



**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

FY2023 2Q

Presentation on Management Policies

November 13, 2023

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



- **Performance Highlights**

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 - Rental Housing Business
 - Condominiums Business
 - Commercial Facilities Business
 - Logistics, Business & Corporate Facilities Business
 - Environment & Energy Business

- **Appendix 2 Carbon Neutral Indicators
Human Capital Indicators**

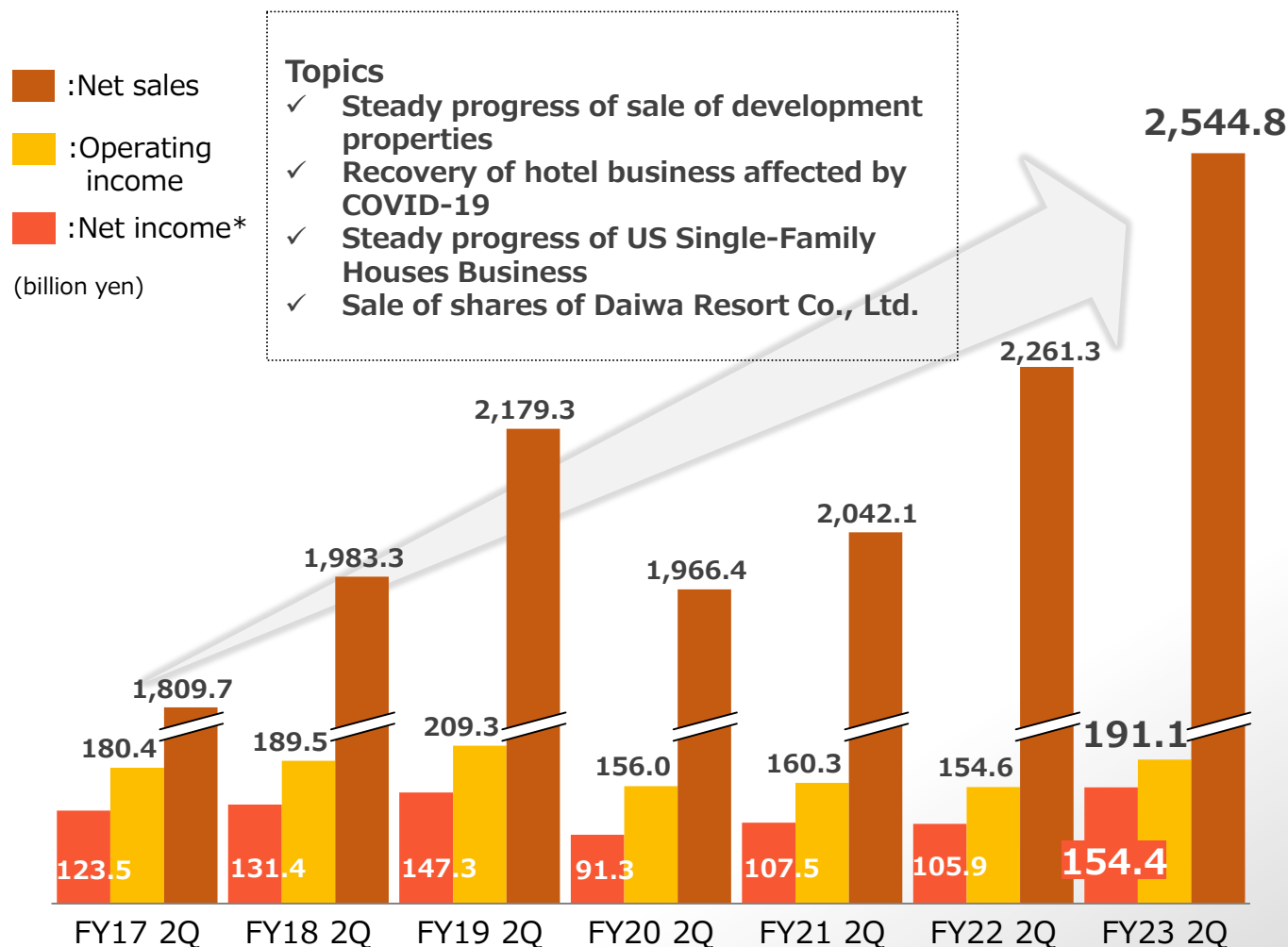
Performance Highlights Current Business Conditions



FY2023 2nd Quarter Results

FY2023 2nd quarter results **were record high with sales of 2,544.8 billion yen (+12.5% YOY) and net income* of 154.4 billion yen (+45.8% YOY).**

Operating income also increased sharply to 191.1 billion yen, up 36.5 billion yen YOY(+23.6% YOY).



*Attributable to owners of the parent

FY2023 2Q Results				
(billion yen)	Net sales	(YOY)	Operating Income	(YOY)
Single-Family Houses	442.7	(+5.9%)	14.2	(-29.8%)
Rental Housing	609.2	(+5.1%)	60.1	(+13.1%)
Condominiums	217.8	(+25.1%)	16.6	(+84.1%)
Commercial Facilities	581.9	(+10.6%)	71.8	(+14.8%)
Logistics, Business& Corporate Facilities	643.4	(+29.6%)	57.2	(+48.7%)
Environment and Energy	73.5	(-15.8%)	6.3	(+169.3%)
Other	38.6	(-3.8%)	0.8	(-68.1%)
Total	2,544.8	(+12.5%)	191.1	(+23.6%)



FY2023 Full-Year Plan

FY2023 full-year sales plan was **revised up by 100 billion yen from the previous plan, increasing significantly to 5.02 trillion yen**. Operating income was revised to 385 billion yen (+4.4% YOY) and net income was revised to 263 billion yen (+9.5% YOY).

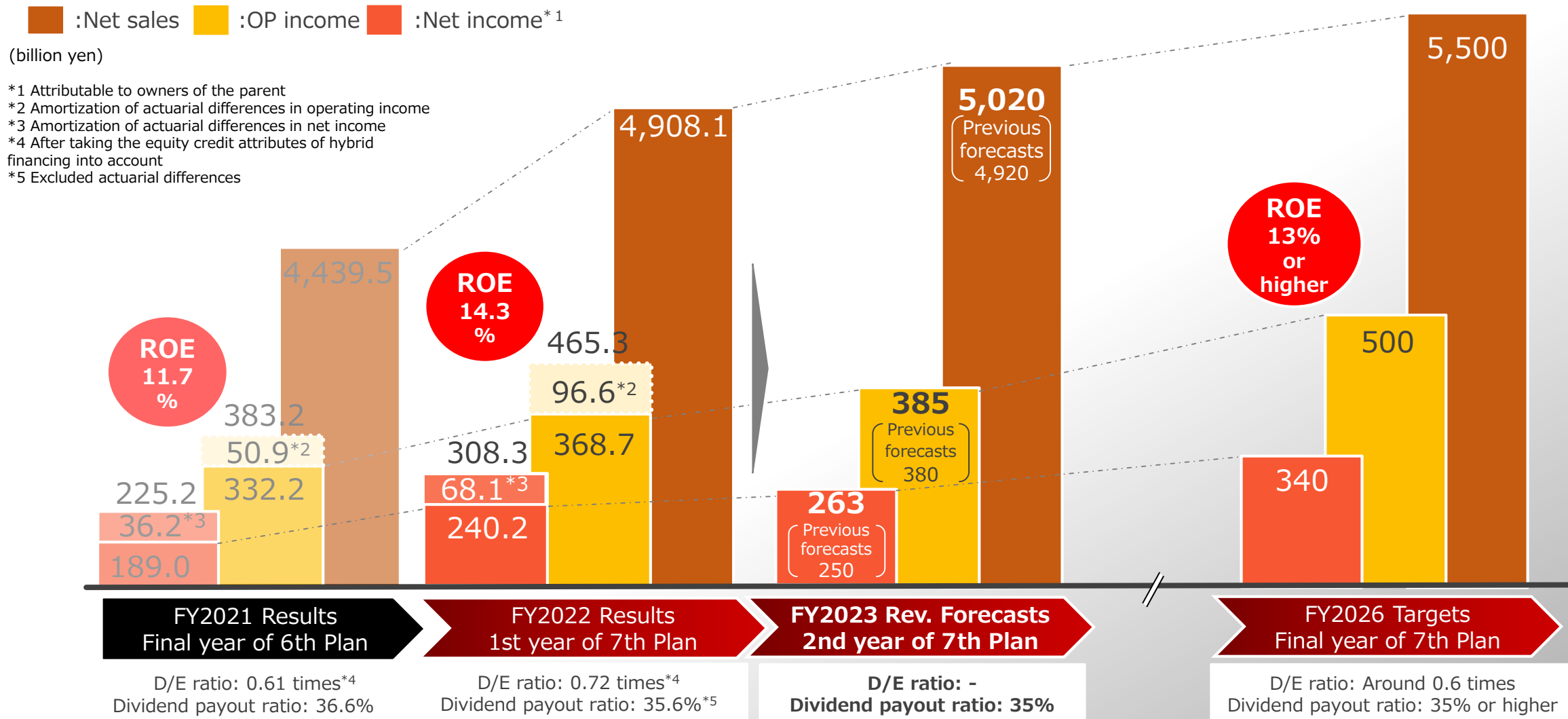
	FY2022 Results	FY2023 Pre. forecasts (YOY)	FY2023 Rev. forecasts (vs pre. forecasts)
(billion yen)			
Net sales	4,908.1	4,920.0 (+11.8)	5,020.0 (+100.0)
Operating income	465.3	380.0 (-85.3)	385.0 (+5.0)
Operating income (Excluding actuarial differences)	368.7	380.0 (+11.2)	385.0 (+5.0)
Net income ^{*2}	308.3	250.0 (-58.3)	263.0 (+13.0)
Net income ^{*2} (Excluding actuarial differences)	240.2	250.0 (+9.7)	263.0 (+13.0)
Annual dividend	130 yen	135 yen (+5 yen)	140 yen (+5 yen)
Dividend payout ratio (Excluding actuarial differences)	35.6%	35.6%	35.0%

* 1 YOY excluding actuarial differences on retirement benefits *2 Attributable to owners of the parent



The Progress of the 7th Medium-Term Management Plan

FY2023 sales forecast exceeds 5 trillion yen, showing steady progress
Aim to achieve sales of 5.5 trillion yen in FY2026 while striving to achieve both profit growth and improvement of capital efficiency and profitability





Capital Policy and Shareholder Return

Maintain financial stability and improve capital efficiency to achieve sustainable revenue growth by pursuing proactive real-estate and strategic investment while improving capital turnover and profitability

Profit growth through growth investment

Real estate development investment
2.2 trillion yen

- ✓ Build up prime assets that are a source of growth
- ✓ Implement strategic investments, such as overseas business, carbon neutral and CVC

Maintenance of financial stability

D/E ratio around **0.6** times

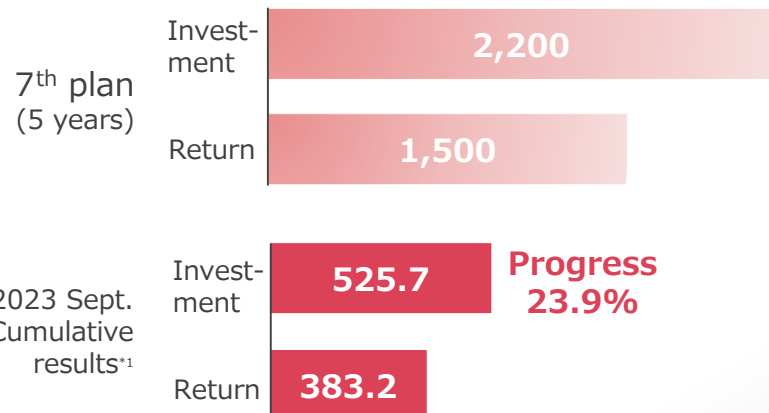
- ✓ Investment precedent in the first half of the 7th plan
- ✓ Steadily pursue return and maintain financial discipline

Capital efficiency improvement

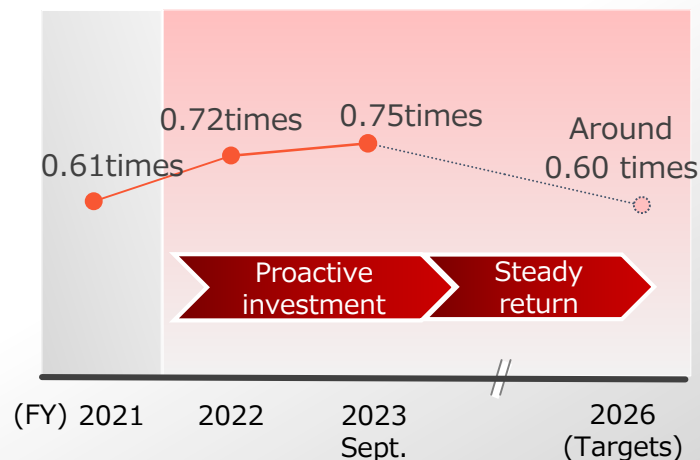
ROE at least **13%**
Dividend payout ratio **35% or higher**

- ✓ Equity spread above cost of equity
- ✓ Achieving stable shareholder returns

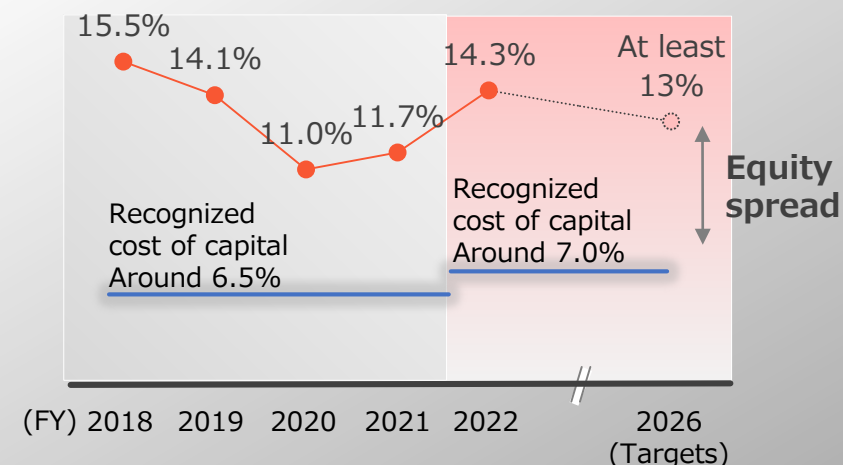
Create profits from real estate development investment (billion yen)



D/E ratio changes in the 7th Plan*2



ROE transition over cost of capital



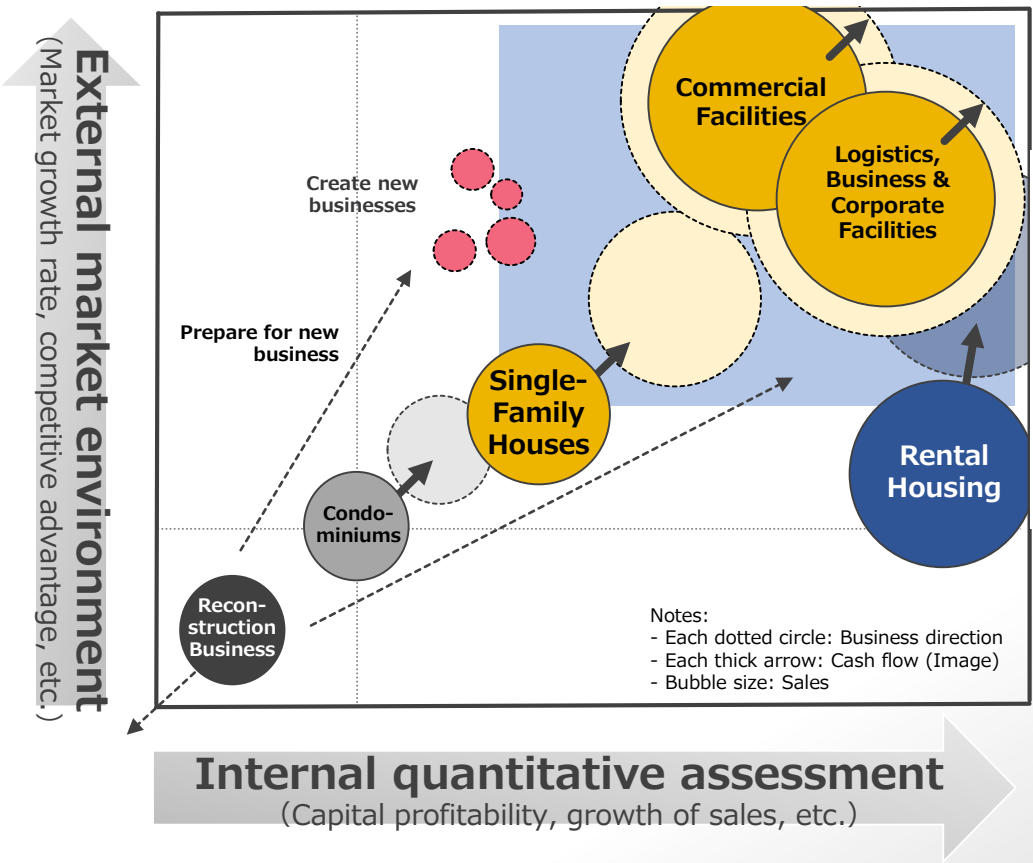
*1 Cumulative results from April 2022 to the end of September 2023

*2 After taking the equity credit attributes of hybrid financing into account



Promote portfolio management to implement aggressive growth investments in the face of capital constraints
At the same time as responding to reconstruction business, we will focus management resources on businesses that drive growth, such as large-scale development and overseas Single-Family Houses business.

Business Portfolio (Image)



Major Investments

Scale expansion	Logistics, Business & Corporate Facilities	Focused investment in large-scale development Logistics facilities, data centers, redevelopment of public wholesale markets
	Commercial Facilities	Focused investment in large-scale development including stock business Hotels, home centers, revitalizing for aging facilities, etc.
	Single-Family Houses	Focused investment in overseas Single-Family Houses mainly in US Domestic business began fundamental restructuring
Stable growth	Rental Housing	Increase investment for stable profits growth Domestic built-for-sale business, US rental housing, etc.
Create new businesses		Creation of new businesses through CVC fund
Profitability improvement	Condominiums	Specialized investments in highly profitable projects
Respond to reconstruction businesses		Restraining investment, reviewing business restructuring

Progress of 7th Medium-Term Management Plan



Expand Our Circular Value Chain① Company-Wide Initiatives

Leveraging a Group strength—our broad range of businesses—to build one of the sector's largest circular value chains
In company-wide engagements, **we are focusing on community regeneration to local revitalization by extending to properties built by other companies** as well as ones we built, the scope of our revitalization and circular businesses.

Strategies for Expanding Our Circular Value Chain

From Community Regeneration to Local Revitalization

Create

-Step up lifestyle infrastructure development
-Real estate development investments ¥2.2 trillion

Foster

Strengthen operations and management through cooperation among Group companies

Revitalize

Expand Livness Business
FY2026 Sales ¥400 billion



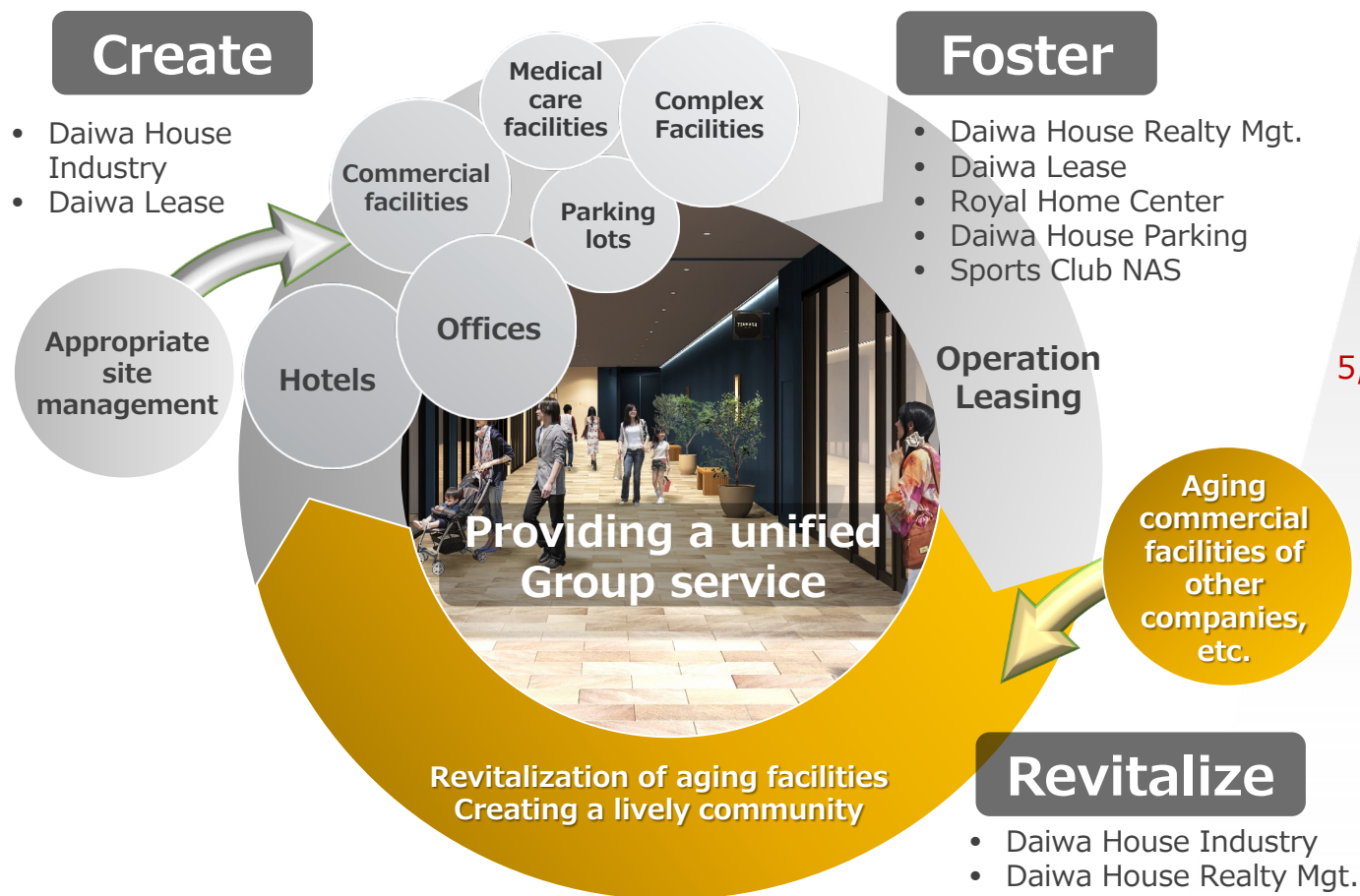
- ✓ **Redevelopment of suburban residential complexes we developed (61 locations nationwide/over 60,000 lots)**
 - "Neopolis Summit" symposiums to discuss the revitalization of suburban housing complexes with residents
- ✓ **Buying and reselling land from the Urban Renaissance Agency for community revitalization (52 locations/approx. 3,300 lots nationwide)**
- ✓ Promotion of exchange between residents in vacation home sites we developed (14 locations nationwide)
- ✓ Regional revitalization through revitalization of aging public wholesale markets
- ✓ Revitalization of local communities through purchasing and enhancing the value of aging commercial facilities operated by other companies



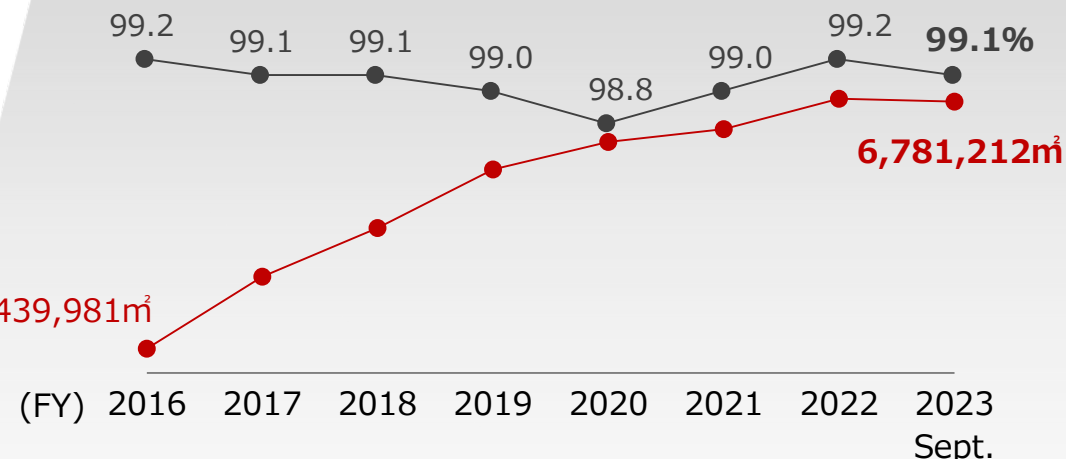
Expand Our Circular Value Chain② Commercial Facilities Business

Expanding the scale of our Commercial Facilities Business through pin-point investment in large developments able to accommodate diverse applications. Further, we are expanding the Livness Business into nonresidential areas like commercial facility redevelopment in close collaboration with Group companies involved in their management and operation.

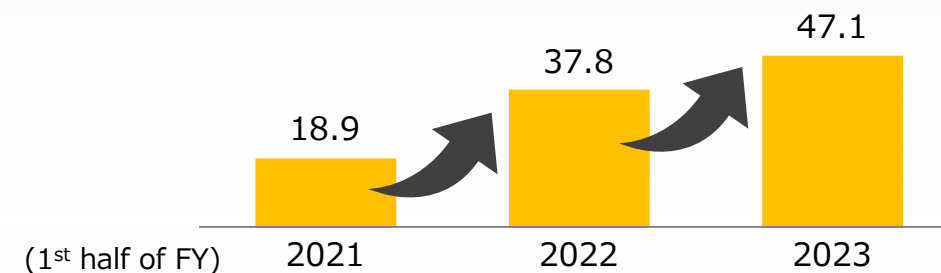
Value chain in the Commercial Facilities Business



Total Subleasing floor space and occupancy rate of commercial facilities*1



Nonresidential Livness Business Sales (billion yen)



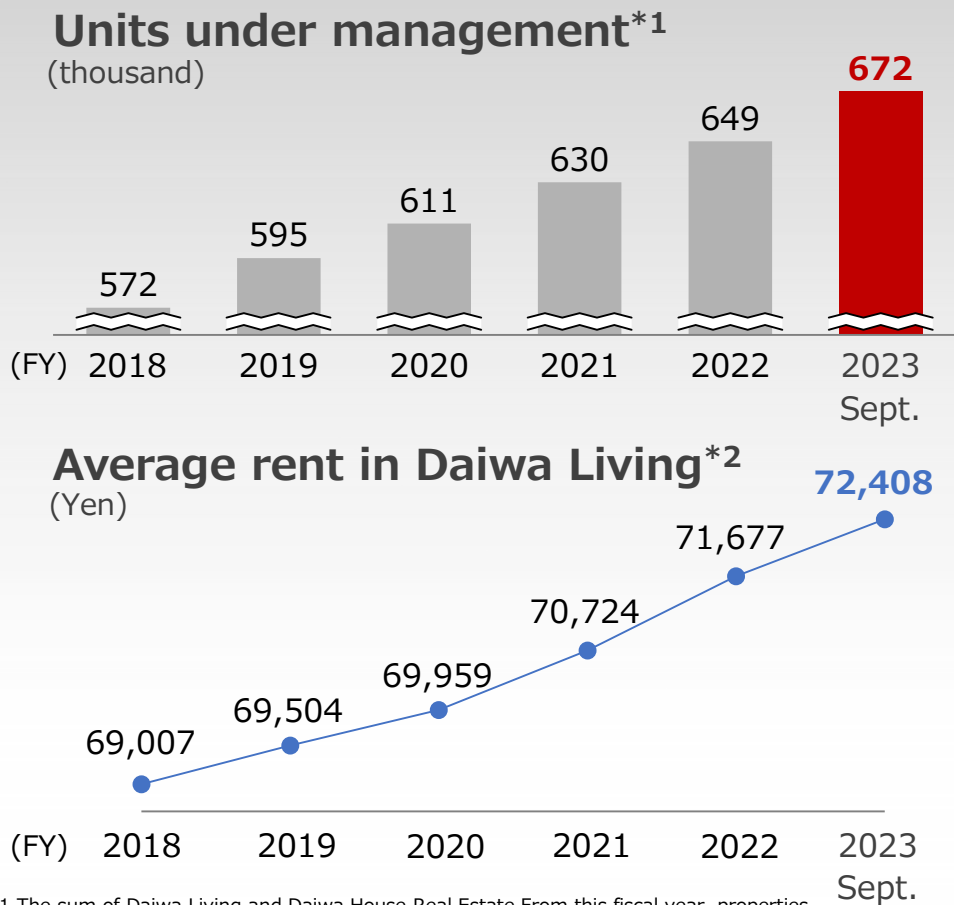
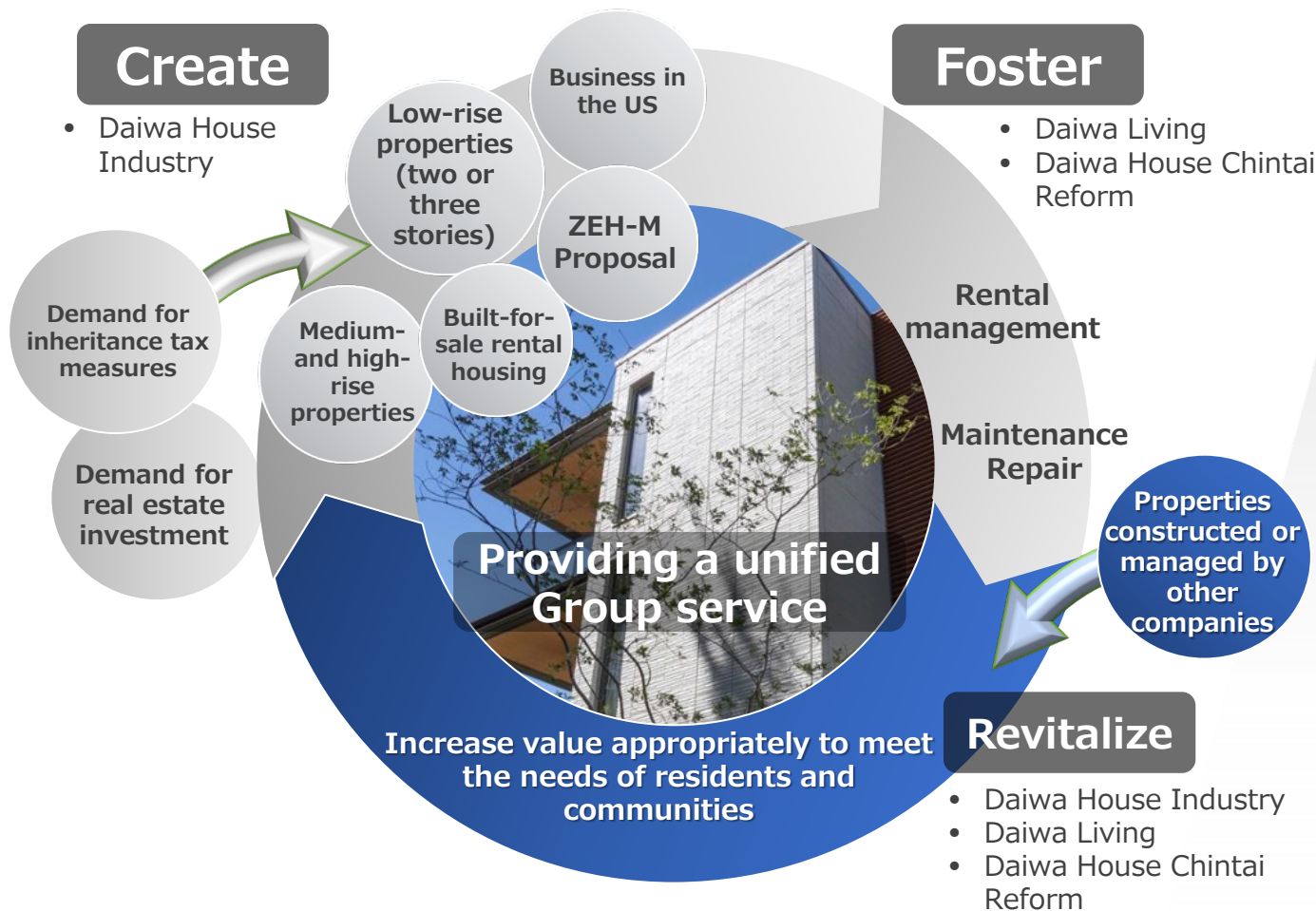
*1 Total subleasing floor space and occupancy rate per area in subleasing facilities of Daiwa Lease and Daiwa House Realty Mgt.



Expand Our Circular Value Chain③ Rental Housing Business

Expanding the Rental Housing Business’s market share in urban areas to **maintain stable revenue growth**.
Bolstering management and renovation offerings to **maintain and improve asset value** as a partner to owners
for the stable, long-term business viability of their properties.

Value chain in the Rental Housing Business



*1 The sum of Daiwa Living and Daiwa House Real Estate From this fiscal year, properties under the exemption period of Daiwa Living's lump-sum contract are also included.

*2 The result of lump-sum contracted properties in Daiwa Living (excluding offices, stores, etc.)

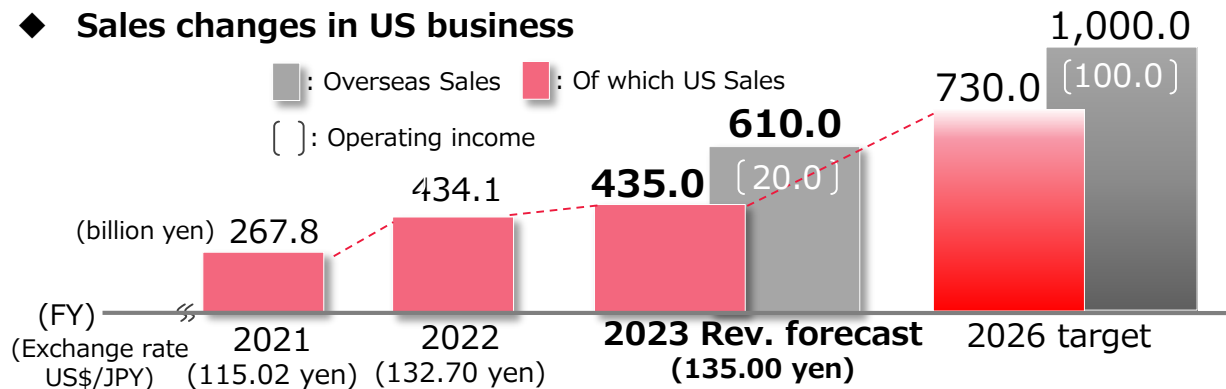


Accelerating Growth Through Overseas Business① US Area

Revised full-year forecast on robust orders (av. over 530 units ordered per month) in US Single-Family Houses Business.
Now melding respective **strengths of the Company in Japan and local companies** to further expand business

Situation of US Business

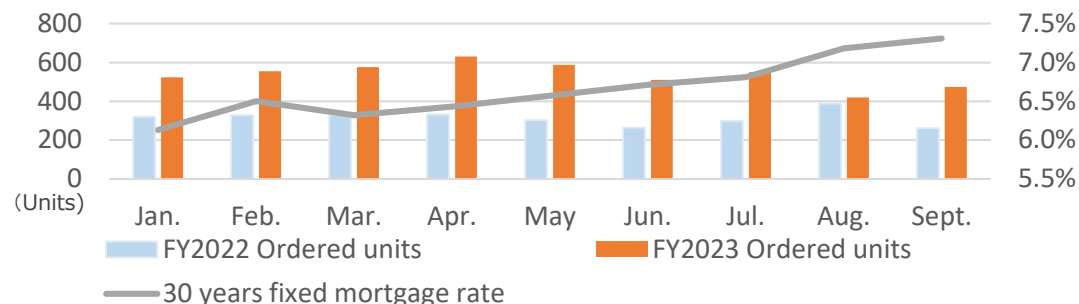
◆ Sales changes in US business



- The Single-Family Houses Business is doing better than initial forecasts, so **we revised up our full-year sales forecasts to 435 billion yen**, higher than last year's level

◆ Orders trends in US companies in Single-Family Houses Business

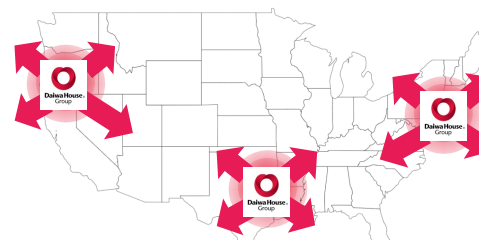
*The figures are calculated as total contracts minus cancellations and bulk sales to institutional investors



- Orders have been increasing **at an average pace of over 530 units per month so far this year, higher than the previous year**

Further Expansion of US Business

◆ Maximizing value by synergizing the Daiwa House Model and the Strengths of the three companies



Expansion of business area

Strengthening the value chain

Diversification of business

- Strengthen the top line based on aggressive strategic investment and the ability of the three companies to acquire land
- Efficiency improvements such as reduction of construction period and improvement of turnover rate by improving off-site ratio
- Strengthen competitiveness through diversification through complex development value chain expansion

◆ Trumark Companies, LLC which is expanding its business based on the West Coast acquired JP Holdings, LLC's single-family houses business

- To further expand the supply of single-family houses through the acquisition of business from JP Holdings, LLC (Wathen), which conducts built-for-sale houses and land development projects in Central California, US.
- The number of units delivered in 2022 was 398. As of the end of June 2023, around 3,700 land lots had been secured, **enabling stable housing supply in the future.**

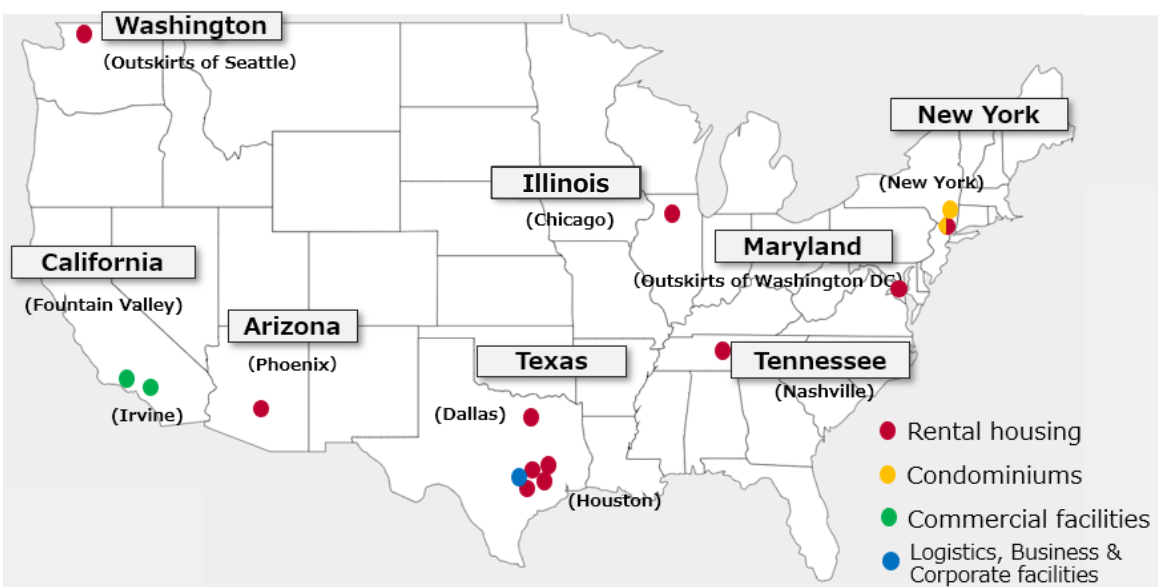




Accelerating Growth Through Overseas Business② US Area

As we get our **logistics facility development business**, strong in Japan, off the ground in the US, we enter a new phase that will let **better play to our strengths**, such as by **concentrating on the Livness (purchase/resale) business**

Status of the US Projects



	Number of Projects	Total units/lots
Rental housing	<being rented> 7 projects	2,608 units
	<under construction> 4 projects	955 units
Condominiums	<under construction> 2 projects	252 units
Commercial facilities	<under operating> 2 projects	55 lots
	<under construction> 1 project	12 lots (scheduled)
Logistics, business & corporate facilities		

- Ongoing development in priority cities with high demand (called “Smile Zone”) and ongoing efforts to increase value while determining the timing of sales

Initiatives for New Business

◆ Development of the first logistics facilities in the US



Multi-tenanted distribution facilities
Location : Houston, Texas
Floor space : Around 124,540㎡ (5 buildings, one story each)
Construction start (scheduled) : March 2024
Completion (scheduled) : March 2025

- Launched **development of logistics facilities, our first in the US**, sited on Houston’s main industrial highway for favorable port and air-transport access

◆ Focus on purchase and resale business in US



Commercial facility : Village Center
Location: Fountain Valley, California
Completed : 1966
(Large scale renovation in 2022)
Total lots : 24 lots
(Restaurants 9, service 10, store 3 , other 2)

- Commercial Facilities Business acquired Village Center, second **purchase-and-resale** property of shopping complexes in the US
- Taking initial steps in a **preowned rental housing revitalization and sales business** in the Dallas area, we began rolling out businesses drawing on our expertise in renovating and selling preowned housing in Japan



Accelerating Growth Through Overseas Business③ Europe and Oceania Area

On top of expanding our Dutch Plant, we launched production at a new one in Germany, allowing us to help address Europe's chronic housing shortage, a societal issue. We are also **advancing collaborations on large-scale projects in the UK and Australia** via a global partnership with Lendlease Corporation

Initiatives in Europe

◆ Expanding production system of Daiwa House Modular Europe



Expansion of the plant in Netherland

Location: Monfort, Netherlands
Floor space after the expansion: 23,330m²
Start of operation in expansion area: May 2023



Opening a plant in Germany

Location: Fürstenwalde, FRG
Area space: 103,808m²
Start of operation: September 2023

◆ Elephant Park Plot H11b Project

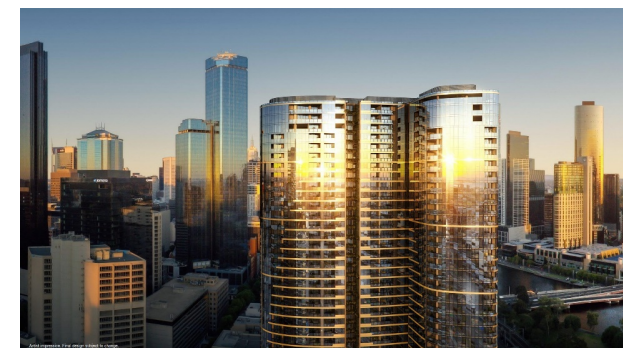
Location: London, UK
Use : Condominiums Units : 259
Construction method: RC construction /tower 25 stories + 11 stories
Construction starts: October 2023
Completion (Schedule): June 2026



- **Opened new factory in Fürstenwalde, FRG.** With the capacity to produce 1k units annually, in combination with our Dutch base in future it will allow us to raise annual European capacity to 9k units.
- Opened a business location in UK. Now helping address social issues, in this case a housing shortage, by **developing condominiums in London.**

Initiatives in Oceania

◆ Melbourne Quarter West Project



Location: Melbourne, Australia
Use: Rental Housing
Construction method: RC construction, 45 stories
Units: 797 units
Construction starts: Aug. 2023
Completion(Schedule): March 2026

- Start **development of rental housing in Melbourne**, collaborating with Lend Lease, headquartered in Sydney, Australia and operates in many countries around the world
- **Accelerate business diversification by entering the active rental housing market** amid a housing shortage and high interest rates



Accelerating Growth Through Overseas Business④ Expansion of Business Portfolio and Enhancement of Regional Corporate Functions

Realized “area × business” portfolio management combining broad range areas where we do business and diverse business segments. **Bolstered overseas governance** organization and localized further to shore up risk hedging and ensure sustainable growth

Situation of Overseas Business

◆ “Area × Business” portfolio : Newly focused : Already in operation

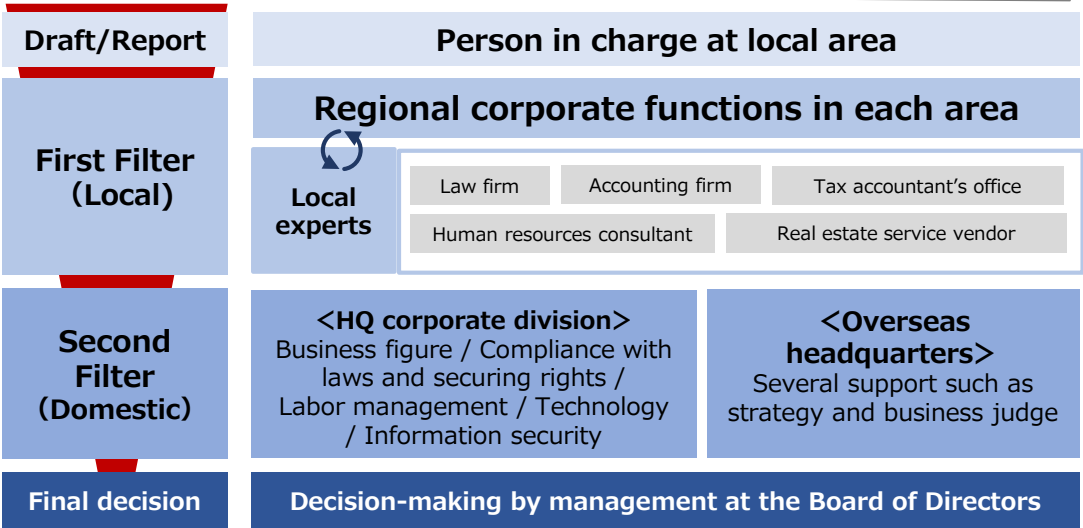
	Single-Family Houses	Rental Housing	Condo-miniums	Commercial Facilities	Logistics, Business & Corporate Facilities
The Americas					
East Asia	-	-		 (Taiwan)	
ASEAN / South Asia					
Oceania				-	-
Europe and others	-			-	-

- In the Americas, our top-priority area, we **began rolling out Logistics, Business & Corporate Facilities business**. Plan to eventually engage in **Livness business**, which are downstream in the value chain
- In East Asia, we are **recovering investments** and will watch trends to decide when to reinvest. In the ASEAN area, we are **consolidating our position** in focus fields
- In Oceania and Europe, we are **looking into multi-asset roll outs** with focus on residential properties

Strengthen Regional Corporate Functions

◆ Two-filtered monitoring system in management business and risks

Checking flow



- Strengthen regional corporate functions, in particular **by increasing the number and training of local managerial personnel**, and by continuing to strengthen relationships with **local external experts**
- Realized risk minimization with **two-filtered monitoring system**
Built a system **emphasizing speed** and able to **deal with risk situation occurrences, in parallel** in Japan and overseas

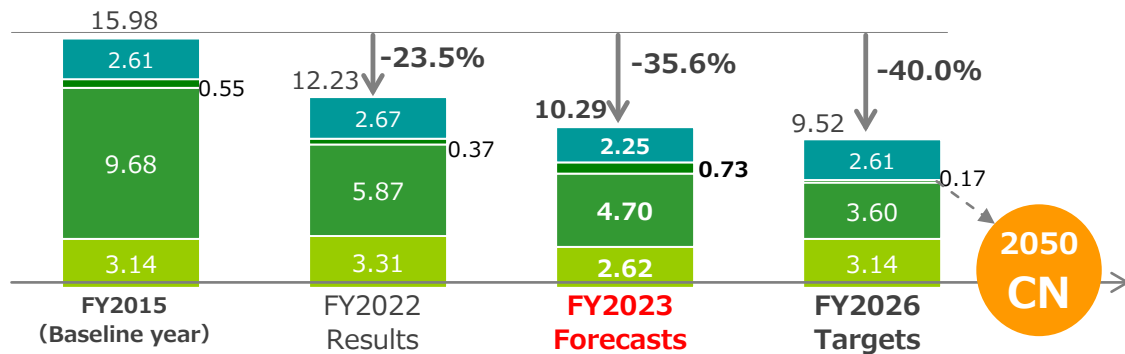
Steady progress towards achieving targets for reducing CO₂ and creating renewable energy
RE100 target to be achieved in FY2024 (Purchased energy is expected to achieve 100% renewables by FY2023)*1

Progress in Reducing CO₂ Emissions and Creating Renewable Energy

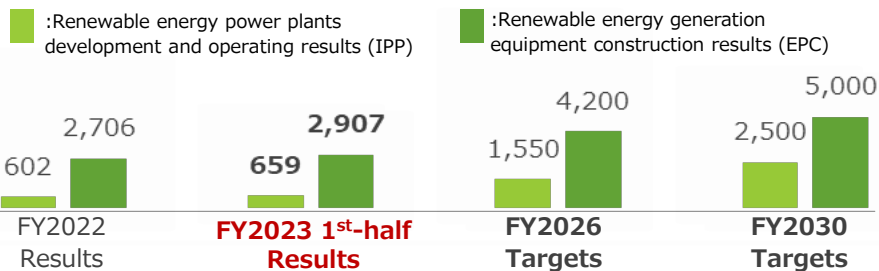
Efforts to make all new builds ZEH/ZEB-compliant or -oriented and fitting them all with solar systems progressing smoothly

Reduction rate of GHG emissions across the entire value chain

- Supply chain (Scope3 category1)
 - Use of sold buildings (Scope3 category11) (million t-CO₂)
 - Business activities (Scope 1 and 2)
 - Other
- Reduction percentage is based on FY2015

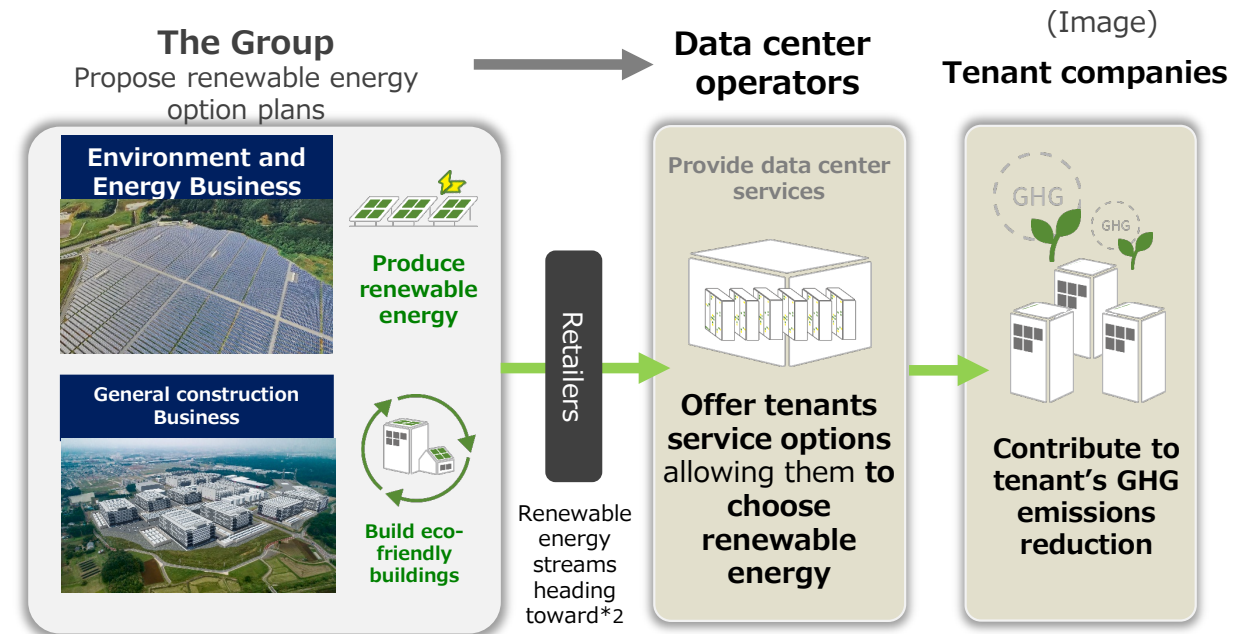


Generation and expansion of renewable energy (MW)



Data Center Construction and Renewable Energy Provision

When building data centers, provide power supply options enabling tenants to choose renewable sources



Leverage our information on land availability nationwide to continue developing large renewable energy facilities and add to conventional energy options, new options to accommodate tenant's needs to source renewable energy.

*1 At all Group facilities (Offices, factories, distribution centers, commercial facilities, hotels, etc.) and all construction sites (including overseas) *2 Renewable energy produced by the Group is supplied through retailers



Business Development From the Perspective of Social Issues①

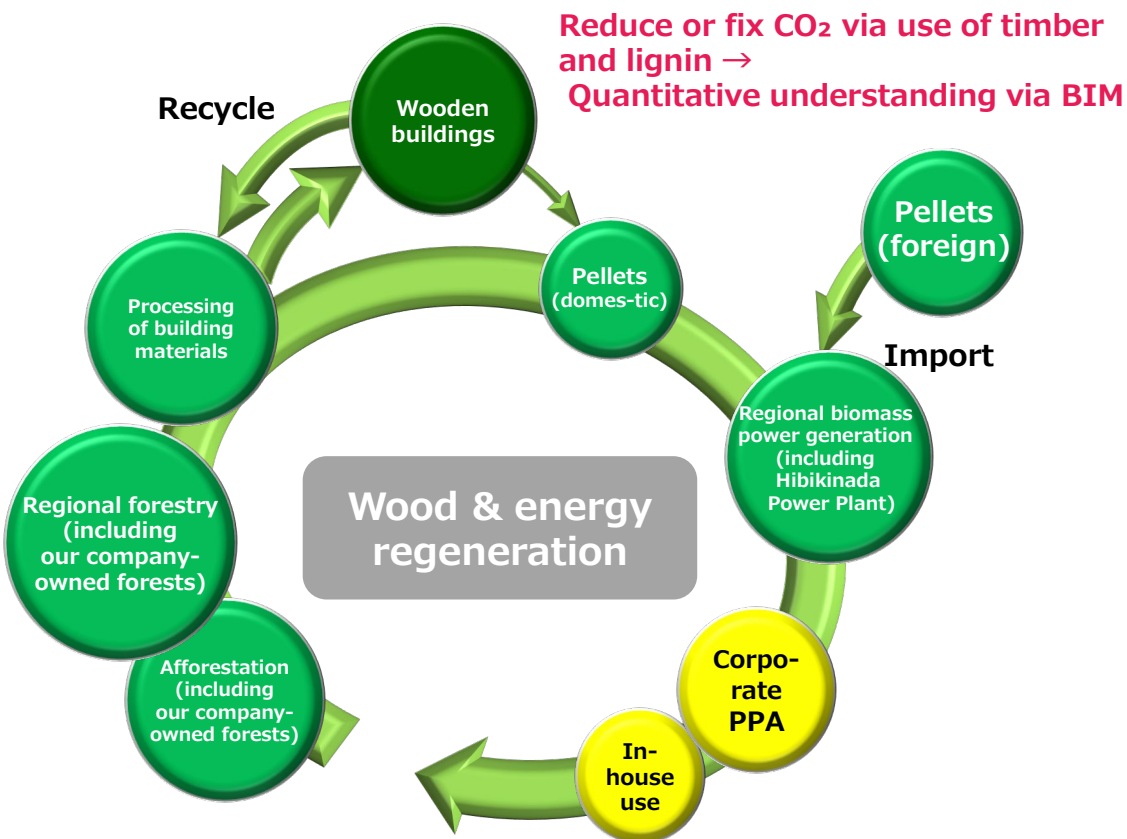
Strengthening Efforts for Wooden Buildings

Timber-frame and lignin construction set as crucial growth area in addition to our strength in steel-frame to better accommodate societal needs like utilization of domestic timber.

Launched “Future Wood Project” (tentative) straddling all organizations of the company to aim for a circular economy.

Vision of Future Wood Project (tentative)

Utilize own forests to power creation and recycling in a cycle spanning materials, pallets, biomass generation, and energy



Major initiatives in the future

- Propose using timber and lignin in properties symbolizing Daiwa House development prowess and customer-owned buildings
- Develop wood construction technologies (Wood-only and steel-and-wood hybrid structural technology)
- Develop common platform for adapting BIM methods to using timber and for housing and building construction
- Establish optimal supply chain structure with external partners

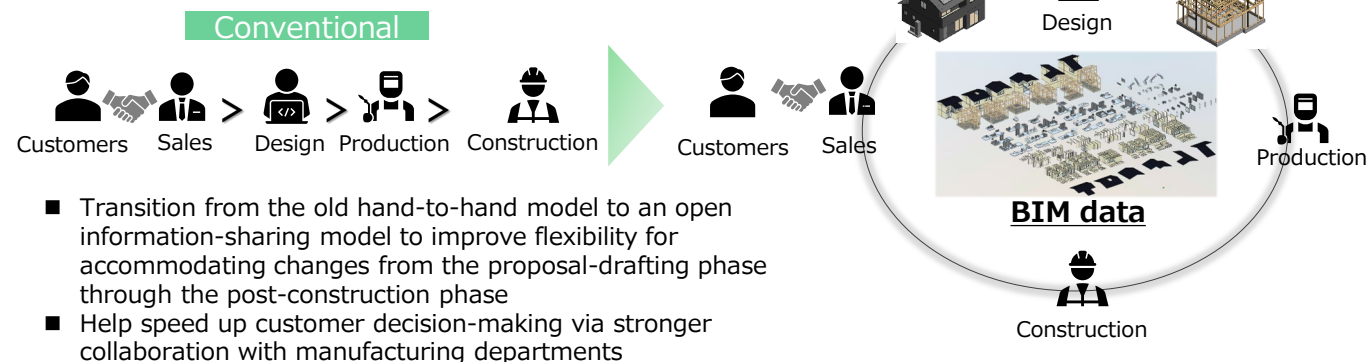


An example of wood construction and wood conversion of a client's building: Wooden office



An example of wood-steel hybrid technology development: Wood-Steel Hybrid Brace

Image of BIM data utilization in wood construction and construction of manufacturing platform infrastructure





Business Development From the Perspective of Social Issues ②

Accommodation Project in Futaba-Machi, Fukushima Prefecture

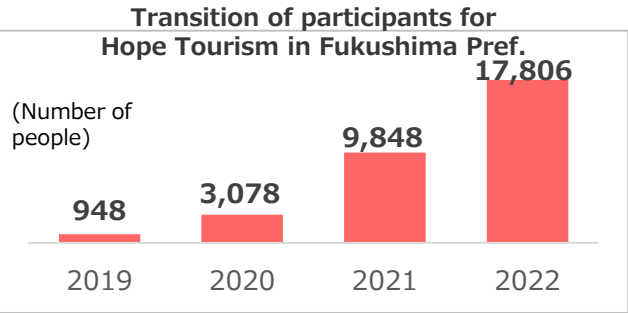
Respond to rising hospitality-sector demand centered on “Hope Tourism” promoted by Fukushima Prefecture
with a hotel and one of the Hama-dori area’s largest conference halls,
sited next to the Great East Japan Earthquake and Nuclear Disaster Memorial Museum

FUTATABI FUTABA FUKUSHIMA (tentative)

*"Futatabi" means "once again" in Japanese.
It is a wish to regain, to meet again, or to have people visit again.



- Business operator: Daiwa LifeNext Co., Ltd.
- Location: Inside the Nakano area reconstruction industrial base, Futaba-machi, Fukushima Pref.
- Rooms: 100 rooms
- Conference room: 4 rooms (max approx.400㎡)
- Local employees: Over 30 people
- Opening: FY2025 (scheduled)



Source: Tourism Exchange Division, Fukushima Pref. Tourism Exchange Bureau

Key Points of the Business (Including undetermined matters)

- Revitalization-concept conference hotel
- Site abuts the Fukushima 3.11 Memorial Park and the Great East Japan Earthquake and Nuclear Disaster Memorial Museum
- The largest conference in Hama-dori (over 400㎡) was established so that large-scale international conferences can be held in Futaba-machi in the future
- Larger guest rooms to enable more pleasant stays for inbound tourists, sightseers, and F-REI guests, whose numbers promise to rise rapidly over the coming years.



This park will evolve in accordance with the changes and demands of society and the times, so the figure above is not a final projection.
Image Source: Tohoku National Park Office, Fukushima Prefecture



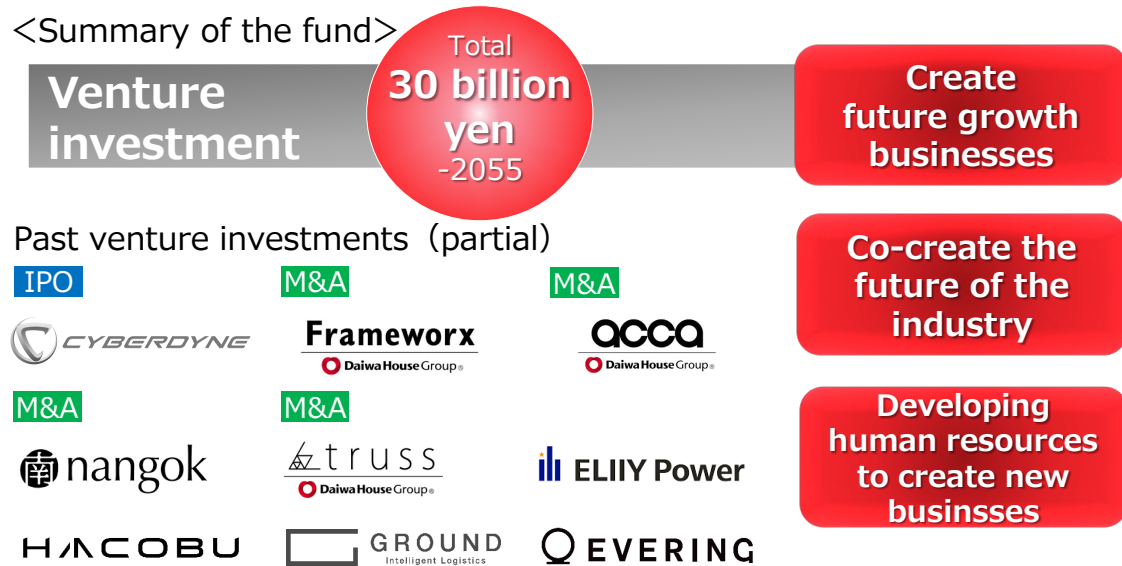
Business Development From the Perspective of Social Issues③

Explore and Discover Growth Areas Through CVC

Decided to establish a ¥30 billion CVC fund running to 2055 to help tangibly realize Our Hopes for the Future.
Fund is intended to uncover future growth areas through investment in ventures that will contribute to **realizing a world where we live together in harmony embracing the Joys of Life.**

Outline and Purpose for CVC “Our Hopes for the Future Fund”

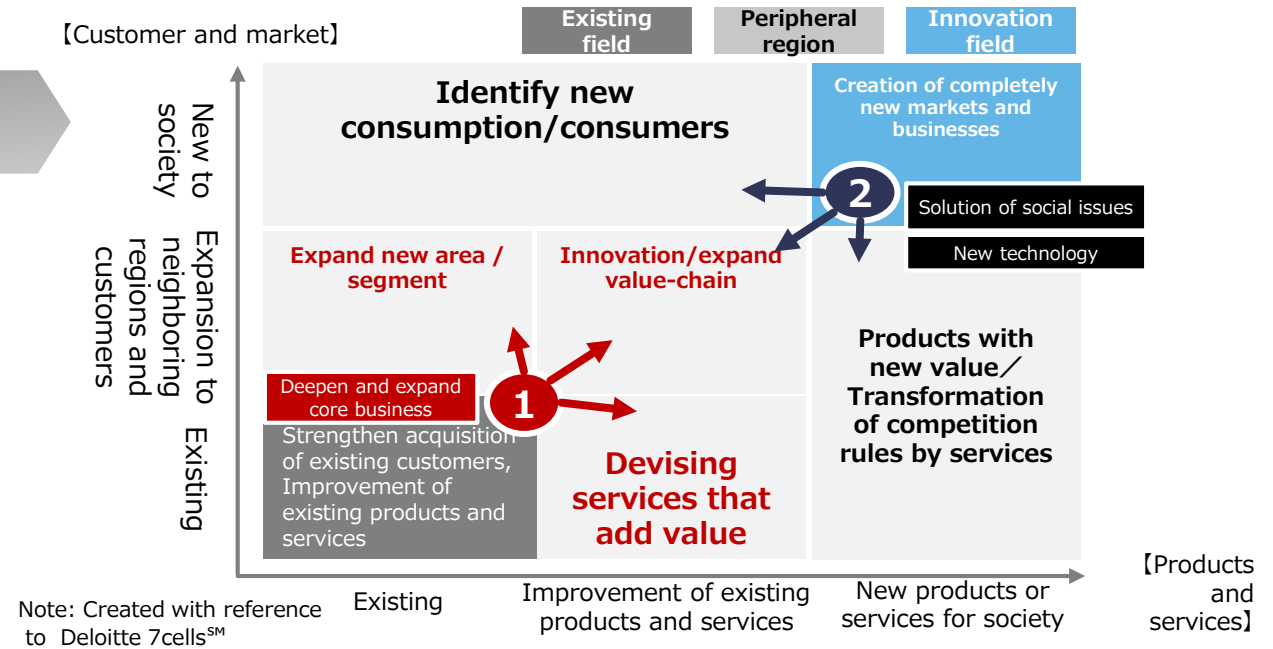
<Summary of the fund>



<Operating policy>

- **Establish Daiwa House Venture Co., Ltd. a subsidiary of operating fund** to make CVC activities a long-term and continuously evolving organization.
- **Aim to create ventures conducive** to enhancing value for the housing, construction, and real-estate sectors and customers by assigning personnel to our divisions who can foster collaboration between them and the ventures.
- Ensure **both financial and strategic returns** through collaboration with external-venture-capital and venture-sector partners.

Investment Policy



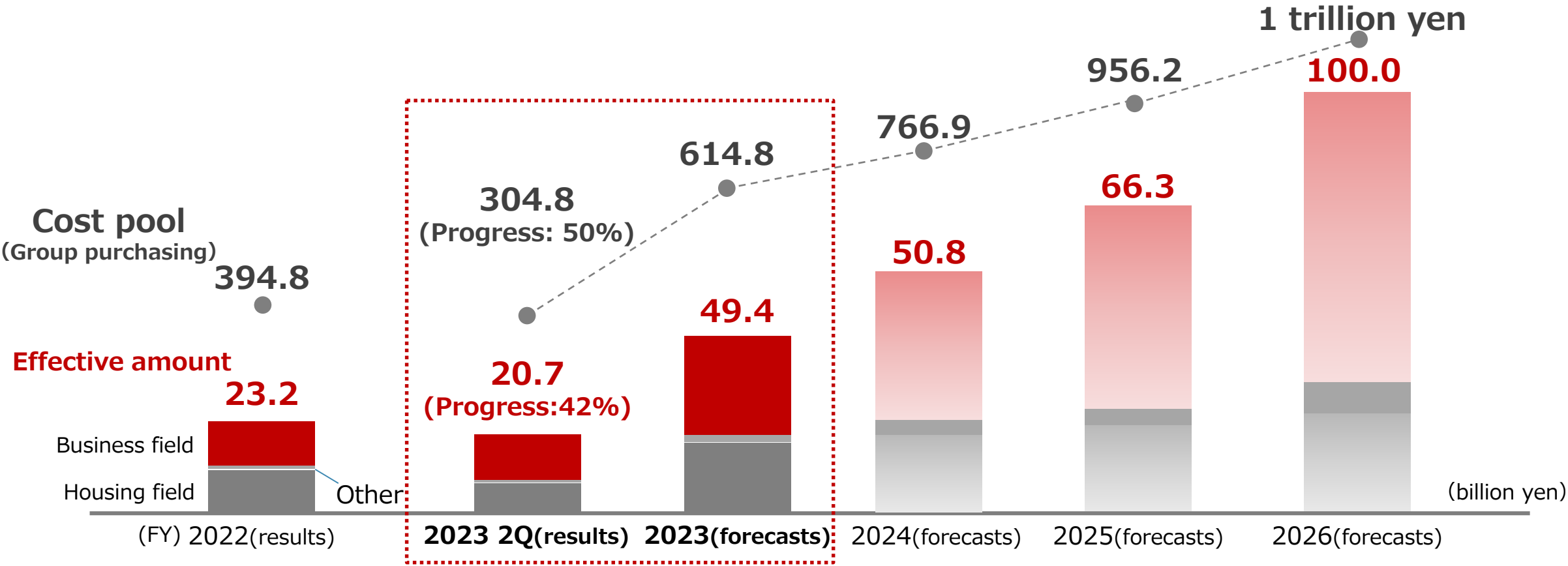
- **① Investment in business that strengthen value chains and improve customer LTV**
- **② Aiming to fulfill our Purpose, contribute to both adding depth and breadth to existing businesses and creating new ones** via a two-pronged investment approach with an eye to **nurturing Asu Fukaketsuno** (“indispensable for tomorrow”) businesses
- Daiwa House aims **to be a corporate group able to maintain sustainable growth** and remain indispensable to society by actively assisting start-ups in their challenges and desire to help make the world a better place and co-creating better businesses.



Strengthen Cost Competitiveness and Establish a Stable Supply System - Centralize purchasing for the Group

Realized steady expansion of centralized Group-wide purchasing along with both the benefits of suppressing cost increases and **cost pooling**, which widens the scope of centralized purchasing.

Now working to suppress cost increases via Group-wide standardization of construction parts and systemization.



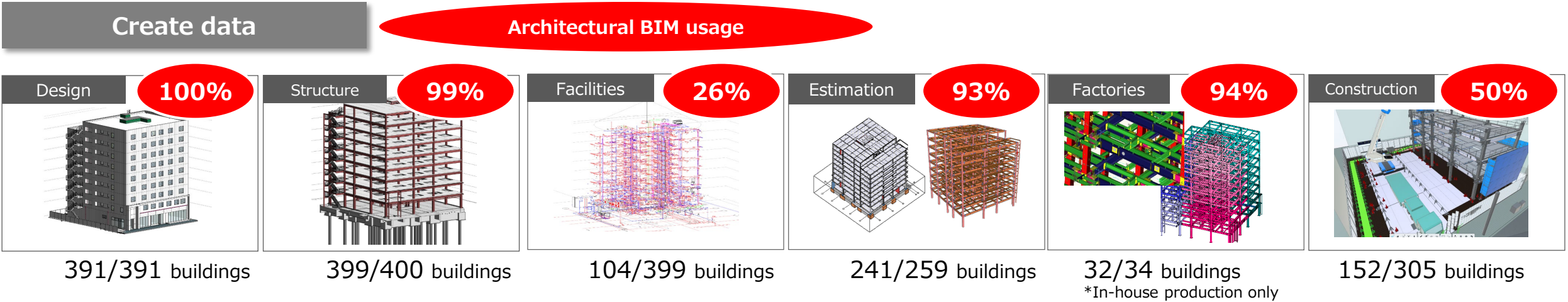
Key point of the efforts

*Including plans

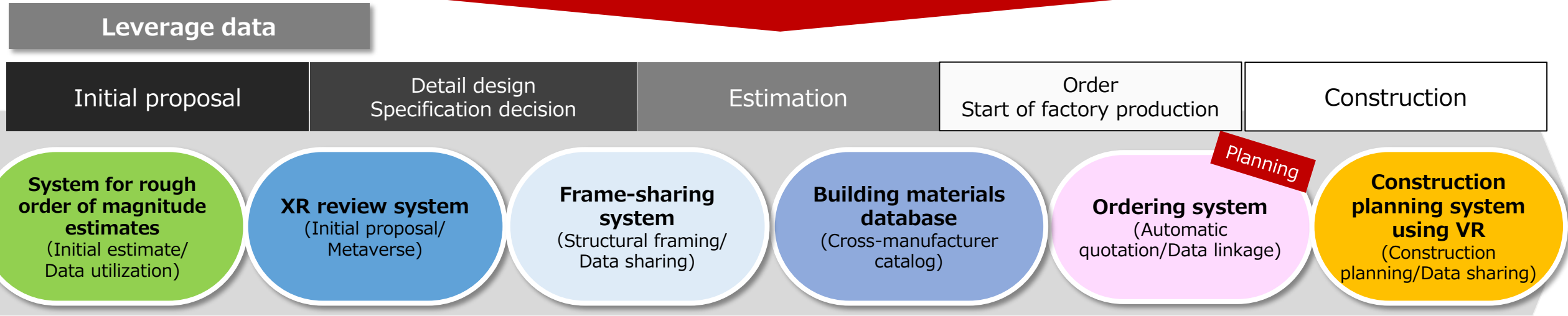
- Reduction cost increases and improving production efficiency through aggressive front-loading
- Development of an optimal price and labor-saving system for automatic estimation with purchasing data accumulation



Steadily advanced BIM utilization to perfect “D’s BIM,” a unified architectural BIM infrastructure.
We intend to **achieve an even bigger competitive edge** using BIM and other building data across processes.



Transition from building BIM infrastructure to utilizing data





Improving the Value of Human Capital

Enhancing the value of human capital is the source of corporate value, and the success of diverse human resources is the key to business growth
Fortifying our human capital and organizational capabilities and addressing problems rapidly, we are working hard to **create a robust foundation for innovation**

Vision of Improving the Value of Human Resources

Wanting to spawn a positive corporate value-enhancing cycle, we are promoting “securing and developing diverse human resources” and “employee motivation and well-being” to heighten employee engagement



Visualize status and set up KPIs

Main indicators	FY2022 Results	FY2026 Targets
Employee motivation	43%	All 70%
Pride in one's work	53%	
Feeling of growth	52%	

■ Major Initiatives

Acceptance and development of diverse human resources

- Cross-border career support
- Introduction of overseas human resources development program
- Self-Discovery System to help employees find the right a career path by understanding themselves
- Job satisfaction and well-being
- Promoting the active participation of women and seniors
- Support for childbirth and childcare
- Enhanced care support

Examples of Efforts to Respond Social Issues

Fortifying efforts to develop “typically Daiwa House” human capital—people of strong civic awareness who can work in diverse businesses

■ Career development through social activities

To nurture employees with wide-ranging civic connections and able to generate business value, we engage in many activities in collaboration with external entities

【An example of initiatives】

- ◆ Nara City Future Co-Creation Project Research
Four employees participated



■ Introduction of cross-border career support

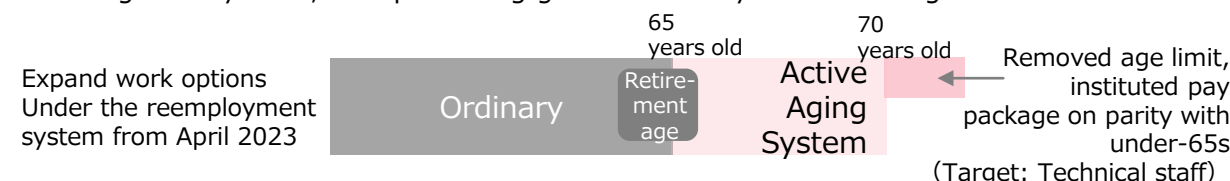
Launched in FY22 to support employees’ personal growth, autonomous career-building, and self-realization. 49 employees took advantage of this program in FY2022, the first year of the program.

Impressions from a participant in the “ALIVE Mixed-background Leadership Project”

Through interactions with people from different industries, I not only learned about out-of-the-box leadership styles, but also gained an awareness that I am where I am today thanks to the understanding of my superiors, seniors, and colleagues.

■ Promoting Senior Participation

Launched retirement-at-65 in 2013, to be ready for an aged society with falling population. We update our programs to allow highly experienced and skilled human capital to work for as long as they want, thus promoting greater diversity within our organization.



*Percentage of respondents who answered “strongly agree” and “agree.”



Response to the “2024 Problem”

We began early adopting measures, starting projects, bettering working environments, and developing facilities to cope with the “2024 Problem.”

We will continue with work style reform to help **address our industry’s societal issues through productivity improvement-driven working-environment reforms**, entrenching **eight days off every four weeks**, and other measures

Major Issues and Efforts for the “2024 Problem”

Issues

- Productivity enhancement to prevent a prolonged construction term
- Need to recruit and train personnel and develop facilities to address labor shortages
- Group-wide cooperation and digitalization to curb rising costs

Efforts

- Improving working environment to ensure frontline workers take **eight days off every four weeks**
- **Develop design support systems** related to the Building Standard Law
- **Securing human resources** through promotion of female and seniors and recruitment of high-school grads
- Pitching **ideas for developing facilities** conducive to solving logistics industry-relevant societal issues
- **Digitalization** of construction and management and works
- **Group collaboration** through joint purchasing and joint systems

Results of Main Efforts

Improvement of the working environment through 4weeks and 8 days off at the site

4 weeks and 8 days off at the construction site from FY2021, and the acquisition status is also on the rise

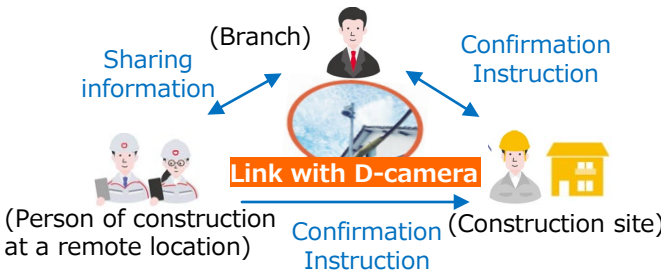
■ **Status for 4 weeks, 8 days off efforts**

	FY2021	FY2022
Daiwa House*1	79.8%	90.4%
Average in construction industry*2	-	77.1%

*1 Tabulated from entry and exit monitoring using face recognition
*2 Source: Average for all business- and worksites per “Follow-up report: Five-day workweek action plan,” Japan Federation of Construction Contractors website

Digitalization at the construction sites

■ **Image of using D-Camera**



- ✓ Allows constant confirmation and coordination of site information between cooperating companies and construction personnel
- ✓ Improvement of customer safety and security

Development of a relay transportation service base

- **DPL Sakado II**, a multi-tenant logistics facility that realizes the relay transportation service SLOC



- ✓ Developing favorably sited multi-tenant facilities to address issues arising from Japan’s work style reform laws
- ✓ Meet diverse needs

Appendix 1

Progress of the Strategies by Business Segments



Housing | Value Co-Creation in the Single-Family Houses Business (Topics)

Moving toward carbon neutrality, we aim to **increase uptake of ZEH-compliant homes** and **launched new, custom homebuilder-quality wood-frame built-for-sell products**. Also began pitching an upgraded version of our **“Oto no Jiyu-ku” soundproof and silent-space rooms**

Progress

- Began pitching an updated version of our already acclaimed “Oto no Jiyu-ku” soundproof and silent-space rooms, **winner of the 17th Kids Design Award and the Minister’s Award**
- Introduced new wooden housing products. Offering custom homebuilder-quality homes at built-for-sale market prices
- The ZEH rate remained high at 95%, and the Company has been working to achieve carbon neutrality while staying close to its customers
- Work with Daiwa House Reform to boost renovation orders of purchase and resale properties



The “Kanaderu Ie” house for playing music with silent-space rooms



The “Yasuragu Ie” relaxing home with silent-space rooms



Won the Excellence Award at the 17th Kids Design Award

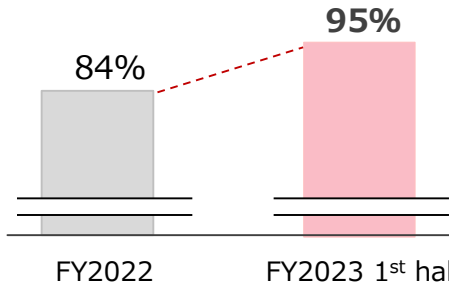
Issue

- Focus on **securing prime sites** for expansion of built-for-sale houses business
- Aim to **enhance productivity** by overhauling sales methods to include 3D fast plans optimized for local characteristics



New wooden housing products

The ZEH rate results





Housing | Value Co-Creation in the Rental Housing Business (Topics)

Stronger, closer collaboration among Daiwa House Industry, Daiwa Living, and Daiwa House Chintai Reform lets us provide **high-quality rental housing** and **comprehensive management and operational support** to help owners **keep their rental properties stably occupied and running long-term**

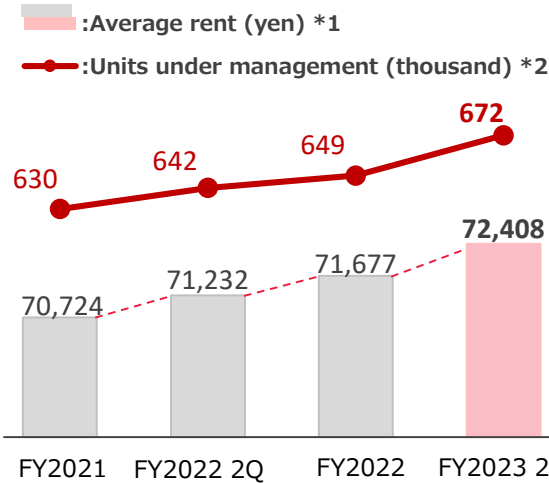
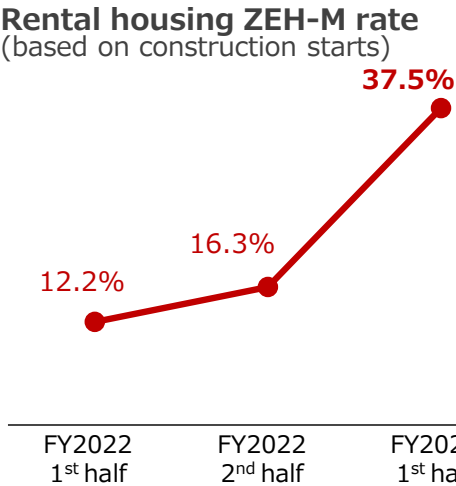
Progress

- Increased ZEH-M rate* by strengthening sales of TORISIA, a ZEH-M compliant rental housing product (37.5% on construction starts basis)
- Increased average rents by providing properties in high-rent areas and setting rents to reflect strong demand
- Began rental-housing development in Australia, where immigration policies are exasperating a serious housing shortage

*Low-rise: "ZEH-M", Nearly ZEH-M / Medium- and High-rise: ZEH-M Ready, ZEH-M Oriented

Issue

- Continue promotion of ZEH-M proposals for all properties to achieve the 50% ZEH-M rate (FY2026 target) as early as possible
- Further strengthen renovation business through Group collaboration
- Need to work out strategy for stabilizing operation of existing properties and exiting, and to put together a portfolio and develop businesses adapted to local characteristics
- Need to develop an organization for continually supplying housing in other countries to help alleviate the societal issue of housing shortages



*1 Average rent is the result of lump-sum contracted properties
*2 The number of units under management includes properties under the exemption period of Daiwa Living's lump-sum contract from FY2023.



Example of ZEH-M Construction
(Kanazawa City, Ishikawa Pref.)



Melbourne Quarter West Project
(Melbourne, Victoria, Australia)



Focus on highly profitable large complex development and high added value through the supply of ecofriendly condominiums (Make ZEH-M specifications standard for condominiums we build from fiscal 2024 forward*1)



Progress

- Strengthened efforts in redevelopment and reconstruction projects
- Further environmental considerations through promotion of ZEH-M (100% as of September compared to the FY2023 target of 80%)
- Addressing new real-estate ownership needs (local and remote residency, income-producing purposes)
- As part of a new way to run condominiums, began deployment*2 of unattended reception systems to enhance tenant convenience and cleaning robots to improve cleanliness.

Issue

- Build a structure for stable profitability (Operating income margin of 5% or higher)
- Reduce stock of completed condominiums and raise turnover
- Need to tighten procurement standards and focus on high-return large-scale multi-use developments

Stock of completed condominiums at the end of the period and operating income margin

 : Stock of completed condominiums at the end of the period
 : Operating income margin (non-consolidated)

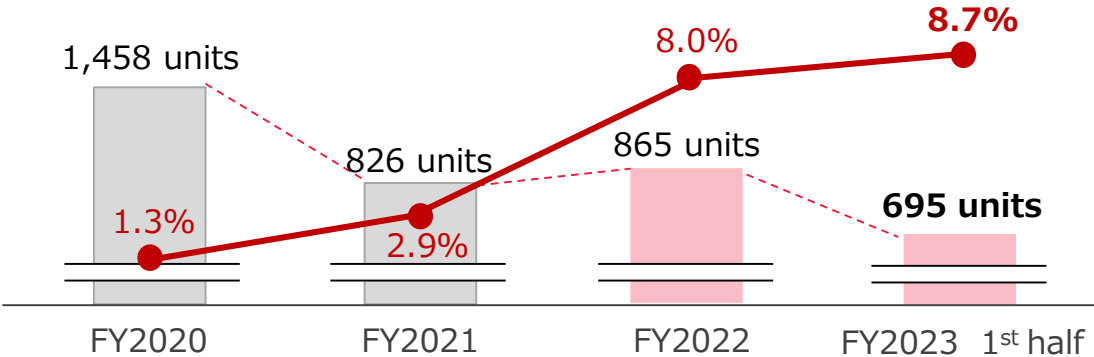


Image of completion

PREMIST Akishima MoriPark Residence

Location: Akishima-city, Tokyo
Total number of units:
481 units(13 stories above ground)



Image of completion

ONE Sapporo Station Tower

Location: Kita-ku, Sapporo-city, Hokkaido
Total number of units: 624 units
(2 stories underground, 48 stories above ground)

*1 Target is PREMIST sold by the Company *2 Provided by Daiwa LifeNext Co., Ltd.



Stock business (hotels, fitness clubs, and parking lots, etc.) expanded. Hotel operations business performance has 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

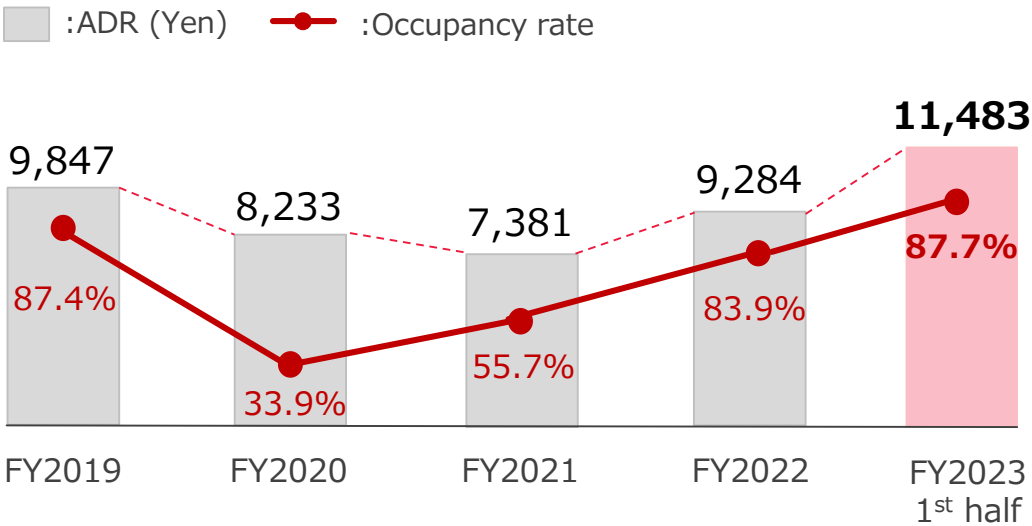
Progress

- Opened Collabo Town “ITO Lab Plus” in April 2023. A research facility, commercial facility, and residential facility all rolled into one, it represents our active involvement in large-scale projects adapted to local characteristics and market changes.
- Listed up shopping centers with Livness (Redevelopment) project potential and launched a nationwide rollout based on the list of over 2,000 facilities
- Overnight guests are rising as inbound tourism recovers with the lifting of covid restrictions on movement and border crossings. ADR and occupancy rates have rebounded to pre-pandemic levels, putting our hotels on a recovery trajectory

Issue

- Expansion of projects such as office buildings and foreign-owned hotels where demand is expected. In addition to the large-size office building brand "GRANODE," expand the midsize office building brand "d_II" with a total floor area of approx. 6,600m²
- Build our business base centered on the Livness business, which redevelops commercial facilities in the United States. Acquired a facility in California in June 2023. Continue to focus on commercial facilities while expanding into new areas such as hotels.

ADR and occupancy rate of Daiwa Roynet Hotels



A large-size office building "GRANODE"
(Funabashi City, Chiba Pref.)



A commercial complex "ITO Lab Plus"
(Fukuoka City, Fukuoka Pref.)



A commercial complex "BiVi Shin-Sapporo"
(Sapporo-city, Hokkaido)

Continuing to actively invest in logistic facilities, a robust segment, against the backdrop of stable EC demand and greater efficiencies from efforts to address the “2024 problem.”*1

Aiming to establish business pillars of new in-demand facilities, such as data centers and semiconductor factories

*1: Transport sector labor shortages, particularly of truck drivers

Progress

- Corporate capital investment in Japan is recovering especially in the manufacturing industry. Progress was made in attracting companies to industrial parks, etc.
- Strengthened proposals to improve efficiency in logistics facilities
- Increased our practical experience in storage warehouses, GMP(*2)-compliant pharmaceutical and health-food plants, semiconductor and related factories, and data centers, concentrating resources into making them pillar businesses
- Advancing projects to replace or renovate medical and care facilities built to outdated seismic standards

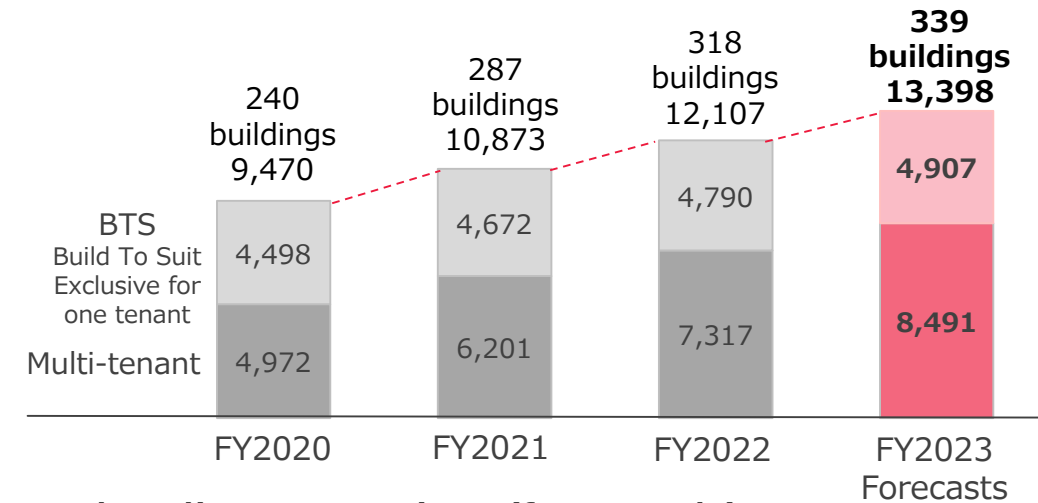
Issue

- Need to broaden the scope of pitches to include options like subdividing tracts and plot swaps in order to respond to fiercer competition for logistics-facility land
- Need to shore up technical staffing to be able to deal with orders for highly specialized business applications like data centers and semiconductor and related factories
- Need to keep down prices suggested to customers in value engineering and cost-cutting proposals

Development Area of Logistics Facilities (Cumulative)

Based on construction starts, our research

(thousand m²)



Land readjustment projects (for example)



DPL Nagareyama Project (from I to IV)

*2: Standards for manufacturing and quality control of pharmaceuticals



Expanding offsite PPA business and stabilizing PPS business

DREAM Solar Ishikawa Hakui Horikaeshinmachi, the Company’s first ground-mounted solar power generation facility for offsite PPA, began operating in September 2023

Progress

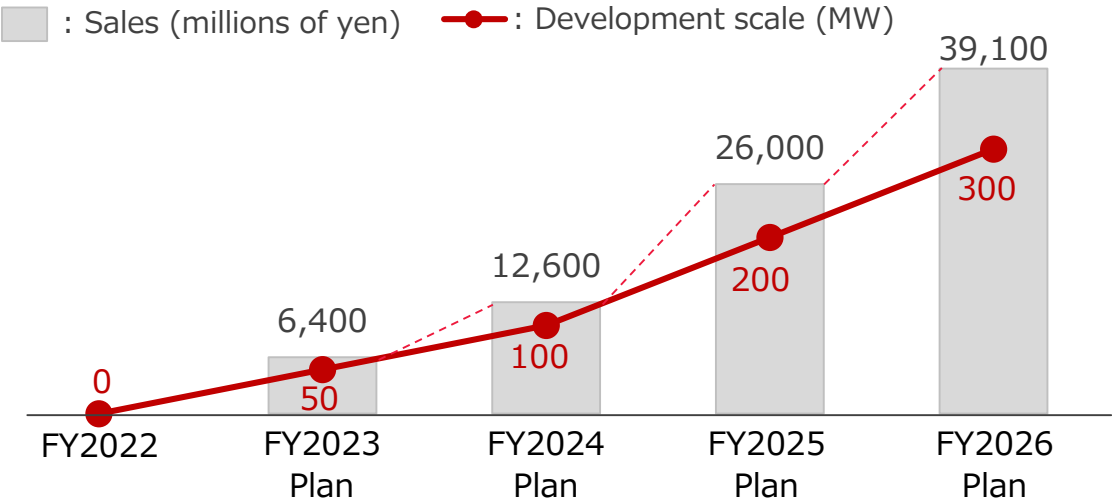
- Focused on target localities and developed land for offsite PPAs
Offsite PPA business is off the ground, with 670MW of capacity awaiting grid-connection approval, 444MW approved, and 64MW* set for commercialization as we work to achieve a total 650MW in offsite PPA generating capacity
- At our retail electricity (PPS) business, transitioning to a new options menu with market-tracking pricing and controlling supply in lockstep with procurement to ensure profitability

*As of September 2023

Issue

- Accelerate pitching agreements to potential high-demand customers by securing sites through appropriate site management and collaborating with major energy companies in order to further expand the offsite PPA business. Further, need to improve accuracy of commercialization by analyzing possibility of grid connectivity locality by locality
- Environmental assessments, partner selection, and building of organizations and systems in progress to accelerate getting new projects (grid-scale energy storage facilities) going as viable business

Offsite PPA Business Plan



Completed construction of the Company’s first ground-mounted solar power generation facility for offsite PPA



DREAM Solar Ishikawa
Hakui Horikaeshinmachi

Site area:	6,058.0㎡
Power Generation Output (DC):	948kW
Estimated Annual Electricity Generation:	Approx. 1.02 million kWh per year
CO2-reduction:	Approx. 500t per year

Appendix 2

Carbon Neutral Indicators
Human Capital Indicators



Key Indicators			Goals and Achievements					Supplementary Explanation
			FY2021 Results	FY2022 Results	FY2023 Forecasts* 1	FY2026 Targets	FY2030 Targets	
Achieving carbon neutrality	Entire value chain	GHG emissions reduction rate (excl. Hibikinada) *2	16%	23.5%	35.6% (38.8%)	35%	40%	Reduction in both business activities and building use is generally on track with the exception of the Hibikinada Power Plant (scheduled to terminate coal co-firing within FY2023)
	Business Activities : Scope 1 + 2	GHG emissions reduction rate (excl. Hibikinada) *2	20.8%	33.5%	-32.0% (60.9%)	55%	70%	
		Renewable energy utilization rate (non-consolidated) *3	54%	100%	100%	100%	100%	In Domestic, Daiwa House (non-consolidated), achieved 100% renewable energy of purchased electricity in FY2022
		Renewable energy utilization rate (consolidated) *3	18%	41%	100%	100%	100%	In FY2023, the Group (including overseas) is expected to achieve 100% renewable energy in purchased electricity
	Building use : Scope 3 (Category11) *4	GHG emissions reduction rate*2	29.4%	39.3%	51.4%	54%	63%	
					FY2023 1st-half Results*1	*1 Forecasts for FY2023 and results for the 1st half of FY2023 are disclosed in preliminary figures. *2 All GHG reduction rates are relative to FY2015. *3 Renewable energy use rates are for purchased electricity only. *4 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.		
		ZEH rate	53%	86%	95%	90%	100%	Daiwa House (non-consolidated), based on starts, percentage of homes
		Rental housing ZEH-M rate	3%	14.2%	37.5%	50%	100%	Daiwa House (non-consolidated), based on starts, percentage of homes
		Condominiums ZEH-M rate	43%	73.1%	100%	100%	100%	Daiwa House (non-consolidated), based on starts, percentage of homes
		ZEB rate	38%	65.7%	66.3%	80%	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)	2,526MW	2,706MW	2,907MW	4,200MW	5,000MW	Cumulative results since 2011
		Development and operation of renewable energy power plants (IPP)	561MW	602MW	659MW	1,550MW	2,500MW	Excludes self self-consuming power plants
	Solar panels installation rate (Non-residential)	Commercial Facilities Business (non-consolidated)	-	32.2%	36.0%	Principles 100%		Based on starts, percentage of buildings For non-consolidated, actual results counted from the second half of FY2022. Fujita, Daiwa Lease began counting from FY2023.
		Logistics, Business & Corporate Facilities (non-consolidated)	-	61.8%	64.6%			
		Fujita	-	-	23.5%			
		Daiwa lease	-	-	20.0%			



Key indicators			Goals and performance					Supplementary explanation
			FY2020 Results	FY2021 Results	FY2022 Results	FY2023 1st-half Results* 1	Goals	
Increase the value of our human capital	Recruitment	Ratio of newly employed females to total new employees	23.5% (04/01/2021)	25.8% (04/01/2022)	24.9% (04/01/2023)	27.8% (10/01/2023)	30%	
		Number of career hires	80名	63名	145名	93名	-	
	Diversity	Ratio of female employees in management	4.5% (04/01/2021)	4.9% (04/01/2022)	5.2% (04/01/2023)	5.3% (09/30/2023)	8% (04/01/2027)	
		Ratio of female section chiefs	17.9% (04/01/2021)	19.2% (04/01/2022)	21.3% (04/01/2023)	21.4% (09/30/2023)	25% (04/01/2027)	
		Employment rate of people with disabilities	2.50% (04/01/2021)	2.46% (04/01/2022)	2.50% (04/01/2023)	2.51% (09/30/2023)	2.7% (04/01/2026)	
		Continuation rate of employment after reaching retirement age of 65	60.0 % (04/01/2021)	60.9% (04/01/2022)	49.4% (04/01/2023)	95.2% (09/30/2023)	-	
	Health Management	Percentage of regular health checkups	100%	100%	100%	99%	-	
		Percentage of secondary examinations for persons requiring close examination and treatment	99.0%	91.0%	95.3%	41.9%	-	
	Child-birth Child-care	Percentage of men taking child care leave	42.4%	41.9%	62.2%	80.1%	80% (FY 2026)	
		Lump-sum payment for raising the next generation (number of recipients/amount)	637/ 637 million yen	636/ 636 million yen	644/ 644 million yen	303/ 303 million yen	-	Cumulative total payments since the introduction of the system in 2005: 12,165 billion yen
	Employment	Percentage of paid leave taken	59.6%	59.2%	56.4%	65.6%	-	
	Equity	Gender wage gap (ratio of average female income to male income)	-	60.7%	61.3%	60.0%	-	
	Career support	Cross-Border Career Support System	-	-	49 employees	40 employees	-	Career support system focusing on internal and external side jobs

*1 Results for the 1st half of fiscal 2023 are disclosed in preliminary figures. *2 Each date is listed in the order of (mm/dd/yyyy).



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.