



Daiwa House[®]
Group

N e w s L e t t e r

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Press Release (Translation)

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Daiwa House Industry Announces Reorganization of City-Hotel Interests

Daiwa House Industry Co., Ltd. (main office: Osaka, President and CEO: Keiichi Yoshii) and wholly owned subsidiaries Daiwa Royal Co., Ltd. (main office: Chiyoda-ku, Tokyo, President: Ken Harada, hereinafter “Daiwa Royal”) and Daiwa Resort Co., Ltd. (main office: Chiyoda-ku, Tokyo, President: Yoshinari Shibayama, hereinafter “Daiwa Resort”) announced today that Daiwa Resort’s city-hotel business has been transferred to Daiwa Royal in an “absorption-type company split.”

1. Purpose of the reorganization

Daiwa House Industry has positioned enhancement of corporate governance as the most crucial challenge of its Sixth Medium-Term Management Plan. The company has been studying organizational-structure and management-model options and is now moving to identify, consolidate, and rationalize business units with redundant functions. It wants to implement a “business division-based system”—an organizational structure of divisions focusing on specific business lines—and aims to have it in place and fully functioning by April 2021.

As a first step, Daiwa House Industry has used the “absorption-type company split” business-transfer scheme to split off Daiwa Resort’s Daiwa Royal Hotel City division and fold it into the portfolio of Daiwa Roynet Hotels-operator Daiwa Royal. The move is intended to improve efficiency by consolidating all Group city-hotel interests at Daiwa Royal.

Daiwa House Industry will be pushing ahead with a broad-ranging reorganization designed to give it a structure enabling the Group to do business more efficiently and effectively, maximize synergies among Group businesses, and generate higher revenues.

2. Outline of the absorption-type split

(1) Effective date: October 1, 2020

(2) Method

The transfer uses the absorption-type company split method. The business division was split off from Daiwa Resort and taken over by successor Daiwa Royal.

(3) Rights and obligations assumed by the successor

Daiwa Royal assumes all rights and obligations associated with Daiwa Resort's Daiwa Royal Hotel City business.

3. Outline of transferred business

(1) Outline of the transferred assets

Daiwa Royal Hotel City business which is city hotel business of Daiwa Resort

“Affected hotels”

- Daiwa Royal Hotel D-CITY Osaka Shin Umeda (Osaka City, Opened in April 2018)
- Daiwa Royal Hotel D-CITY Osaka Higashitemma (Osaka City, Opened in May 2018)
- Daiwa Royal Hotel Grande Kyoto (Kyoto City, Opened in June 2018)
- Daiwa Royal Hotel D-CITY Nagoya Nayabashi (Nagoya City, Opened in August 2018)
- Daiwa Royal Hotel D-CITY Nagoya Fushimi (Nagoya City, Opened in April 2019)
- Daiwa Royal Hotel D-PREMIUM Kanazawa (Kanazawa City, Ishikawa Prefecture, Opened in October 2019)
- Daiwa Royal Hotel D-PREMIUM Nara (Nara City, Opened in March 2020)
- Daiwa Royal Hotel D-PREMIUM Osaka Shin Umeda (Osaka City, Opened in August 2020)
- Daiwa Royal Hotel D-PREMIUM Sapporo Nakajima Koen (Sapporo City, Opening in May 2022)

(2) Operating results of transferred division (FY2019)

Net sales: ¥3.9 billion

(3) Other

Visit <https://www.daiwaresort.jp/> for details (Japanese only) on the disposition of loyalty points awarded under Daiwa Resorts' rewards programs.

4. Impact on business results

The reorganization is not expected to have any material impact on Daiwa House Industry's the consolidated results.

End

Disclaimer:

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