



Daiwa House®
Group

**FUTURE LANDSCAPE –
CELEBRATING THE JOYS OF LIFE.**

Creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life

FY2023

Presentation on Management Policies

May 13, 2024

Daiwa House Industry Co., Ltd. Code No: 1925 (Prime market of the Tokyo Stock Exchange)



- **The Progress of the 7th Medium-Term Management Plan
-Future Challenges and Growth Strategies**

- The Progress of the 7th Medium-Term Management Plan P.3
- Portfolio Optimization P.4
- Capital Policy, Shareholder Return and Cash Allocation P.5
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- Improving the Value of Human Capital P.18
- Business Transformation and Creation of New Customer Experiences Through DX P.19

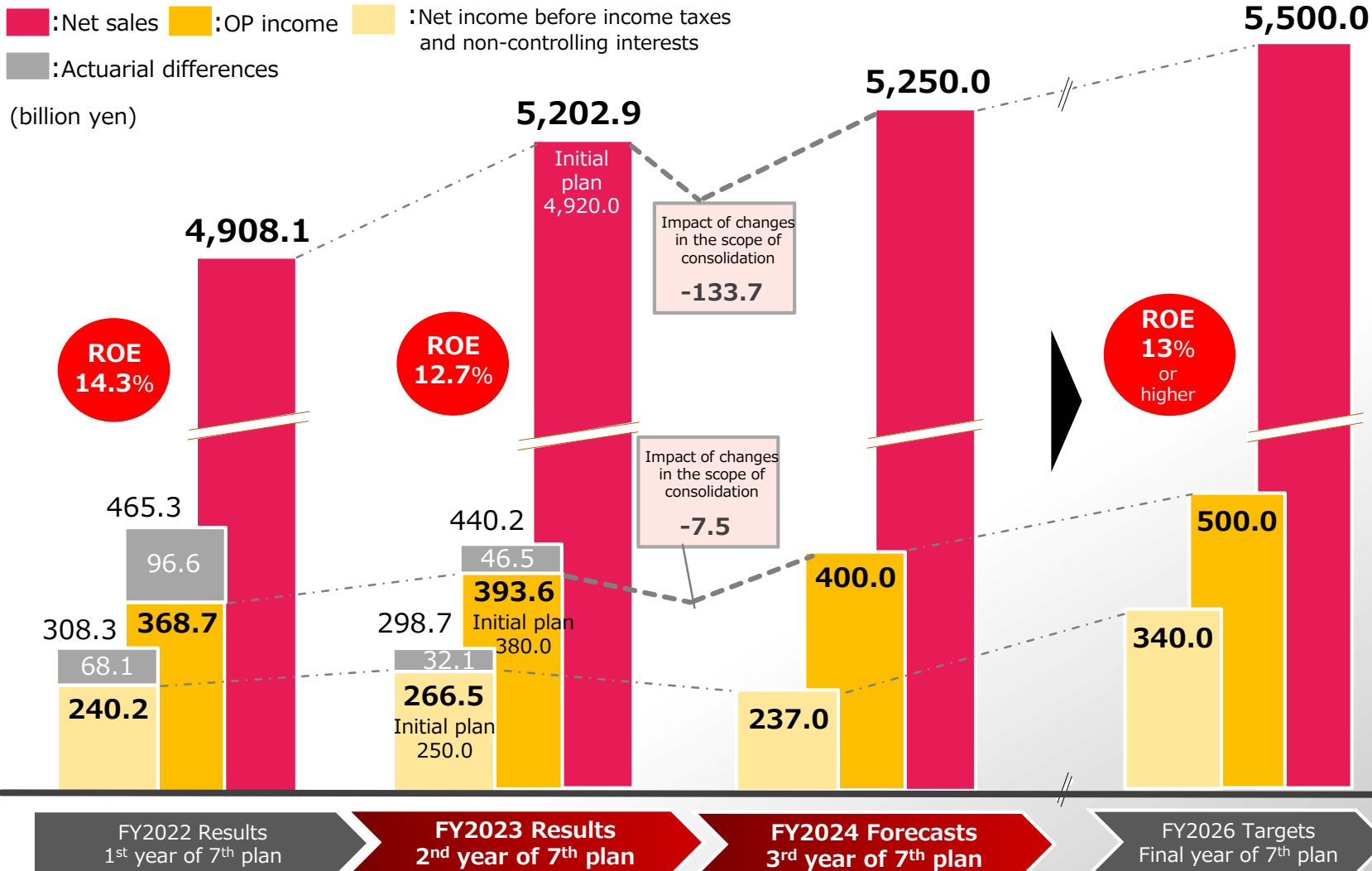
- **Appendix -Report on Progress**

- Progress of Business Strategies of the 7th Medium-Term Management Plan
- Progress on Eight Focal Themes of the 7th Medium-Term Management Plan
- Non-Financial Indicators (Carbon and Human Capital)
- Performance Highlights



The Progress of the 7th Medium-Term Management Plan

Net sales in FY2023 reached a new record high and **exceeded 5 trillion yen**
Plan to increase net sales in the FY2024 despite the impact of changes in the scope of consolidation

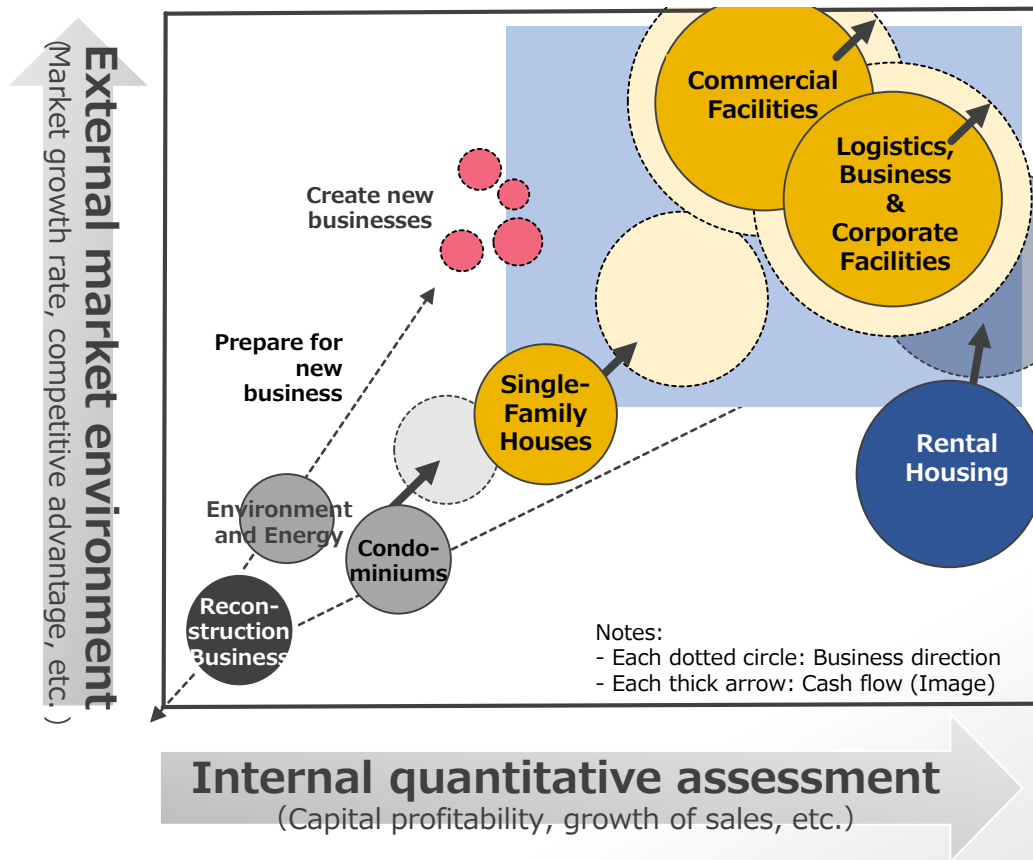


- TOPICS**
for a total of 2 years during the 7th plan
- ✓ In addition to strong performance in **construction and built-for-sale businesses**, sales of development properties also progressed steadily
 - ✓ Net Sales growth in **overseas business**, including U.S. Single-Family Houses Business
 - ✓ Growth of **hotel business** due to inbound tourism revival
 - ✓ **Reconfiguration of business portfolio** (Changes in the scope of consolidation due to transfer of partial shares of Cosmos Initia and all shares of Daiwa Resort)



At the same time as responding to reconstruction business, we will **focus management resources on businesses that drive growth**, such as large-scale development, overseas and new business

Business Portfolio (Image)



Major Initiatives and Investment Policy

Scale expansion	Logistics, Business & Corporate Facilities	Focused investment in large-scale development Logistics facilities, data centers, semiconductor related facilities, etc.
	Commercial Facilities	Focused investment in business for inbound demand and Livness business Hotels, revitalizing for aging facilities, etc.
	Single-Family Houses	Focused investment in overseas Single-Family Houses mainly in the USA Domestic business began fundamental restructuring
Stable growth	Rental Housing	Increase investment for stable profits growth Domestic built-for-sale business, Rental Housing in the USA, etc.
Create new businesses		Creating new businesses through CVC fund and in-house entrepreneurship program
Profitability improvement	Condominiums	Specialized investments in highly profitable projects (Transfer of partial shares of Cosmos Initia)
	Environment and Energy	Investment to on-site PPA and off-site PPA businesses
Respond to reconstruction businesses		Restraining investment, reviewing business restructuring (Transfer of all shares of Daiwa Resort, etc)



Continuing **growth-oriented investment and shareholder returns** through diversified capital procurement as well as profit growth-driven cashflow

The 7th Plan (FY2022-FY2026)

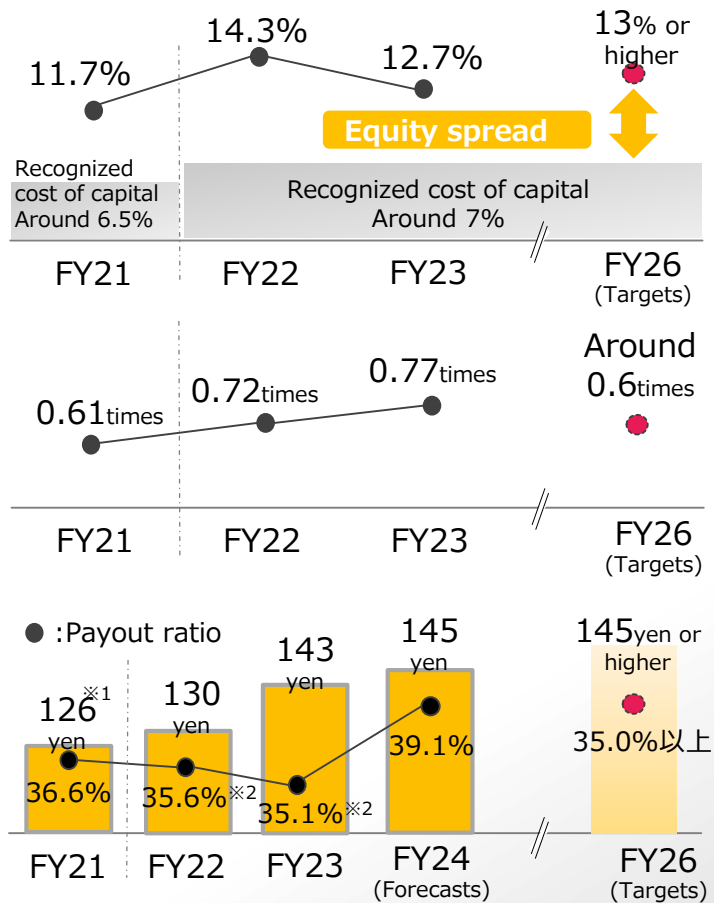
Capital Policy and Shareholder Return Policy

Cash Allocation Overview

ROE
13% or higher

D/E ratio
around 0.6 times
After taking the equity credit attributes of hybrid financing into account

Payout ratio
35% or higher
Minimum annual dividend per share 145 yen



Cash-In

Cash-Out

Diversified capital Procurement

- Sustainability-Linked Bonds
- Convertible Bond

Reconfiguration of business portfolio

- Transfer of all shares of Daiwa Resort
- Transfer of partial shares of Cosmos Initia

Profit growth-driven cashflow

- Steady progress in sale of development properties
- Strong performance of overseas business

Reinvestment in growth businesses

- Investment in Large-scale development (logistics, hotels, etc.)
- Investment in overseas business

New business and human capital investment

- Composition of CVC fund
- Establishment of entrepreneurship program

Shareholder returns

- 14 consecutive dividend increases, acquisition of treasury stock
- Change the minimum annual dividend per share (130yen to 145yen)

※1 Includes commemorative dividend of 10 yen ※2 Excluded actuarial differences



Develop **five policies** to maintain stable and sustainable growth by proactively adapting to changes in the business environment

Environmental Changes (Challenges to be respond)

- ✓ Conflict and other risks, the U.S. economic outlook
- ✓ Shrinking domestic construction market, lifting of negative interest rate policy
- ✓ Soaring material prices, declining workforce
- ✓ Increase in inbound demand
- ✓ Expectations for a favorable cycle of rising wages and prices
- ✓ Adapting to the “2024 Problem” and real workstyle reforms taking hold
- ✓ Acceleration of advancements in generative AI and other technologies



Future strategic policies

- 1** Overseas, shifting from the market-entry to the **business-expansion phase**
- 2** Domestically, shifting to profit expansion through **development, operation, and Livness**
- 3** **Challenging new businesses** with a view to sustainable growth
- 4** **Sustainability management** practices (Human capital and environment)
- 5** Creation of new ways of working and customer experience through **DX promotion**



Accelerating Growth Through Overseas Business ①

Changes of performance (Net sales · Operating income)

Developing business in a **community-based manner** by leveraging the Group's strengths in a **wide range of business areas**
 Expansion of overseas business centered on the U.S. through focused investment based on "selection and concentration"

Focus in areas with political and economic stability
 (The USA·Europe etc.)

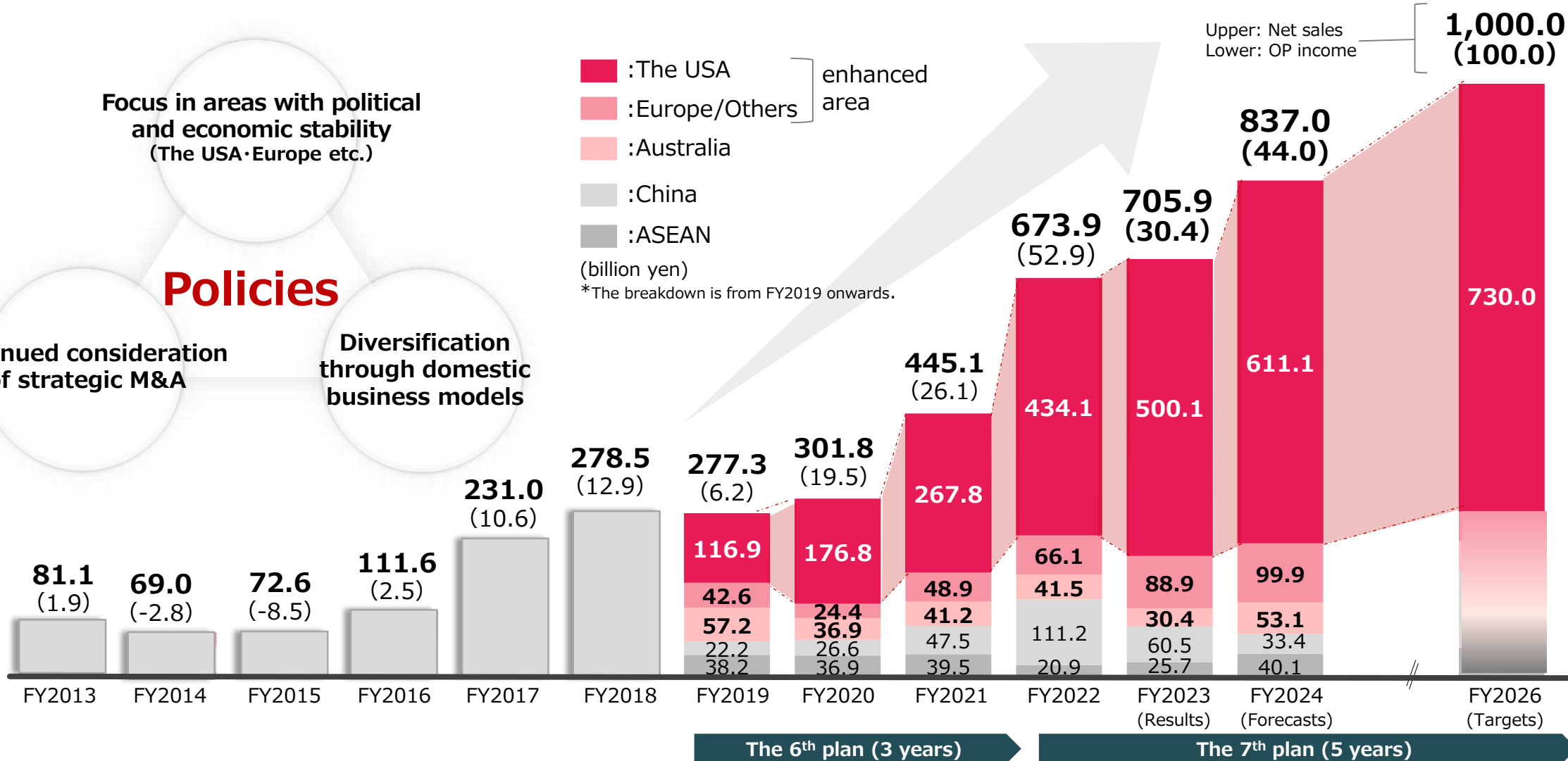
Policies

Continued consideration of strategic M&A

Diversification through domestic business models



Upper: Net sales
 Lower: OP income

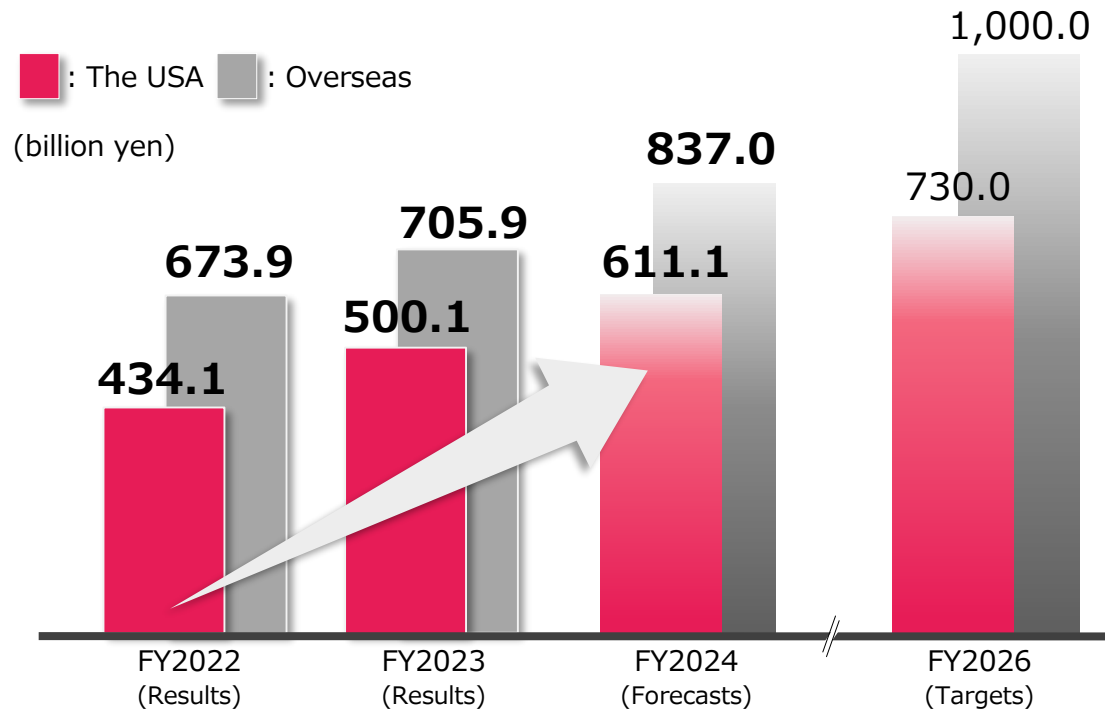


Notes: Total value and FY2019 and subsequent results by area are after consolidated adjustment
 The FY2026 area categories are from the top to the Americas, Europe, Oceania, East Asia, and ASEAN/South Asia.



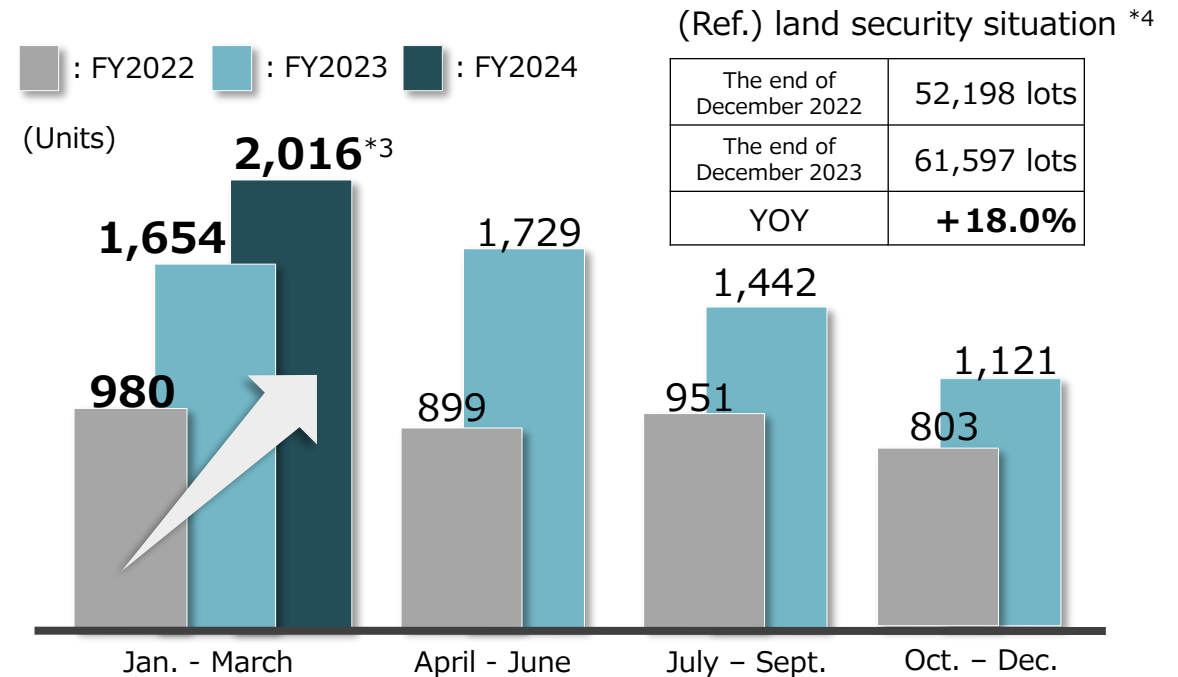
Due to the shortage of existing homes for sale, demand for new homes has been solid, and **the order situation remains robust**

Net sales in the USA*1



- Solid results from tapping into customer demand **with locally led marketing suited to regional characteristics**
- Next expansion phase: **US roll-out of diversified Japan-built model** spanning rental housing, commercial/logistics facilities development, and Livness (purchase/resale)

Orders received units in U.S. Single-Family Houses Business*2



- **Orders received robust since year begin.** Current FY plan foresees more deliveries YoY. Pushing ahead with inventory-conscious land acquisitions as we work to expand sales further
- Subsidiaries newly acquired business from two companies
 - Trumark acquired from JP Holdings, LLC (Oct. 2023)
 - CastleRock acquired from the Jones Company of Tennessee, LLC (Jan. 2024)

*1 Exchange rate (yen/USD): 132.70(FY2022), 141.83(FY2023), 148.00(FY2024)

*2 The figures are calculated as total contracts minus cancellations and bulk sales to institutional investors

*3 Preliminary estimate *4 Include control lots

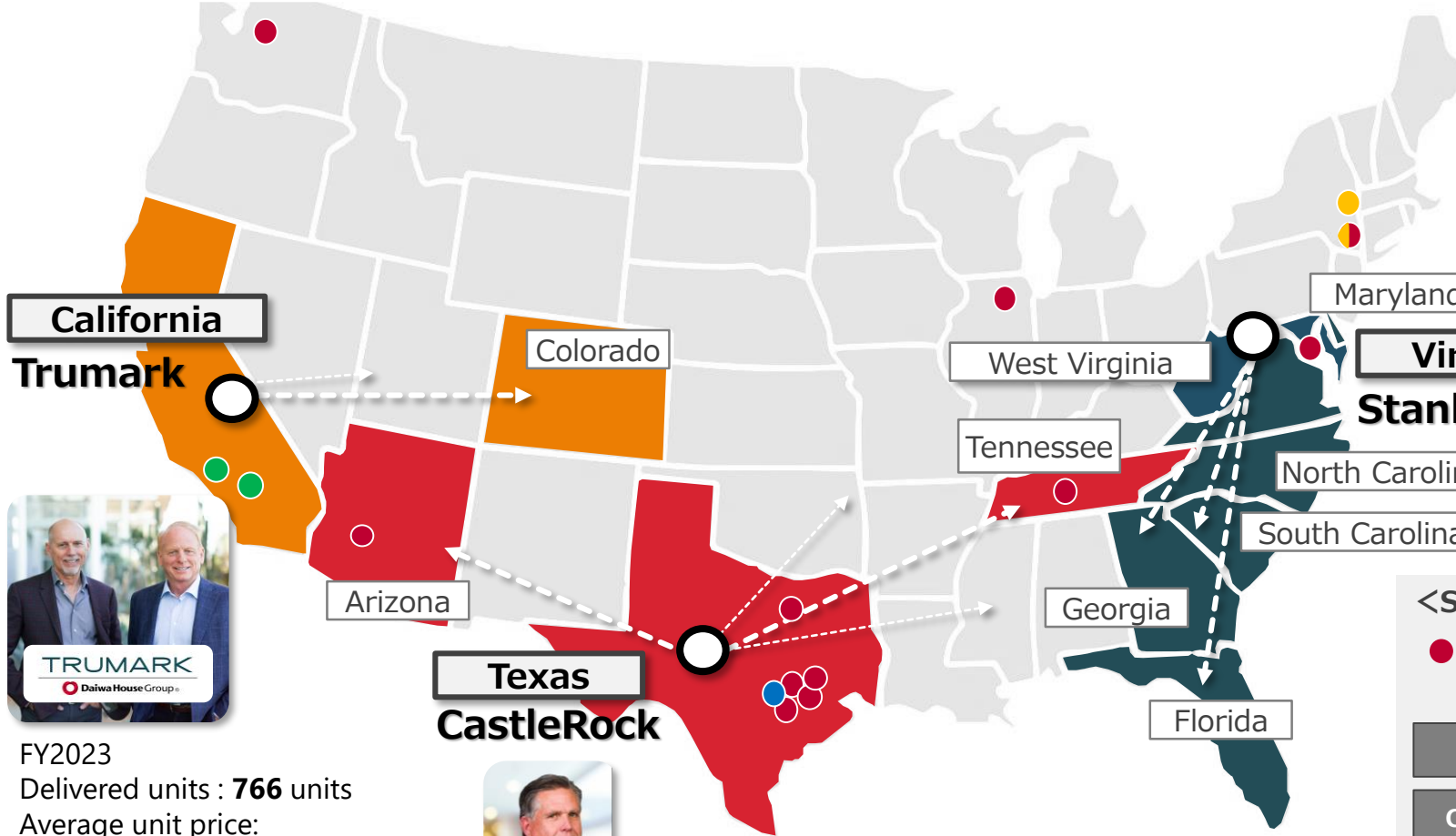
Accelerating Growth Through Overseas Business ③ Expansion of U.S. Business DaiwaHouse

In 22 of top 50 US markets via 3 Group companies.
Aim to develop in a community-based manner, boost share

Expanding areas and gaining market share
in growing markets

Business diversification
(the Daiwa House Model)

Pursuing synergies among the three
Group companies



California
Trumark



FY2023
Delivered units : **766** units
Average unit price:
122.679 million yen

※Average unit price
Exchange rate 141.83 yen/USD

Colorado

Arizona

Texas
CastleRock



FY2023
Delivered units : **1,363** units
Average unit price : **56.941** million yen

West Virginia

Tennessee

Georgia

Florida

Maryland

Virginia
Stanley Martin



Examples of construction by Stanley Martin



FY2023
Delivered units: **4,439** units
※including custom home etc.
Average unit price :
63.912 million yen

<Status of development properties>

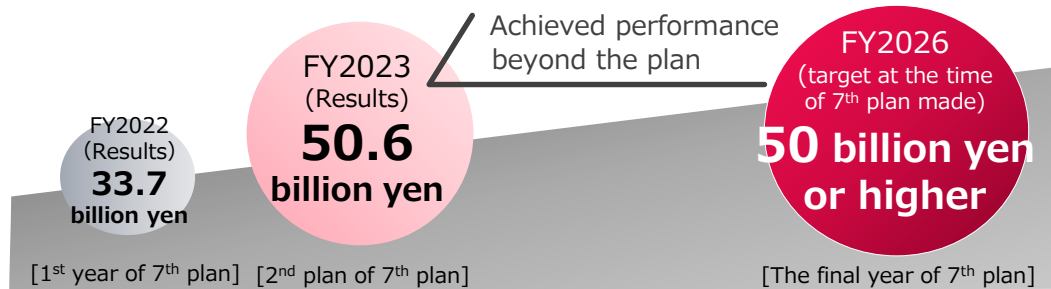
	Number of Projects	Total units/lots
Rental housing	< being rented > 7 projects <under construction> 4 projects <Completed> 1 projects	2,608 units 955 units 165 units
Condominiums	<under construction> 1 projects	87 units
Commercial facilities	<under operating> 2 projects	55 lots (leasing floor:11,606㎡)
Logistics facilities	<under construction> 1 project	12 lots (leasing floor 124,540㎡(plan))



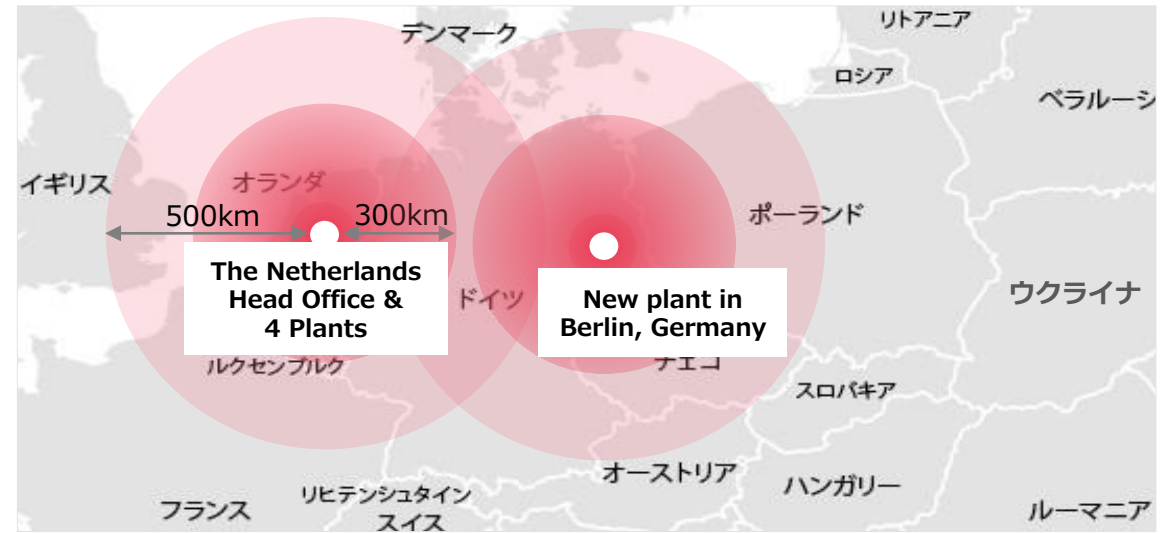
Growing modular housing needs in Europe for quality, supply speed, eco-friendliness, and disaster resilience.
Boosting output capacity to accelerate supply of student dormitories, hospitals, and social housing

Net sales and Major Plans in the European Business

Expanding production system of Modular Construction



- **Achieved earnings growth beyond initial plan**
Further expand the scale of our business in the future
- To deliver mainly DHME's* modular housing; **about 15,000 households' worth in next 5 years**
- Provide a cumulative total of 1,800 units refugees, including those displaced from Ukraine



Affordable-housing
Location: Amsterdam



Housing for the elderly
Location: Tilberg



Rental housing for students
Location: Utrecht



The Netherlands Plant
Montfort
Total area of 4 plants
43,430m²
Capacity for supply
7,500 units/year



German Plant
Fürstenwalde
Area
24,900m²
Capacity for supply
2,500 units/year

- Entire plants aggregate **10,000 units/year** capacity; up much-needed modular building supply, mainly in the Netherlands and Germany
- Consider **global expansion of modular housing** in response to global housing shortages and disaster resilience

* Daiwa House Modular Europe B.V.



Accelerating Growth Through Overseas Business ⑤

Business in Oceania, ASEAN, east Asia

Developing businesses that **meet the needs of local communities**, such as rental housing in Oceania, low-temperature logistics facilities and others.

Initiatives in Oceania

Initiatives in ASEAN



Melbourne Quarter West Project



Location: Melbourne Use: Rental housing
Structure: RC/45 stories Units: 797 units
Completion: March 2026 (under construction)

**Large residential area
Box Hill Project**



Area: 891,900m² Lots: 1,511 lots (Plan)
Business term: July 2018 - December 2025



Rawson
Construction

- Solid progress in rental housing development in Melbourne with Lendlease, partner in multiple projects globally
- Aim to **grow earnings in built-for-sale and B2B businesses** amid high interest rates, housing shortage

DMLP Phase II



Use: Multi-tenant logistics facility
Location: Bkasi, Indonesia

D Project Tan Duc B



Use: BTS-type refrigerated warehouse
Location: Long An, Vietnam

(Tentative name)
DPL Minh Quang(Vietnam)



Image

Use: Multi-tenant logistics facility
Location: Hung Yen, Vietnam
Completion: Dec. 2024 (Plan)

- **Strengthen logistics facilities business, especially in Indonesia and Vietnam**
- Leasing strong, leveraging domestic expertise and networks
- Developing **low-temperature logistics facilities as needs grow**

*Plan to sell Tan Duc Project to Daiwa House Logistics Trust as its first overseas property

Initiatives in east Asia

- **Avg. occupancy at Seoul hotel business robust 94.7%.** Will further roll out hotels overseas
- Recouping China and Taiwan investments; will reinvest cautiously with eye on global situation

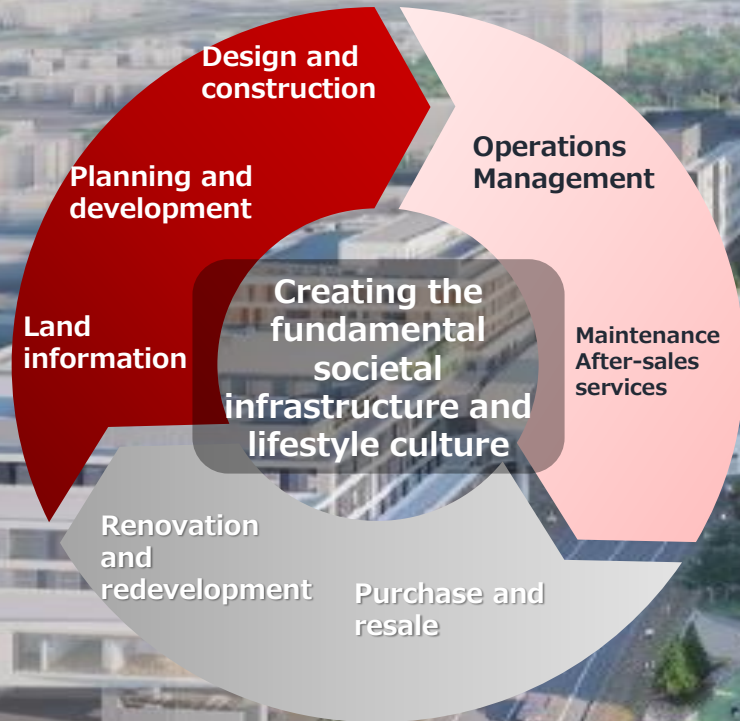
Royne Hotel Seoul Mapo





Expand Our Circular Value Chain ① Company-Wide Initiatives

Combining strengths as house builder, general contractor, and developer, we will roll out our unique **circular value**



- ✓ **Promotion of large-scale development of logistics facilities, hotels, offices, etc.**
FY2022-23 Cumulative results
Real estate development investment 659.4billion yen
- ✓ **In addition to promotion of real estate development investment, further expansion of built-for-sale business**
FY2023 Balance of inventories 2trillion 287.7billion yen (YOY+9.4%)

Create

Real estate development investment
FY2022-26 Total(target)

2.2 trillion yen

- ✓ **Growth of stock business**
FY2023 Net sales of stock business by segment
 - Rental Housing(Rental management) 669.9 billion yen
 - Commercial Facilities (Rental management etc) 506.0 billion yen
 - Logistics, Business & Corporate Facilities (Operating, management etc) 149.5 billion yen
 - Condominiums (Management and operation, etc) 205.7 billion yen

Foster

Net sales of stock business
FY2026(target)

1.6 trillion yen

- ✓ **Strengthening Livness Business (Residential and Non-Residential)*2**
FY2023 Net sales 353.7 billion yen (YOY+10.3%)
- ✓ **Further Expansion of Non-Residential Livness Business**
FY2023 Net sales 93.3 billion yen (YOY+28.5%)

Revitalize

Net sales of Livness long term target

1 trillion yen

*1 Rent income from the Company's assets + Operating and administrative income other than our company assets
 *2 Livness business : General term for businesses such as renovation, brokerage, purchase and resale (Including partial reconstruction)

Expand Our Circular Value Chain ②

Development that contributes to the community and society

Create social infrastructure and lifestyle culture by promoting development that contributes to community revitalization, liveliness, and job creation

Minato Mirai 21 Central District 52 District Development Project



Development in Minato Mirai's widest Central District

Development Project of DPI Silicon Hills Kumamoto Industrial Park



Site area 1.1 times larger than MIZUHO PayPay Dome Fukuoka

Kyushu University Hakozaki Campus Site Area Land Use Project



One of the largest planned redevelopment sites in Japan

Creation of lively spaces

Promoting a project to develop a game art museum aimed at attracting game fans from around the world, a district heat supply plant, and an office building.

- Address: Nishi Ward, Yokohama-city, Kanagawa Pref.
- Site area: 11,818.44m²
- Use: Offices, shops, art museums, district heating and cooling facilities
- Completion: May 2027 (planned)

Creation of jobs

Concluded a cooperation agreement with Mashiki Town in Kumamoto Pref. to promote the development of an industrial park on a site suitable for large facilities such as semiconductor factories and food factories.

- Location: Kamimashiki District, Kumamoto Pref.
- Site area: About 79,000m²
- Project size: 11 billion yen (land and buildings)
- Completion: Winter 2027 (planned)

Creation of new industries and homes

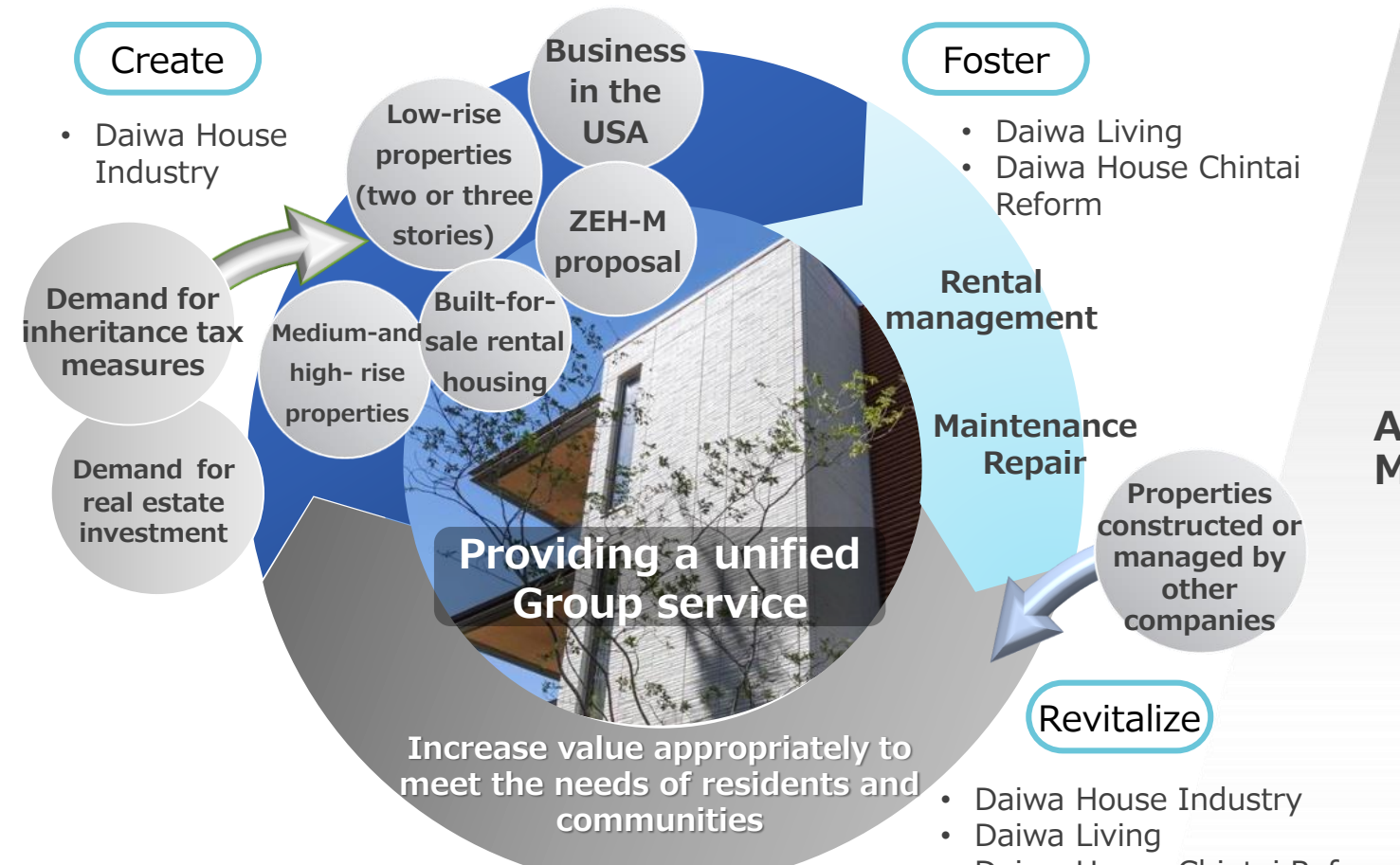
Launched a multifunctional complex urban development concept that includes office and research functions, condominiums with 2,000 units, senior housing, and student dormitories.

- Address: Higashi Ward, Fukuoka City, Fukuoka Pref.
- Area of the project: About 285,000m²
- Preferred bidders: Sumitomo Corporation (Representative), Kyushu Railway Company, Saibu Gas, Shimizu Corporation, Daiwa House Industry, Tokyu Land Corporation, The Nishinippon Shimbun, and Nishi-Nippon Railroad

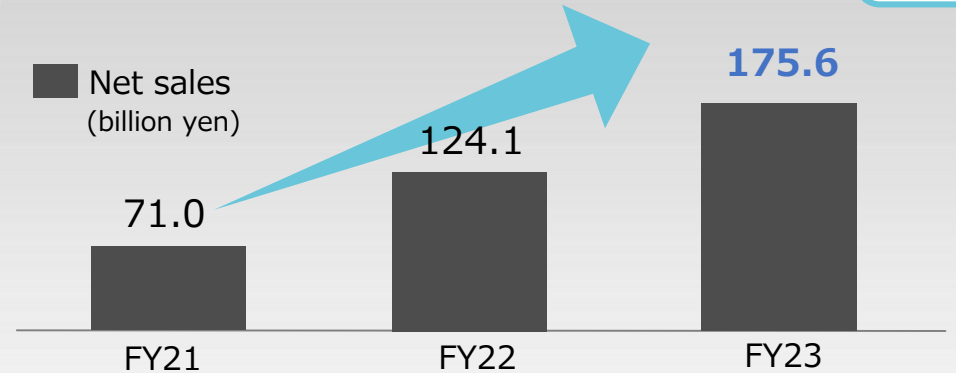


Acquire new customer by strengthening built-for-sale housing; maintain or increase asset values for owners by enhancing management/renovation

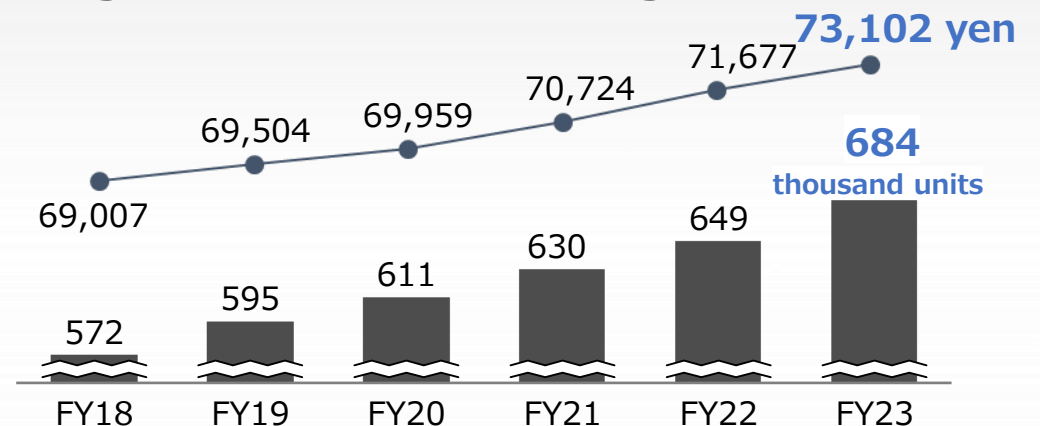
Value chain in the Rental Housing Business



Net sales for built-for-sale business Create



Average rent^{※1} Management of rental housing units^{※2} Foster

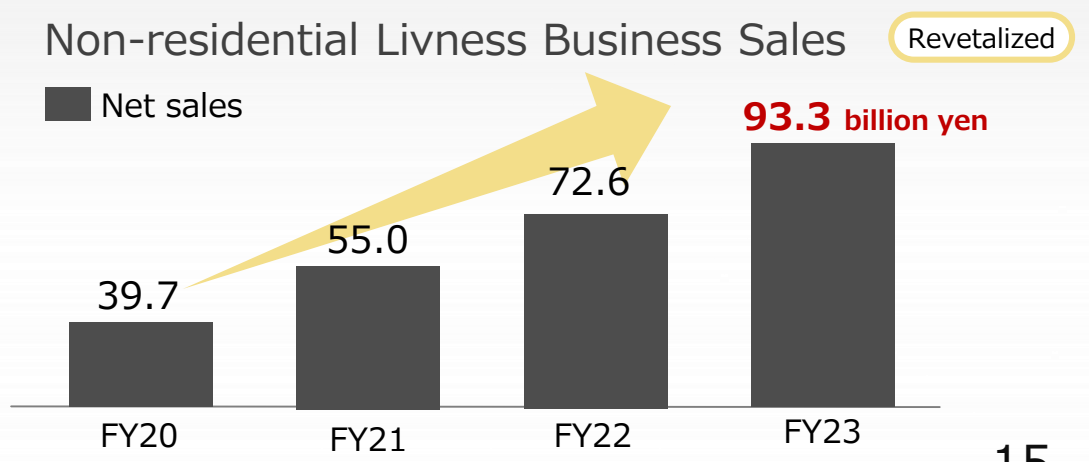
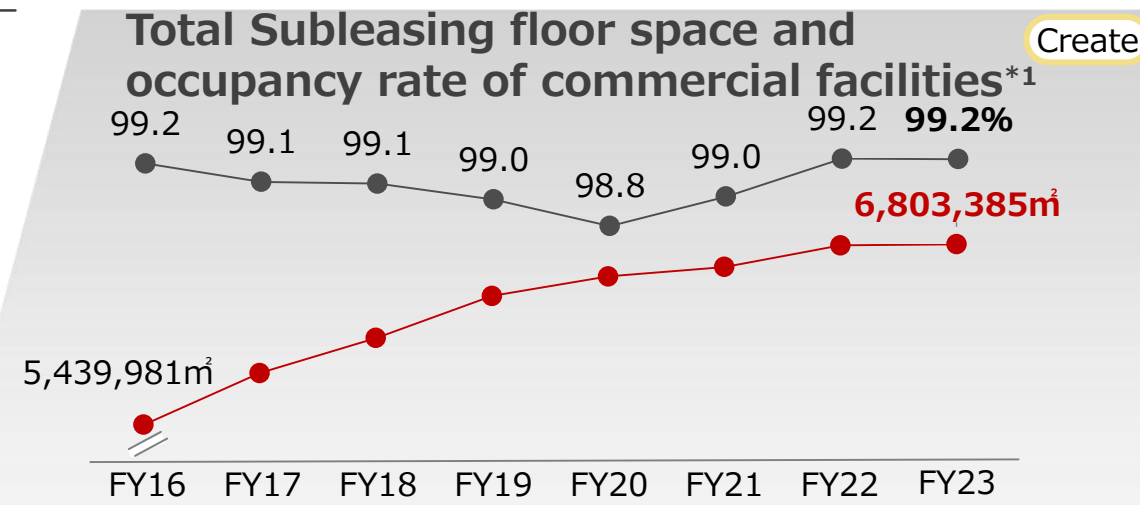
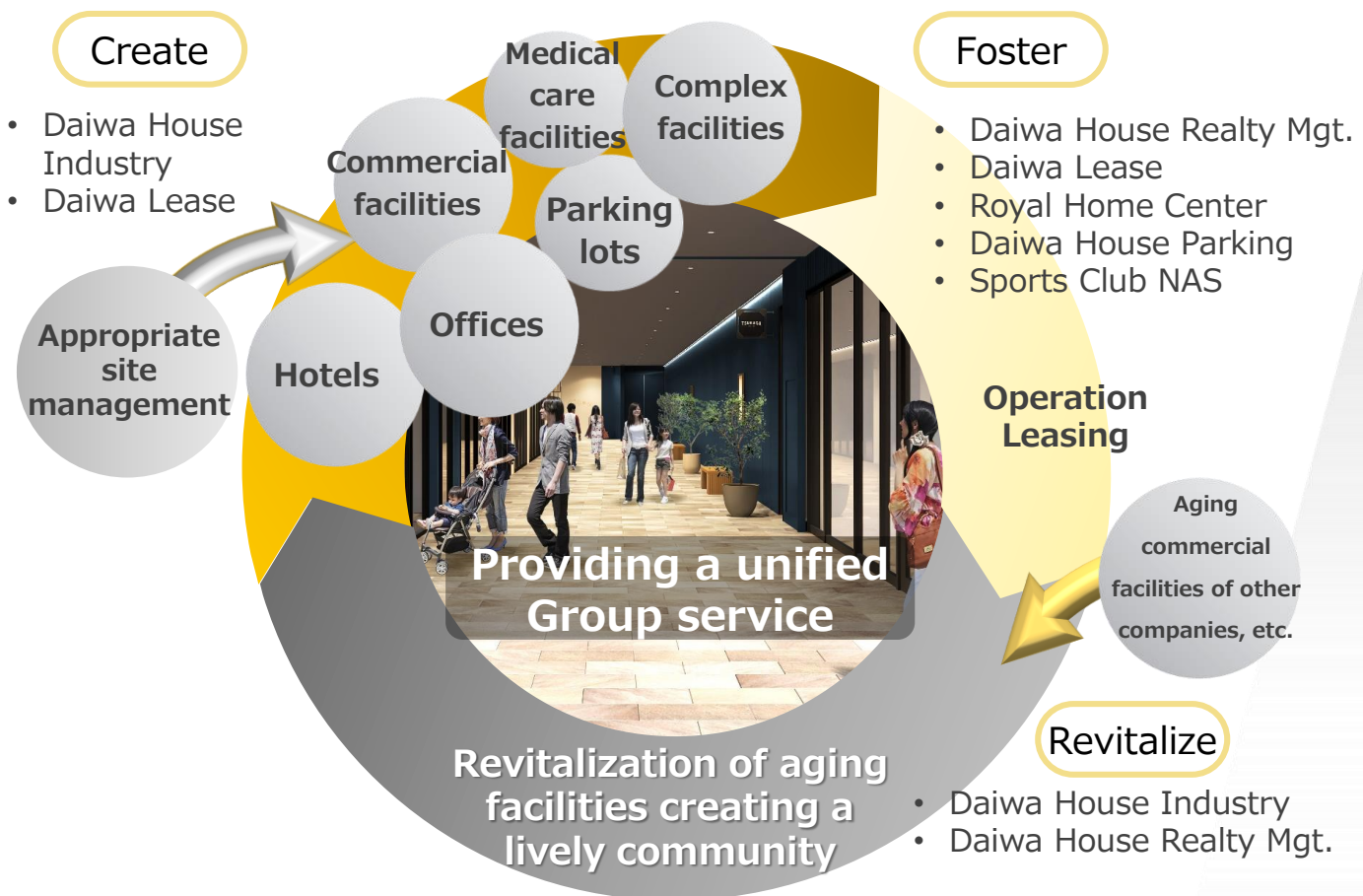


※1 Results as of March 31 of Daiwa Living Lump Sum Borrowed Counterfeit Property (Excluding offices and stores)

※2 The sum of Daiwa Living and Daiwa House Real Estate. Including properties during the disclaimer period of Daiwa Living since FY23

Growth on both fronts, **strategic investments in market-sensitive large developments** and our **non-residential Liveness** regeneration business

Value chain in the Commercial Facilities Business



*1 Total subleasing floor space and occupancy rate per area in subleasing facilities of Daiwa Lease and Daiwa House Realty Mgt.



Initiatives to Create New Businesses: Search for Growth Areas and Develop Management Human Resources

Started **investment and co-creation activities worth 30 billion yen at CVC.**

In addition, plans to launch an **in-house entrepreneurship system with a maximum budget of 30 billion yen.**

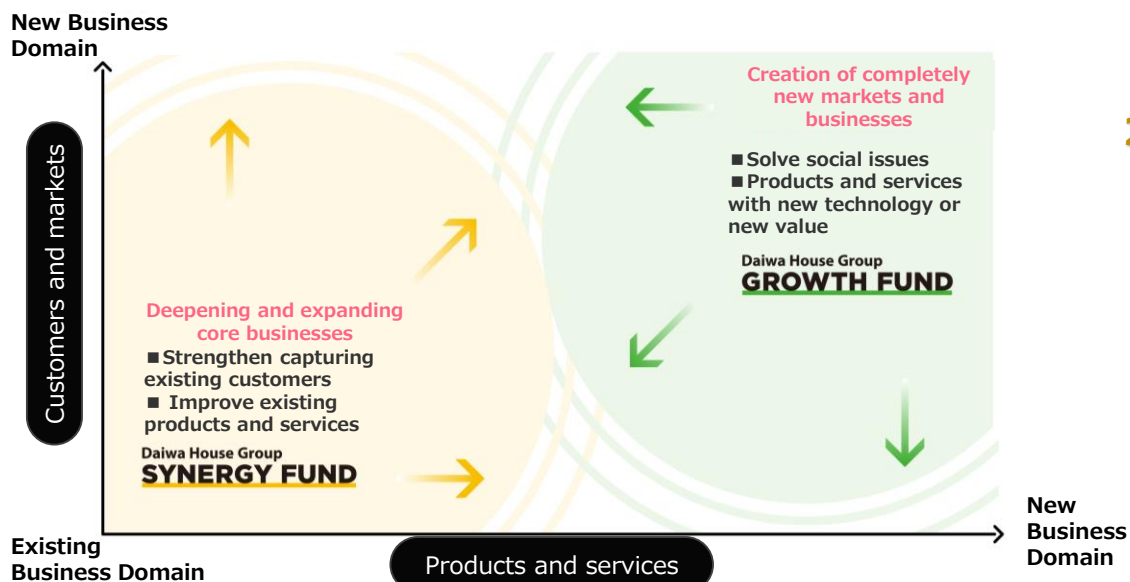
CVC search for growth areas



Training potential managers through an in-house entrepreneurship system



Establishment of Daiwa House Ventures Co., Ltd. Broad portfolio to co-create multiple businesses



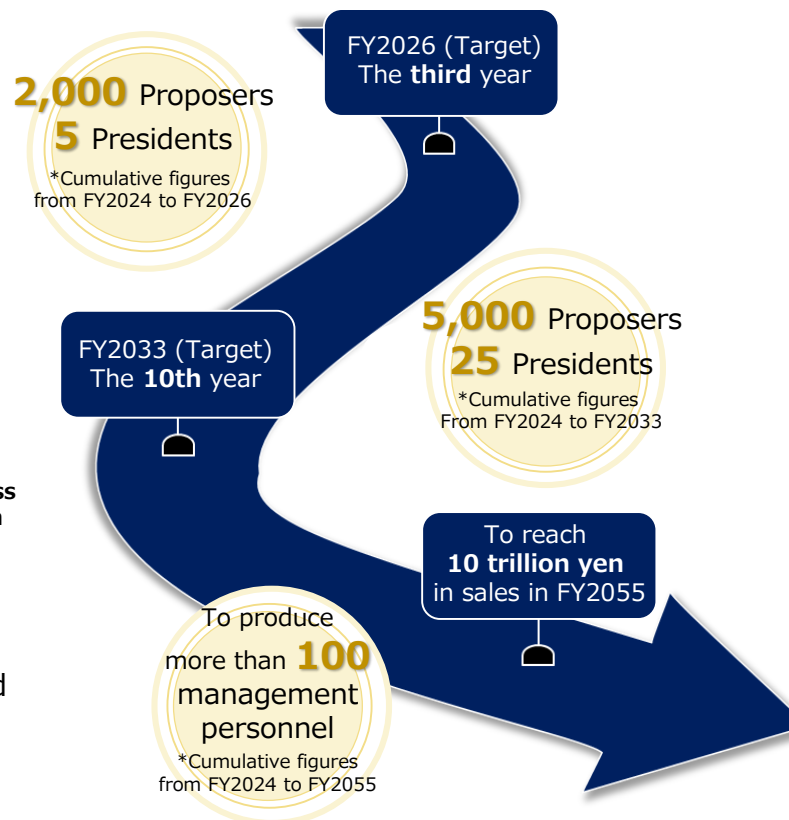
Keywords for investment and collaboration

- | | | | |
|------------------------------|-----------------------------|--------------------------|--------------------------|
| A
Safety, Security | Su
Speed, Stock | Fu
Welfare | Ka
Environment |
| Ke
Health | Tsu
Communication | No
Agriculture | |

Status of investment and co-creation activities

- Invested in 4 companies in 4 fields from each fund (as of May 10)
- Promoting co-creation activities with Group companies

Daiwa FUTURE100, an in-house entrepreneurship system, is scheduled to begin. The originator becomes the president and aims to commercialize and grow the business.



Overview

- About 50,000 Group officers and employees may apply.
- Maximum budget is 30 billion yen in total.
- Planned to begin in June 2024.

Objectives

- Developing managerial human resources for the future of the Daiwa House Group
- Fostering a corporate culture that tolerates failure and celebrates challenges
- Preparing for new business creation not restricted to existing businesses

*Asufukaketsuno means essential for tomorrow in Japanese. It is taken from the initials of Japanese words that represent each element.



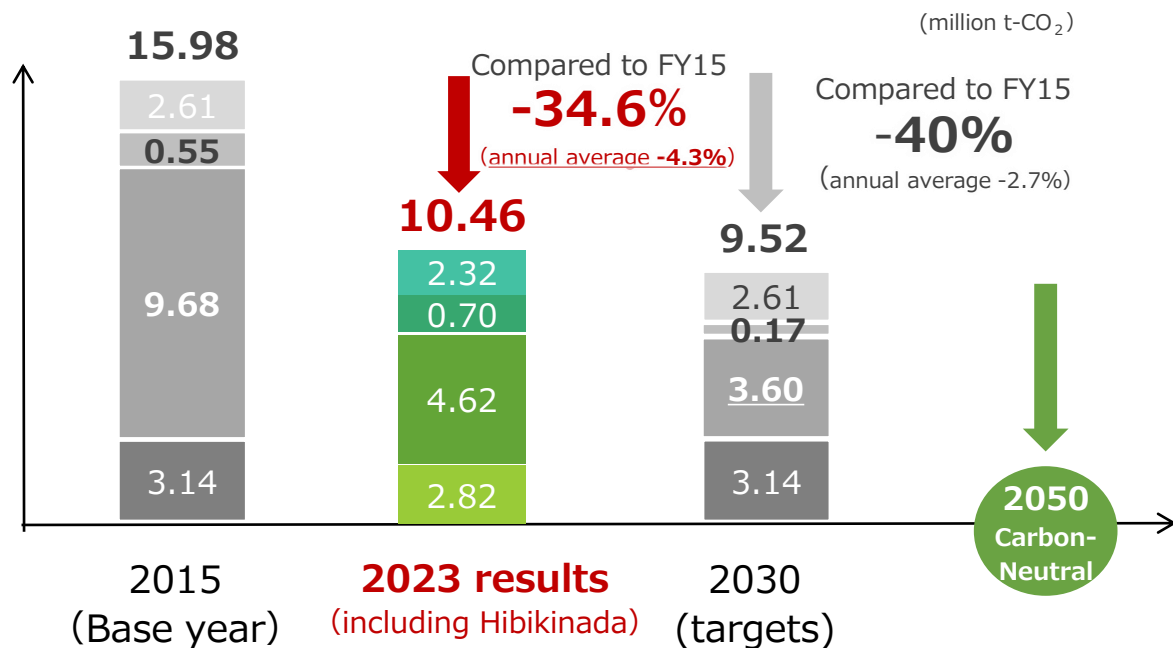
Beating 2030 GHG emissions reductions targets; **96% renewable energy utilization**. Also **promote the use of wood and timber frame in all businesses** and pursue sustainability in both society and business.

Promotion of Carbon Neutral Strategy

Achieve an average annual reduction rate of 4.3% over the target level across the entire value chain
Achieve a **100%** renewable energy utilization rate *1 on a non-consolidated and **96%** for the entire Group

Greenhouse gas emissions throughout the value chain

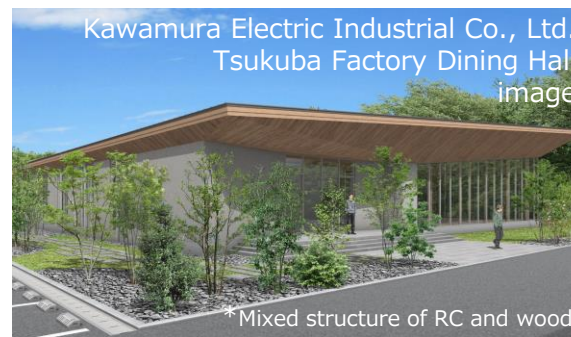
■ : Supply chain (Scope3 Category1) ■ : Use of sold buildings (Scope3 Category11) ■ : business activities (scope 1 and 2) ■ : Other



*1 The scope is purchased power. The figures for April to June 2023 (non-renewable energy) of Daiwa Resort, which was excluded from consolidation in July 2023, are included.

Promotion of wood construction

Reduce carbon emissions across building life-cycle
Use steel-frame tech, wood when appropriate



Single-Family Houses	Promoting wooden products in built-for-sale business
Rental Housing	Demonstration of wood construction in rental housing
Commercial facilities	Meet to tenants' wooden buildings needs
General Construction	Use steel/wood hybrid structures in medium/large projects

Other major initiatives and evaluations



Top CDP supplier engagement score for 5th straight year

Won Gold in the Sustainability Site Awards 2024

ESG Finance Award Japan from Environment Minister

We and ELIYY Power won Japan Resilience Award. Stepping up moves for sustainability with investment from Suzuki Motor and tie-up

Disaster collaboration and support agreement with Daito Trust Construction

Accelerating **HR mobility** among group's broad business domains, our forte
 Optimizing HR portfolio for **business growth, individuals' motivation and sense of growth**

Strategic staffing by HR department

Approx. **50,000** human capital in Daiwa House Group

Measures to promote the mobilization of human resources

<p>Support for challenging human resources Providing growth and opportunities</p>	<ul style="list-style-type: none"> • In-house entrepreneurship program • Cross-border career support • FA system, in-house recruitment system • Overseas training program 	
<p>Strengthening the Foundation to support the business Raise the level of individuals and organizations</p>	<ul style="list-style-type: none"> • Strengthening middle management capabilities to improve organizational capabilities • Team evaluation system utilizing diversity and individuality • DX promotion to strengthen technology systems • Reskilling to grow and flourish each person 	

Creating value of human capital for more than **50,000** people

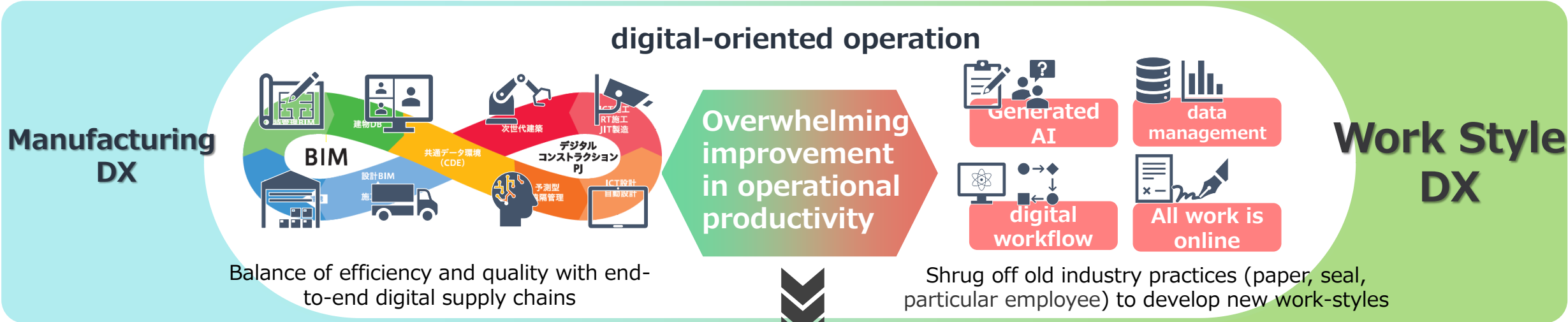
Priority placement of human resources in growth areas (HR portfolio)

- Overseas business**
Continued investment in U.S. business. Placement of personnel to support businesses in developed countries
- New business**
Developing future management personnel and creating businesses to solve social Issues
- Retail and wholesale Facilities and General Construction business**
Strengthening construction systems and realizing high added value through DX promotion
- Livness business**
Accelerate development from residential to non-residential buildings


Employees' self-regulated learning and business experience



Going beyond the “2024 Problem”
accelerating DX in existing businesses, workflows to spawn **new businesses**

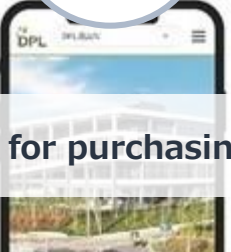


D'sBIMROOM
Building Experience in the Metaverse



New digital experience for purchasing and using buildings

DPL Portals
Portal site for logistics tenants



Drone·AI
Unmanned logistics facility management




Fresh, improved customer experience

LiveStyle PARTNER




Convenient and comfortable online transactions with customers

Daiwa House ID Customer site



Explanation to customers using IT electronic contract



Create new businesses using real estate/customer data as company with ¥5trn+ sales

Appendix



Domestically, offering **greater value with new alternatives** for ordering custom-built houses and a new approach to built-for-sale houses. Overseas, working to further expand business in the robust **US market**

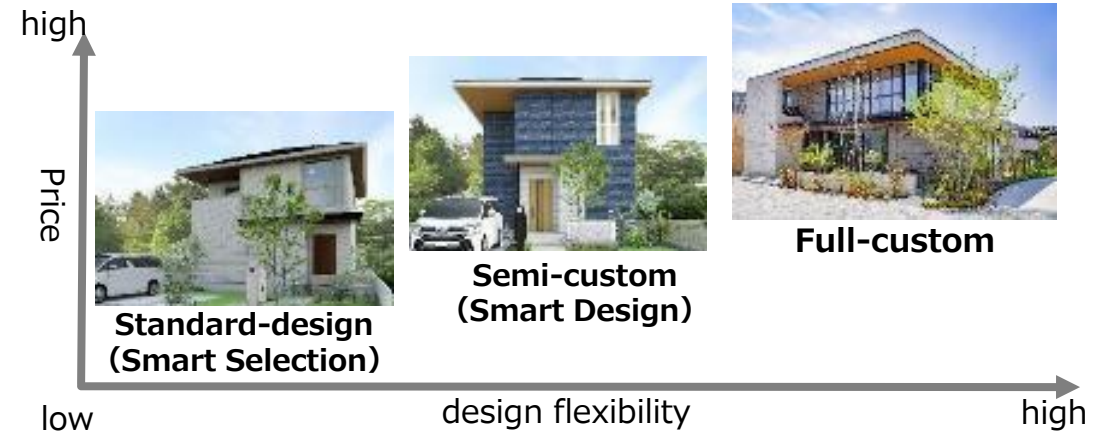
Progress

- Added three new options for ordering custom built houses: **full-custom** (buyer and our expert team design from scratch), **semi-custom** (buyer chooses floorplans designed by top-class architects), and **standard-design** homes.
- Started offering **Ready Made Housing**, a new approach to built-for-sale houses in Nov 2023: gradually launching sales of built-for-sales with custom-order-level quality, long-term warranties, and after-sale support.
- The ZEH rate remained high at 97%, and the Company has been working to achieve carbon neutrality while staying close to its customers
- Expansion of business area in the USA (Tennessee, Arizona and Central California)
- Further expand operations in Florida, a key expansion area

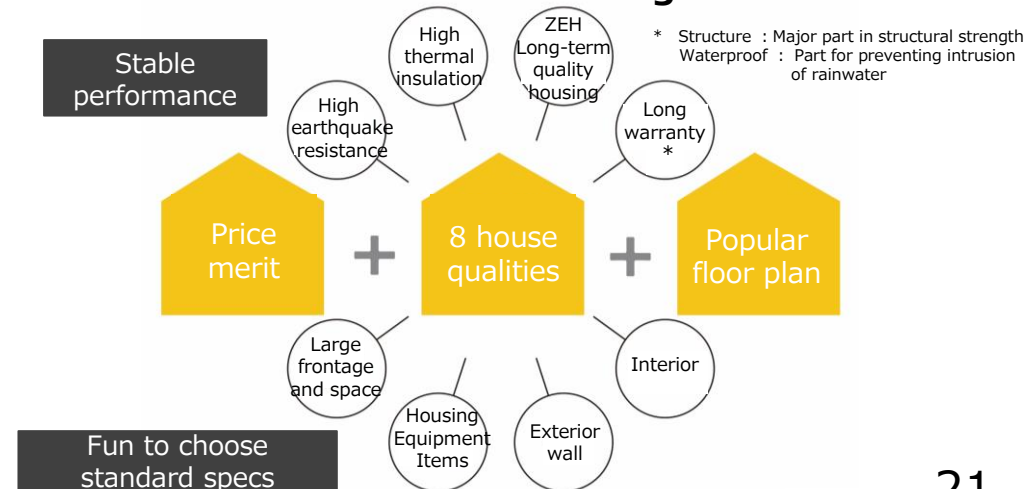
Issue

- Achieving both higher productivity and higher customer satisfaction in our domestic custom and built-for-sale product ranges
- Will be launching new products in higher-priced full-custom houses
- Further expansion in the U.S. with strong performance

3 options for custom-built houses



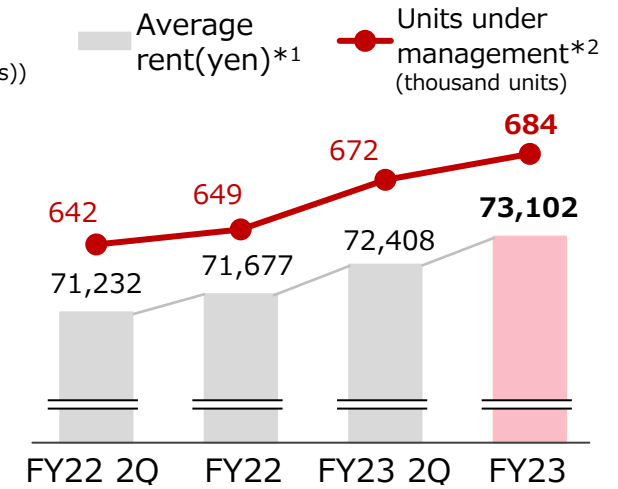
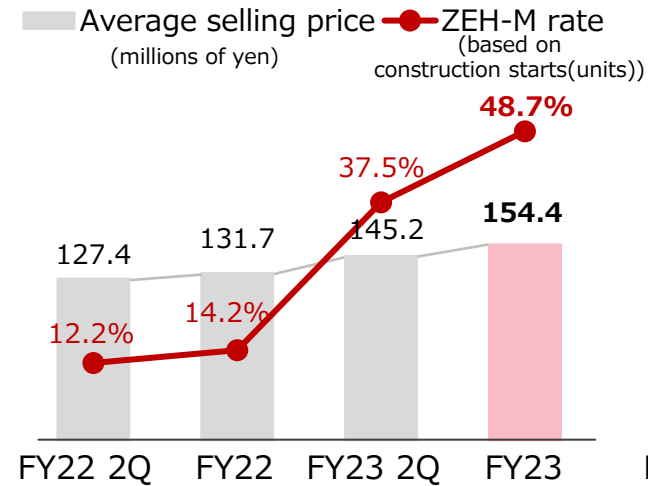
Merit for semi-custom and standard-design



Maximize asset value for owners and comfortable living for tenants by developing and providing high value-added products attuned to market needs

Progress

- Stepped up nationwide sales rollout of the ZEH-M-compliant "TORISIA" rental housing featuring merits for owners and tenants alike
- Expanded lineup of strategic products for urban areas with the launch of the "THE STATELY" three-floor heavy steel-frame product
- Raised rents mainly in urban high-rent areas as well as expanded units under management through intragroup cooperation
- Promotion of a skyscraper rental housing project in central Melbourne, Australia (45 stories above ground with a total of 797 units)



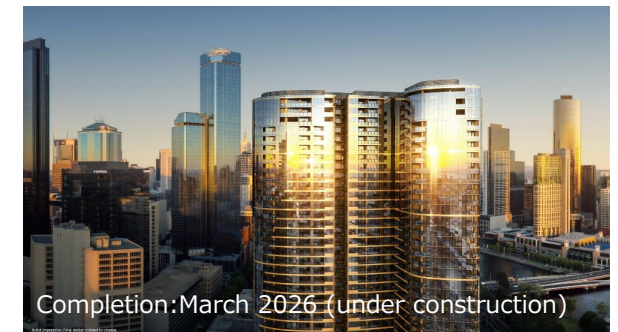
*1 Average rent is the result of lump-sum contracted properties
 *2 The number of units under management includes properties under the exemption period of Daiwa Living's lump-sum contract from FY2023.

Issue

- Further strengthen sales in urban areas and promote sales of ZEH-M compatible product "TORISIA"
- Enhancing structures in preparation for expansion of renovations and Livness businesses and stepping up proposals for improving asset value via deeper intragroup cooperation
- Long-term stable high occupancy via market-leading rent hikes at owned US properties; market condition-sensitive selling of properties for maximum asset value



three-floor heavy steelframe product "THE STATELY"



Completion: March 2026 (under construction)

Melbourne Quarter West Project

Established a stable revenue-generating setup via **focus on profitable large complex developments**.
 Offered high value-added products by bolstering **integration of manufacturing, sales, and management**

Progress

- Met target of 100% ZEH-M sales in our PREMIST series one year ahead of schedule in FY23 (Initial targets : 80%(FY23) ,100%(FY24))
- A total of 6 redevelopment and reconstruction properties * including "ONE Sapporo Station Tower" were completed. Continued strengthening as a business that contributes to sustainable community formation
- Developed brand "MONDOMIO" for owners' asset management. Meets needs for inbound tourism and second residence
- At Daiwa LifeNext, aggressively developing business outside condo management such as large hostels for inbound tourists and rental accommodation for parents raising children

*Only properties managed by the Company

Issue

- Enhancing integration of manufacturing, sales, and management via collaboration with Daiwa LifeNext to improve products and services and cement the brand
- Reduce stock of completed condominiums and raise turnover
- Need to tighten procurement standards and focus on high-return large-scale complex developments



MONDOMIO Okinawa Resort Rycom Hills

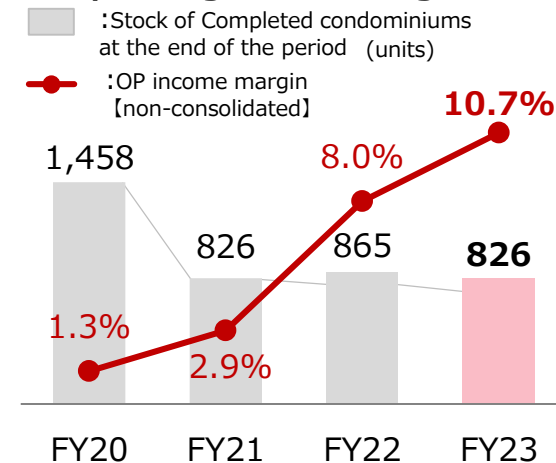
Location Nakagami-gun, Okinawa
 Total capacity 129 units
 (14 stories on the ground)



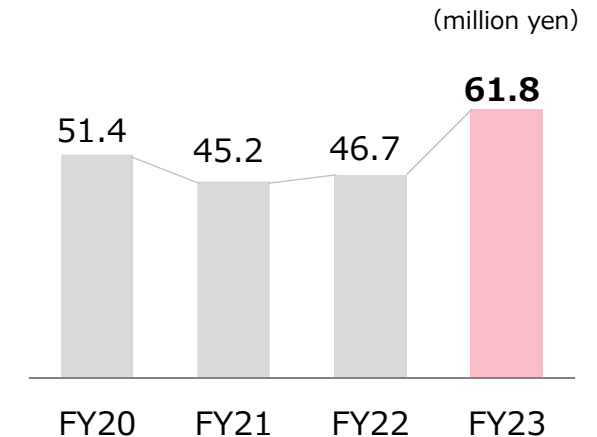
Hostel 『THE STAY SAPPORO』

Location Sapporo-city, Sapporo
 Total capacity 130 people

Stock of completed condominiums and operating income margin



Selling price per unit (our research)



Promotion of **large-scale development** and **Livness** with an eye to changes in area characteristics and markets. Maintaining **high levels of ADR and occupancy rates** in the hotel management business against the backdrop of the weak yen and recovery in inbound tourism demand

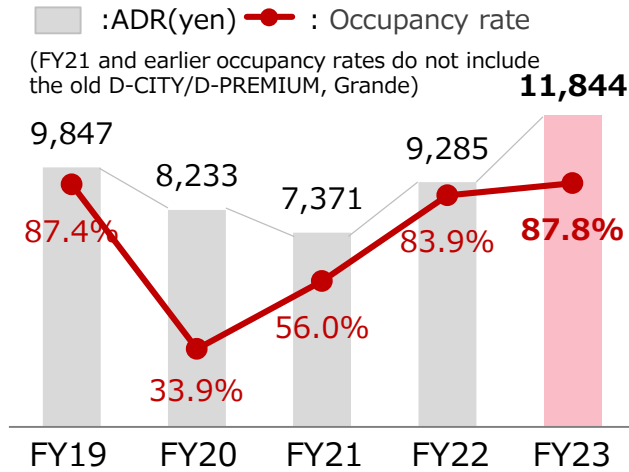
Progress

- Building on our strengths as a commercial facility developer, we achieved a locality-oriented development, in March 2024 opening a "AddGrace Omiya" complex facility combining retail, office, and hotel spaces.
- 2,000 surveys have been completed for commercial livness projects. Work is underway to turn the project into a project
- In October 2023, 'Daiwa Roynet Hotel Naha Omoromachi PREMIER' opened. PREMIER brand to be launched firstly in Okinawa provides high value-added spaces and services including calm, quiet interiors, generous room fixtures and quality amenities

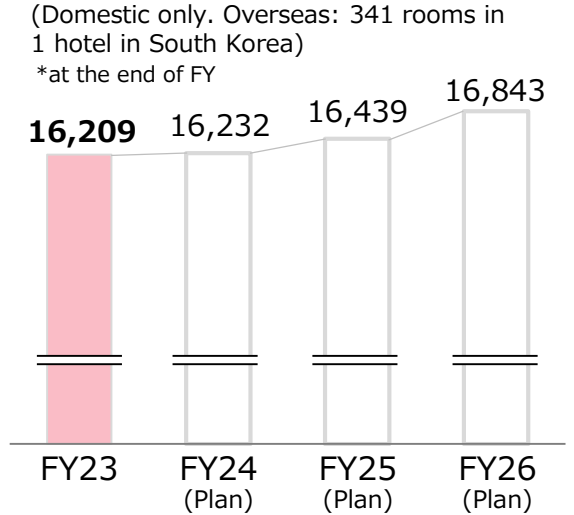
Issue

- Improve customer attractiveness of commercial facilities and strengthen public-private partnerships leveraging intra-Group collaboration
- Participate in regional reorganization (e.g., redevelopment, land-readjustment) projects. Maximize sales and profit through plans that leverage group capabilities
- Expand hotel development in tourism resource-rich parts of the USA, East Asia, and ASEAN

ADR and occupancy rate of Daiwa Roynet Hotels



Daiwa Roynet Hotels Total Number of Rooms



AddGrace Omiya
Saitama city, Saitama



Daiwa Roynet Hotel Naha Omoromachi PREMIER
Naha city, Okinawa



Public-private partnerships Ichibanzeiki Community Development Project
(Yurihonjo, Akita)

Achieving synergistic growth as a **technically savvy developer** through tie-up with Fujita. Actively pitching projects to capex-minded data-center operators, businesses in semiconductor supply chains

Progress

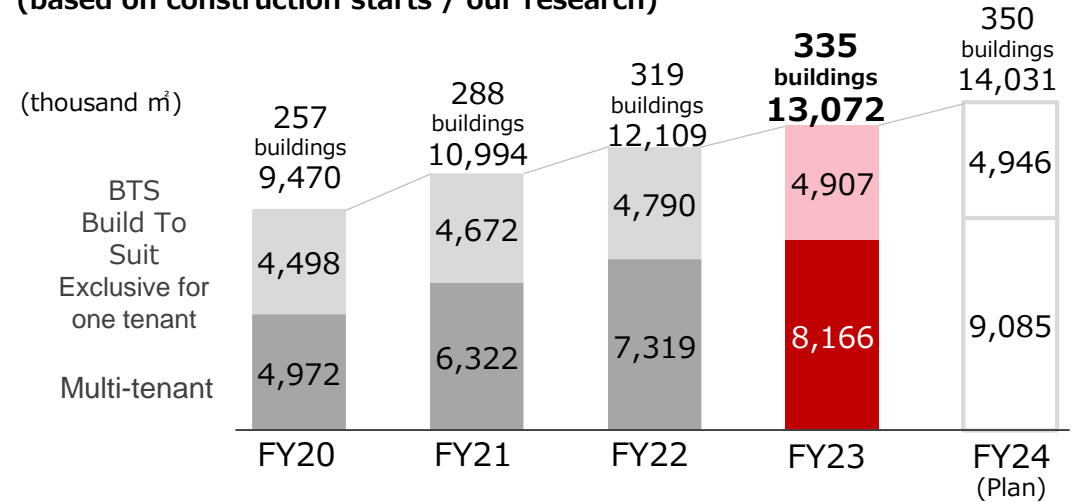
- Increased inquiries on actively pitching projects to capex-minded semiconductor industry players
- Pressed forward with project proposals designed to improve efficiencies at logistics facilities for coping with the sector's "2024 Problem"
- Increased construction results in data centers and GMP* compliant pharmaceutical and health-food plants, and strengthened as a pillar of business next to logistics facilities
- Advancing projects to replace or renovate medical and care facilities built to outdated seismic standards

*Standards for manufacturing and quality control of pharmaceuticals

Issue

- Competition intensifies in securing land for logistics facilities. Work with Fujita to address the scope of the proposal, including rezoning and land swapping
- Strengthen technical capabilities and human resources through cooperation with Fujita so that we can work on new, technologically advanced construction projects
- As material prices are expected to continue to rise, we will continue to offer value engineering cost reductions to our customers and reduce the prices offered

Changes of development area of logistics facilities (based on construction starts / our research)



Cumulative Domestic Market Share No. 1

Construction of semiconductor plants (Construction example)



Semiconductor manufacturing process ion implanter manufacturing plant



Semiconductor manufacturing equipment manufacturing plant

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Expanding offsite PPA business and stabilizing PPS business

Off-site PPA projects are expanding steadily, and commercialization has reached 98MW

Progress

- Narrow down target areas and secure off-site PPA sites. Off-site PPA business is on track to achieve a cumulative off-site PPA output of 650MW, with 867MW submitted for consideration for connection, 526MW responded for connection, and 98MW*¹ of projects confirmed for commercialization
- At our retail electricity (PPS) business, transitioned to standard option (prices at level offered by major generators), launched fuel cost adjustment charges*², stabilized profitability

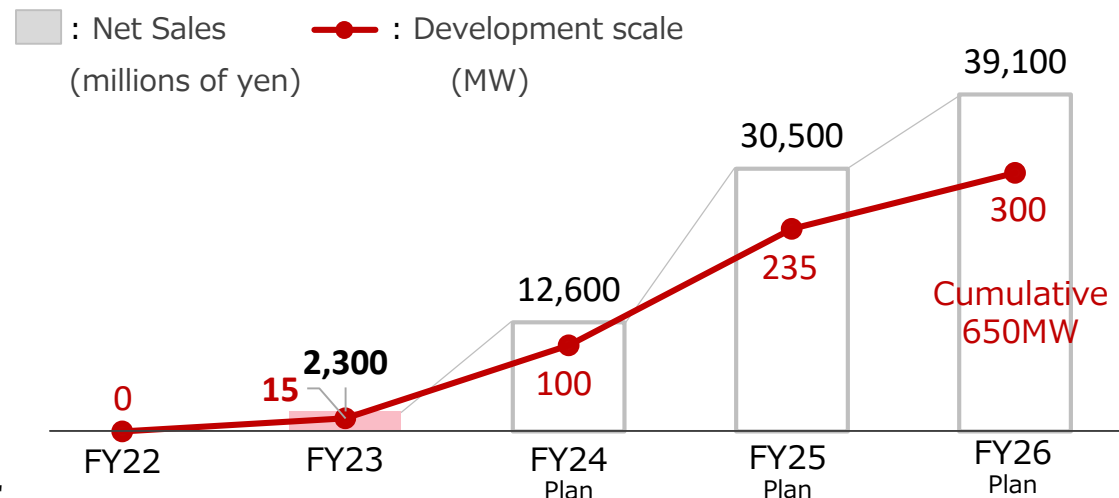
*1 As of the end of March 2024

*2 Unit prices reflecting fluctuating "wholesale electricity market unit prices" and "fuel prices"

Issue

- Accelerate pitching agreements to potential high demand customers by securing sites through appropriate site management and collaborating with major energy companies in order to further expand the offsite PPA business. Further, need to improve accuracy of commercialization by analyzing possibility of grid connectivity locality by locality
- For early commercialization of energy storage plants for the grid, explore concept validation project at own factories. Data such as connection to the system and ground capacity survey are being collected. Selection of partner companies and building of organizations and systems are also in progress.

Off-site PPA Business Plan

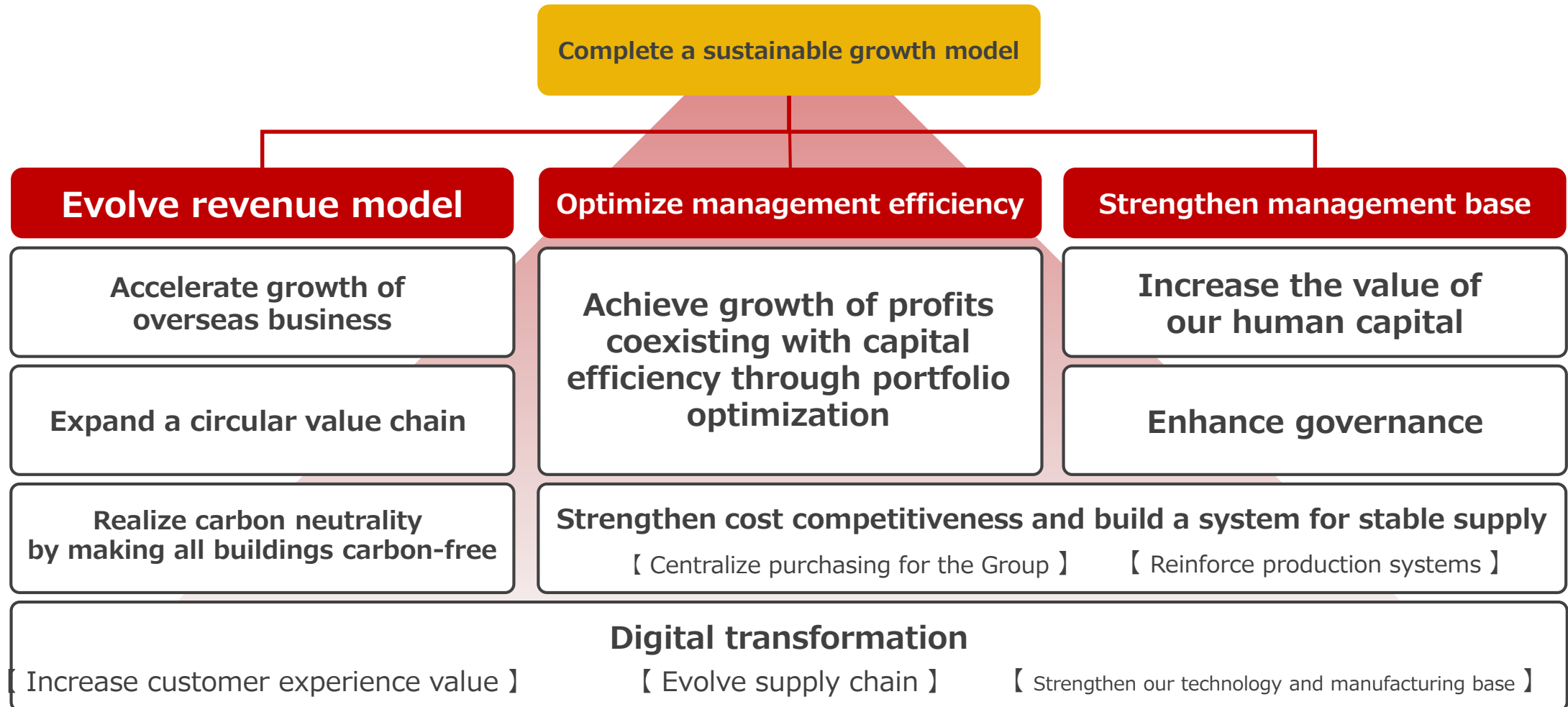


Ground-mounted solar power generation facility for off-site PPA



Project	DREAM Solar Ishikawa Hakui Horikaeshinmachi
Start operation	September 29, 2023
Site area:	6,058.0m ² (1,832 tsubo)
Power Generation Output (DC):	948kW
Estimated Annual electricity generation:	Approx. 1.02 million kWh per year
CO2-reduction:	Approx. 500t per year

Toward realizing a sustainable growth model, we uphold **3 management policies**, and tackle **8 focal themes** under the policies



Progress of the focal themes of the 7th Medium-Term Management Plan

Evolve revenue model

Optimize management efficiency

Strengthen management base

Policy

Progress

Main targets/Results

1

Accelerate growth of overseas business

- Expanding our business to provide a stable supply of quality homes mainly in North America and China. In ASEAN and elsewhere, we are building a foundation for global connectivity.
- Establish regional corporate functions according to market risk and area

- ✓ In the U.S. Single-Family Houses business, both orders received and deliveries exceeded FY22 results
- ✓ Strengthen the foundation for growth through M&A (business acquisition)
- ✓ Promote diversification, including development of residences in Europe and Oceania and development of logistics facilities in the U.S.
- ✓ Strengthen overseas technical functions, including expansion of the training program

Overseas business

FY23(Results)
Net sales
705.9 bn yen
OP income
30.4 bn yen

FY26(Targets)
Net sales
1tn yen
OP income
100 bn yen

2

Expand a circular value chain

- Circular value chain via long-term business view: [create (contract/develop), foster (operate/manage), revitalize (renovate/redevelop)] and re-create

- ✓ Redeveloping our suburban housing complexes (61 places in nationwide). In addition to the residential area, also promoting Livness business in the non-residential area.
- ✓ Expand and strengthen the operation and management business by strengthening synergies with group companies

Livness net sales

FY23(Results)
353.7 bn yen

FY26(Target)
400 bn yen

Real estate development investment

FY22-23
(Cumulative)
659.4 bn yen

FY22-26
(Cumulative)
2.2 tn yen

3

Realize carbon neutrality by making all buildings carbon-free

- Achieve carbon neutrality with our customers through all our business activities
- Reduce GHG by at least 40% across the value chain by FY2030 (Compared to FY2015)
- In principle, 100% of purchased electricity is renewable energy with renewable energy derived from in-house power generation

- ✓ ZEH, ZEH-M, and ZEB all reached the FY2023 targets level
- ✓ Achieved an average annual GHG reduction of 4.3%, which is significantly higher than the target level
- ✓ Achieved 100% renewable energy utilization^{*1} on a non-consolidated basis and 96% on an entire group

GHG emission reduction rate (including Hibikinada)

FY23(Results)
34.6% ^{*annual average} 4.3%

FY26(Target)
35%

Renewable energy utilization rate (entire group)

FY23(Results)
96%

FY26(Targets)
100%

*1 The scope is purchased power. The figures for April to June 2023 (non-renewable energy) of Daiwa Resort, which was excluded from consolidation in July 2023, are included.

Progress of the focal themes of the 7th Medium-Term Management Plan

Evolve revenue model

Optimize management efficiency

Strengthen management base

Policy

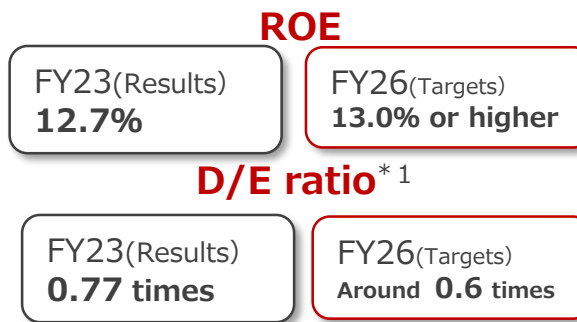
Progress

Main targets/Results

4 Portfolio optimization

- Optimal allocation of management resources to achieve both profit growth and improved capital efficiency
- Businesses that face challenges in terms of future growth and capital efficiency are in a hurry to restructure

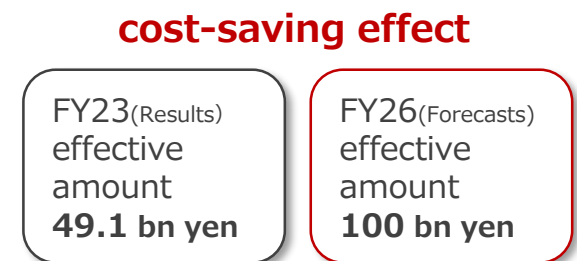
- ✓ Transfer all shares of Daiwa Resort and partial shares of Cosmos Initia to optimize business portfolio
- ✓ Acquisition of treasury stock (87 billion yen)
- ✓ Diversified capital procurement, including Sustainability linked bonds and convertible bonds



5 Strengthen cost competitiveness

- Promote consolidation and integration of organizations, operations, and systems to streamline ordering and administrative operations throughout the group
- Achieve cost competitiveness by taking full advantage of the industry's No. 1 economies of scale

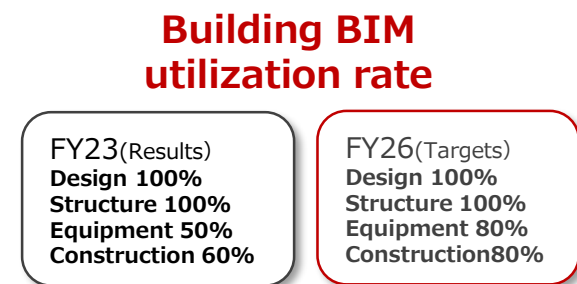
- ✓ Actual cost effectiveness in FY23 was 49.1 billion yen (99% achievement rate against the full-year target of 49.4 billion yen)
- ✓ In FY24, further efforts will be made to expand the scope of Group purchasing, reduce cost increases through front-loading, and improve operational efficiency.



6 Digital transformation

- Maximizing value to customer with data platform, better employee UX
- Leading industry problem-solving by accelerating DX-driven industrialization of construction
- Overall optimization of quality, cost, and speed in the supply chain and building life cycle

- ✓ Daiwa House ID provides customers with single-ID access to membership services
- ✓ Demonstrate effectiveness of centralized construction management operations and remote inspections
- ✓ 100% development of architectural BIM utilization in design and structure. Expand to equipment and construction in the future.



*1 After taking the equity credit attributes of hybrid financing into account

Evolve revenue model

Optimize management efficiency

Strengthen management base

Policy

Progress

7

Increase the value of our human capital

- Building an optimal human resources portfolio across a wide range of business areas
- Provide challenging employees chance and program to flourish
- Strengthen organizational structure to support existing businesses

- ✓ Introduction of an in-house entrepreneurship program aimed at developing future management personnel and creating businesses that solve social issues
- ✓ Introduction of a new education system for middle management to strengthen human resources education and human capital management
- ✓ Team evaluations to boost business-division organizational capabilities

8

Enhance governance

[Corporate governance]

- Fostering next-generation management talents by building succession processes for directors
- Improvement of the share remuneration ratio of directors' remuneration, introduction of non-financial evaluation indicators, strengthening of monitoring by the board of directors, etc.

[Business risk management]

- Improvement of business execution system (Strengthen asset management, optimize corporate human resources, expenses and DX investments, etc.)

- ✓ Systematic development of next-generation leaders (mainly in their 40s) and NEXT (30s):(FY22-23 Cumulative: Approx. 130 participants)
- ✓ Boosted stock compensation share to 20%(FY22)、 adopted non-financial benchmarks for executive officers remuneration (FY23)
- ✓ Change to a system in which the head office and branches are positioned as control bases for each area and each branch office is placed under the control of the head office and branches. (FY22)
- ✓ Corporate Strategy Planning Department set up to formulate overall Group strategy(FY23)

Carbon Neutral Indicators

Key Indicators		Goals and Achievements					Supplementary Explanation	
		FY2021 Results	FY2022 Results	FY2023 Results* 1	FY2026 Targets	FY2030 Targets		
Achieving carbon neutrality	Entire value chain	GHG emissions reduction rate (incl. Hibikinada) *2	16%	23.5%	34.6%	35%	40%	Both GHG reduction rates are relative to the base year of FY 2015
	Business Activities : Scope 1 + 2	GHG emissions reduction rate (incl. Hibikinada) *2	20.8%	33.5%	-25.3%	55%	70%	•Both GHG reduction rates are relative to the base year of FY2015 •Due to the suspension of co-fired power generation in Hibikinada in March 2024, it is expected to return to the target level after FY2024 (The reduction rate excluding Hibikinada in FY2023 was 55.4%.)
		Renewable energy utilization rate (non-consolidated) *3	54%	100%	100%	100%	100%	
		Renewable energy utilization rate (consolidated) *3	18%	41%	96%	100%	100%	The figures for April to June 2023 (non-renewable energy) of Daiwa Resort, which was excluded from consolidation in July 2023, are included.
	Building use : Scope 3 (Category11)	GHG emissions reduction rate	29.4%	39.3%	52.3%	54%	63%	Both GHG reduction rates are relative to the base year of FY 2015
		ZEH rate	53%	86%	97%	90%	100%	Daiwa House (non-consolidated)/Based on construction starts and units, excluding Hokkaido
		Rental housing ZEH-M rate*4	3%	14.2%	48.7%	50%	100%	Daiwa House (non-consolidated)/Based on construction starts and units
		Condominiums ZEH-M rate	43%	73.1%	100%	100%	100%	Daiwa House (non-consolidated)/Based on construction starts and units
		ZEB rate	38%	65.7%	68.1%	80%	100%	Daiwa House, Daiwa Lease, Fujita/Based on construction starts (including development projects) and floor area
	Renewable energy supply facilities and construction results of facilities	Construction results of renewable power generation facilities (EPC)	2,526MW	2,706MW	3,077MW	4,200MW	5,000MW	Cumulative amount from FY2011
		Development and operation of renewable energy power plants (IPP)	561MW	602MW	700MW	1,550MW	2,500MW	Excluding in-house consumption power plants
	Solar panels installation rate (Non-residential)	Commercial Facilities Business (non-consolidated)	-	32.2%	40.1%	Principle 100%		•Start counting from FY2022 2nd half as non-consolidated/ Based on construction starts and buildings •Fujita and Daiwa Lease started counting from FY2023 / Based on construction starts and buildings
		Logistics, Business & Corporate Facilities (non-consolidated)	-	61.8%	62.2%			
		Fujita	-	-	36.0%			
Daiwa Lease		-	-	23.7%				

* 1 FY2023 results are disclosed as preliminary figures. * 2 The Hibikinada Thermal Power Station has been added to the scope of coverage since FY2023.

* 3 The renewable energy utilization rate is for purchased electricity only. * 4 ZEH-M is calculated based on the number of housing units that meet the national target level according to the number of floors.

Key indicators		Goals and performance					Supplementary explanation	
		FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results*1	Goals		
Increase the value of our human capital	Recruitment	Ratio of newly employed females to total new employees	23.5% (4/1/2021)	25.8% (4/1/2022)	24.9% (4/1/2023)	27.6% (4/1/2024)	30%	
		Number of career hires	80 employees	63 employees	145 employees	182 employees	-	
	Diversity	Ratio of female employees in management	4.5% (4/1/2021)	4.9% (4/1/2022)	5.2% (4/1/2023)	5.8% (4/1/2024)	8% (4/1/2027)	
		Ratio of female section chiefs	17.9% (4/1/2021)	19.2% (4/1/2022)	21.3% (4/1/2023)	23.5% (4/1/2024)	25% (4/1/2027)	
		Employment rate of people with disabilities	2.5% (4/1/2021)	2.5% (4/1/2022)	2.5% (4/1/2023)	2.48% (4/1/2024)	2.7% (4/1/2026)	
		Continuation rate of employment after reaching retirement age of 65	60.0% (4/1/2021)	60.9% (4/1/2022)	49.4% (4/1/2023)	55.2% (4/1/2024)	-	
	Health Management	Percentage of regular health checkups	100%	100%	100%	100%	-	
		Percentage of secondary examinations for persons requiring close examination and treatment	99.0%	91.0%	95.3%	89.5%	-	
	Child-birth Child-care	Percentage of men taking childcare leave	42.4%	41.9%	62.2%	67.2%	80% (FY2026)	
		Lump-sum payment for raising the next generation (number of recipients/amount)	637/637 million yen	636/636 million yen	643/643 million yen	609/609 million yen	-	Cumulative total payments since the introduction of the system in FY2005: 12,470 million yen
Employment	Percentage of paid leave taken	59.6%	59.2%	56.4%	65.5%	-		
Equity	Gender wage gap (ratio of average female income to male income)	-	60.7%	61.3%	63.0%	-		
Career support	Cross-Border Career Support System	-	-	49 employees	53 employees	-	Career support system focusing on internal and external side jobs	

*1 FY2023 results are disclosed in preliminary figures. *2 Each date is listed in the order of (m/d/yyyy).

In FY2023, net sales were **5,202.9 billion yen** (+6.0% YOY)
and operating income was **440.2 billion yen** (+6.8% YOY excl. actuarial differences)

(billion yen)	FY2022 Results	FY2023 Initial forecasts	FY2023 Rev. forecasts	FY2023	
				Results	(YOY)
Net sales	4,908.1	4,920.0	5,020.0	5,202.9	(+6.0%)
Operating income	465.3	380.0	385.0	440.2	(-5.4%)
Operating income Excl. actuarial differences	368.7	380.0	385.0	393.6	(+6.8%)
Net income*1	308.3	250.0	263.0	298.7	(-3.1%)
Net income*1 Excl. actuarial differences	240.2	250.0	263.0	266.5	(+10.9%)
Annual dividend	130 yen	135 yen	140 yen	143 yen	(+13 yen)
Dividend payout ratio Excl. actuarial differences	35.6%	35.6%	35.0%	35.1%	-

◆ FY2023 Results by Segment

(billion yen)	Net sales (YOY)		Operating income (YOY)	
Single-Family Houses	951.0	(+8.5%)	35.1	(-24.5%)
Rental Housing	1,250.2	(+5.7%)	115.7	(+5.5%)
Condominiums	441.8	(-8.8%)	37.3	(-8.6%)
Commercial Facilities	1,181.5	(+8.2%)	143.6	(+8.0%)
Logistics, Business & Corporate Facilities	1,294.4	(+14.5%)	123.2	(+23.7%)
Environment and Energy	139.4	(-26.1%)	9.1	(+45.3%)
Other	68.0	(-16.9%)	2.4	(-55.4%)
Total	5,202.9	(+6.0%)	440.2	(-5.4%)

* 1 Attributable to owners of the parent

For FY2024, we expect net sales of **5,250.0 billion yen** (+0.9% YOY) and operating income of **400.0 billion yen** (+1.6% YOY excl. actuarial differences)

(billion yen)	FY2023		FY2024	
	Results	(YOY)	Forecasts	(YOY)
Net sales	5,202.9	(+6.0%)	5,250.0	(+0.9%)
Operating income	440.2	(-5.4%)	400.0	(-9.1%)
Operating income Excl. actuarial differences	393.6	(+6.8%)	400.0	(+1.6%)
Net income*1	298.7	(-3.1%)	237.0	(-20.7%)
Net income*1 Excl. actuarial differences	266.5	(+10.9%)	237.0	(-11.1%)
Annual dividend	143 yen	(+13yen)	145 yen	(+2yen)
Dividend payout ratio Excl. actuarial differences	35.1%	-	39.1%	-

◆FY2024 Forecasts by segment

(billion yen)	Net sales		Operating income	
	(YOY)		(YOY)	
Single-Family Houses	1,112.0	(+16.9%)	58.0	(+64.9%)
Rental Housing	1,300.0	(+4.0%)	125.0	(+8.0%)
Condominiums	258.0	(-41.6%)	14.0	(-62.5%)
Commercial Facilities	1,220.0	(+3.3%)	144.0	(+0.3%)
Logistics, Business& Corporate Facilities	1,280.0	(-1.1%)	128.0	(+3.9%)
Environment and Energy	148.0	(+6.1%)	9.2	(+0.7%)
Other	52.0	(-23.6%)	0.0	(-)
Total	5,250.0	(+0.9%)	400.0	(-9.1%)

* 1 Attributable to owners of the parent



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.