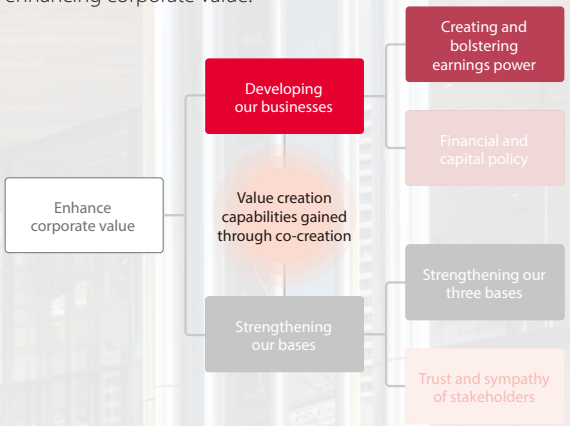


YODOYABASHI GATE TOWER (mixed-use building)
Photo: Akira Ito (aifoto)

Developing our Businesses

Under the 7th Medium-Term Management Plan, we worked to evolve our business portfolio with a circular value chain at its core, aiming to generate stable cash flow and strengthen our earnings base. In this chapter, we introduce the market environments and strategies for each business segment, along with the results achieved under the 7th Medium-Term Management Plan and our future growth strategies aimed at enhancing corporate value.



Chapter 5

Chapter 5 Developing our Businesses

Performance targets by business segment

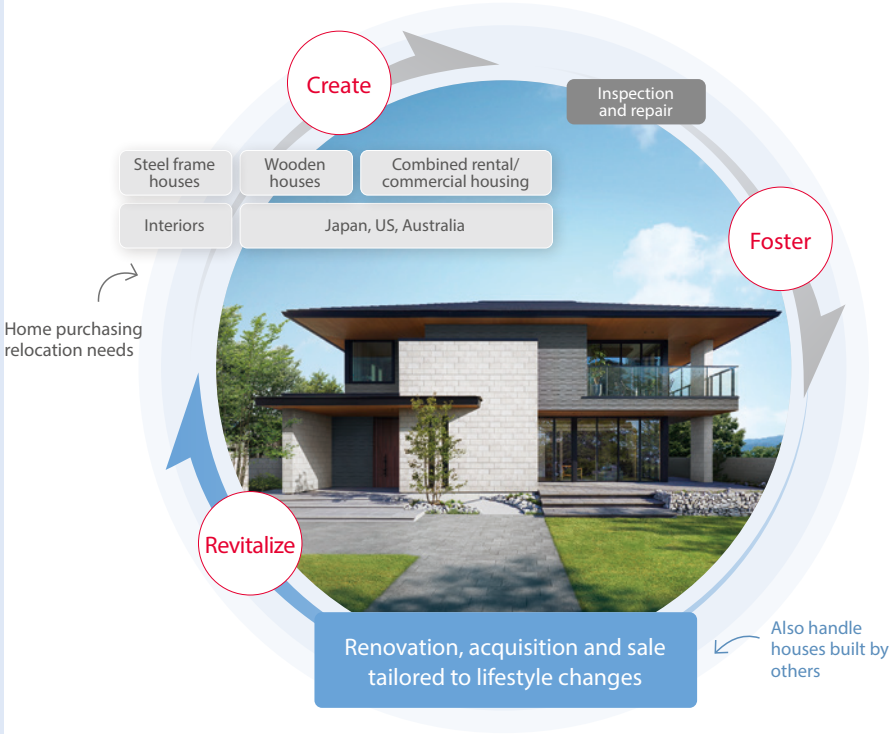
Sales reached the ¥5.5 trillion target set in the 7th Plan one year ahead of schedule. Operating income also reached a level close to the target a year early, even excluding the impact of actuarial differences. In addition to steady growth in the Single-Family Houses Business in the US, the Rental Housing Business and Commercial Facilities Business in Japan outperformed our plan.

(¥ billion)

	FY2021 (final year of the 6th Plan) results		FY2025 (final year of the 7th Plan) results		FY2026 plan	
	Sales	Operating income (operating margin)	Sales	Operating income (operating margin)	Sales	Operating income (operating margin)
Single-Family Houses	784.8	38.3 (4.9%)	**1,342.2**	**155.6 (11.6%)**	1,345.0	55.0 (4.1%)
for overseas	318.0	23.4 (7.4%)	816.7	149.8 (18.3%)	804.8	48.6 (6.0%)
Rental Housing	1,052.5	96.6 (9.2%)	**1,429.2**	**141.1 (9.9%)**	1,440.0	142.0 (9.9%)
for overseas	32.5	5.5 (17.0%)	82.2	−4.1 (-%)	88.2	0.6 (0.7%)
Condominiums	379.9	9.7 (2.6%)	**279.6**	**5.9 (2.1%)**	310.0	18.0 (5.8%)
for overseas	20.3	−2.3 (−%)	36.8	−11.2 (−%)	55.6	−0.7 (−%)
Commercial Facilities	1,038.5	124.1 (12.0%)	**1,290.1**	**162.4 (12.6%)**	1,310.0	163.0 (12.4%)
for overseas	1.2	−1.1 (−%)	12.7	1.3 (10.9%)	11.4	1.5 (13.2%)
Logistics, Business and Corporate Facilities	1,079.2	125.5 (11.6%)	**1,189.8**	**127.6 (10.7%)**	1,480.0	158.0 (10.7%)
for overseas	68.8	1.2 (1.9%)	75.6	4.4 (5.9%)	132.8	10.5 (7.9%)
Environment and Energy	161.0	5.2 (3.3%)	**133.1**	**13.8 (10.4%)**	145.0	14.0 (9.7%)
for overseas	–	– (–%)	–	– (–%)	–	– (–%)
Other Businesses	63.0	−5.9 (–%)	**55.8**	**4.2 (7.5%)**	53.0	0.6 (1.1%)
for overseas	4.0	−0.6 (–%)	5.3	−0.3 (−%)	4.3	−1.6 (–%)
Total (excluding the impact of actuarial differences)	**4,439.5**	332.2 (7.5%)	**5,576.8**	499.2 (9.0%)	**5,900.0**	460.0 (7.8%)
for overseas	445.1	26.1 (5.9%)	1,028.4	137.0 (13.3%)	1,096.0	55.0 (5.0%)

Single-Family Houses Business

Circular value chain



Market environment and strategy

Japan

With the number of new housing starts expected to decline over the medium to long term due to structural factors such as the declining population, we are promoting reforms in sales methods in the contracting and built-for-sale businesses in order to expand our business. In addition, we are aggressively developing our Livness business, which includes renovation and acquisition and sale.

Overseas

In the US, although stable economic growth is expected due to population growth over the medium to long term, consumers are taking a wait-and-see attitude due to uncertainty about the future caused by rising mortgage rates and heightened geopolitical risks. In this environment, we are promoting a variety of sales initiatives and other measures as we expand our business.

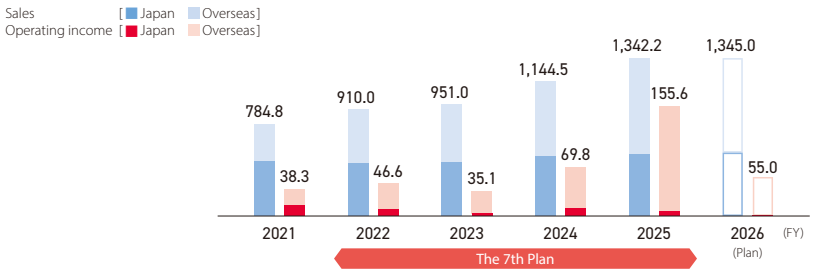
Looking back at the Seventh Medium-Term Management Plan

Business growth in the US despite sluggish housing sales in Japan

In the domestic business, we implemented sales method reforms in both our contracting and built-for-sale businesses; however, as the business environment failed to improve, sales volumes remained sluggish. On the other hand, the Livness business performed steadily and increased earnings.

In the US, the sale of a large parcel of land in FY2025 significantly boosted earnings; furthermore, even excluding that transaction, aggressive business expansion proved successful, and the business grew steadily.

Sales and operating income (¥ billion)



Strengthening the contracting and built-for-sale businesses

Create

Expansion of the built-for-sale business and reform of the sales approach for custom-built houses

In the area of built-for-sale houses, we offer "Ready Made Housing." based on the concept of "offering the best of both custom-built and built-for-sale houses." Utilizing our expertise in custom-built houses, we offer high-quality homes at affordable prices.

In the area of custom-built houses, we propose "Smart Made Housing.", an approach that offers the best of freely designed and standard houses, as more customers become conscious of cost performance and time efficiency amid skyrocketing prices for commodities, construction materials, and labor costs.

In addition to expanding the number of units sold through these initiatives, we will work to improve profitability while also taking steps such as increasing the value per unit.

Enhancing proposal capabilities with the AI Plan Concierge

We have developed the AI Plan Concierge, which instantly proposes a home design that reflects the customer's intuitive vision. By rapidly providing proposals that do not rely on the knowledge or experience of sales representatives, we aim to increase the likelihood of closing deals and reduce negotiation time.



A mock proposal session



Expansion of Livness business

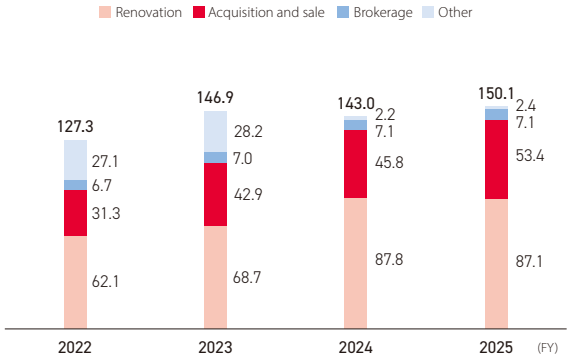
Revitalize

Proposals tailored to customers' lifestyles

As Japan enters an era of an aging and declining population, vacant houses have become a social problem. In the future, it will be necessary not only to build new housing, but also to make good use of existing housing stock.

In the Livness business of the Single-Family Houses Business, we work closely with residents to propose renovations in response to lifestyle changes. Additionally, we actively develop our acquisition and sale business when relocation is necessary, which includes the introduction (brokerage) of new properties and the purchase of homes directly from their owners.

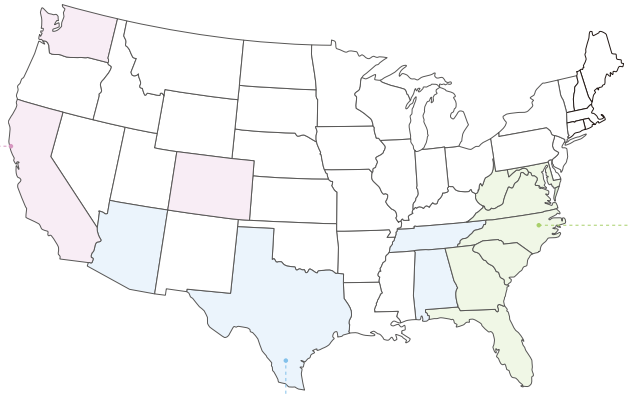
Livness business sales by transaction type (¥ billion)



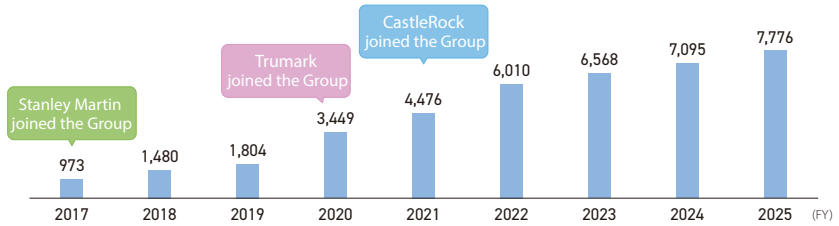
Expanding the US single-family houses business

Expanding the single-family houses business in the US through M&A and land acquisition strategies, even in a high-interest-rate environment

In the single-family houses business, although the business environment in the US remains challenging with persistently high mortgage rates, performance continues to expand steadily, led by our three US-based companies of Stanley Martin, Trumark, and CastleRock. We have identified markets where population growth and economic growth are expected as priority areas, and we are strengthening our business foundation through proactive M&A and the acquisition of prime land, thereby promoting the establishment of a growth foundation that is less susceptible to changes in the external environment.



Single-Family Houses Business in the United States
Number of units delivered (units)



Stanley Martin Holdings

Founded in 1966 and operating primarily on the East Coast. In 2021, Stanley Martin was awarded the National Builder of the Year and offers a wide range of products, from detached homes to townhomes. While investing in growing markets with affordable price points and improving efficiency through off-site construction, Stanley Martin completed two M&A transactions in 2026 to further expand its business foundation.

Year established	1966
Units delivered in FY2025	5,320

Major M&A transactions since joining the Group

February	2018	Frontdoor Communities
February	2020	Essex Homes Southeast
September	2021	Avex Homes
September	2025	Windsor Investments
May	2026	United Homes Group
July	2026	Holiday Builders

Trumark Companies

Operates primarily in the West Coast market and handles every stage, from residential land development to housing supply. Its strengths lie in a strong track record of awards in the housing industry, where Trumark is recognized for high-quality products and design excellence. Trumark is driving further growth by expanding its business base, including entry into the state of Washington in March 2026.

Year established	1988
Units delivered in FY2025	991

Major M&A transactions since joining the Group

October	2023	JP Holdings
March	2026	JK Monarch Enterprises

CRC Holdings

Operates primarily in Texas and is expanding its business by leveraging its diverse product lineup tailored to customer needs and its high quality. In October 2025, CRC Holdings expanded its business areas, including by entering the state of Alabama, and is working to further expand its business base.

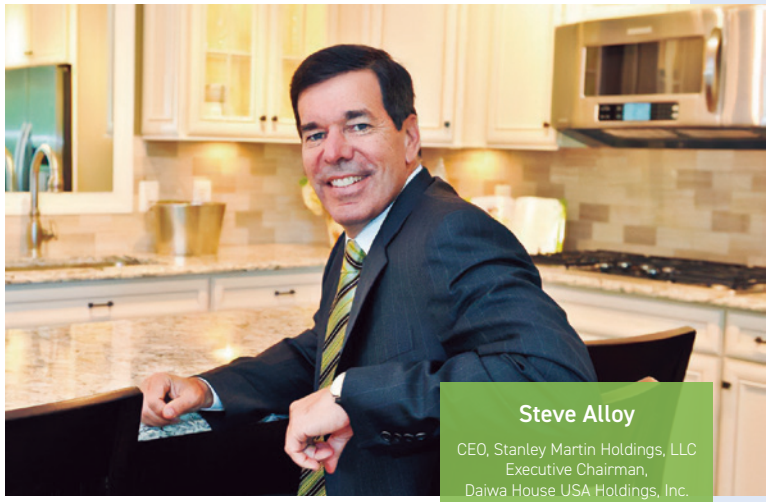
Year established	2004
Units delivered in FY2025	1,465

Major M&A transactions since joining the Group

January	2024	The Jones Company of Tennessee
October	2025	WrEn Homes

Stanley Martin Holdings CEO Message

Driving Group growth through expansion in high-growth markets



Steve Alloy
CEO, Stanley Martin Holdings, LLC
Executive Chairman,
Daiwa House USA Holdings, Inc.

Current conditions and strategic responses in the U.S. homebuilding business

The U.S. housing market is expected to see solid long-term demand, supported by population growth, household formation, and a persistent housing shortage. At the same time, affordability remains a major industry challenge as elevated mortgage rates continue to impact homebuyers.

Since its founding, Stanley Martin has focused on providing high-quality homes that are attainable for a broad range of buyers. Stanley Martin's Mission Statement is "To design and build homes people love at a price they can afford." Through strong land skillsets, optimized home designs, efficient construction practices, and a leading sales team, the company continues to help customers achieve homeownership.

Stanley Martin has focused on high-growth markets with sustained population growth. We are able to achieve outsized growth due to our geographic emphasis in the southeastern United States. By delivering efficiently designed homes in one of the highest growth regions of the U.S., our multiyear land supply positions us for continued success.

Synergies with the Daiwa House Group

Since joining the Daiwa House Group, Stanley Martin has achieved steady growth by combining the Group's strong financial foundation with our community-focused operating model. Supported by Daiwa House, we have expanded our geographic footprint and increased home deliveries through strategic land acquisitions and M&A. The Daiwa House Group also regularly convenes management teams from Japan and overseas to share growth strategies, address business challenges, and exchange insights. This global management network enhances the competitiveness of each group company and supports long-term value creation across the organization.



Daiwa House Group Global Meeting

Group purchasing initiatives across U.S. Group companies

In addition, our U.S. group companies collaborate on the joint procurement of housing materials, leveraging economies of scale to reduce costs and improve operational efficiency. These synergies enhance our overall competitiveness. Going forward, we will continue to combine the Daiwa House Group's financial and management resources with Stanley Martin's local expertise to drive sustainable growth and long-term value creation.

Driving growth through business diversification

In 2024, Daiwa House entered two additional segments. Stanley Martin acquired a large land development general contracting firm headquartered in North Carolina. Daiwa House acquired an interest in Alliance Residential, one of the largest apartment developers in the U.S. Looking ahead, we aim to build a business portfolio that balances stability and growth by continuing to strengthen our core single-family homebuilding operations while also pursuing growth in the multifamily sector as well as other sectors.

Rental Housing Business

Circular value chain



Market environment and strategy

Japan

While construction costs are rising due to soaring material and labor costs and market interest rates are increasing, demand from landowners and investors for rental housing investment for purposes such as inheritance planning remains strong. In addition, there is a trend of rising rents, particularly in urban areas. In this environment, we are establishing and promoting a circular business model through collaboration among contracting and built-for-sale housing, rental management, and renovation proposals.

Overseas

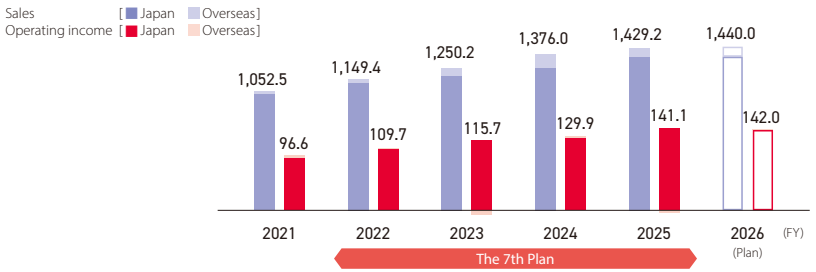
In the US, we are focusing on improving the profitability of operational properties amid continued high interest rates and a sluggish real estate sales environment. In Europe, where chronic housing shortages have become a social issue against the backdrop of a growing population, we are aiming to expand the supply of housing through modular construction.

Looking back at the Seventh Medium-Term Management Plan

Steady business growth in Japan and profit generation exceeding medium-term plan targets

In Japan, the built-for-sale business, on which we are focusing, is progressing steadily, and in the rental management business, proactive rent revisions proved successful while maintaining the occupancy rate, leading to improved profit margins. Overseas, leasing in the US remained generally strong, and although we recorded losses on a large project in Europe, the segment as a whole far exceeded the ¥120 billion operating income target set for the final year of the 7th Plan.

Sales and operating income (¥ billion)



Steady construction business

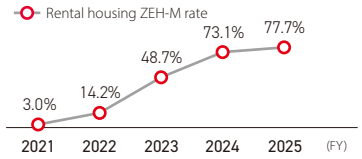
Create

Steady expansion of the built-for-sale business

The built-for-sale business, which is being aggressively developed, remained steady. We are diversifying our sales channels to include introductions from financial institutions and wealthy individuals who do not own land.

Proactive environmental initiatives

Sales of TORISIA, an offering with ZEH-M specifications launched in 2022, remained steady, leading to a rapid increase in the ZEH-M rate. We will continue to aggressively develop rental housing proposals that balance consideration for the global environment with benefits for both owners and tenants.



THE STATELY, a heavy steel frame residence

THE STATELY, a rental housing product with a heavy steel moment frame launched in 2025, became the first in the Company's rental housing lineup to feature the third and highest grade of seismic resistance as a standard specification. It also incorporates highly sound-insulating boundary walls and floors to create comfortable living spaces. Depending on needs, stores and other facilities with ceiling heights exceeding three meters can also be incorporated on the first floor to enable highly profitable proposals.

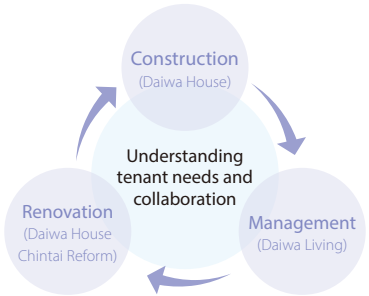


Growth in the rental management business

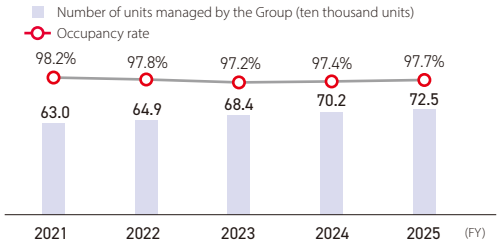
Foster | Revitalize

Business collaboration between construction, management, and renovation

We are striving to better understand tenants' needs by strengthening collaboration between Daiwa House, Daiwa Living, and Daiwa House Chintai Reform. Daiwa Living manages approximately 80 percent of the rental housing built by Daiwa House, and the D-ROOM brand, which is highly regarded for its comfort and quality, contributes to high levels of satisfaction among both tenants and owners. The rental housing business is performing well, maintaining occupancy rates and implementing rent adjustments while increasing the number of units under management.



Number of units managed and occupancy rate



Promoting the use of wood and timber frames

Create | Foster

Development of the MOKURIE built-for-sale timber structure rental housing product

MOKURIE is a timber structure rental housing product developed with the aim of promoting the circular use of timber resources and revitalizing local communities by incorporating original louvers made from locally grown timber as exterior cladding. By effectively utilizing local timber, including timber from thinning operations, we contribute to the healthy cycle of forest resources while promoting the reduction of CO_2 emissions by leveraging timber's carbon sequestration capabilities. Furthermore, based on the concept of "local production for local consumption," we are strengthening partnerships with local forestry and timber processing businesses, thereby contributing to the sustainable development of the local economy. Through these initiatives, we aim to achieve harmony with nature and forests and foster a circular lifestyle that passes on a rich environment to future generations.



MOKURIE utilizes original louvers that convey the warmth of wood for exterior finishes

Condominiums Business

Circular value chain



Market environment and strategy

Japan

The condominium market in the Tokyo metro area remained strong, with rising sale prices. While other companies are securing sites, we are promoting projects that balance both the solving of local issues with considerations for the environment through redevelopment, complex development, condominium revitalization, etc. We are driving growth in our condominiums business while working to improve the sustainability of the city and grow together with local communities.

Overseas

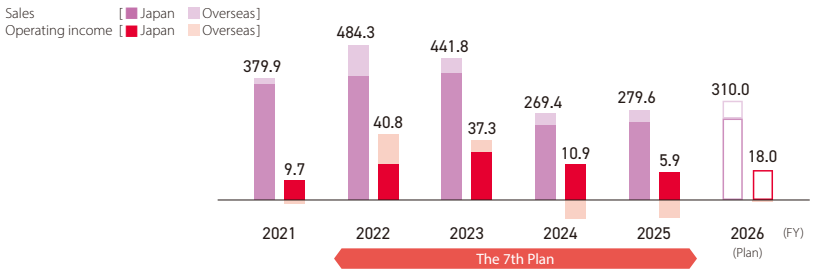
Overseas, the Condominiums Business is being developed in China, the United States, and the United Kingdom. Major cities, mainly in Europe and the US, are experiencing an increasingly serious shortage of housing supply due to population growth and immigration. To meet this demand, we will aggressively develop our overseas business and contribute to local communities by solving problems through locally rooted initiatives.

Looking back at the Seventh Medium-Term Management Plan

Despite steady business performance in Japan, overseas business struggled due to a sluggish Chinese market

Condominium sales in Japan have been strong, and business results exceeded the targets set in the 7th Plan. With regards to our overseas businesses, under the 7th Plan, we have been developing businesses primarily in the US and China; however, sales fell short of the plan due to continued sluggishness in the Chinese real estate market.

Sales and operating income (¥ billion)



Strong sales in Japan

Create Foster

Promoting diverse housing and community development



PREMIST Akishima MoriPark Residence

In Japan, to meet the diverse lifestyles of residents, we promote sales while pursuing the provision of basic performance, comfort, safety, and management systems essential for durable homes, making full use of the know-how we have cultivated as a homebuilder. Amid intensifying competition in land acquisition, we are promoting our business with an eye to expansion into business areas leveraging the strengths of the Daiwa House Group, such as redevelopment, condominium revitalization, and complex development, while also focusing on addressing social issues and environmental considerations.

Development case study

Developing attractive condominiums tailored to the needs of each area

PREMIST Tower Funabashi (Funabashi City, Chiba Prefecture)

With excellent transport links via two stations and four train lines, this property offers easy access to central Tokyo, Haneda Airport, and Narita Airport. As a complex development featuring a pedestrian deck directly connected to the station and a variety of shared facilities, it is expected to become a new landmark in Funabashi where the tranquility of nature harmonizes with exceptional convenience.



Sales launched in February 2026
Completion scheduled in March 2028
Adopts ZEH-M Oriented specifications

Bright Cross Hashimoto Ekimae (Fukuoka City, Fukuoka Prefecture)

A mixed-use commercial and residential development rising within the land readjustment area in front of Hashimoto Station. The extension of the Nanakuma Line has improved access to Hakata and the airport, and the property is being developed in a rare location adjacent to the line's starting station. With an access route designed to help keep residents dry on rainy days and a range of unit layouts from 2LDK to 4LDK, the development combines convenience with spacious living to meet a wide range of needs.



Sales launched in April 2026
Completion scheduled in August 2027
Rated 3 stars under BELS certification standards

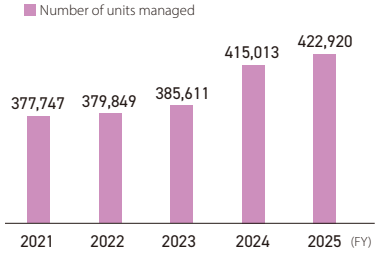
The Daiwa House Group's condominium management business

Foster

Steady growth in the number of condominium units under management

Daiwa LifeNext, which provides condominium management services, works to maintain the asset value of condominiums through support for homeowners' association operations, repair planning, and facility management, while also ensuring the safety and peace of mind of residents through 24/7 support and disaster prevention services. Furthermore, the number of condominium units under management has steadily increased, driven by high customer satisfaction and service quality as demonstrated by recognition at the SUUMO AWARD and advances in IT-enabled management.

Number of units managed in the Condominiums Business (units)



Note: Total number of units managed by Daiwa LifeNext, Global Community, and Daiwa LifeLink

Expansion of the employee dormitory business centered on L-Place and creation of added value

Through the L-Place lineup, Daiwa LifeNext offers rental employee dormitories to corporate clients, providing safe and secure living environments through meal service and on-site management, along with shared facilities such as fitness centers and co-working spaces that help foster interaction among residents and enhance their well-being. Furthermore, by offering studio-style units that ensure privacy while enhancing convenience, we contribute to creating added value in real estate. Based on these initiatives, we are progressively opening new properties in the Tokyo metro area and major regional cities.



L-Place Higashi-Shinagawa



L-Place Tenjin-Minami Golf Lounge

Commercial Facilities Business

Circular value chain



Market environment and strategy

Japan

With the end of the pandemic, the number of visitors to Japan has recovered to levels significantly higher than those before the pandemic. Against the backdrop of this growing demand, we are responding to demand from hotels and other businesses to open new locations, implementing initiatives tailored to the needs of individual tenants, and strengthening development in well-branded areas that attract significant investor interest.

Overseas

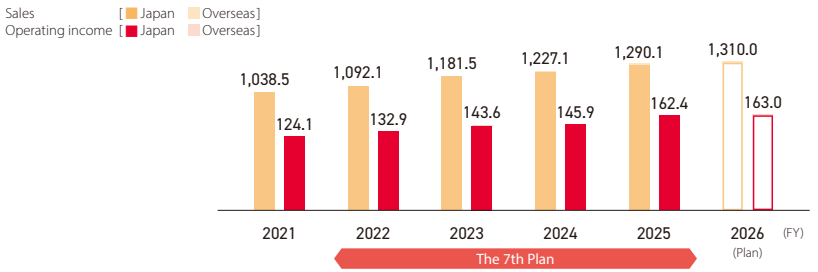
Starting with business support for tenants and others considering overseas expansion from Japan, the Company is expanding into the construction, management, and operation of commercial facilities in the US, Taiwan, and other countries.

Looking back at the Seventh Medium-Term Management Plan

Exceeded the 7th Plan targets by capitalizing on tenant demand for new locations and strong hotel business performance

In the construction business, we expanded our operations by capitalizing on tenants' growing eagerness for the opening of new stores, and sales grew steadily. Profit margins gradually improved as we implemented measures to pass on the costs of soaring material prices. In addition, the hotel management business has progressed well in excess of the plan, boosted by an increase in visitors to Japan. FY2025 performance exceeded the initial FY2026 targets set out in the 7th Plan for both sales and operating income.

Sales and operating income (¥ billion)

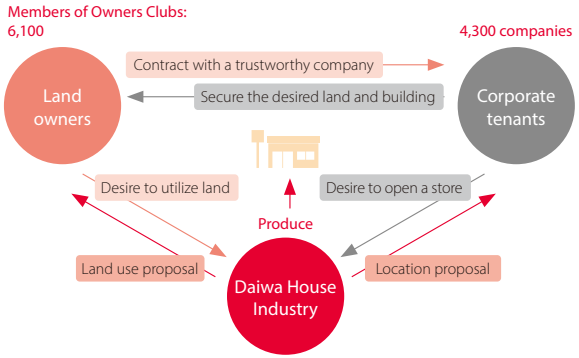


The LOC system: Meeting tenants' store-opening needs across Japan

Create Revitalize

Our LOC system connects the needs of landowners wishing to make effective use of their properties and companies looking for a place to roll out new businesses

In the contracting business, the core focus was roadside stores such as restaurants and goods retailers that operated nationwide via the LOC system, but by expanding our asset types, we have been able to flexibly adapt to changes in the business conditions of our tenant companies brought about by regional needs and market trends. Stores now account for 30% of orders, and non-stores such as nursing homes, hotels, offices, and distribution centers account for 60%. In addition, we are expanding our business through efforts to increase the size of buildings such as commercial complexes and NSCs (neighborhood shopping centers).



Complex development enabled by our understanding of needs of many tenants looking to open stores

By harnessing our relationships with a large number of tenants, we have gained an understanding of their needs and can develop commercial facilities that achieve an optimal tenant mix. By attracting a large number of attractive tenants, we will increase foot traffic to facilities and create a vibrant atmosphere in the community.



ACROSS PLAZA Utsunomiya Interpark
An NSC featuring sporting goods stores, an electronics retailer, and a supermarket



COTOE Hashimoto (artist's impression)
Large-scale commercial facility revitalization project

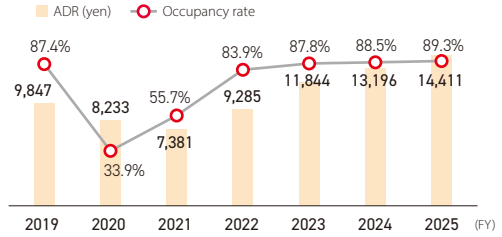
Expansion of hotel management business

Foster

In addition to growing our hotel management business, we are promoting the development of properties such as luxury hotels and apartment hotels

Daiwa Roynet Hotels, which operates urban hotels nationwide, experienced a temporary drop in occupancy rates and guestroom ADR (average daily rate) due to the pandemic, but in recent years, partly driven by the increase in foreign visitors to Japan, both guestroom ADR and occupancy rates have remained consistently above pre-pandemic levels.

ADR and occupancy rate for Daiwa Roynet Hotels in Japan





Daiwa Roynet Hotel NAGOYA-EKIMAE
(Reopened in May 2026 after renovation)

Furthermore, against the backdrop of the increase in foreign visitors to Japan, we are promoting the development of luxury hotels throughout Japan, as well as the development of apartment hotels, primarily in urban centers.

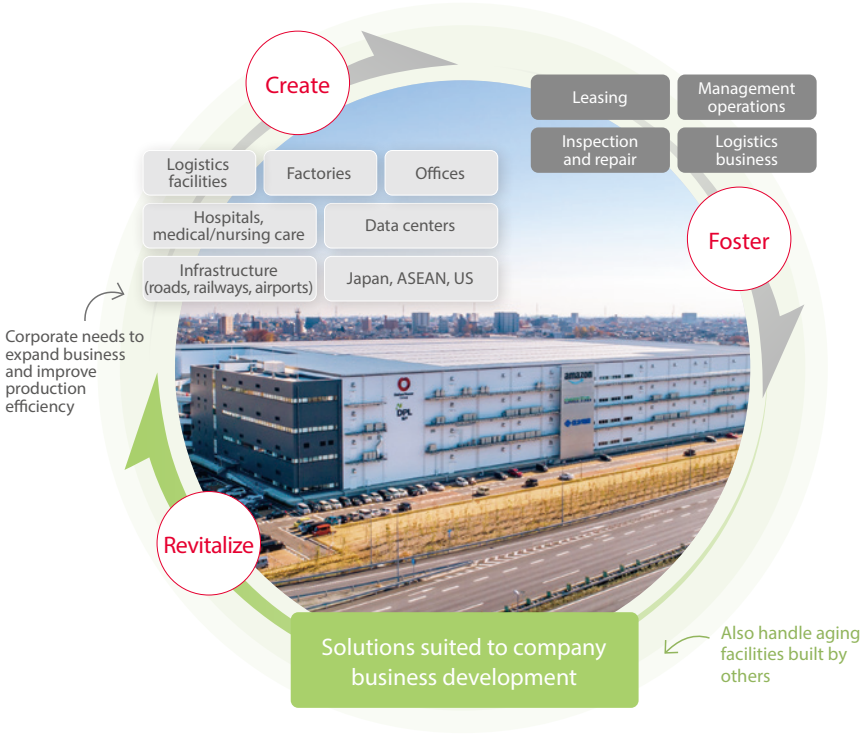




Resort hotel BATON SUITE OKINAWA-KOURIJIMA (opened in March 2025): Exterior (left) and guest room (right)

Logistics, Business and Corporate Facilities Business

Circular value chain



Market environment and strategy

Japan

The order environment is favorable, supported by an upward trend in corporate capital investment appetite. The supply of logistics facilities, mainly in the Tokyo metro area, temporarily greatly exceeded demand, causing vacancy rates to rise, but the balance between supply and demand has been stabilizing over the past year or two, and vacancy rates are gradually improving. We are also strengthening our technical capabilities and proposals to meet the growing demand for data centers and semiconductor-related factories in recent years.

Overseas

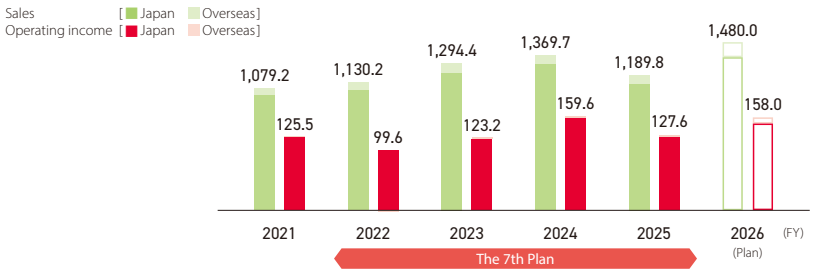
Although no major changes have been observed in the overseas expansion trends of Japanese companies, we are developing business in regions such as ASEAN and the US by leveraging the relationships we have built to date.

Looking back at the Seventh Medium-Term Management Plan

Improved profitability in the construction business, and business growth through the development and sale of logistics facilities

Profit margins in the construction business, which had been declining during the first half of the medium-term plan period due to soaring material prices and labor costs, improved significantly as profitability improvement initiatives, including price revisions to reflect higher costs, proved successful. Even amid rising interest rates, sales of development properties, mainly logistics facilities, remained strong. Overseas, the Company completed its first logistics facility development in the US. Negotiations for leasing and sale also progressed smoothly.

Sales and operating income (¥ billion)



Development of logistics facilities

Create

Helping the logistics industry to solve problems by leveraging our position as No. 1 developer

Since the start of the "D Project" in 2002, the Company has developed a cumulative total of 432 logistics facilities (as of March 31, 2026, including projects under development). At the start of the D project, e-commerce accounted for 1% of merchandise sales in Japan, but by FY2024 it had increased to 9.8%, and we believe we have contributed to the growth of the share of e-commerce. On the other hand, e-commerce already accounts for over 20% of merchandise sales overseas (on average), and the increase in the domestic e-commerce rate is expected to continue. To meet domestic demand, we will continue to aggressively develop logistics facilities.

The logistics industry is facing labor shortages due to stricter laws limiting overtime. In addition to supplying logistics facilities midway between major cities by leveraging our land information gathering capabilities, we also contribute to solving a range of issues, including improving efficiency through automation in the facilities provided by our Group companies and reducing waiting times at truck berths by visualizing cargo waiting and loading/unloading times.



DPL Tokyo Shinonome, the Company's largest urban logistics facility (completed in April 2026)

Development of logistics facilities as social infrastructure

The logistics facilities we develop employ seismic isolation systems, emergency power supplies, and other features to minimize damage in the event of a disaster and to resume logistics operations as soon as possible. In order to protect the safety and security of local residents in the event of disasters such as earthquakes and torrential rains, we have concluded disaster prevention agreements with 20 local governments across Japan (31 logistics facilities, as of the end of March 2026), allowing our properties to serve as temporary evacuation sites for residents. In addition, some of our logistics facilities provide childcare facilities and cafeterias. By creating local employment opportunities, these facilities also serve as an important part of the social infrastructure.



DPL Sendai Rifu I, II



Signing ceremony for disaster agreement

New value-added proposals by BIZ Livness

Revitalize

Expanding the real estate recurring-revenue business through the enhancement of our Livness business

With the launch of BIZ Livness in 2024, we expand our real estate recurring-revenue business by strengthening our Livness business, including in the renovation and acquisition and sale of business facilities, commercial facilities, and other non-residential areas.

BIZ Livness
【ビズリブネス】

We will leverage the know-how we have accumulated through our business, our nationwide network of sales offices, and our Group's network to more actively acquire and sell existing facilities, including those constructed by other companies as well as our own, renovate them, and attract tenant companies to these properties.







Komagane Livness Project
After purchasing a 15-year-old factory, we renovated it into a commercial warehouse and sold it as an investment income property with a higher market value

Expansion of the data center business

Create

Advancing data center development by capitalizing on growing demand for data centers and leveraging our land information gathering and development capabilities

In recent years, the importance of digital infrastructure has increased due to the accelerating digitalization of society and industry, and demand for data centers in Japan is growing as the government, local authorities, and companies seek to properly manage corporate and personal information in their possession. As a response to these social trends, the Company began development in October 2020 of DPDC Inzai Park, one of Japan's largest data center development projects, in Inzai City, Chiba Prefecture, and is also working on multiple projects in the Tokyo metro and Kansai areas.

Data center development requires meeting multiple conditions, such as securing extra-high-voltage power connections, ensuring sufficient communication speeds, and selecting areas with low risks of natural disasters. We will continue to promote data center development by leveraging our extensive land information gathering capabilities, relationships with government agencies and landowners, and the technical expertise and know-how gained from developing diverse assets, including logistics facilities and other large-scale facilities.



DPDC Inzai Park (artist's impression)



DPDC Shinagawa I

Established a dedicated organization to strengthen competitiveness and build a business foundation for the data center business

To expand our data center business, which is expected to become our next core business pillar, we established the Data Center Business Division Preparatory Office in April 2025, transitioning the organization into the Data Center Business Division in April 2026. To position the data center business, which requires advanced and specialized knowledge in business proposals, design, and construction, as a new strength, we will develop and secure specialized talent and accumulate experience and knowledge.

Selling Module DPDC, leveraging the "industrialization of construction"

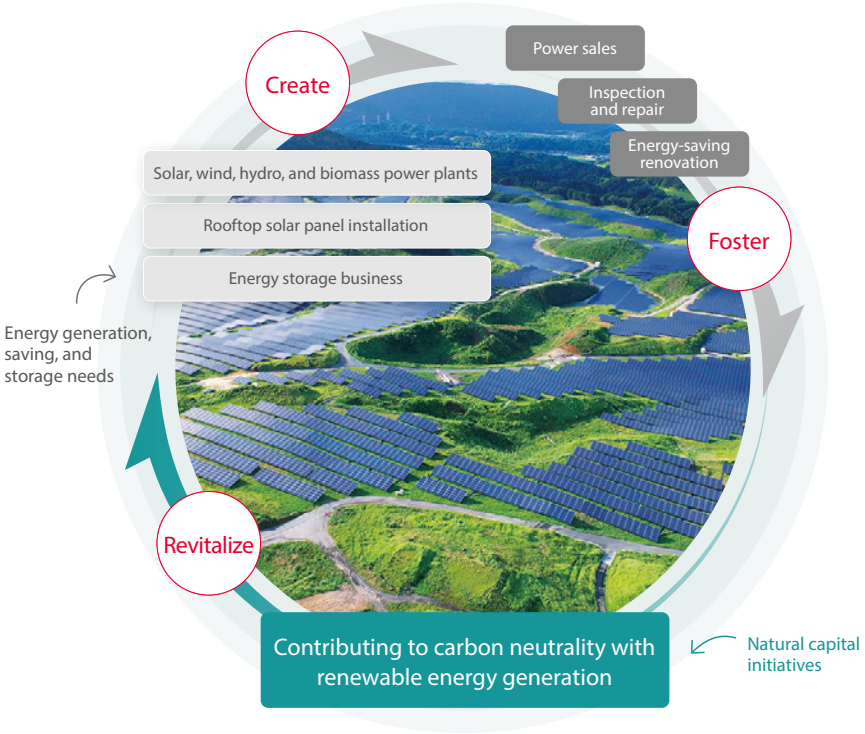
In recent years, with the spread of generative AI and the expansion of communications infrastructure, cloud adoption has progressed, and demand for data centers (DCs) has surged. On the other hand, approximately 90 percent of development is concentrated in the Tokyo metro and Kansai areas, and development is not being decentralized to regional areas. In addition, due to labor shortages and other factors, DCs housed in typical buildings can take five years or more to develop, creating challenges in terms of project duration and cost. Under the Vision for a Digital Garden City Nation, the government is also supporting the decentralization of DCs to regional areas. Against this backdrop, the Company developed Module DPDC, a modular data center that can be constructed in a short period and operated using high-voltage power, by applying its "industrialization of construction" technology. This product features a structural framework that meets the highest level, Tier 4, as defined by JDCC (Japan Data Center Council) standards. Going forward, we will promote the "industrialization of data centers" and, through the deployment of modular DCs, respond swiftly to rapidly growing demand and contribute to building the foundation of a digital society.



Module DPDC (rendering)

Environment and Energy Business

Circular value chain



Market environment and strategy

Japan

Although the reduction of the feed-in tariff (FIT) scheme is leading to a decline in mega solar farms built under this program, demand for renewable energy is increasing as the transition to a decarbonized society accelerates. In recent years, the Company has actively promoted proposals for PPA projects* to address the risk of surging and/or fluctuating power prices.

Overseas

As efforts to realize a decarbonized society gain momentum worldwide, the Company is working to develop markets, primarily in ASEAN, for businesses including power generation.

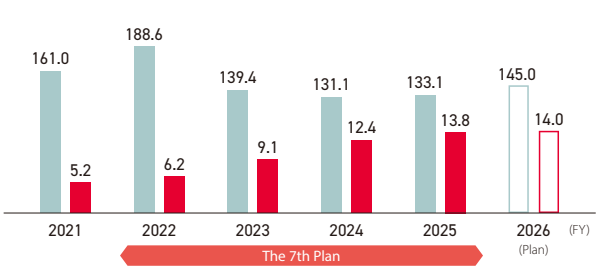
* PPA business
Stands for Power Purchase Agreement. A business which installs renewable energy generation facilities on-site or off-site and sells the generated electricity to specific electricity users.

Looking back at the Seventh Medium-Term Management Plan

Thanks to improved profitability in the PPS business, operating income exceeded the initial target set in the 7th Plan. Progress was also made in expanding the PPA business going forward.

During the medium-term plan period, although sales declined due to a decrease in the EPC (engineering, procurement, and construction) business associated with the shift away from FIT and the termination of low-profitability contracts in the PPS (power producer and supplier) business, operating income increased steadily thanks to factors such as improved profit margins in the PPS business and remained above the initial medium-term plan target of ¥10 billion for FY2026. In addition, progress was made on initiatives to expand the PPA business. We also launched our first on-site PPA business outside Japan, in Thailand.

Sales and operating income (¥ billion)



The three businesses that make up our business

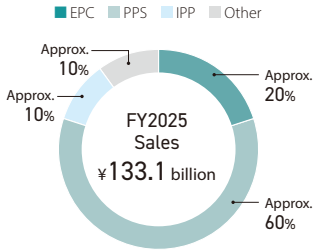
Create Foster

We are developing our Environment and Energy Business with a focus on the following three businesses.

EPC Business
Stands for Engineering, Procurement, and Construction. A business that undertakes the entire process of power plant construction.

PPS Business
Stands for Power Producer and Supplier. A business that acts as an electricity retailer, selling electric power.

IPP Business
Stands for Independent Power Producer. A business that acts as a producer and seller of electric power.



Our PPA business contributes to customer decarbonization efforts by leveraging expertise cultivated across three businesses, from the development and operation of power generation facilities to electricity supply


DREAM Solar Aichi Iwatsuka, installed at LOGIPORT Nagoya 2

To expand the adoption of renewable energy, the Company is promoting an on-site PPA business that requires no initial investment. In this business, acting as both a power producer and an EPC contractor, we install power generation facilities on the premises of electricity buyers and supply the electricity generated over the long term, thereby simultaneously enabling customers to decarbonize and stabilize their costs. In addition, by providing integrated services ranging from design and construction to operation and maintenance, we seek to ensure quality and efficient business operations while leveraging our accumulated expertise to accelerate the expansion of these projects. Furthermore, by effectively utilizing surplus electricity, we are promoting the optimization of energy use. Moving forward, we will continue to contribute to the realization of a decarbonized society by expanding distributed power sources and building a sustainable energy supply system.

Initiatives in the energy storage business

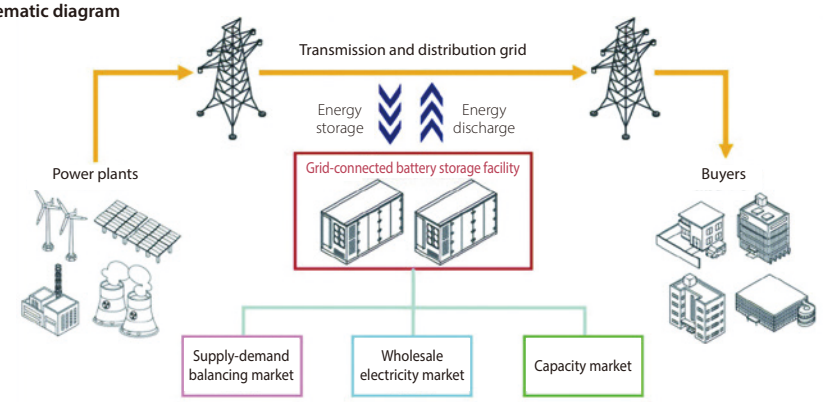
Create Foster

Contributing to power stability through co- development of grid-connected battery storage facilities


Artist's impression of a grid-connected battery storage facility

Against the backdrop of increasing output fluctuations and output curtailment as renewable energy deployment expands, and with battery storage becoming increasingly important as a balancing resource needed to stabilize electricity supply and demand, Tokyo Electric Power Company Holdings and the Company are combining expertise in battery procurement and operation with site development and construction capabilities to promote the co-development of the grid-connected battery storage facility. Aiming to develop facilities nationwide with a total output of 1 GW and a total capacity of 4 GWh by 2035, and with a view to bringing in external investors, we will contribute to the realization of a carbon-neutral society and the stabilization of electricity supply and demand.

Schematic diagram



Overseas business initiatives —Expanding to 27 countries and regions worldwide—

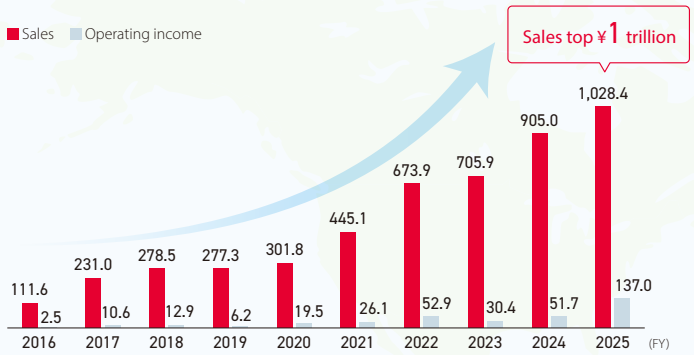
The Daiwa House Group's global vision

Contributing to economic development in diverse regions around the world: Bringing "Endless Heart" to people everywhere

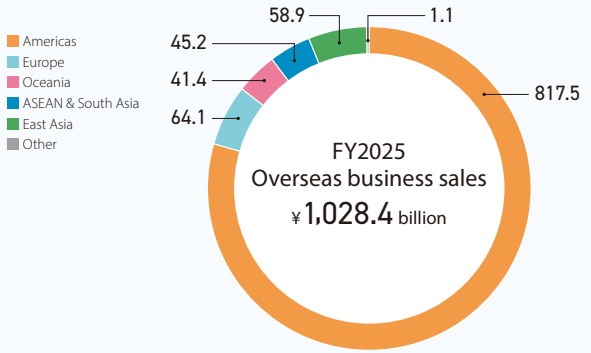
The Daiwa House Group's overseas business, which began expanding in the 1960s, has grown significantly since the 2010s and reached more than ¥1 trillion in sales in FY2025. To drive the Group's growth and advancement, we are guided by the Group's fundamental stance of "Creating Dreams, Building Hearts", and promote business initiatives rooted in each local community. Rather than unilaterally imposing our own values, we build trust as members of local communities and engage in community development on an equal footing with the people, thereby contributing to sustainable growth and regional development.

At the same time, as we expand our overseas business, risks associated with each region's housing and real estate markets, interest rates, exchange rates, geopolitics, policies, and supply chains are also growing. Our Group monitors profitability, investment recovery, asset status, and the incidence of risks by region and business, and responds flexibly, including by curbing investment and reviewing businesses.

Overseas business sales (¥ billion)



Overseas business sales by region (¥ billion)



Policy for overseas business expansion

1 Building an "area portfolio" to achieve stable overseas business growth

Currently, our overseas business is heavily concentrated in the Americas. To ensure stable growth in our overseas business, we will expand our business in promising regions such as Europe and Oceania while carefully assessing market conditions and growth potential.

2 Expanding our business portfolio in the Americas

Currently, the Single-Family Houses Business in the US accounts for the majority of our Americas businesses. Just as Daiwa House Industry has expanded in Japan with a variety of businesses at its core, we will expand our business portfolio in the US and accelerate growth.

1 Building an "area portfolio" to achieve stable overseas business growth

In addition to our mainstay operations in the Americas, we are building a business foundation for the future by developing businesses tailored to the characteristics of regions such as Europe, Oceania, and Asia.

Europe — Supporting reconstruction using prefabricated construction

In our European business, we are working to support Ukraine's reconstruction with the aim of balancing the resolution of social issues with business growth. Currently, we are conducting a feasibility study on the supply of public housing using prefabricated construction technology, while also exploring the establishment of a production and supply system based in Poland. Going forward, we aim to create business opportunities in Central and Eastern Europe by addressing reconstruction demand and housing shortages, with the goal of expanding our business foundation and achieving sustainable growth in the European market.



Modular housing (artist's impression)

Oceania — Addressing the chronic housing shortage

In Oceania, we primarily operate in the Single-Family Houses Business and Rental Housing Business. In the Rental Housing Business, the super high-rise rental housing development in Melbourne, Australia, was completed in March 2026. Moving forward, we will continue to leverage the expertise in real estate and residential development we have cultivated in Japan to supply high-quality housing and help address Australia's housing shortage, a social issue facing the country.



Melbourne Quarter West Project (artist's impression)

East Asia — Promoting sales initiatives in the Condominiums Business in China

In East Asia, we are leveraging our expertise in condominium and hotel development and management that we have cultivated in Japan to markets such as China, Taiwan, and South Korea. In China, we are currently developing two condominium projects, but sales have been sluggish due to the downturn in the real estate market. We are currently implementing various sales initiatives with the goal of recouping funds as soon as possible. Meanwhile, Roynet Hotel Seoul Mapo in South Korea, Daiwa House Realty Mgt.'s first overseas hotel, continues to perform well.



Grace Residence, Condominiums (exterior)

ASEAN & South Asia — Support for overseas expansion of Japanese companies and infrastructure development

We are promoting the development of logistics facilities, primarily in Vietnam, Indonesia, Malaysia, and Thailand, and contributing to the development of regional logistics infrastructure, including frozen and refrigerated warehouses. Going forward, we aim to enhance our local presence and achieve sustainable growth by advancing comprehensive business operations including construction and facilities in collaboration with Sumitomo Densetsu, which operates in Southeast Asia.

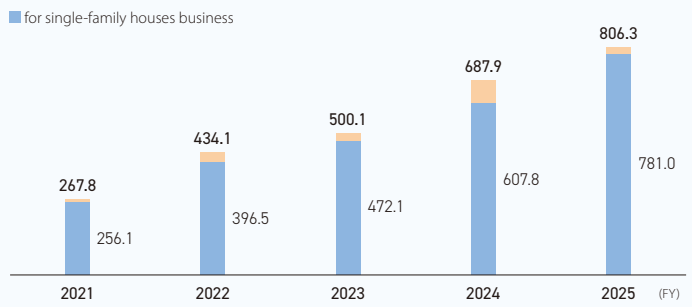


DPL Malaysia Shah Alam III (exterior)

2 Expanding our business portfolio in the Americas

In the Americas, we are focusing on the single-family houses business; however, as a stepping stone to expanding our business portfolio, under the 7th Plan, we worked to build a business foundation in areas such as the rental housing business and the logistics facilities business.

Americas business sales (¥ billion)



Expanding the US single-family houses business ▶ P.40

US Condominiums Business

In November 2024, we began development of the Vista Pointe condominium project in New Jersey, and sales are currently underway. Construction is scheduled to be completed in the fall of 2026.



Vista Pointe (artist's impression)

US Commercial Facilities Business

Since 2019, we have been acquiring existing commercial facilities in California and operating and managing them. Additionally, in October 2024, we began our first hotel development project in the US in Orlando, Florida, and plan to open the hotel in the fall of 2026.



EVEN Hotel and Staybridge Suites Orlando Universal Boulevard

US Rental Housing Business

With Alliance Residential Company, which became an equity-method affiliate after we acquired a portion of its shares in FY2024, at the core, we will leverage Alliance Residential's nationwide development network and extensive business expertise to expand our development areas in the US rental housing business and strengthen our revenue base.



Rental housing development in Texas
Prose Ownsby Farms (artist's impression)

US Logistics, Business and Corporate Facilities Business

In Texas, our first logistics facility in the US, Blue Ridge Commerce Center, was completed. Leasing also remained strong, and part of the property was sold in FY2026. We plan to continue actively pursuing logistics facility development in the US, drawing on the insights and experience gained from this project.

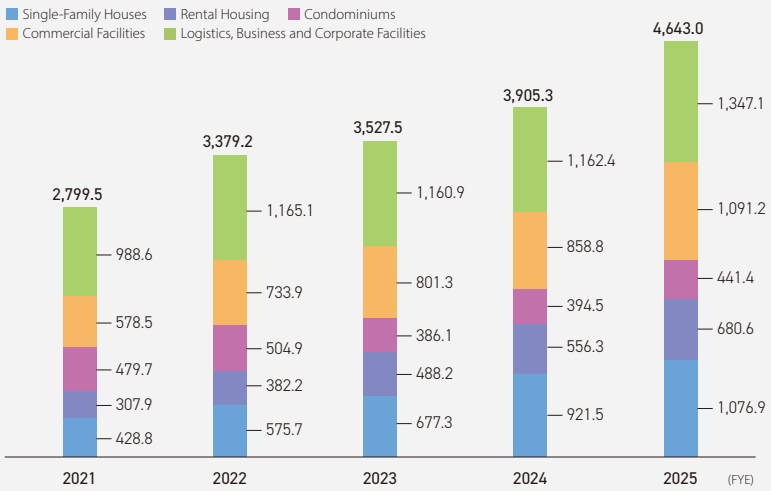


Blue Ridge Commerce Center

Status of real estate holdings

Driven by expansion in the built-for-sale business in Japan and overseas business, our balance of real estate increased from ¥2,799.5 billion at the end of FY2021 to ¥4,643.0 billion at the end of FY2025, an increase of more than ¥1,800.0 billion over the four years of the 7th Plan.

Balance of real estate (¥ billion)



Note: The balances for each segment are the combined totals of real estate for sale and investment real estate. Please note that the total figure includes other businesses.

Single-Family Houses Business

End of FY2021 ¥420.3 billion
End of FY2025 ¥1,076.9 billion

Major change factors

Japan +¥124.4 billion
- Increase due to strengthening of the built-for-sale business

Overseas +¥532.2 billion
- Increase due to expansion of US business

Rental Housing Business

End of FY2021 ¥316.4 billion
End of FY2025 ¥680.6 billion

Major change factors

Japan +¥306.8 billion
- Increase due to strengthening of the built-for-sale business

Overseas +¥57.4 billion
- Increase due to construction progress on development projects in the US and Australia

Condominiums Business

End of FY2021 ¥479.7 billion
End of FY2025 ¥441.4 billion

Major change factors

Japan –¥77.2 billion
- Strong sales of condominiums and decrease due to a change in the scope of consolidation for Cosmos Initia

Overseas +¥38.9 billion
- Increase due to construction progress on properties for sale in China, Europe, and the US

Commercial Facilities Business

End of FY2021 ¥578.5 billion
End of FY2025 ¥1,091.2 billion

Major change factors

Japan +¥487.1 billion
- Increase due to strengthening of the built-for-sale business

Overseas +¥25.6 billion
- Increase due to hotel development in the US

Logistics, Business and Corporate Facilities Business

End of FY2021 ¥988.6 billion
End of FY2025 ¥1,347.1 billion

Major change factors

Japan +¥310.8 billion
- Increase due to the expansion of the industrial park development business and the acquisition and sale business for existing properties

Overseas +¥47.7 billion
- Increase due to construction progress on development projects in the US and ASEAN