



Daiwa House[®]
Group

N e w s L e t t e r

November 5, 2024

Press Release

Keiichi Yoshii, President and CEO
Daiwa House Industry Co., Ltd.
3-3-5, Umeda Kita-ku, Osaka

■ **Strengthening of Rental Housing Business in the U.S.A.**

**Notice Regarding Purchase of Membership Interests
of Alliance Residential Company**

Daiwa House Industry Co., Ltd. (Head Office: Kita-ku, Osaka, President and CEO: Keiichi Yoshii) hereby announces that, as of November 1, 2024 (US time), Daiwa House USA Holdings Inc. (Head Office: Dallas, Texas, CEO: Yoichi Shimoyama)^(Note 1) has made a US residential rental company, Alliance Residential Company (Head Office: Scottsdale, Arizona, hereinafter, “Alliance Residential”) an equity-method affiliate.

(Note 1) Establishing Daiwa House USA Member, LLC to acquire membership interests of Alliance Residential.



【Alliance Residential’s Rental Housing (Left: Broadstone, Right: Prose)】

1. Reasons for the acquisition

Daiwa House Group, as part of its “Seventh Medium-Term Management Plan,” which runs through fiscal year 2026, is developing community-based business in its overseas business, with an aim to achieve net sales of 1 trillion yen and operating income of 100 billion yen.

Our rental housing business in the US started in 2011, when we purchased a 42-unit project in California and started management operations. We then developed large-scale properties in Texas and suburban Washington D.C., and have developed 5,675 units in 17 rental projects.^(Note 2)

We have promoted our international business strategy by mergers and acquisitions, expanding the footprint in U.S., mainly in the “Smile Zone”, which connects the economically-strong eastern, southern and western parts of the country. We started with the February 2017 purchase of membership interests in Stanley Martin Holdings, LLC, which is engaged in the single-family home business on the east coast, and followed with the February 2020 purchases in Trumark Companies, LLC on the west coast and the September 2021 purchase of CastleRock Communities, LLC in the south.

Alliance Residential, one of the largest rental housing developers in the US, is a privately-held company

engaged in development, construction, and acquisition of rental housing in 19 business locations covering 39 metro areas across 16 states in the US, mainly in the “Smile Zone” where we are also focused. Alliance Residential is highly aligned with our group’s corporate culture and values in terms of growth-oriented entrepreneurship and management strategy, focusing on their stakeholders including investors, customers, and employees. Through dialogue with the management team of Alliance, we deepened our relationship through mutual understanding and trust, concluding that Alliance would be an ideal partner for Daiwa House Group’s further business expansion in the US, and decided to acquire 35% membership interests in Alliance Residential. We believe this will enhance our US network and capabilities, which will lead to further expansion of the real estate development platform.

(Note 2) As of October 31, 2024, including properties under development, those purchased upon completion and those sold

2. Housing development in U.S.A.

After a decline in rental housing starts due to rising construction costs and high interest rates, the market has been on a recovery track driven by protracted short housing supply. Demand for rental housing should continue to be strong, given spiraling prices of new for sale homes due to skyrocketing materials prices and higher mortgage cost burden. The total population of the United States is expected to reach 355.31 million in 2040 ^(Note 3), and the 15-year population growth rate from 2025 to 2040 is expected to remain steady at 5% ^(Note 3). Long-term and sustained demand is expected to be driven by future population growth.

(Note 3) Source: U.S. Census Bureau

3. About Alliance Residential

Alliance Residential, established in 2000 and headquartered in Scottsdale, Arizona, operates in 19 business locations covering 39 metro areas across 16 states in the US, mainly in the “Smile Zone”. Its three mainstay businesses are acquisition and development of rental housing, general contracting, and supply chain management. The development of rental housing is operated under four brands: “Broadstone” luxury multi-family, “Prose” workforce housing, “Holden” senior living, and “Silveray” build to rent housing. In 2022, Alliance Residential secured the top ranking of largest rental housing developers in the USA ^(Note 4), with construction starts of 61 communities containing 13,169 rental units, an all-time high in its own history.

Alliance Residential is also committed to eco-friendly actions by reducing environmentally harmful products and building practices, which results in mitigation of the environmental and financial impacts of waste, energy and water without compromising quality or resident experience. It also tackles social issues by providing high-quality attainable workforce housing under the Prose brand, and senior living solutions under the Holden brand. Alliance Residential plans further expansion, targeting development of 115 communities with approximately 30,000 rental units during four years from 2025 to 2028.

(Note 4) Source: NMHC (National Multifamily Housing Council) 25 Largest Developers



【Alliance's Footprint】

4. Schedule

Date of transfer of membership interests: November 1, 2024

5. Impact on financial results

The purchase of the membership interests will have no significant impact on our consolidated financial results.

6. Overview of the related companies

■Company acquiring the membership interests:

Company	Daiwa House USA Member, LLC
Address	222 West Las Colinas Blvd, Suite 1540 East, Irving, Texas 75039, USA
Year of establishment	October 2024
Area of business	Holding and management of membership interests in Alliance Residential
Shareholding ratio	Daiwa House USA Holdings Inc. 100% (Wholly owned subsidiary of Daiwa House Industry Co., Ltd.)

■Company being acquired:

Company	Alliance Residential Company
Address	7135 E. Camelback Road Suite 360 Scottsdale, AZ 85251, USA
Name of representatives	Jay Hiemenz (Chairman & CEO)
Year of establishment	2000
Area of business	Rental housing development business, housing construction business and associated businesses
Employees	Approx 400 full-time employees (as of Oct 2024)

Inquiries	
Public Relations Department	
Tokyo Public Relations Group	+81-3-5214-2112
Public Relations Group	+81-6-6342-1381