



Daiwa House[®]
Group

FY2021 2Q Presentation on Management Policies



エコ・ファースト企業
環境大臣認定

 We Build ECO
Daiwa House Group

November 15, 2021

Daiwa House Industry Co., Ltd.

Code No: 1925

(First section of the Tokyo Stock Exchange)

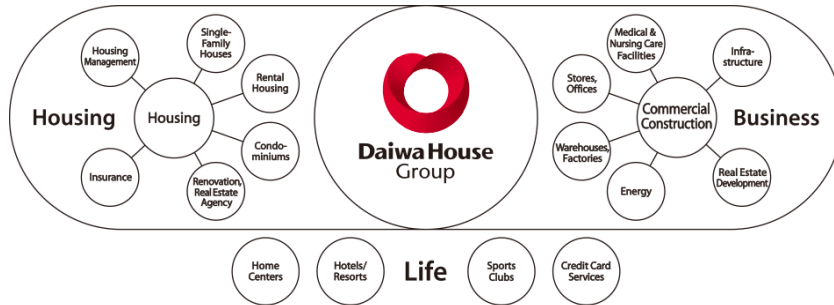
Daiwa House
Group

Creating Dreams, Building Hearts

The Daiwa House Group symbol—the Endless Heart— represents our vision of building endless emotional connections with each and every one of our customers, as well as the solidarity of the Daiwa House Group. As a group that co-creates value for individuals, communities and people's lifestyles, we aim to think outside the box and always to create new value in each successive generation. We will continue to pass on the ideals on which the Company was founded, and work to help realize a sustainable society.



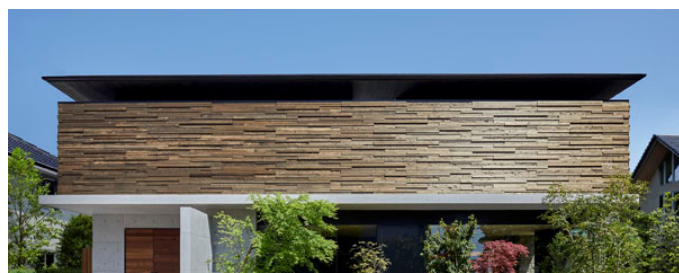
Our business field



As our basic aim of the spirit of “Creating Dreams, Building Hearts”, we have been developing not only the housing business, including Single-Family Houses Business and Rental Housing Business, but also Commercial Facilities Business and Logistics, Business & Corporate Facilities Business, which go beyond being a house manufacturer, with the aim of helping people gain fulfillment in their lives and build a better society.

Today, I would like to explain the main business activities in this first half and the positioning of the 7th Medium-Term Management Plan, which is scheduled to be announced next year.

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



“MA-RE”
Realizing unique residences



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



“Lifegenic”
House available online



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

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From FY2021, we have adopted a new vision for Single-Family Houses Business 'Transforming home from a place to return to a place to “live”. As the New Normal due to COVID-19 takes root, people's values are diversifying.

In addition to our industrialized housing products, we released “MARE,” a product that we create together with our customers in consultation with construction professionals, focusing on materials and construction methods.

Furthermore, sales of “Lifegenic,” which offers a fun and easy home designing experience online are steadily progressing.

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

● **Strengthen property sale business**

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

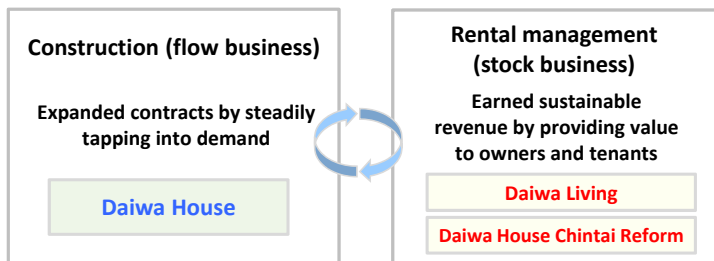
● **Strengthen mid- and high- rise rental housing business**

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

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

Example

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



Created positive cycle linking the construction and management value chains



High-rise rental housing plan
 “Minato-ku Konan-Sanchome Plan (Tentative)”
 The division between Takanawa Teramachi and Shinagawa Shukubamachi with its lingering Meiji era feel is simplified/simulated using modern digital technology into a facade design

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In Rental Housing, in addition to our mainstay light gauge steel structures, which are highly price competitive, we are working on expanding and strengthening our product lineup.

We will further strengthen our products that can quickly respond to social changes and demand from rental housing landlords, such as ZEH-M support with an eye to a carbon-free society, and the development of medium- to high-rise rental condominiums in urban areas.

In addition, through integrated operations with Daiwa Living, we will strengthen our proposals to lead to the maximization of the asset value for owners into the future.

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

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

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

Business scheme leveraging our group's strengths

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



Case: iias Kasugai (exterior)

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

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

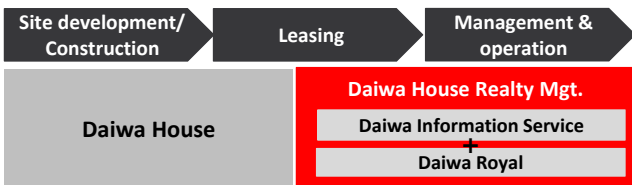


Case: ALPARK Hiroshima (interior image after renovation)

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

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

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



Scale of facilities operated by Daiwa House Realty Management

Commercial facilities : Approx. **4,000 buildings**
 Subleasing areas of commercial facilities : Approx. **4.65 million m²**
 Hotels : **72** Total number of guest rooms : Approx. **15,000**

*As of the end of Sept. 2021

In Commercial Facilities, we are strengthening our purchase and renewal business for aging shopping centers in various regions by leveraging our strengths in tenant leasing. As a specific example, we have recently reopened a commercial facility in Kasugai City, Aichi Prefecture. We will revitalize local communities in this way by utilizing and regenerating facilities that are cherished by local residents.

In addition, Daiwa Royal, which has strengths in hotel management, and Daiwa Information Service, which has strengths in all kinds of real estate management, were integrated as Daiwa House Realty Management in October.

As a result, this company is expected to be at the industry's top level in real estate management, managing two-thirds of a total of approximately 6.6 million square meters of facilities owned by the Daiwa House Group. In the future, we will accelerate the exploration of new customers and the development of new services by improving the operational efficiency of the facilities developed by Daiwa House through integration of the two companies.

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

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



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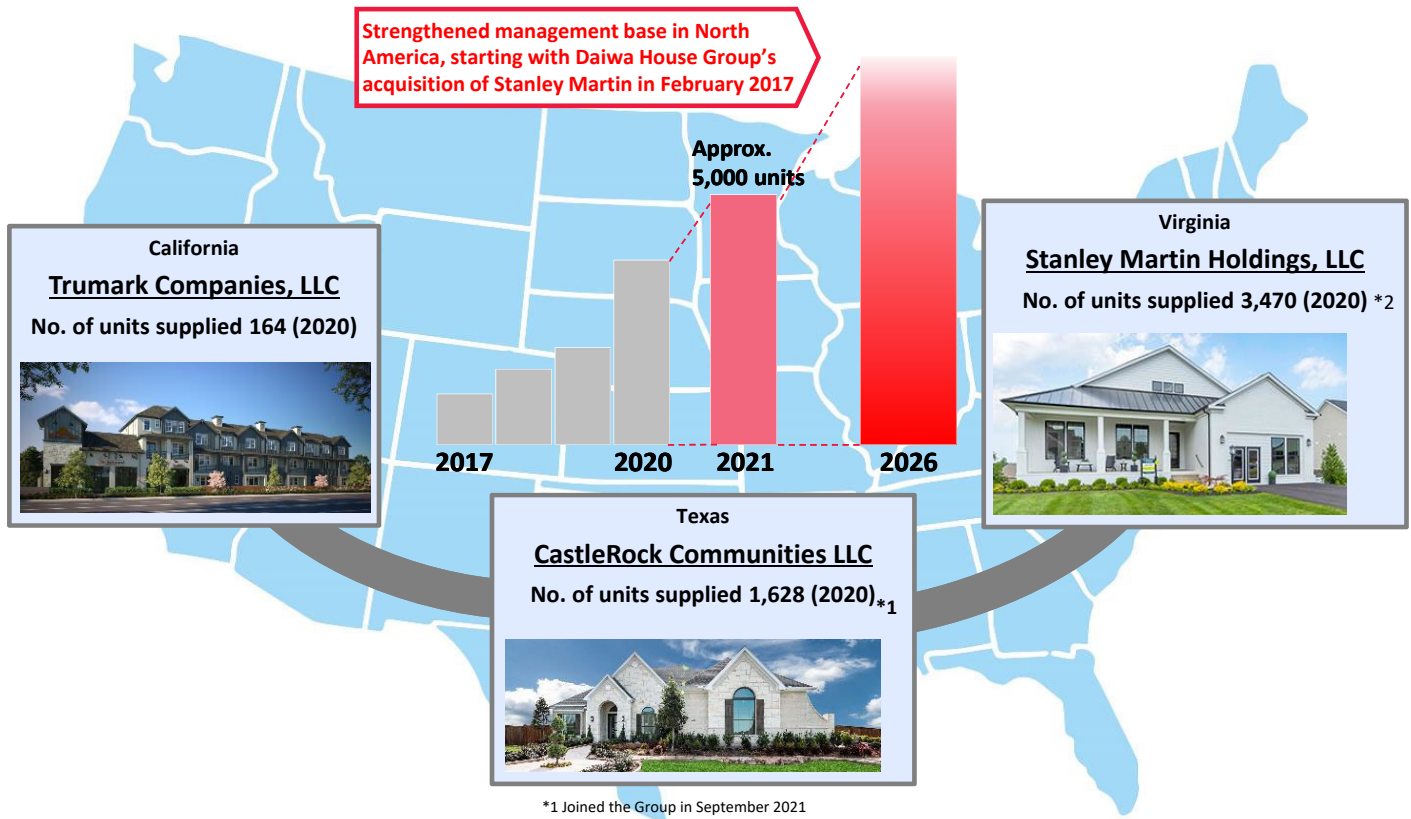
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In Logistics, Business & Corporate Facilities Business, we have started construction of our Inzai Data Center, one of the largest in Japan, and we have started specifically looking into second and third data centers in other areas as well, with the intention of expanding in cooperation with the national and local governments.

Regarding logistics facilities, while demand continues to rise, competition has been intensifying. With high value-added proposals such as “Logistics Digital Transformation,” we will solidify our position as the “No. 1 Logistics Developer.”

In the future, we will also devote ourselves to the development of facilities that support living infrastructure, such as redevelopment of public wholesale markets nationwide and industrialization of fishery and agriculture.

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



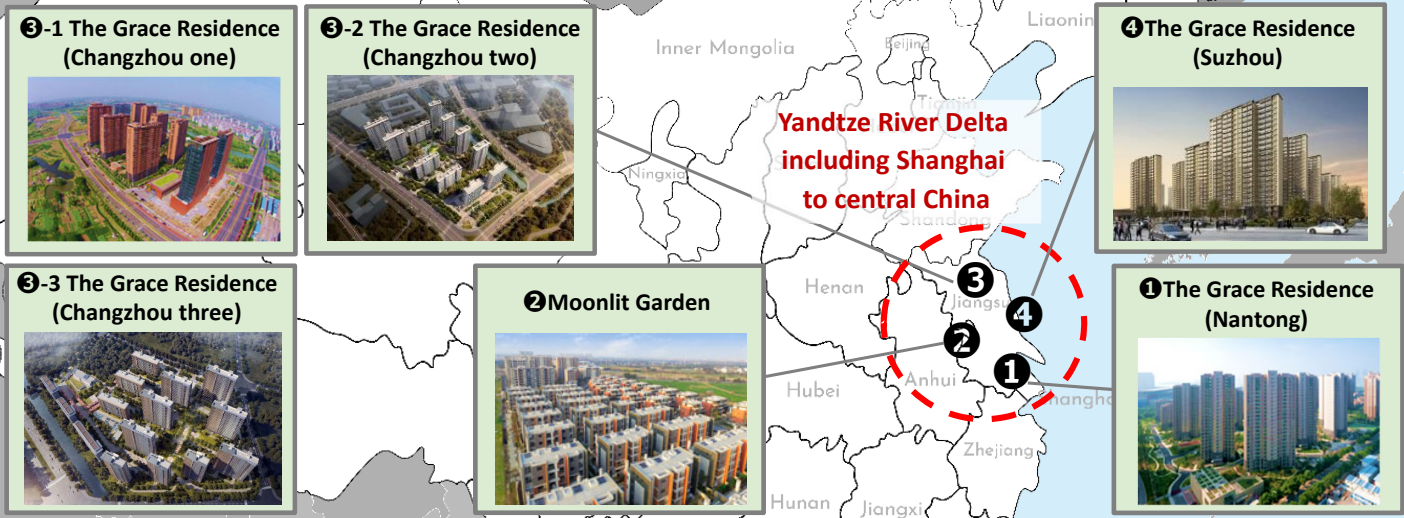
*1 Joined the Group in September 2021

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

Regarding our Overseas Business, which we have positioned as a future growth area, we have been working primarily in the United States, where growth is remarkable.

We will continue to focus on these three regions dubbed the “smile zone”, where demand for housing is strong, and strengthen our business base as a housing builder in the United States while incorporating our industrialization technologies cultivated in Japan.

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



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

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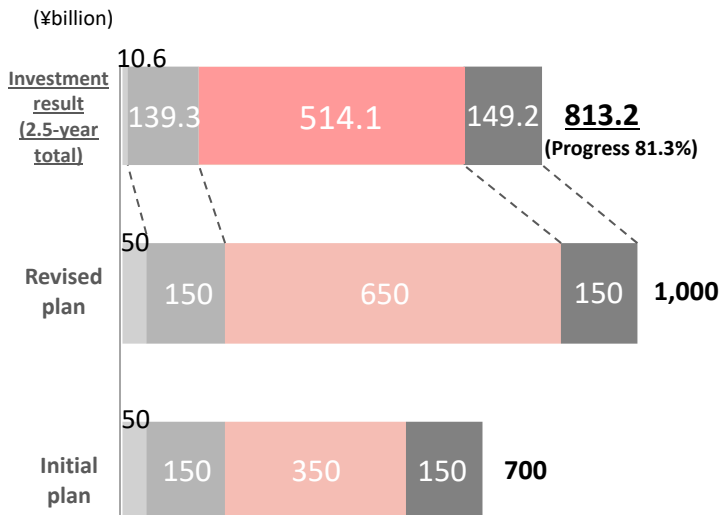
In China, Japanese quality is highly rated by Chinese customers, and out of six major development projects, five properties have been already sold out, and the remaining one property is also under development steadily.

Although there is concern about the impact of market risk from the Evergrande Group, we will continue to concentrate our management resources in areas where demand is stable and carefully expand our business.

Actively invested in the development of logistics, business and corporate facilities and in overseas business
 Also steadily generating profits in accordance with exit strategy and expect investment returns to be higher than planned

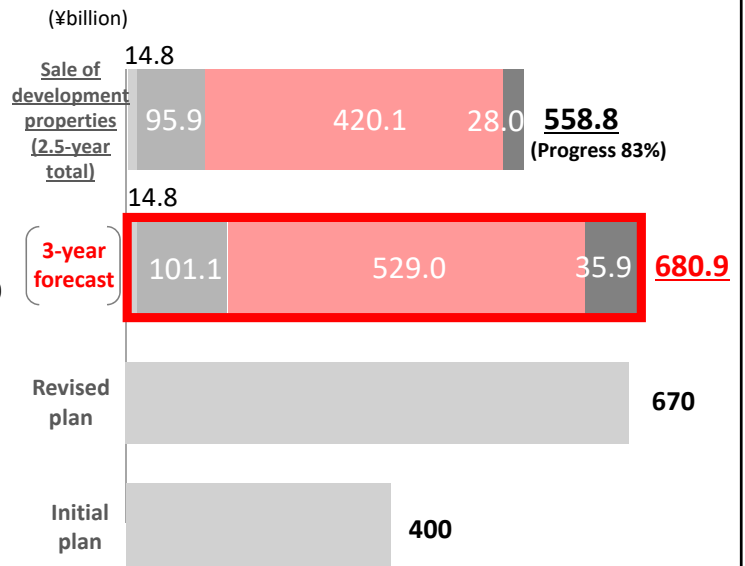
Real estate investment

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



Sale of development properties

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



Regarding the real estate development situation, both real estate investment and sales of development properties, are progressing smoothly as planned in the 6th Medium-Term Plan.

Going forward, we will continue to make aggressive investments, mainly in Logistics, Business & Corporate Facilities Business to maximize profits while strengthening our exit strategy.

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

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

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

Based on the above, the full-year plan for FY2021 is expected to be 4.3 trillion yen for net sales and 320 billion yen for operating income excluded amortization of differences, as originally planned.

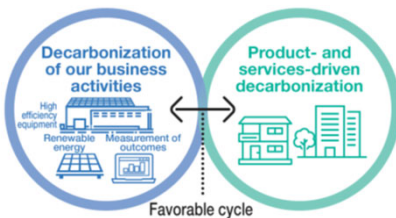
Recognize that carbon neutrality is a top priority for future business operations
 Plan to lower environmental impacts while reaping corporate profits
 by making action on the environment the source of our competitiveness

● Progress in CO₂ reduction, energy saving, and renewable energy utilization for decarbonization

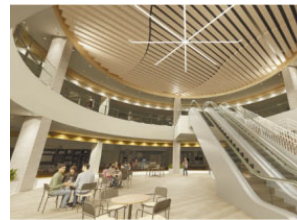
Theme	KGI	2018	2019	2020	2021(targets)	2030(targets)	Long-term goals
Reduction CO ₂ emissions (SBT)	Greenhouse gas emissions (absolute)	-7% from FY2015	-9% from FY2015	-24% from FY2015	-20% from FY2015	-50% from FY2015	2050 year Net Zero
Energy conservation (EP100)	Energy efficiency (=Consolidated net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

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

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



ZEH compliant products as standard



100% renewable energy in common areas



Onsite PPA installed on rooftops

Next, I will explain our decarbonization initiatives, which is a top priority worldwide.

We aim to achieve corporate profitability coexisting with environmental sustainability (reduction of environmental impact), and we are actively pursuing decarbonization in large-scale facilities as well as single-family houses. In particular, our on-site PPA, in which we install solar panels in logistics facilities, has received many inquiries from companies working on decarbonization.

Also, about CO₂ reduction, we aim for a halving of CO₂ emissions by 2030 and net zero emissions by 2050, and as for energy savings, we have moved up our target for doubling energy efficiency by 10 years. Regarding our utilization rate for renewable energy, we will aim for 70% by 2030 and 100% by 2040 through the buildings in each of our projects.

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



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We are promoting “Renewables-powered community development” nationwide, such as our effort for net zero energy in an entire town by installing a solar power plant.

And we also completed Funabashi Grand Oasis, “a community with 100% renewable energy” where the entire electricity needs—from construction to daily life—are effectively covered by renewable energy.

We will continue to contribute to the global environment by promoting community development on the themes of regeneration and circulation.

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

Midorigaoka Neopolis
 (Miki City, Hyogo Pref.)
 Developed in 1971
 5,600 lots

Hankyu-North Neopolis
 (Kawanishi City, Hyogo Pref.)
 Developed in 1974
 3,950 lots

Tokorozawa Neopolis
 (Tokorozawa City, Saitama Pref.)
 Developed in 1970
 483 lots

Toride-North Neopolis
 (Tsukubamirai City, Ibaraki Pref.)
 Developed in 1979
 382 lots

Kamigo Neopolis
 (Yokohama City, Kanagawa Pref.)
 Developed in 1972
 700 lots

Hannan Neopolis
 (Kanan Town, Osaka Pref.)
 Developed in 1972
 2,360 lots

Toyosato Neopolis
 (Tsu City, Mie Pref.)
 Developed in 1977
 2,300 lots

Kaga Matsugaoka housing complex
 (Kaga City, Ishikawa Pref.)
 Developed in 1976
 1,460 lots

(Inset images show residents participating in community activities like gardening and social gatherings.)

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I will also explain the progress of the Livness Town Project, which our company is focusing on.

At Midorigaoka, Hyogo Prefecture, and Kamigo, Kanagawa Prefecture, where we have been working on the project ahead of other areas with a dedicated department set up in April, residents' participation-type efforts have progressed, and the towns have returned to life.

We will continue to build the Livness Town as a platform for living infrastructure in collaboration with various types of business and industry, and redevelop Neopolis nationwide, including rural areas.

Human resources are key to sustainable growth

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

● Work style reform for employee

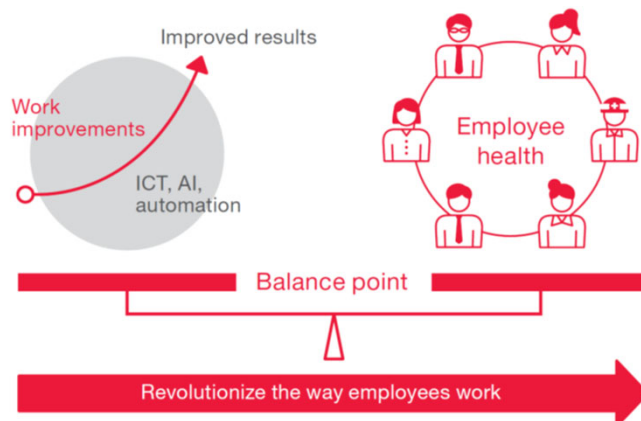
- Accelerated adaptation to flexible workstyles by introducing flexwork system and enhancing the teleworking environment
- Introduced more satisfactory assessment methods and a mechanism for assessing contribution to organizational goals

► Creating workplace environments that both maximize results and ensure health and safety

● Diversity and inclusion

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

► Encouraging diversification of decision-makers and workplace inclusion



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

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

*2 Results as of April 1, 2021

Next, I will explain the development of human resources which are key to sustainable growth. Since FY2021, we introduced flexwork system and also the teleworking environment has become established.

We would like to review our evaluation system and make sure that the New Normal is a permanent state and not just limited to COVID-19 response.

In addition, we will accelerate the development and promotion of female executives who will lead the company in the future by increasing the number of female employees hired and enhancing the training system.

As a company deeply involved in residential life, we will promote diversity by developing human resources with a variety of management perspectives and by improving the environment.

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

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

Program example

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



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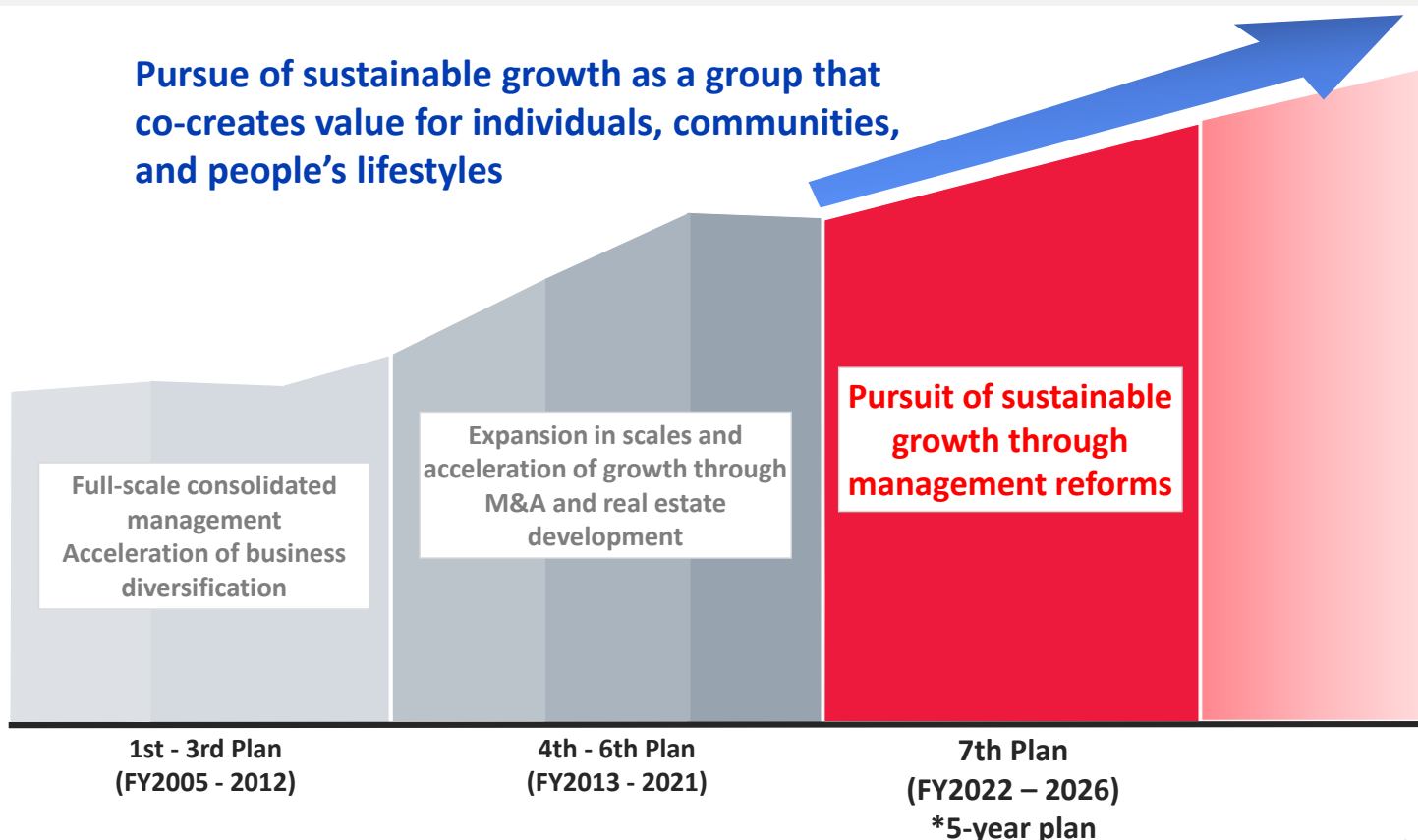
On October 1 of this year, we opened the Daiwa House Group MIRAI KACHI KYOSO Center “Kotokurie,” a training facility to create new value with local residents, in Nara, the birthplace of our founder.

We will strengthen our management base and realize sustainable growth by creating a better environment for human resources development.

In addition, we would like this facility to be used not just for our company, but by many people, from children to the elderly, as a place for interaction between local residents, businesspeople in different industries, researchers, etc., and we will offer a variety of curricula for that purpose.

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

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



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Now, next FY will be the start of the seventh Medium-Term Management Plan.

The business environment is expected to change rapidly due to coexistence with COVID-19, environmental problems, a declining working population, and accelerated digitalization.

In that sense, we will carry out management reform positioning the Seventh Medium-Term Management Plan as five years to build a foundation for sustainable growth with a view to the future.

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



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

Everything started with this

創業者・石橋信夫 (1921 ~ 2003 年)



In closing, I would like to introduce the words of Nobuo Ishibashi, the founder of our company. Nobuo Ishibashi left us the words, Don't start off from the thought: 'What can I do that will make a profit?' A company is a public organ of society, and we must ask ourselves what kind of product – or what kind of business – will be of use to the world around us and make people happy.

No matter how the times change, we will continue to aim to be a company that supports the *living* of all people, without allowing our spirit to change, and is worthy of being "a public organ of society."

Thank you for your giving us your time.



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.

End