



**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

FY2022

Presentation on Management Policies

May 15, 2023

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



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by business segment**

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- Condominium Business
- Commercial Facilities Business
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Carbon Neutral & Human Capital Indicators

7th Mid-Term Management Plan First year summary and future policy



FY2022 Performance and Business Summary

In FY2022, net sales and operating income **increased** to 4 trillion 908.1 billion yen (YOY +10.6%) and 368.7 billion yen (YOY +11.0%). Operating income improved in the hotel operation business, and **overseas business centered in the U.S. Single-Family Houses Business contributed significantly.**

FY2022 Results

(¥ billion)	FY2021		FY2022	
	Net sales	OP income*1(Ratio)	Net sales	OP income*1(Ratio)
Single-Family Houses	784.8	38.3 (4.9%)	910.0	46.6 (5.1%)
Rental Housing	1,052.5	96.6 (9.2%)	1,149.4	109.7 (9.5%)
Condominiums	379.9	9.7 (2.6%)	484.3	40.8 (8.4%)
Commercial Facilities	1,038.5	124.1 (12.0%)	1,092.1	132.9 (12.2%)
Logistics, Business & Corporate Facilities	1,079.2	125.5 (11.6%)	1,130.2	99.6 (8.8%)
Environment & Energy	161.0	5.2 (3.3%)	188.6	6.2 (3.3%)
Other businesses	63.0	-5.9 (-)	81.8	5.4 (6.7%)
Total	4,439.5	332.2 (7.5%)	4,908.1	368.7 (7.5%)

*1 Total OP income is calculated excluded the effect of actuarial gains and losses related to retirement benefits (hereinafter referred to as "Actuarial differences").

*2 Stanley Martin Holdings, LLC / Trumark Companies, LLC / CastleRock Communities, L.P.

Summary of FY2022

① Recovering from the COVID-19 pandemic

- ✓ Urban hotels occupancy rate increased to 84%
Average daily Rate increased to 9,285 yen
- ✓ Vacancy rate of commercial facilities: 0.8%

② Progress in overseas business

- ✓ 3 companies*2 in the U.S. grew and contributed even in a severe environment.
Deliveries : 6,010 units
- ✓ Deliveries of condominiums in China already sold-out progressed smoothly.
Deliveries : 1,285 units

③ Smooth progress in sale of development properties

- ✓ Sales and profits exceeded revised plan announced in Nov. 2022, although there was a rebound decline from FY2021



FY2023 Full Year Plan

We expect net sales of 4 trillion 920 billion yen, and operating income of 380 billion yen (+11.2 billion yen excluding Actuarial differences) , **resulting in increasing sales and profits.**

Forecasts for FY2023

	FY2022 (Results)		FY2023 (Forecasts)	
(¥ billion)	Consolidated	For overseas	Consolidated	For overseas
Net sales	4,908.1	673.9	4,920.0	540.0
OP income (Excluded Actuarial differences)	368.7	52.9	380.0	20.0
Net income ^{*1} (Excluded Actuarial differences)	240.2	-	250.0	-
Annual dividend per share	130 yen	-	135 yen	-
Dividend payout ratio (Excluded Actuarial differences)	35.6%	-	35.6%	-

*1 Net income attributable to owners of the parent excluded amortization of actuarial differences

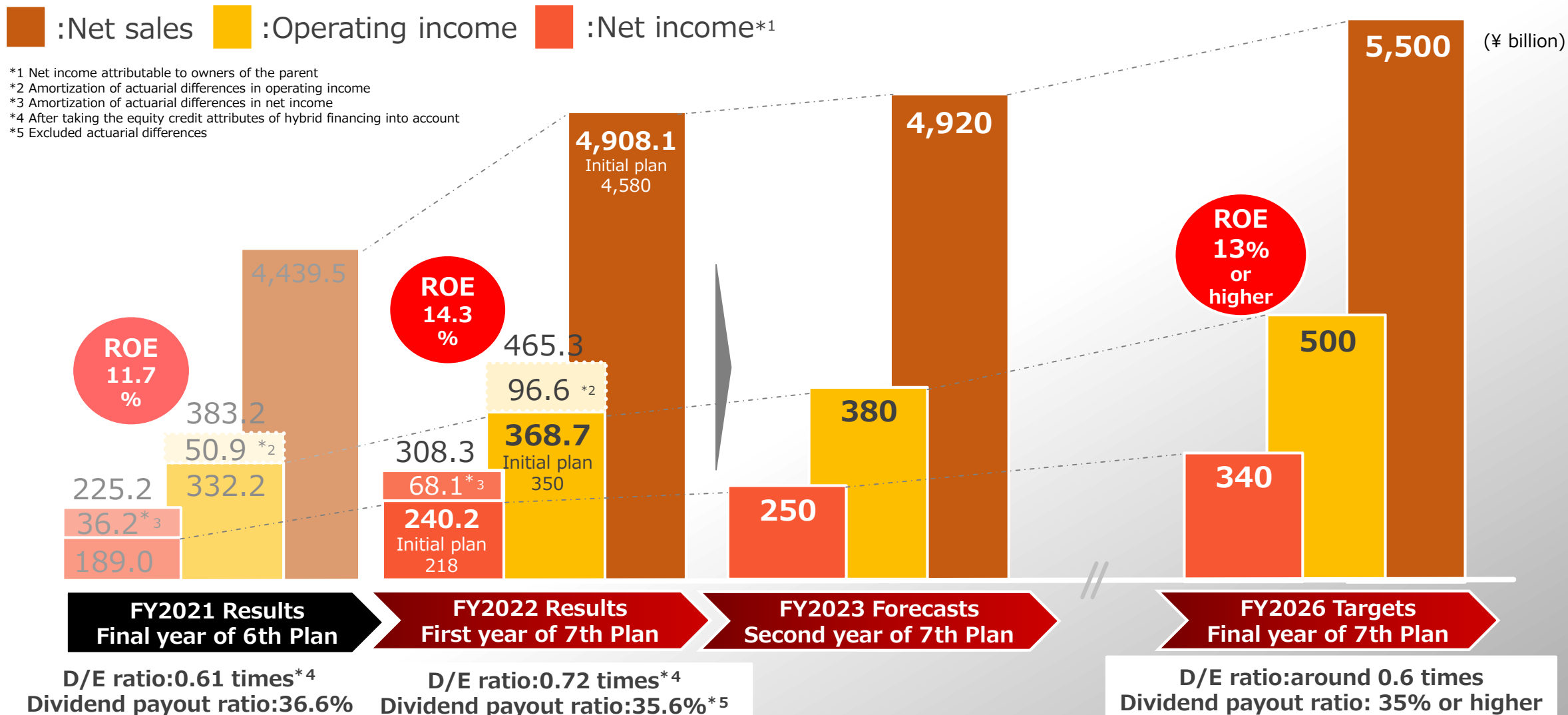
Topics

- ✓ We expect to increase sales and profits due to increasing sale of development properties and expanding the businesses and improving the profitability of domestic subsidiaries.
- ✓ For overseas business, although recent orders have been strong in the U.S. Single-Family Houses Business, we expected result in lower sales due to the effect of slowdown in the U.S. housing market in 2022.
- ✓ We expect of improving cost-of-sales ratio due to initiatives of reducing costs such as centralizing purchasing for the Group and others in addition to pass the price to customers.



Progress of 7th Mid-Term Management Plan

Maintain sustainable growth while improving capital efficiency and profitability, aiming for net sales of ¥5.5 trillion in FY2026.





Capital Policy and Shareholder Return

Secured operating cash flow via steady profit growth
and plans to **increased dividend for 13 consecutive periods**
In addition, plans to **acquire treasury stock up to 10 million shares**
(at a total acquisition price of 35 billion yen) and cancel 7 million shares

Basic Strategy for Capital Policy

① **Secure cash flow** required for growth investment

- Generate operating cash flow via steady profit growth
- Secure investment cash flow by reducing strategic shareholdings and inefficient assets

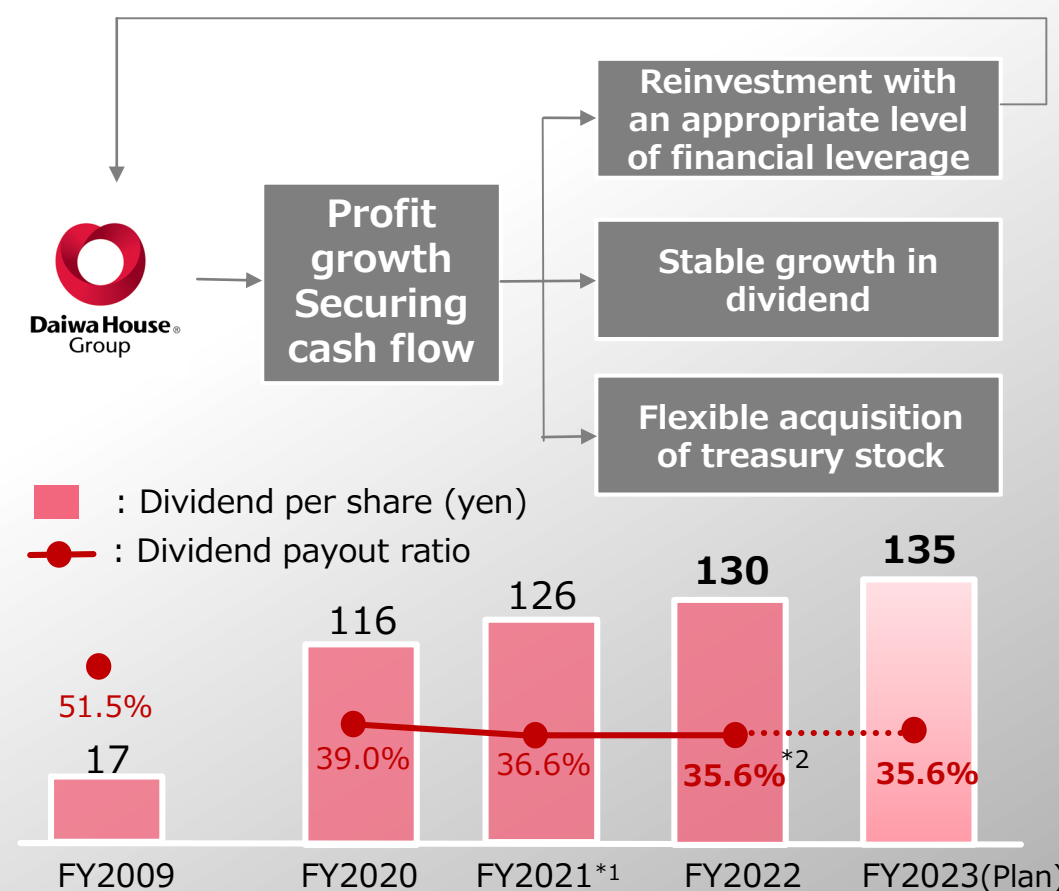
② **Reinvest in growth areas while maintaining a D/E ratio of about 0.6 times**

- Draw on internal reserves to reinvest in growth areas while vigilantly maintaining appropriate level of financial leverage

③ **Achieve ROE of at least 13%, profit growth and dividend payout ratio of 35% or higher**

- Realize return on reinvested capital with capital efficiency that exceeds the expected rate of shareholders in order to achieve growth in profits and dividends, as well as increased capital required for new growth investment.

Shareholder Return



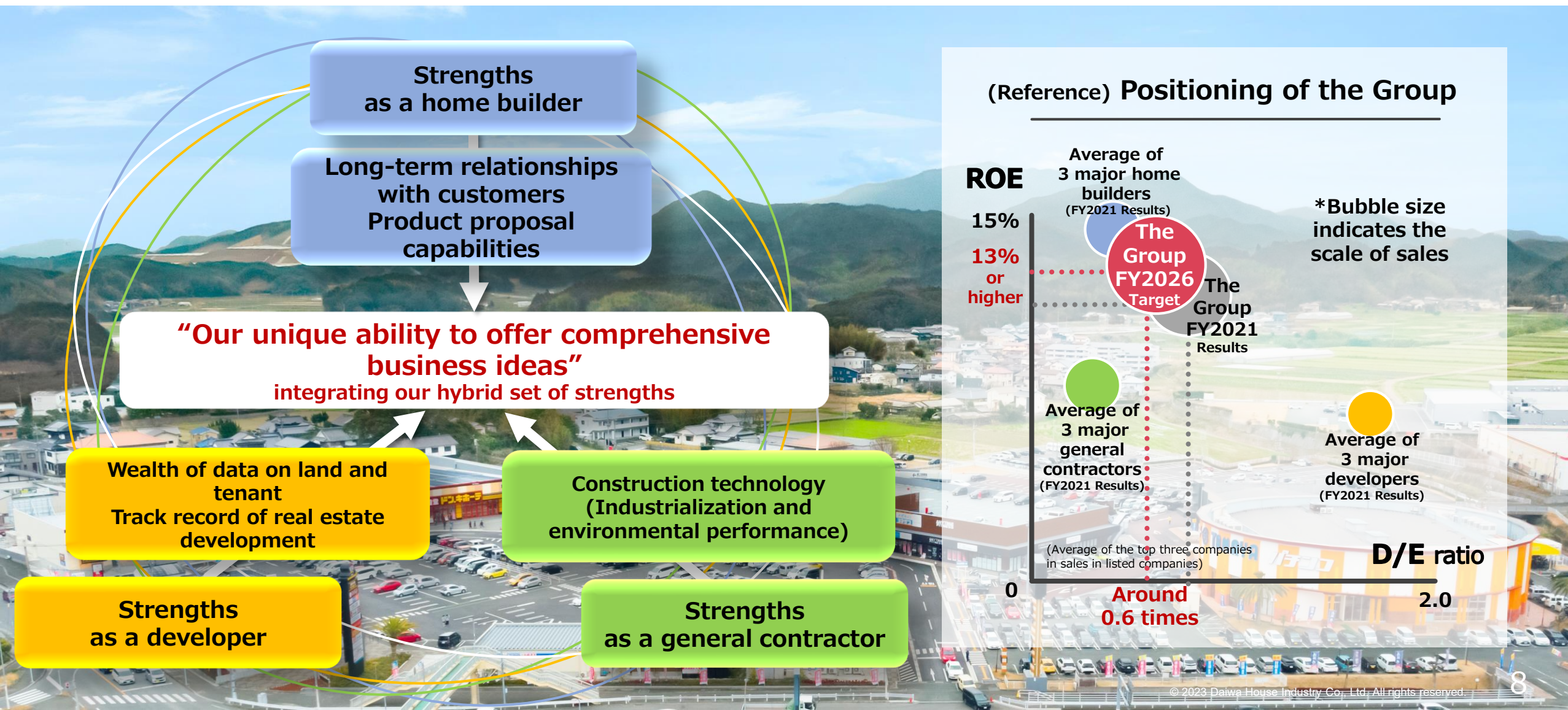
*1 Includes a commemorative dividend of ¥10 to mark the 100th birthday of founder Nobuo Ishibashi

*2 Excludes actuarial differences



Basic Policy FY2023 (1) Further refine Daiwa House's unique business model

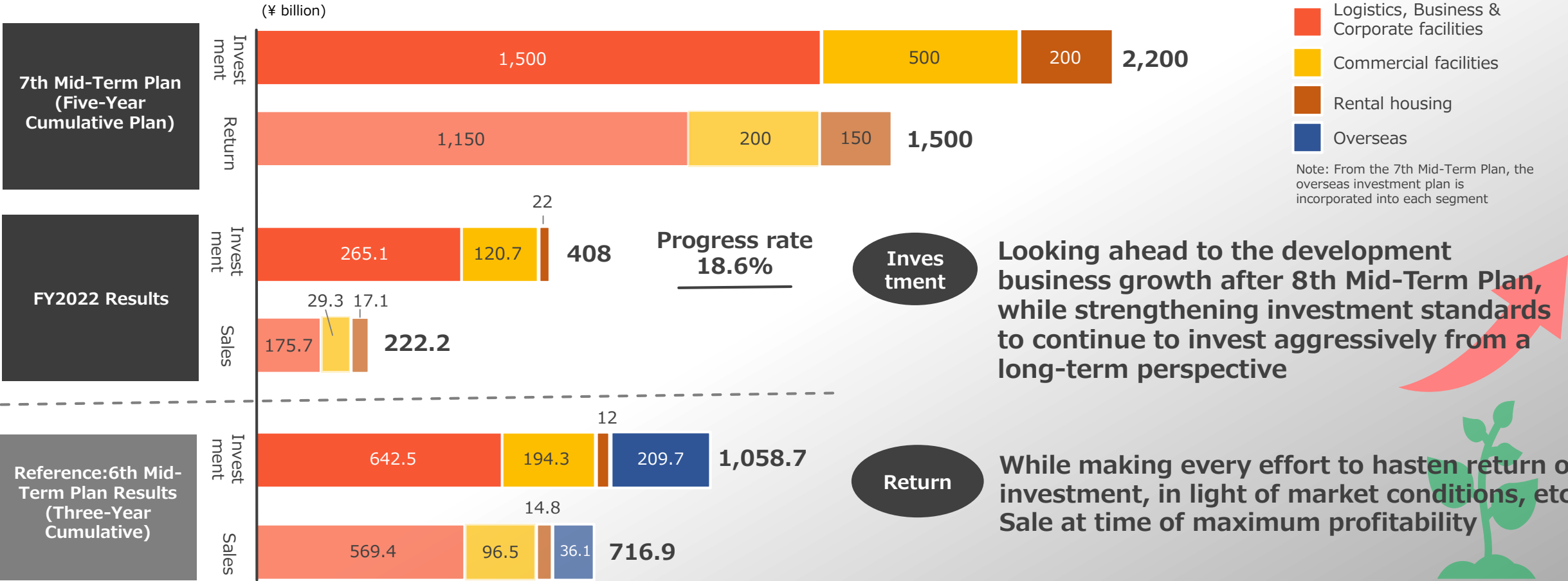
“Create the fundamental societal infrastructure rooted in regeneration” and flexibly address the challenges society and customers face **using our unique ability to offer comprehensive business ideas drawing on the strengths of our diverse portfolio**





We are currently in the **investment phase** with an eye toward growth beyond the 8th Mid Plan, and will **continue to invest aggressively. Raising the IRR for investment by 1.5%** to ensure stable earnings even in a challenging business environment

Status of Real Estate Development Business (Investment and Return)





Basic Policy FY2023 (3) Strengthening Wooden construction

Enhancing wooden construction offers both proposal variations for customers and achieving carbon neutrality
Strengthening the supply chain to enhance the strength to propose steel and wooden products

Expanding the lineup of wooden products in the Single-Family Houses Business
Strengthening proposal variations to match customers' values



Moreover, each business
strengthens support for wooden
construction



- ✓ Develop products strategically with promoting partnerships with suppliers in addition to in-house production sites
- ✓ Strengthen management structure to promote community-based business
- ✓ Build supply chain to enable each business to respond to wooden construction
- ✓ Further accelerate adaption to ZEH and ZEB by strengthening wooden construction

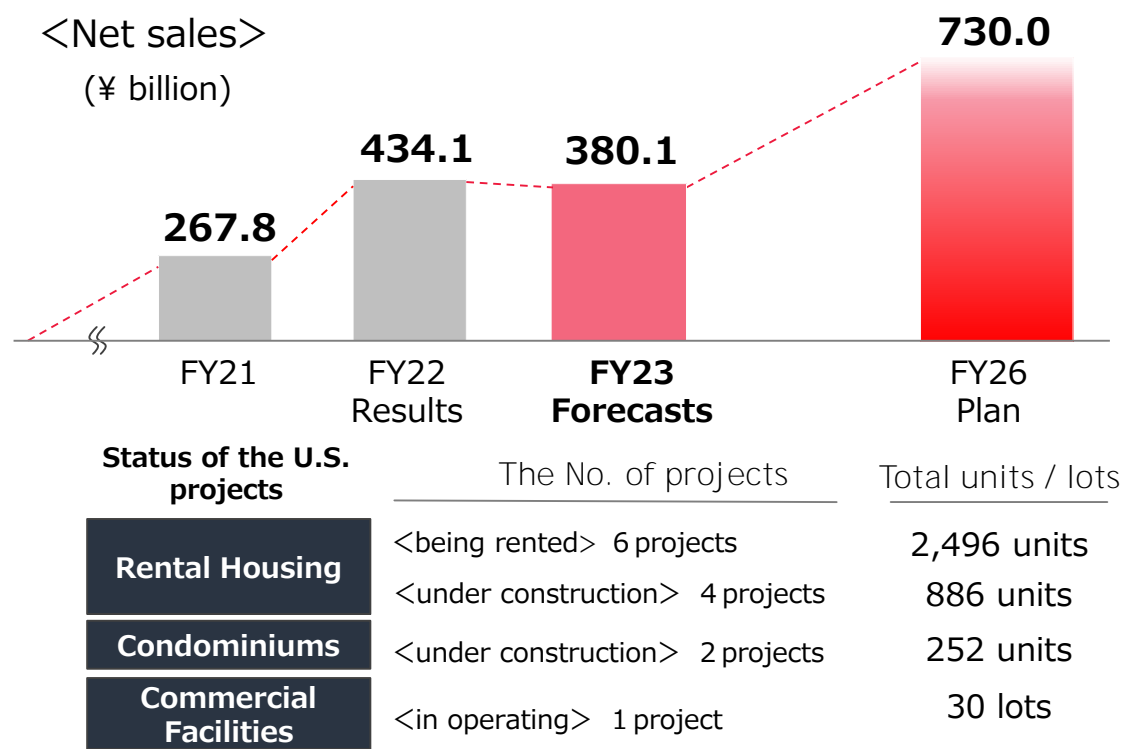
Progress on focal themes



Progress in overseas business: U.S. areas

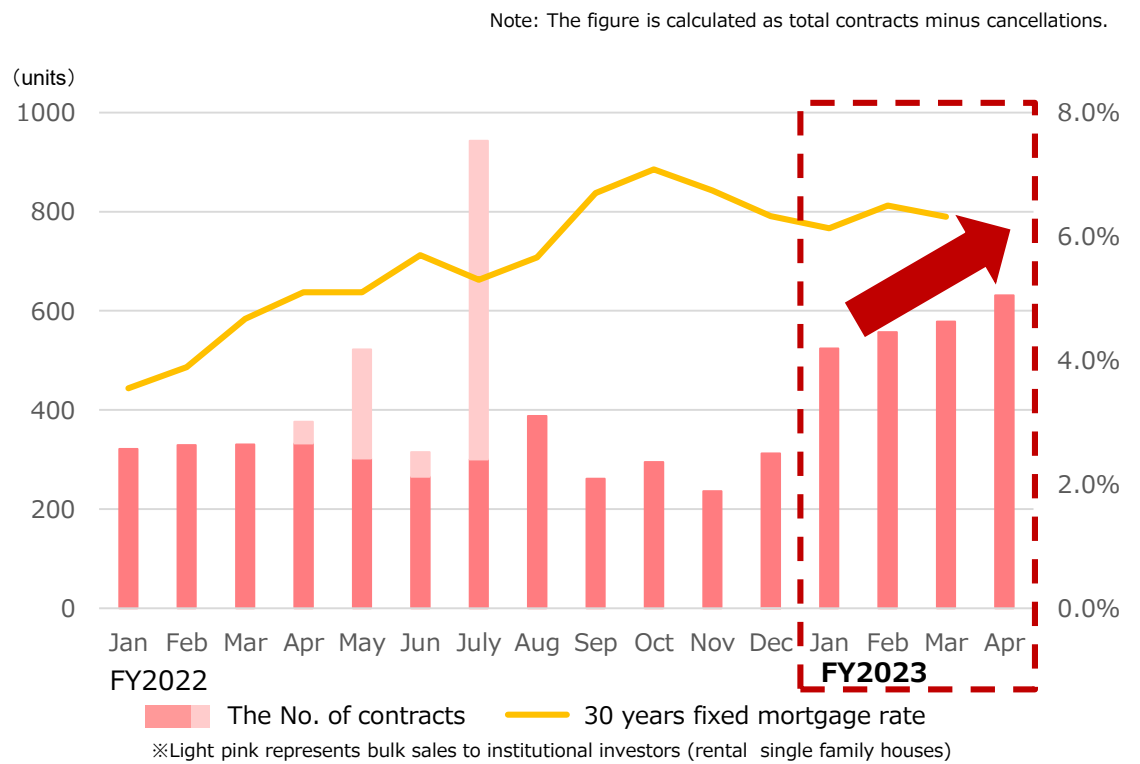
In 2022, we expanded business smoothly despite the severe environment
In 2023, orders are on a recovery track; now moving to ensure enough inventory to meet latent demand

Status of business in the U.S.



- Major growth despite a rise in single-family house order cancellations due to US real estate market stagnation and supply-chain disruptions.
- Meanwhile, rental housing and commercial facilities occupancy was buoyant. In addition to continuing to promote projects under construction, several new projects are underway in strong-demand cities in priority.

The number of contracts*1 of U.S. 3 companies



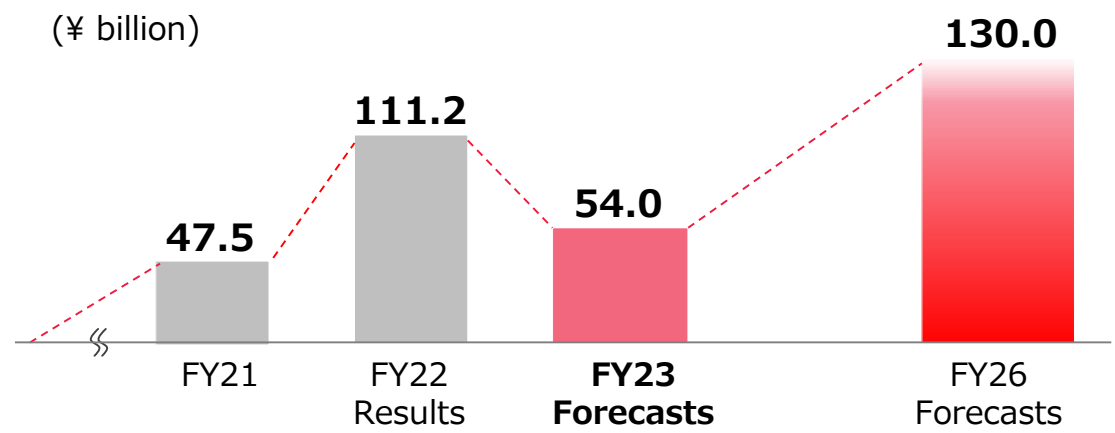
- Orders currently robust, pacing at 500 units/month across three companies, a historical first-quarter high for contracted units. We continue to monitor market conditions.
- 3 Companies have been steadily implementing deliveries while responding to supply chain disruptions across the country and the effects of extreme weather in the west.



Progress in overseas business: China

Achieved plan-beating results thanks to **robust progress in condo deliveries** despite unfavorable business conditions
We will continue rigorously controlling risk, including the implementation of investment and return, with an attentive eye on local market trends and the international situation

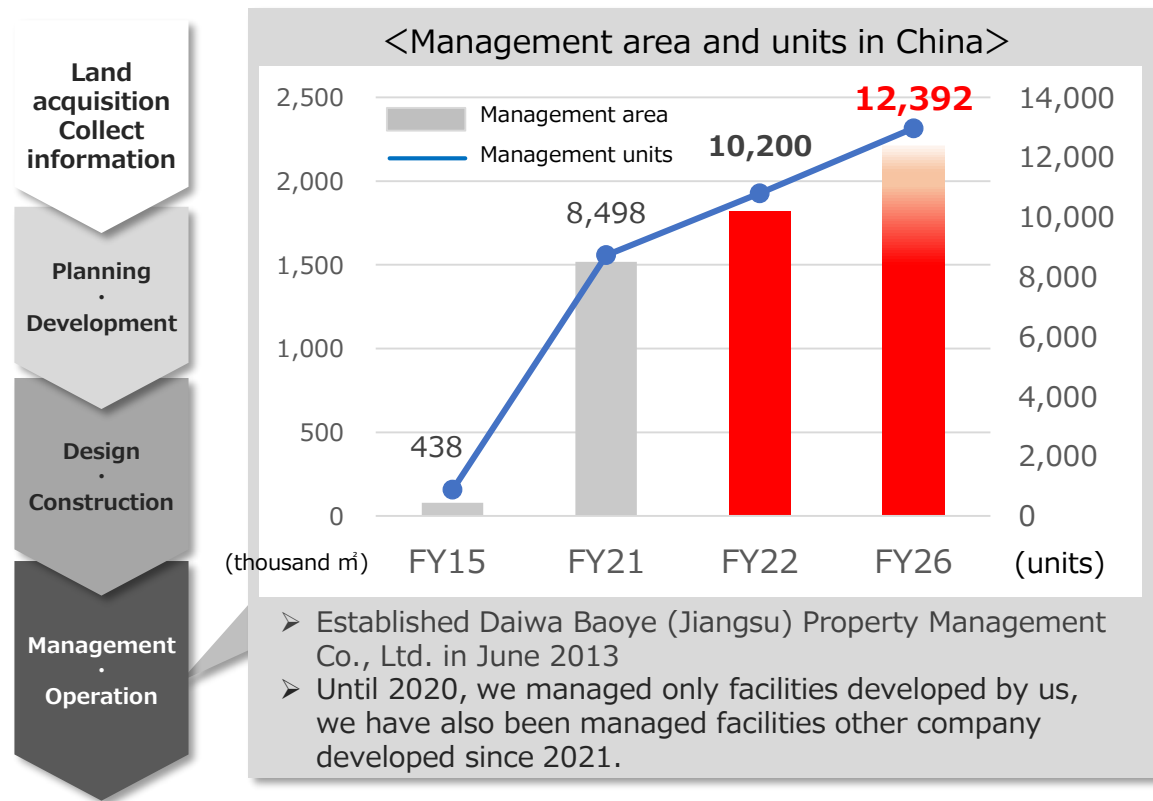
Net sales trends in China



Project	Total units	Progress of sales	Time of delivery
Grace Residence (Nantong)	1,480 units	Sold out	From Dec.21
Grace Residence (Changzhou)	636 units	Sold out	From Sep.22
Grace Residence (Changzhou)	967 units	Under construction Sales started in Oct. 22	From Jan.25
Suzhu Project II [Name TBD]	912 units	Sales will start on Nov. 23	From Mar.26

- Sales beat initial forecasts thanks to persistent sales efforts in the face of unfavorable business conditions due to the likes of anti-Covid measures

Our strengths in China Business

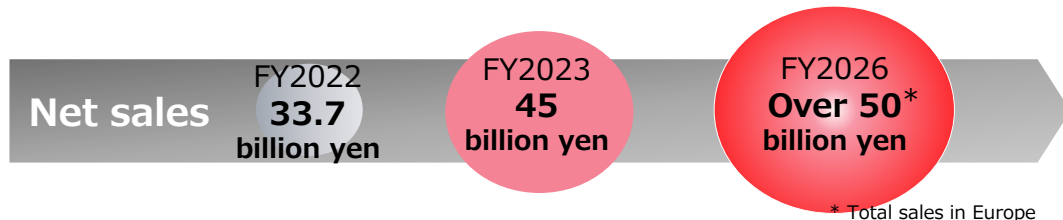


- Established the distinctive Daiwa House brand, painstakingly rolling out business from property development to management and after-sale services, all rooted in lessons accumulated along the way



Enabling rapid supply of quality homes, DHME's modular construction **addresses social issues**
Production using highly reusable materials contributes to ecofriendly circularity of inputs

Overview of Daiwa House Modular Europe



- DHME produces modules in its own factory for assembly into structures for diverse applications—including residential, medical, healthcare, educational, and government-administrative facilities—chiefly in the Netherlands, Germany, Belgium, and the UK.
- Opened a new plant in Germany.
In addition to the plant in the Netherlands, to expand its business area to neighboring countries.
- In the rental business, DHME ensures both profitability and ecofriendliness via circularity-oriented construction allowing reuse of materials upon post-lease demolition.

Started housing for Ukrainian refugees



- Major offerings place
- Our plants



- In the Netherlands, DHME has provided 846 units at 12 locations for housing Ukrainian refugees
- Drawing on experience accumulated in Japan, we will go on providing comfortable living spaces built with modules from our plants in the Netherlands and Germany that can be rapidly dispatched and quickly assembled into quality housing units toward surrounding countries.



Going carbon neutral via CO₂ reduction and renewable energy: Strong commitment to and active pursuit of carbon neutrality to fulfill duty as an advanced ecofriendly enterprise

【Reduction CO₂・Create renewable energy】

Conversion of the Hibikinada thermal power station to biomass-only firing



The Hibikinada thermal power station (Kitakyushu City, Fukuoka Prefecture), which became our subsidiary

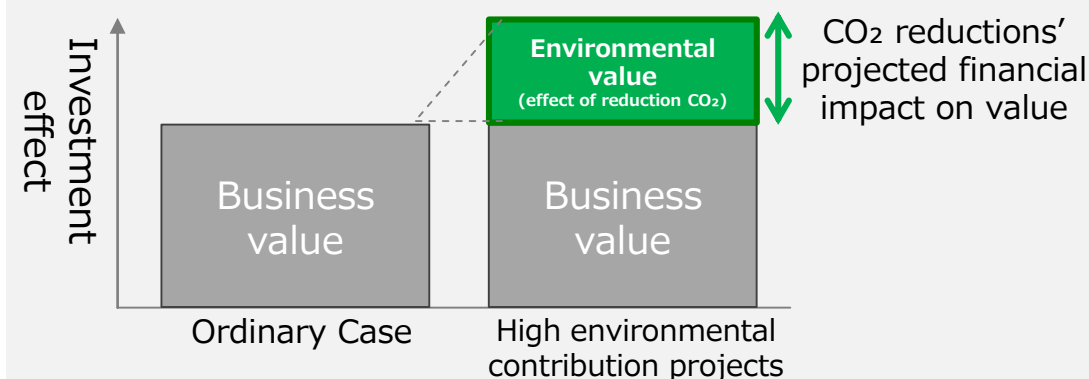
- Conversion of power station to solely burn biomass cut yearly CO₂ emissions by 450k t; strong commitment to cutting world's CO₂ emissions by over 10million t to reach carbon neutrality during the 25 years to 2050
- Assuming a carbon price of ¥10,000/t*¹, this would have a social impact exceeding ¥100bn over 25 years

【Reduction CO₂】

First in Japan*²

Launched an internal carbon pricing benchmark for real-estate investment decision making

Small CO₂-footprint buildings are likely to have high business value well into the future



- Convert the environmental value of CO₂ reductions in relevant properties into monetary value, the hurdle rate for real estate investment is eased.
- Reduce CO₂ emissions during operation of properties developed or built as investments to help accelerate carbon neutrality of structures and in community building

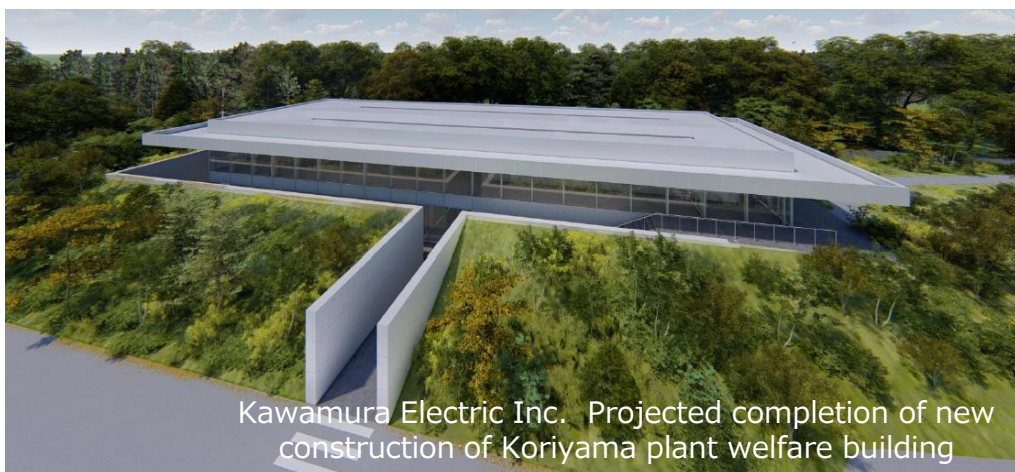
*1 Average carbon price for 2023–2033 on global carbon price trendlines published by several international agencies. *2 Our research



Bring about carbon neutrality together with customers: “the more buildings we build, the more renewable energy is generated, accelerating decarbonization of a society”

【Reduction CO₂•Create renewable energy】

Collaborating with customers on solution after solution, we’ve achieved high design quality pursuing biodiversity and the highest possible grade of ZEB*¹



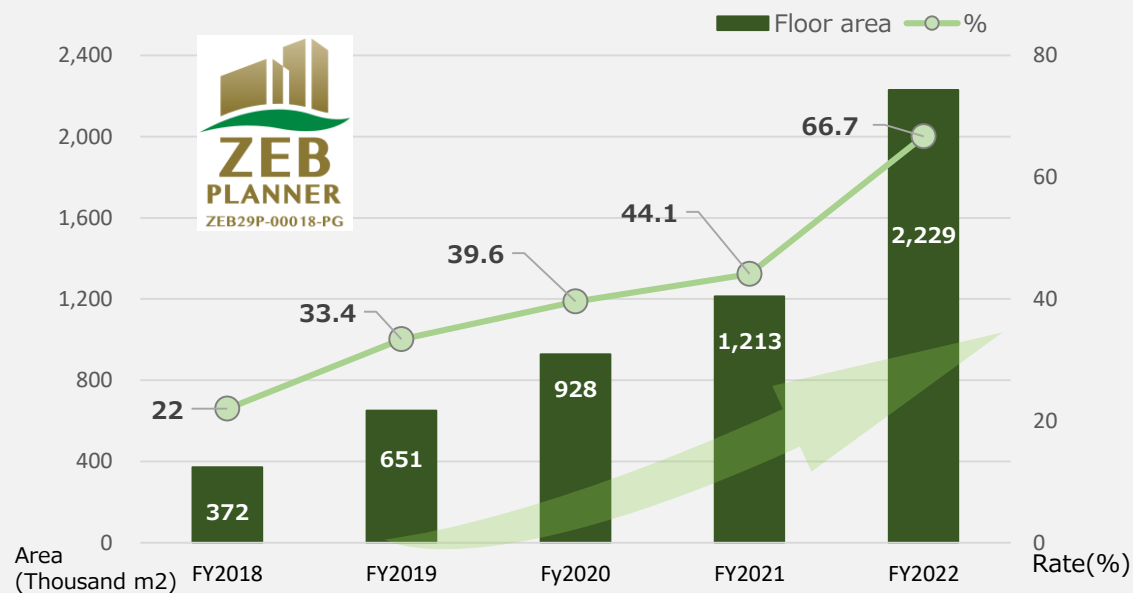
Kawamura Electric Inc. Projected completion of new construction of Koriyama plant welfare building



“We were quite happy with Daiwa House in all aspects of the project—land selection and building design and construction of course, but especially in design functions and including ZEB and BELS certification, on-site PPA*², and BCP measures. Previous experience when erecting other factories and other facilities taught us that we could trust them implicitly; but seeing their group-wide end-to-end engagement assuaged any and all worry. We look forward to working with them even more!”

Sir. Yukitoshi Kawamura
Kawamura Electric Inc.
Chairman & Chief Executive Officer

Outstanding ZEB sales rate as Top Runner in Japan



Targets: Uses for offices, factories and warehouses until FY 2021, all uses from FY 2022

Overview of Kawamura Electric Inc. Koriyama plant welfare building

- Date of completion: June 20, 2023 ■ Location: Kamiizushima, Koriyama City, Fukushima Prefecture
- Building uses: Cafeteria (Welfare building) ■ Scale: site area 39,004.50m² ■ Building area: 963.02m²
- Structure: Steel framed two stories

*1 Buildings with net-neutral or negative annual primary energy consumption

*2 Utilization of renewable energy generated by the neighboring factory building's solar system



Expand a circular value chain

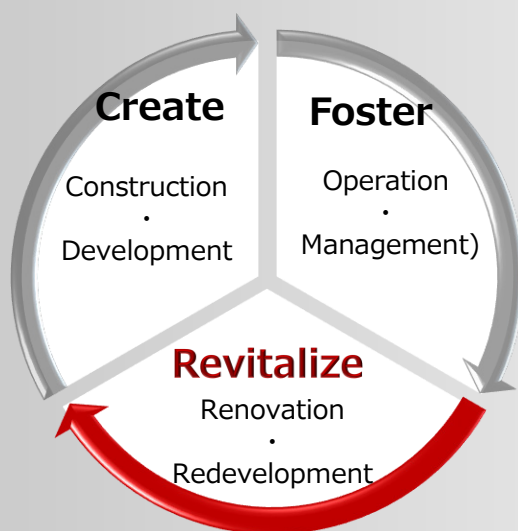
Revitalization (Renovation and Redevelopment)—the keystone of the Group’s circular value chain:
Its sights on becoming a ¥1trn operation, our Livness Business works to address societal issues in communities across the nation

Circular value chain

Livness Business*¹

Expect market(ex.)

Net sales of Livness Business



Housing

Reform of single-family houses and rental housing
 Measures against age deterioration and reconstruction of condominiums
 Management of vacant houses
 Brokerage of existing homes
 Purchase and resale and others

Infrastructure

Revitalization of shopping centers
 Redevelopment of public facilities (markets, etc.)
 Rebuilding of aging hospitals and facilities

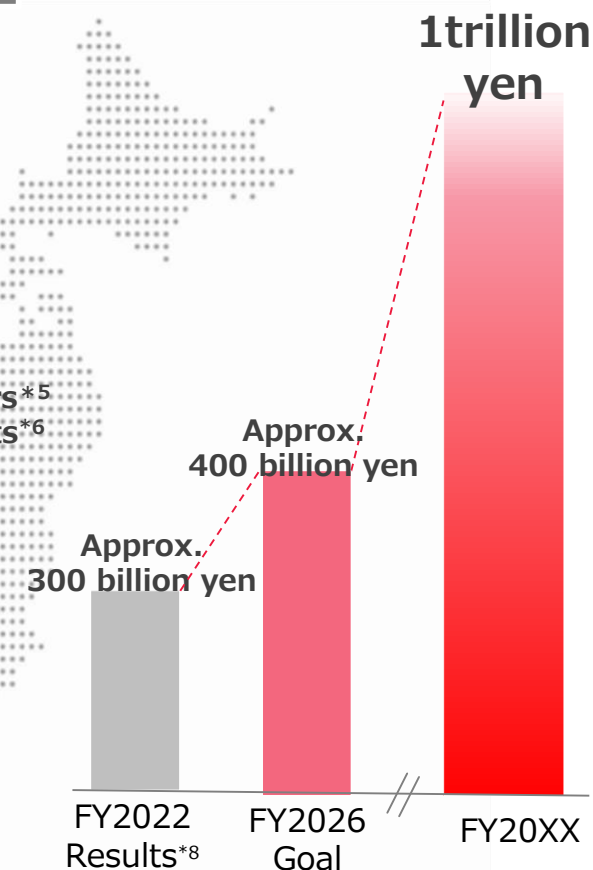
Community development

Redevelop suburban residential complexes
 Initiatives for regional revitalization

- **Single-family houses Daiwa House has built : Over 440,000 units*²**
- **Approx. 8.5 million vacant houses*³**
- **Approx. 1.1 million condominiums built 40 years ago*⁴**

- **Approx. 2,500 aging shopping centers*⁵**
- **Approx. 140 public wholesale markets*⁶**
- **Approx. 14,000 hospitals built 40 years ago*⁷**

- **61 Neopolis branded suburban residential complexes we developed nation wide**



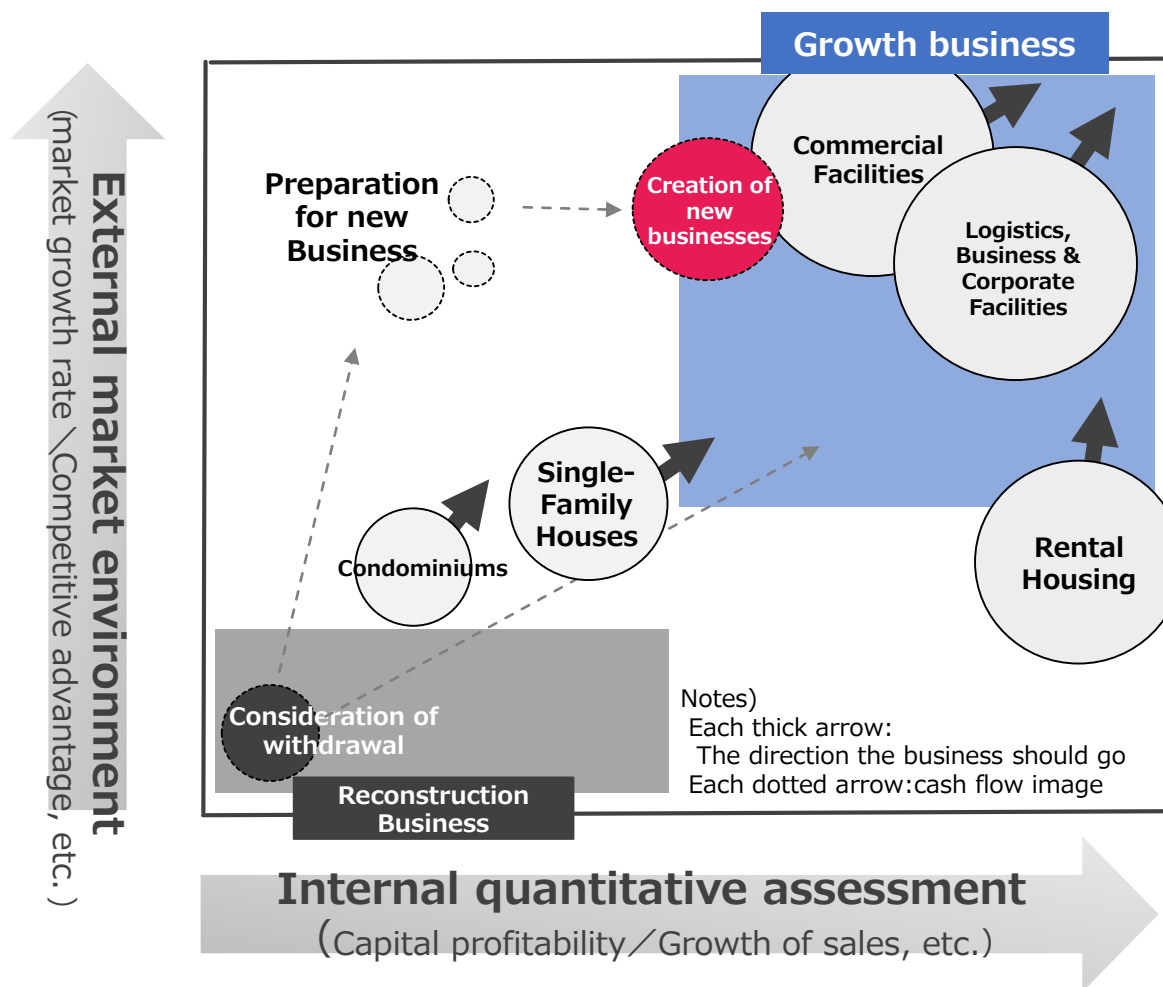
* 1 Livness Business : A general term for businesses, mainly renovation, brokerage, buyback and resale (Including partial reconstruction) * 2 Our research(April 2023) * 3 Source "Current status, issues and direction of examination of vacant house policy" (the Ministry of Land, Infrastructure, Transport and Tourism)(2022), Number of vacant houses in 2018 * 4 Source "Housing Economy, Data (the Ministry of Land Infrastructure, Transport and Tourism)(2022) * 5 Source "SC White Paper" (Japan Shopping Center Association) * 6 Source "Wholesale Market Data Collection" (the Ministry of Agriculture, Forestry, and Fisheries) * 7 Source "construction starts statistics" (the Ministry of Land Infrastructure, Transport and Tourism), No. of hospitals and clinics built between 1988 and 2000 (Total No of RC and SRC) * 8 Preliminary figures due to final tabulation/figures not being consolidation adjustment



Portfolio optimization

Rapid action on reconstruction businesses and **active investment in growth areas**: Leverage portfolio management practices (optimal resource allocation) to **create new businesses and improve capital profitability**

Business Portfolio (image)



Portfolio-centric management for optimum resource allocation across the Company

Rapid action on reconstruction businesses

- Improved profitability through structural reforms in the Condominiums Business
- Decided to transfer resort hotel business (Transfer to Best Owner)
- Began reconstruction of Single-Family Houses Business in December 2022

Active investments in growth and future growth businesses

- Investment in open innovation, venture, and other new businesses
- Investments in next-generation infrastructure in the Logistics, Business & Corporate Facilities Business
- Investments in important initiatives such as overseas business and carbon neutrality strategy

Creation of new businesses and improvement of capital profitability



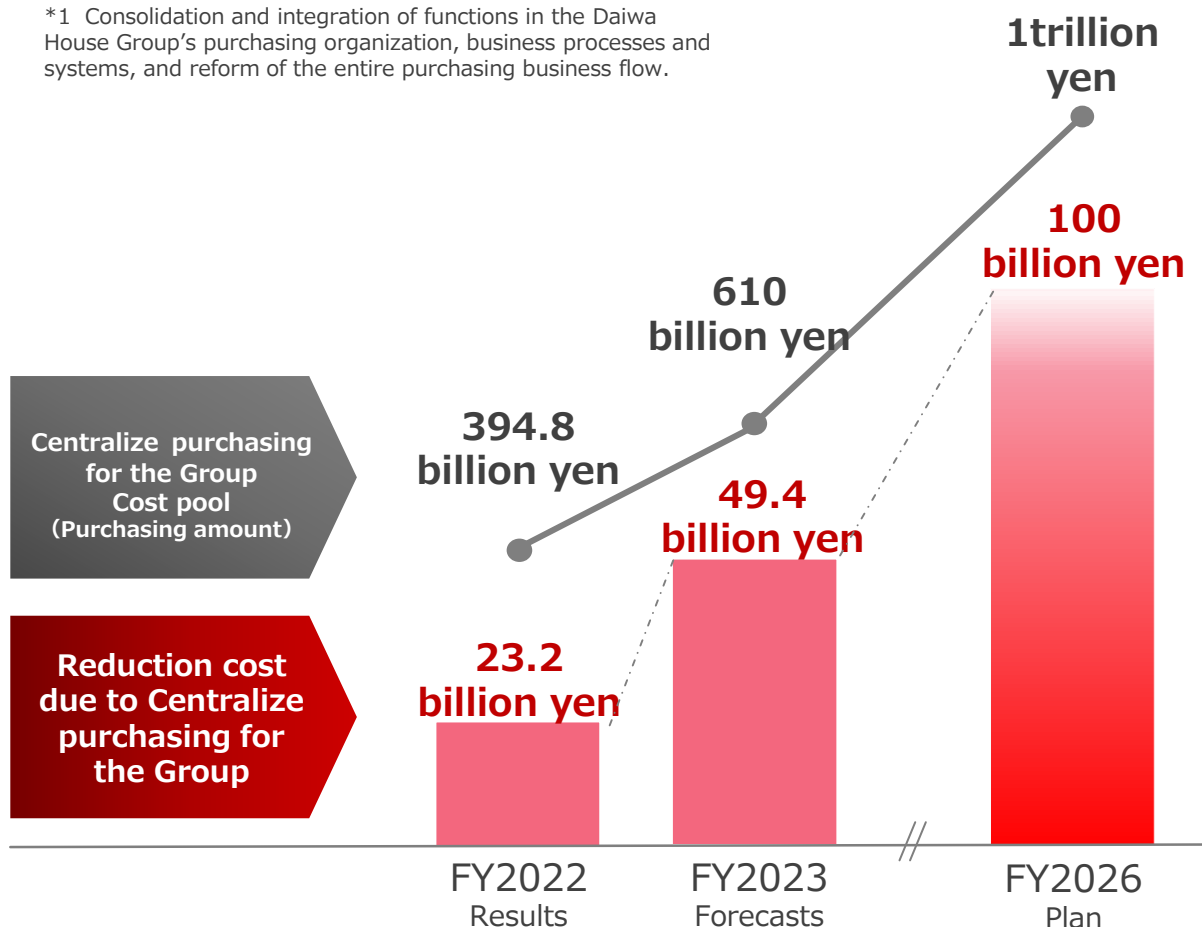
Strengthen cost competitiveness

The Group **began to study group purchasing as early as possible, creating approx. 23.2 billion yen reduction effects in FY2022**

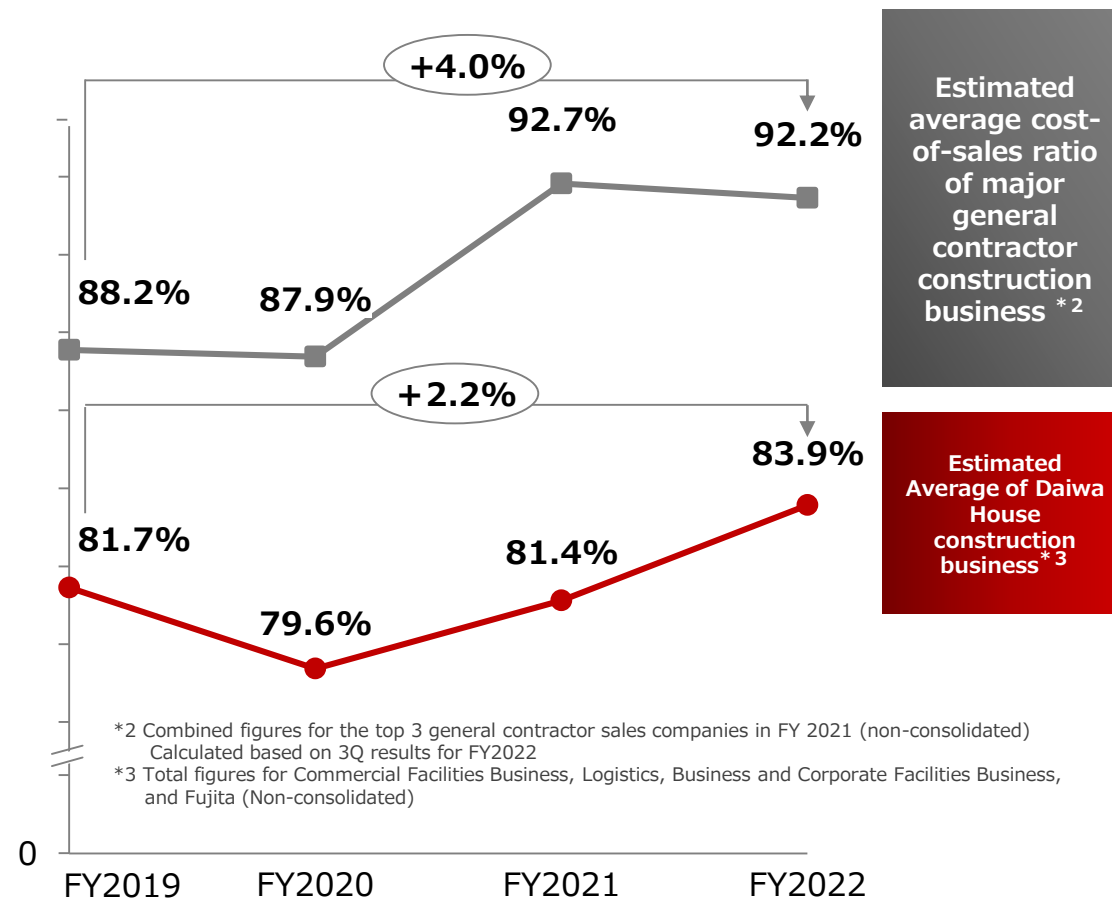
Aim to reduce costs by 100 billion yen in FY2026 by thoroughly cost cutting measures

Centralize purchasing*¹ for the Group

*1 Consolidation and integration of functions in the Daiwa House Group's purchasing organization, business processes and systems, and reform of the entire purchasing business flow.



【Reference】 Cost-of-sales ratio trends





Digital Transformation

BIM deployed to **heighten efficiency with data-driven initial estimation, 3D design, and building-process review tasks.** Now working to further evolve the supply chain, raising efficiency in ecofriendly design work, automated estimating, and task coordination

Constructing the building information modeling (BIM) foundation and utilizing data

Initial proposal

Super estimation system
(Initial estimate/historical data utilization)

参考見積入力・確認

見積名称: ○○○○新築工事
建築都市: 東京都
延べ面積: 2000㎡

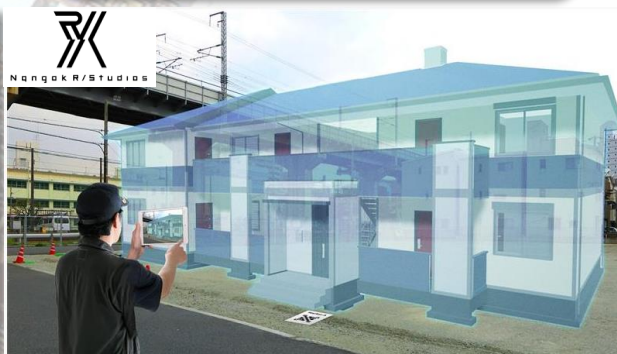
合計金額: ¥494,389,000
会計坪単価: ¥817,194/坪

大項目	サブカテゴリ	詳細	金額	単価
共通施設工事			¥12,662,000	¥20,929/坪
建築主体工事	設備表示表示中		¥252,258,000	¥416,976/坪
電気設備工事			¥61,887,000	¥102,293/坪
給排水衛生設備工事			¥55,554,000	¥91,825/坪
空調換気設備工事			¥31,515,000	¥50,090/坪
防災設備工事			¥10,844,000	¥17,625/坪
外構工事			¥10,324,000	¥17,065/坪
その他工事			¥0	¥0/坪
小計			¥435,044,000	¥719,103/坪
経費控除			¥59,345,000	¥96,091/坪

Improve accuracy of estimates by utilizing historical data

Specification decision

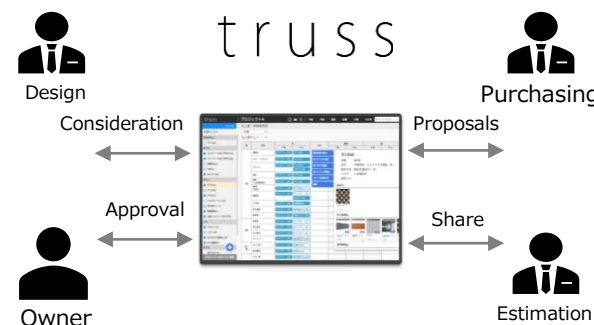
XR review system
(Metaverse platform)



Improve the efficiency of owner approval through 3D reviews

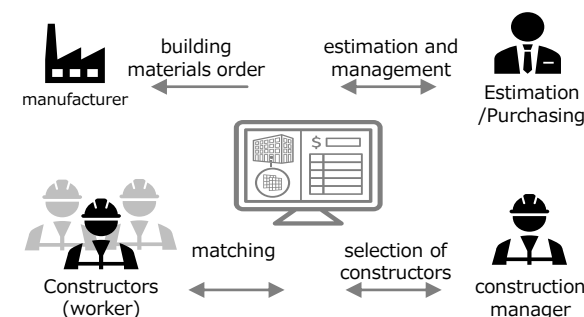
Orders and factory input

Building materials database
(Cross-manufacturer Web catalog)



Calculate CO₂ and carbon by building materials
→ Improve the efficiency of environmentally friendly design

Ordering system
(Automatic quotation/data linkage)



Strengthen supply chain and building materials traceability
→ Group centralized purchasing efficiency



Partnering with Autodesk

New strategic partnerships

- Construction digital platforms
- BIM measures from design to construction
- Train digitally literate personnel, enclosure technical and skills exchange among employees
- Enable leveraging of synergies from across the Group, and others



"BIM BSI Security Kitemark" additional authentication

BIM implementation and information security enhancement

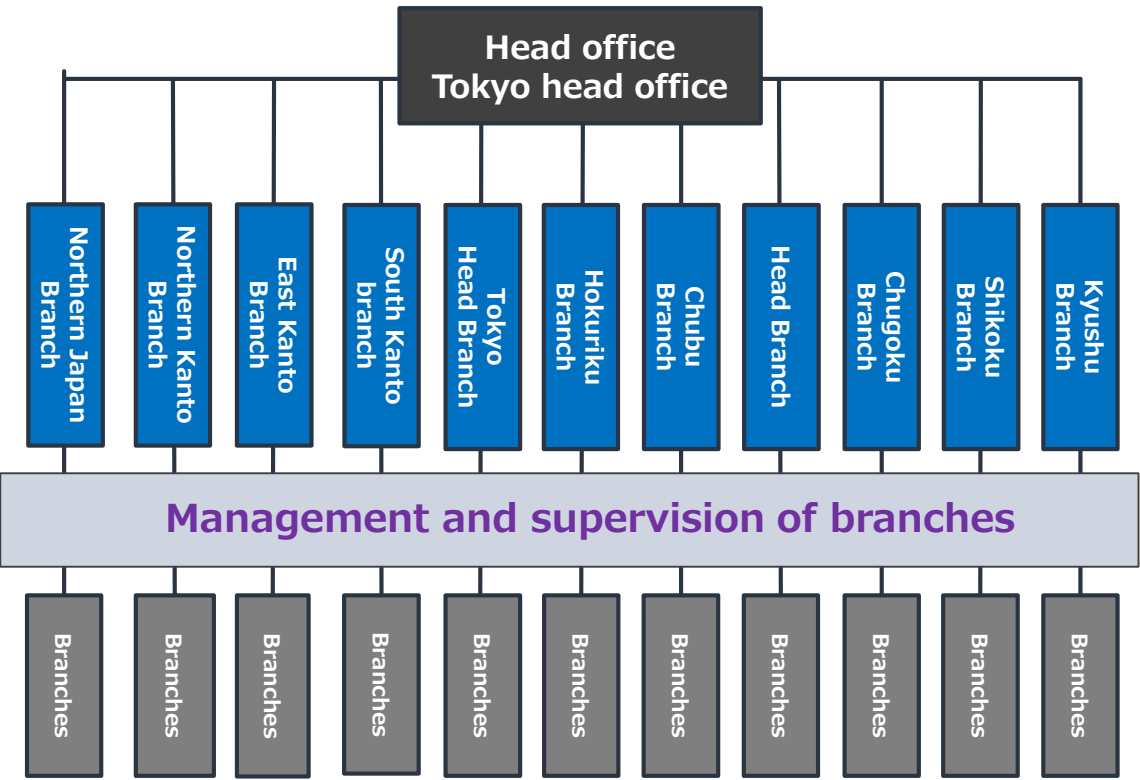
- Design department of Commercial Facilities Business and Logistics, Business & Corporate Facilities Business fully transitioned to BIM
- Acquire BIM BSI Kitemark, an international-standards-based certification of BIM proficiency
- Acquire additional international standards in the security field



Enhance governance

In domestic business, revamped organizations with focus on 11 branches: **Enhanced area governance and community-based marketing**. In overseas business, continually bolstered governance functions at both HQ and local in the wake of issues that surfaced in China in 2019

Domestic: Transitioned to a structure in which 11 branches management and supervise branches in each jurisdiction



Status of overseas governance initiatives

2019年	Established the Overseas Strategy Committee
2020年	Formulated the Investment Management Guidelines for the Group
2021年	Established regional corporate functions for each area* 1
	Began operation of Risk Management Committee at overseas headquarters
2022年	Began work on formulating detailed management indicators for overseas business

【* 1 Progress in building regional corporate functions】
Strengthened RC functions: Assigned specialized personnel in charge to each overseas area where needed to access the situation on the ground, identify problems quickly, and take timely action.

Current Initiatives (Examples)

- ✓ Facilitation of the assignment of specialized personnel in charge of legal affairs, general affairs, human resources and information systems
- ✓ Conducting reports to the head office on the fund status of each local entities
- ✓ Holding administrative personnel meetings in each area
- ✓ Sharing risk information and preventing risks at Risk Management Committee

Future Initiatives (Examples)

- ✓ Starting on-site management using detailed management indicators
- ✓ Further promoting and strengthening personnel assignments
- ✓ Building a management system in line with the Group regulations

Increase the value of our human capital - Creating a foundation for innovation

Increasing the value of human resources is a source of corporate value, and the success of diverse human resources is the key to business growth. **Cultivate a corporate culture** in which each individual demonstrates his or her "individuality" and **creates new value as an organization.**

Enhancing work environments and systems that make it more comfortable for everyone to work

Enhancing work-life balance systems

Half-day/hourly paid/home holiday/nursing leave

Establishment of diverse work styles

Teleworking arrangement/flextime program

Enhancement of support for child-rearing

One-time childbirth allowance/childcare leave/re-employment opportunities

Enhanced care support

Family care leave/Shorter working hours to care for family members/Support for filial support

Well-being

Providing diverse career opportunities

Hiring high school graduates and providing two years of professional technical education

Autonomous career, cross-border career support (side job)

Overseas human resources development program and overseas trainee system

Improved treatment of senior employees and expanded work options

Major achievements and results * 1

- A definite decrease in overtime
FY2021 **22.7 hours/person/month**
*FY2019: 30.2 hours
- Average annual income among the highest in the industry
8,842,493 yen
- FY2021 turnover rate * 2
3.82%
- Even after reaching retirement age of 65 **about 50%** continued to work
- Of those taking child-bearing or child-rearing leave
99.5% return to work
- Including 15 major group companies
Percentage of female hired: **31.9%**

*1 Daiwa House non-consolidated Results (The ratio of female hired includes 15 major group companies plus Daiwa House non-consolidated Results)

*2 Voluntary turnover rate

Appendix1

Progress of the strategies by business segment



Lifestyle proposals through **communication tools that combine digital and real**
Enrich customers' lives and society by **promoting ZEH houses to achieve carbon neutrality**

Progress and issues (Summary)

Reference indicators

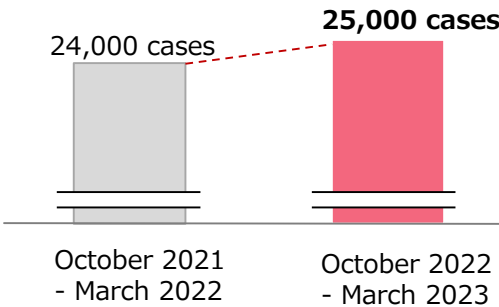
Progress

- Working with customers to achieve carbon neutrality. By making all products in single-family houses compatible with ZEH, the ratio of ZEH soared to 84%.
- We introduced "3DVR content" that allows users to move freely in 3D virtual space in conjunction with the floor plan. It can be posted by property on the website for houses in housing development and linked to the booking of visitors.
- A "3D Fast Plan" has been introduced that allows visitors to check not only the plan but also the interior and exterior in 3D. Enhance the understanding of the customers from the beginning of meeting.

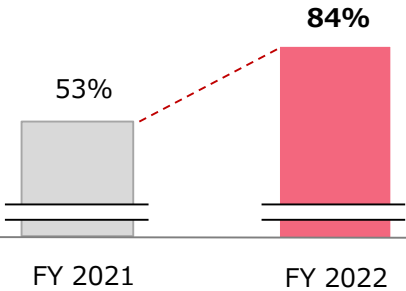
Issue

- Strengthen ZEH proposals including built-for-sale house to achieve carbon neutrality and reduce customers' running costs
- Offer built-for-sale house with high quality at affordable price to the customers not holding land
- Promote operational efficiency by expanding plans that include contents of "for urban" and "for area characteristics" in 3D fast plans.

Number of new information acquisition by using digital tools



The ZEH rate of single-family houses (based on construction starts)



VR content on the website



3D Fast Plan



Further improve the rate of ZEH-M, mainly through the sales of “TORISIA” a product compatible with ZEH-M
Maximize the lifetime value of owners through a unified collaboration among the three Group companies

Progress and issues (summary)

Progress

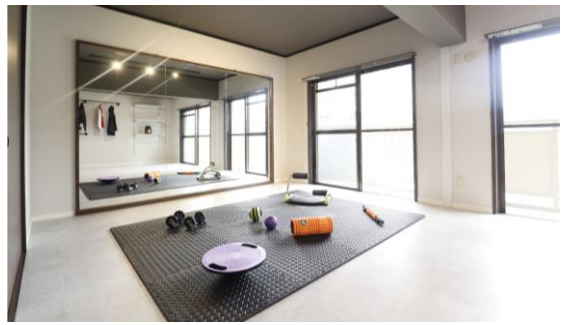
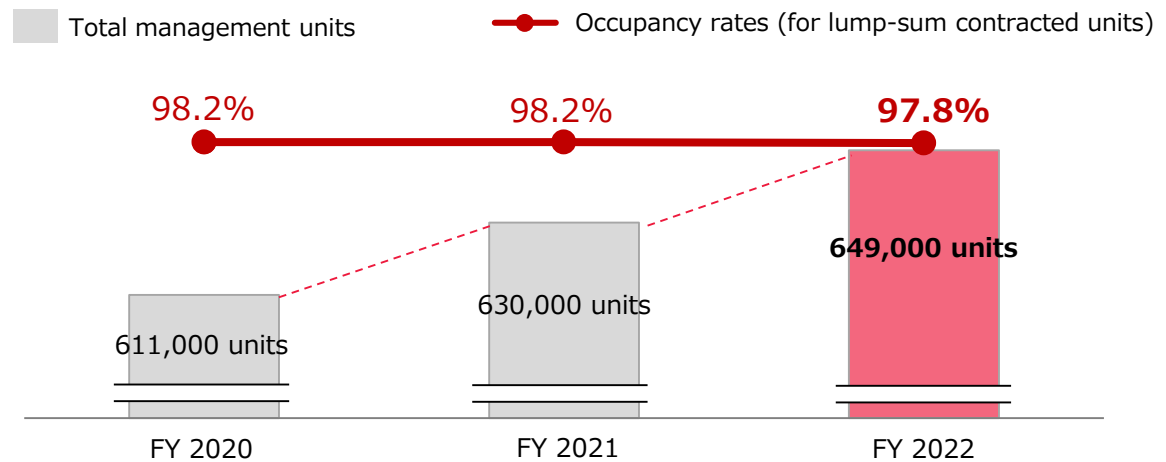
- Unit price per building boosted due to increased sales of “TORISIA”
- Maintained high rate of orders received for managing properties we built and increased number of management of rental housing units
- Steadily achieved the target of rate of ZEH-M stated in the Endless Green Program*
FY 2022 results: 14.2% (based on construction starts)

*Daiwa House Group Environmental Action Plan

Issue

- Promote ZEH-M specifications for all properties from the initial proposal to achieve the ZEH-M rate target of 50% as early as possible in FY2026
- Further improve comfortability and asset value by renovations of properties to meet tenants' needs
- Build strategies for stable occupancy and exit strategies for extant US properties as well as prduct and portfolio development aligned with regional characteristics

Reference indicators



Renovation case
(2 Japanese-style rooms to 1 Western-style room)



Westheimer Project (Houston, TX)
Construction started in February 2023



Focus on highly profitable large complex development

High value-added through the **supply of ecofriendly condominiums** (ZEH-M target: 100% in FY2024) * 1

Progress and issues (Summary)

Progress

- Strengthen initiatives for high value-added projects with ecofriendly condominiums (ZEH-M rate 43% in FY 2021 to 73% in FY 2022) * 1
- Daiwa Lifenext launched TAKSTYLE, a new, third-party condo management option (23 projects, of which 13 ours, in FYE22).
- Assemble portfolio built on bolstering redevelopment business with short-term profitability potential

Issue

- Allocate personnel to and reconstruct organization in areas earmarked for boosted profitability
- Reduce stock of completed condominiums and raise turnover
- Stricter investment standards and focus on large complex developments with high returns

Examples of high-value-added condominium developments (all adopted ZEH-M oriented)

Ohori Park, Fukuoka "Central Park" * 2 neighboring deluxe residence type

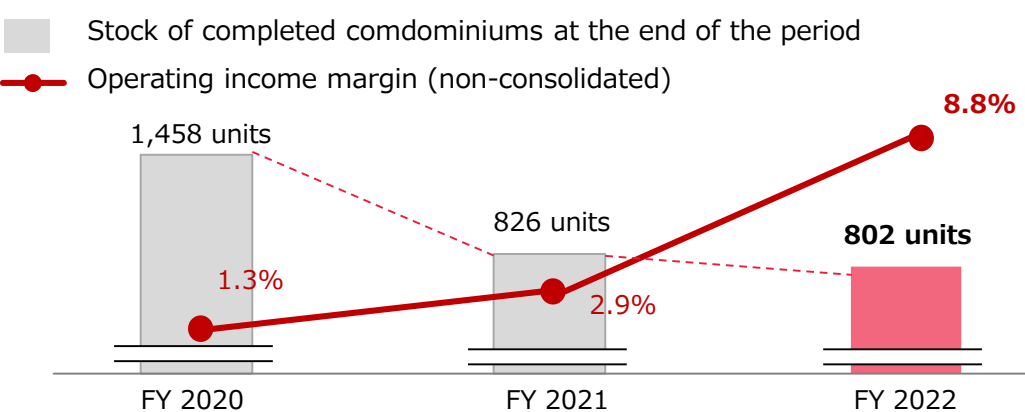
Property name: Premist Ohori 2-Chome
 Location: Ohori, Chuo-ku, Fukuoka City, Fukuoka Prefecture
 Total number of units: 35 units (10 stories above ground)

ABINC certified



*1) Target is "Premist" sold by the Company
 *2) From the 'Central Park Concept' of Fukuoka City, Fukuoka Prefecture, which aims at the integrated use of Ohori Park and Maizuru Park

Reference indicators



Total developed area over 14,200㎡ Meito-ku Largest Condo Project

Property name: Premist Fujigaoka
 Location: Fujisato-cho, Meito-ku, Nagoya-City, Aichi
 Total number of units: 360 units (10 stories above ground)

ABINC certified
 All units acquired BELS



The highest building in Asahikawa City

Property name: Premist Asahikawa The Tower
 Location: 7 Ichijo-dori, Asahikawa, Hokkaido
 Total number of units: 151 units (1 basement, 25 stories)





Customer footfall in the stock business (Hotels, fitness clubs, and parking lots, etc.) has almost recovered to pre-pandemic levels
Proposal variations have been enhanced to meet regional needs, such as the livness business in existing facilities, office building development, and hotels that continue to be in demand

Progress and issues (summary)

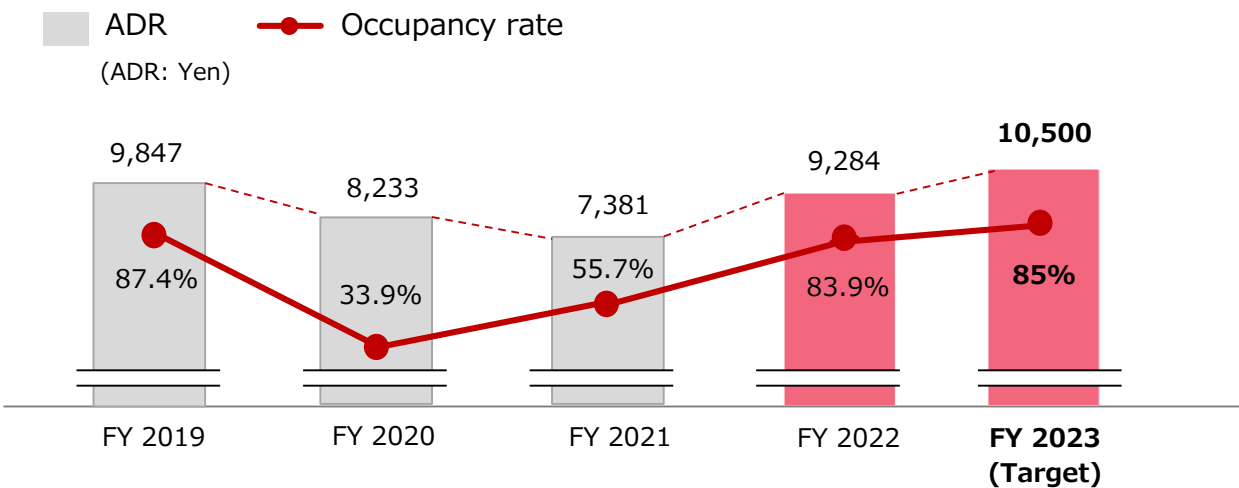
Progress

- Selected and listed up over 2,000 of commercial facilities with Livness project potential and launched a nationwide rollout
- Attracting customers through tourism and outings is returning, and hotels, fitness clubs and parking lots are on the recovering. Government travel- promotion programs and eased border-entry restrictions are fueling the trend.

Issue

- Expansion of projects such as office buildings and foreign-owned hotels where demand is expected. For office buildings, select localities, especially in areas outside the major urban regions, with potential need for offices. In addition to the existing complex facility brand "GRANODE," expand the midsize office building brand "d_II" with a total floor area of approx. 2,000 tsubo
- In addition to speeding up each process through transition to BIM, improving the estimation accuracy

Reference indicators (Daiwa Roynet Hotel)



Office Building d_II
(Yokkaichi City, Mie Prefecture)



Double Tree by Hilton,
a foreign-owned hotel
(Osaka City)



Frespo Awaza, a commercial complex
(Osaka City)



Continue proactive investment in logistics facilities where demand is strong over the long term, including growing e-commerce demand, needs for raising logistics efficiency, and for facilitating a last mile delivery
In addition, orders increased for **new in-demand facilities, such as data centers and semiconductor factories**

Progress and issues (Summary)

Progress

- Corporate capital investment in Japan is recovering
- Logistics facilities business is expected to be firm in the medium term backed a growing e-commerce demand and needs for raised logistics efficiency
- Increasing orders for data centers, semiconductor factories with market growth potential. Aiming to establish a new pillar of business by increasing actual results
- Pushed ahead with Livness and GMP*-compliant pharmaceutical and health-food factory construction projects and projects to replace or renovate medical and nursing care facilities built to outdated seismic standards.

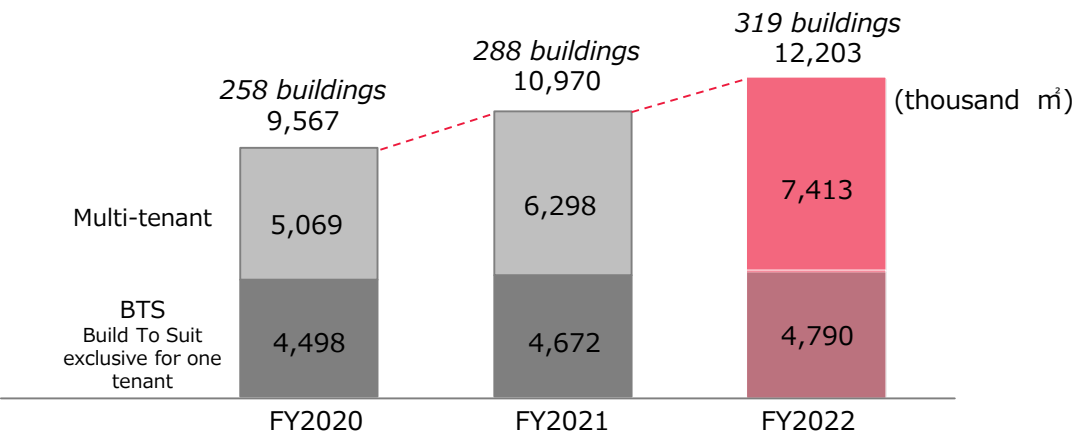
* A set of standardized pharmaceutical manufacturing- and quality-control practices

issue

- Vast supply of logistics facilities will continue in the metropolitan area until 2023. Honing our strength of leasing capabilities, improve occupancy rates of completed properties
- Establish a business base to handle projects requiring high degree of technical expertise, such as data centers and semiconductor factories. Not just strengthening technical staff, we also accelerate accumulating know-how by establishing a construction committee for each project

Reference indicators

Development Area of Logistics Facilities (Cumulative) [Non-consolidated] (Our research)



•Data Center: Plan at a total project cost of **¥200 billion (20 buildings)** by 2030



Logistics facilities
(DPL Yokohama Totsuka)



Data Center
(DPDC)



Advanced Technology Research Facility
(RGB III)



Planning on **investing 100 billion yen** by FY2026 in environment-related businesses that contribute to be decarbonization of customers and society

Realize sustainable business growth by expanding offsite PPA business and stabilizing PPS business

Progress and issues (Summary)

Progress

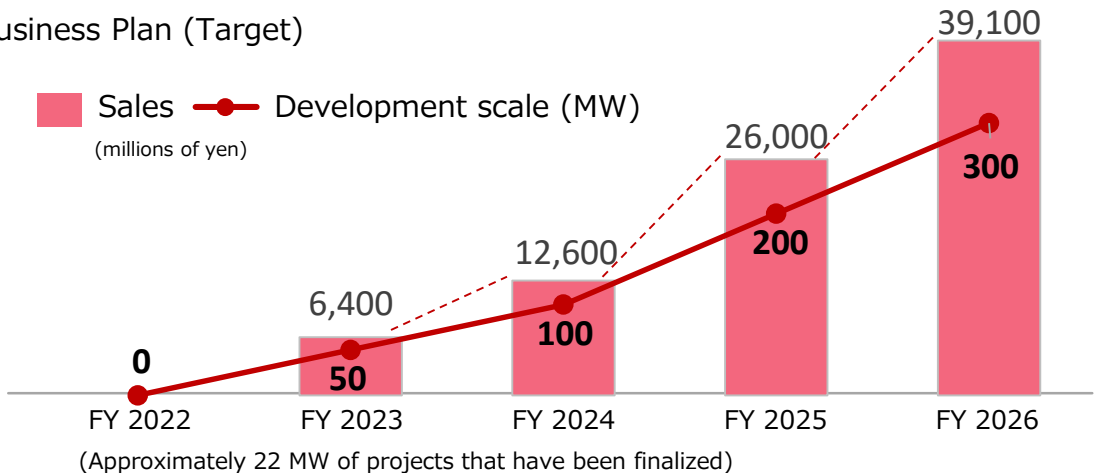
- Developed land for offsite PPAs after consolidating offices (area coverage) to focus on target localities. Started getting responses to grid connection requests from utility operators during second half of FY2022. Built foundations for a stock business with capacity of finalized projects exceeding 22MW nationwide.
- At the retail electricity business (PPS), raised ability to generate profits despite volatile externalities (price negotiations, launch of new product options, control of supply to meet procurement).

Issue

- To rapidly move offsite PPAs into profitability, tighten land management with focus on areas conducive to grid connectivity, also pitching agreements to potential high-demand users per our exit strategy. Still facing challenges like grid-connection hurdles.
- With unfavorable business conditions forcing ever-more retail-electricity players to bow out or fold, we opted to bypass the wholesale market and source power directly. This lets us keep the supply-procurement balance under control.

Reference indicators

■ Business Plan (Target)



■ Business Overview

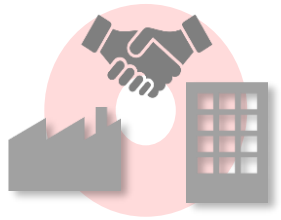
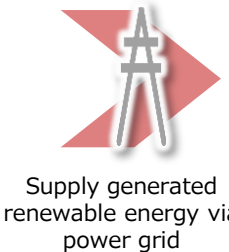
Our uniqueness (1)

Obtain land information on our own using the nationwide business network and secure sites suitable for building power generating stations



Our uniqueness (2)

- Find off-takers and high-demand users
- Multiple exit strategies for renewable energy



Appendix2

Carbon Neutral & Human Capital Indicators

Key Indicators			Goals and Achievements				Supplementary Explanation
			FY2021 Results	FY2022 Results* 1	FY2026 Targets * 2	FY2030 Goals	
Achieving carbon neutrality	Entire value chain	GHG emissions reduction rate * 3	15%	28%	35%	40%	Reduction in both business activities and building use is generally on track
		GHG emissions reduction rate	21%	35%	55%	70%	
	Business Activities: Scope 1 + 2	Renewable energy utilization rate (non-consolidated) * 4	54%	100%	100%	100%	In Domestic, Daiwa House (non-consolidated), expects to achieve 100% renewable energy of purchased electricity in fiscal 2022
		Percentage of renewable energy used (Group)	18%	41%	100%	100%	In fiscal 2023, the Group as a whole (including overseas) aims to achieve 100% renewable energy in purchased electricity
	Building use: Scope 3 (Category 11) *5	GHG emissions reduction rate	29.4%	41.6%	54%	63%	
		ZEH rate	53%	84.0%	90%	100%	Daiwa House (non-consolidated), based on starts, percentage of homes
		Rental housing ZEH-M rate	3%	14.2%	50%	100%	Daiwa House (non-consolidated), based on starts, percentage of homes
		Condominiums ZEH-M rate	43%	73.1%	100%	100%	Daiwa House (non-consolidated), based on starts, percentage of homes
		ZEB rate * 6	38%	66.7%	60%	100%	Daiwa House, Daiwa Lease, and Fujita, based on starts (including development projects), percentage of land area
	Renewable energy supply facilities and construction results of facilities	Construction results of renewable power generation facilities (EPC)	2,516 MW	2,696 MW	4,200 MW	5,000 MW	Cumulative results since 2011
		Development and operation of renewable energy power plants (IPP)	561 MW	602 MW	1,550 MW	2,500 MW	Excludes self-consuming power plants
	Solar panels installation rate (Non-residential)	Commercial Facilities Business (Non-consolidated)	-	32.2%	Principles 100%		Based on starts, percentage of buildings, actual results counted from the second half of fiscal 2022. Fujita, Daiwa Lease began counting from fiscal 2023
		Logistics, Business & Corporate Facilities Business (non-consolidated)	-	61.8%			

*1 Results for fiscal 2022 are disclosed in preliminary figures. Firm figures guaranteed by third parties will be disclosed in the Sustainability Report to be published at the end of July 23. * 2 For indicators for which results for fiscal 2022 exceeded the fiscal 2026 targets, we are considering moving the target forward. *3 All GHG reduction rates are relative to fiscal 2015. * 4 Renewable energy use rates are for purchased electricity only. * 5 For ZEH-M, calculations are based on the number of residential units that meet the ZEH-M standards recommended by the national government, depending on the number of floors. *6 ZEB rates are calculated based on the area of contracts and development projects.



Key indicators			Goals and performance				Supplementary explanation
			FY2020 Results	FY2021 Results	FY202 Results* 1	Goals	
Increase the value of our human capital	Recruitment	Ratio of newly employed females to total new employees	23.5% (2021/4/1)	25.8% (2022/4/1)	24.9% (2023/4/1)	30%	
		Number of career hires	80	63	145	-	
	Diversity	Percentage of women in management positions	4.5% (2021/4/1)	4.9% (2022/4/1)	5.2% (2023/4/1)	8% (2027/4/1)	
		Ratio of women in chief positions	17.9% (2021/4/1)	19.2% (2022/4/1)	21.3% (2023/4/1)	25% (2027/4/1)	
		Employment rate of people with disabilities	2.50% (2021/4/1)	2.46% (2022/4/1)	2.50% (2023/4/1)	2.70% (2026/4/1)	
		Continuation rate of employment after reaching retirement age of 65	60.0% (2021/4/1)	60.9% (2022/4/1)	49.4% (2023/4/1)	-	
	Health Management	Rates of regular health checkups	100%	100%	100%	-	
		Rates of secondary examinations for persons requiring close examination and treatment	99.0%	91.0%	95.3%	-	
	childbirth child care	Percentage of men taking child care leave	42.4%	41.9%	62.2%	80% (FY 2026)	
		Lump-sum payment for raising the next generation (number of recipients/amount)	637 / 637 million yen	636 persons / 636 million yen	644 persons / 644 million yen	-	Cumulative total since the introduction of the system Payments: 11.862 billion yen
	Employment	Percentage of paid leave taken	59.6%	59.2%	56.4%	-	
	Equity	Gender wage gap (ratio of average female income to male income)	-	60.7%	61.3%	-	
	Career Support	Transboundary Career Support System	-	-	49 employees	-	Career support system focusing on internal and external side jobs

*1 Results for fiscal 2022 are disclosed in preliminary figures. 23 To be disclosed in the Sustainability Report to be published at the end of July



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.