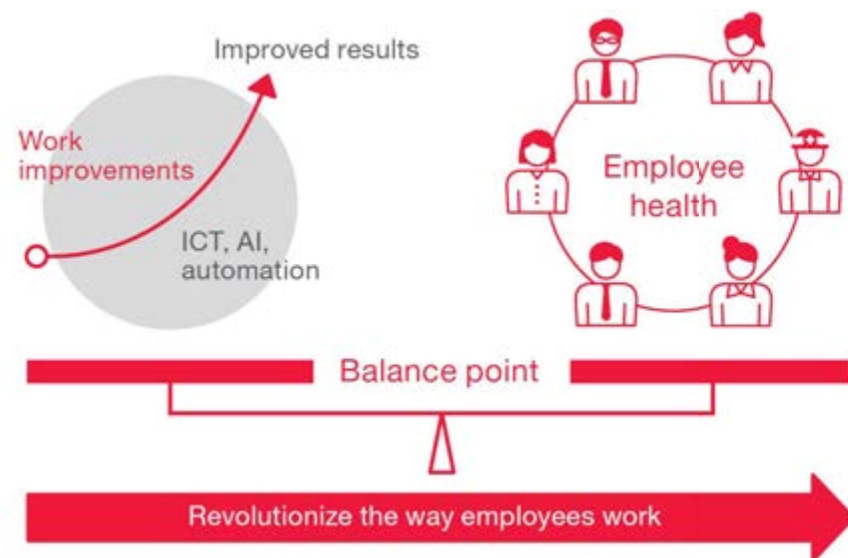
- Accelerated adaptation to flexible workstyles by introducing flexwork system and enhancing the teleworking environment
- Introduced more satisfactory assessment methods and a mechanism for assessing contribution to organizational goals

▶ **Creating workplace environments that both maximize results and ensure health and safety**

### ● Diversity and inclusion

- Accelerated the creation of environments where diversity is respected and diverse employees enjoy job satisfaction and can reach their full potential
- Sought diversification of manager-level human resources (Daiwa House currently has two female outside directors)
- Developed systems and strengthened initiatives for female employees including manager candidate training and selective development training

▶ **Encouraging diversification of decision-makers and workplace inclusion**



KGIs	2017	2018	2019	2020	2021 (targets)
The number of female executives *1	8	10	12	13	17 *2
Female managers	3.3%	3.6%	4.1%	4.5%	5.0%
Line leaders amongst female managers	27.6%	24.1%	25.0%	21.5%	40.0%
Female engineers	4.3%	4.6%	4.9%	4.9%	6.0%
Female sales reps	9.1%	9.9%	10.2%	9.9%	13.0%
Female amongst recruits	28.4%	27.2%	24.8%	23.5%	30.0%

\*1 Total number of directors and executive officers (including group companies)

\*2 Results as of April 1, 2021



# Human resources base – Working with Local Community to Develop Co-Creators of Future Value

**Opened Future Value Co-Creation Center, a facility open to diverse stakeholders**  
**Coming together to make future dreams come true**  
**Aiming to work with the local community to develop future value co-creators**

● **Programs are ready for all generations from children and adults to study, think, and grow together**

## Program example

- Venue for co-creation activities with enterprises from other industries and research institutions to create value to solve social issues
- Venue for co-education activities with children to create value which will shape the future of the region
- Exchange meeting to consider barriers to women's social advancement
- Seminar on the employment of persons with disabilities held in conjunction with Nara Labor Bureau Welfare Section, to consider remote working



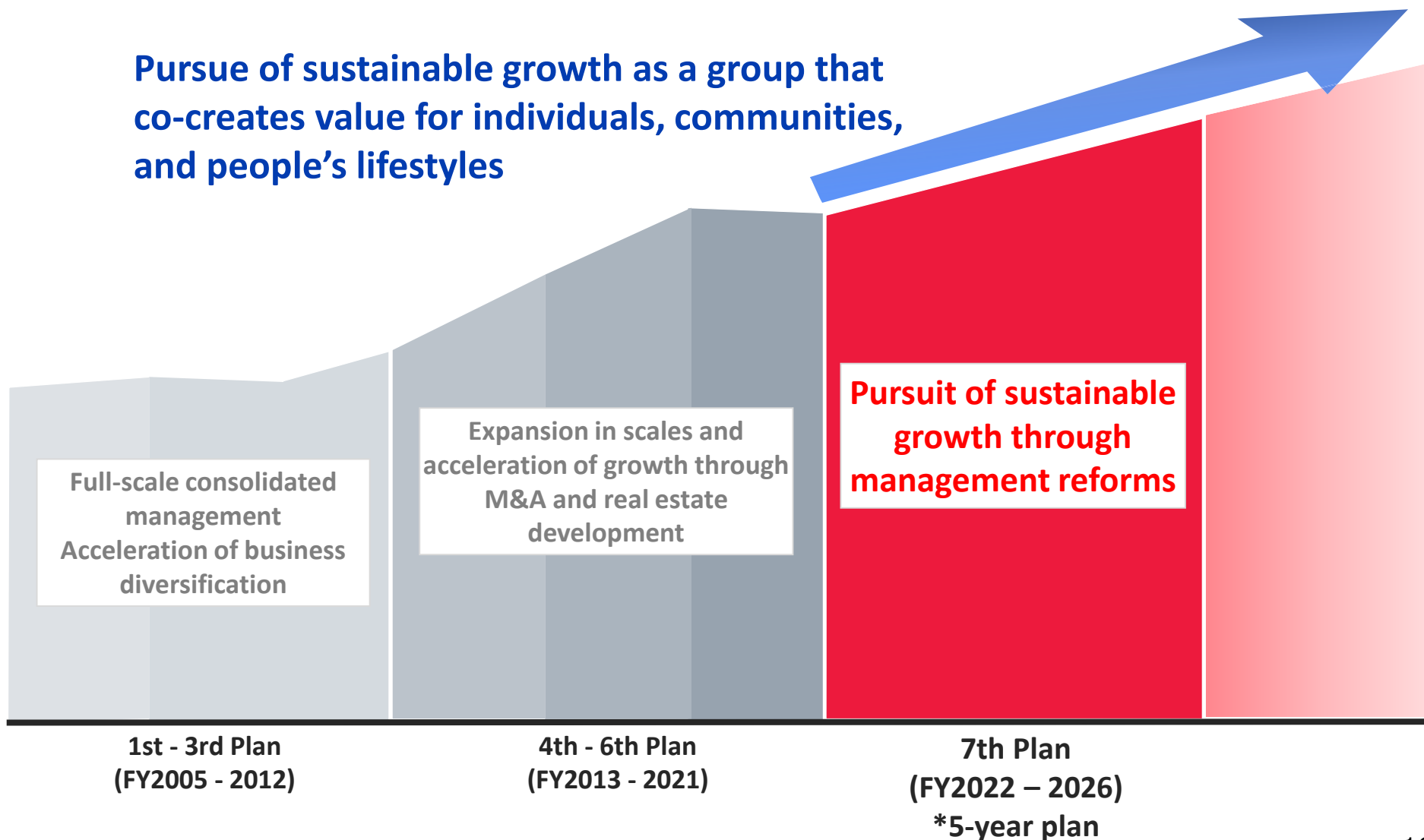
**Daiwa House Group MIRAI KACHI KYOSO Center  
Second Co-Creation Forum**

**Urban development based on biodiversity and the ecosystem**



Lengthened period of Seventh Medium-Term Management Plan to five years  
Implement management reforms with an eye on sustainable growth in the medium- and long- term,  
including optimal allocation of management resources through portfolio management

**Pursue of sustainable growth as a group that  
co-creates value for individuals, communities,  
and people's lifestyles**



**Don't start off from the thought: "What can I do that will make a profit?" A company is a public organ of society, and we must ask ourselves what kind of product – or what kind of business – will be of use to the world around us and make people happy. (Our founder, Nobuo Ishibashi)**



創業者・石橋信夫（1921～2003年）

Don't do things because they will make a profit, but because they will be of service to society.

Everything started with this







## Disclaimer regarding business forecasts, etc.

(Notes regarding forward-looking statements)

The above business forecasts are based on information available as of the date of announcement of this material, and are subject to factors of uncertainty that may possibly impact the future results of operations and are not a guarantee of the achievement of those results. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial market trends, economic conditions, competitor situations and fluctuations in land prices.

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