



**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)

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(Transcription)

I am Yoshii, President and CEO of Daiwa House Industry. Thank you all for taking time out of your busy schedules to join us today. We have been making progress since the announcement of the 7th Mid-Term Management Plan last May, and in that context I would like to explain the plan to you, including the fiscal year ended September 30, 2023.



- **Performance Highlights**

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 - Commercial Facilities Business
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Performance Highlights Current Business Conditions

FY2023 2nd Quarter Results



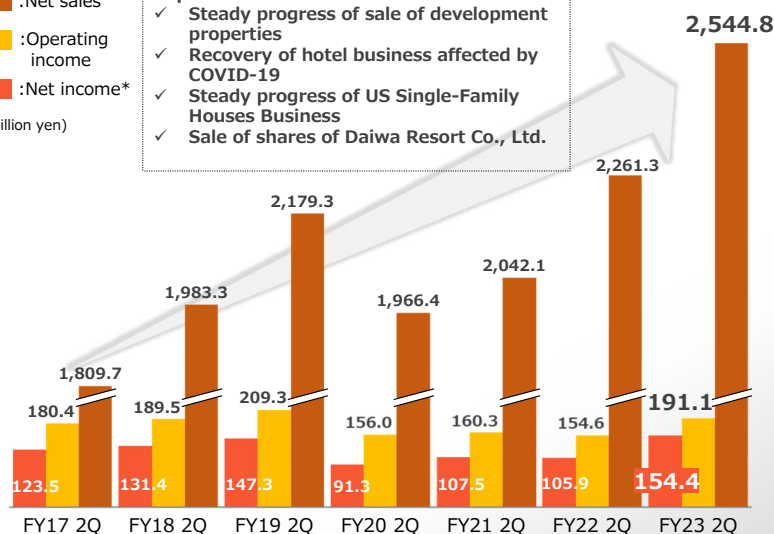
FY2023 2nd quarter results were record high with sales of 2,544.8 billion yen (+12.5% YOY) and net income* of 154.4 billion yen (+45.8% YOY).

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

■ :Net sales
■ :Operating income
■ :Net income*
(billion yen)

Topics

- ✓ Steady progress of sale of development properties
- ✓ Recovery of hotel business affected by COVID-19
- ✓ Steady progress of US Single-Family Houses Business
- ✓ Sale of shares of Daiwa Resort Co., Ltd.



*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%)

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As you are aware, our H1 results were JPY2,544.8 billion in net sales and JPY154.4 billion in net income, which was a record high for Q2. Operating income was JPY191.1 billion, an increase of JPY36.5 billion over the previous year.



FY2023 Full-Year Plan

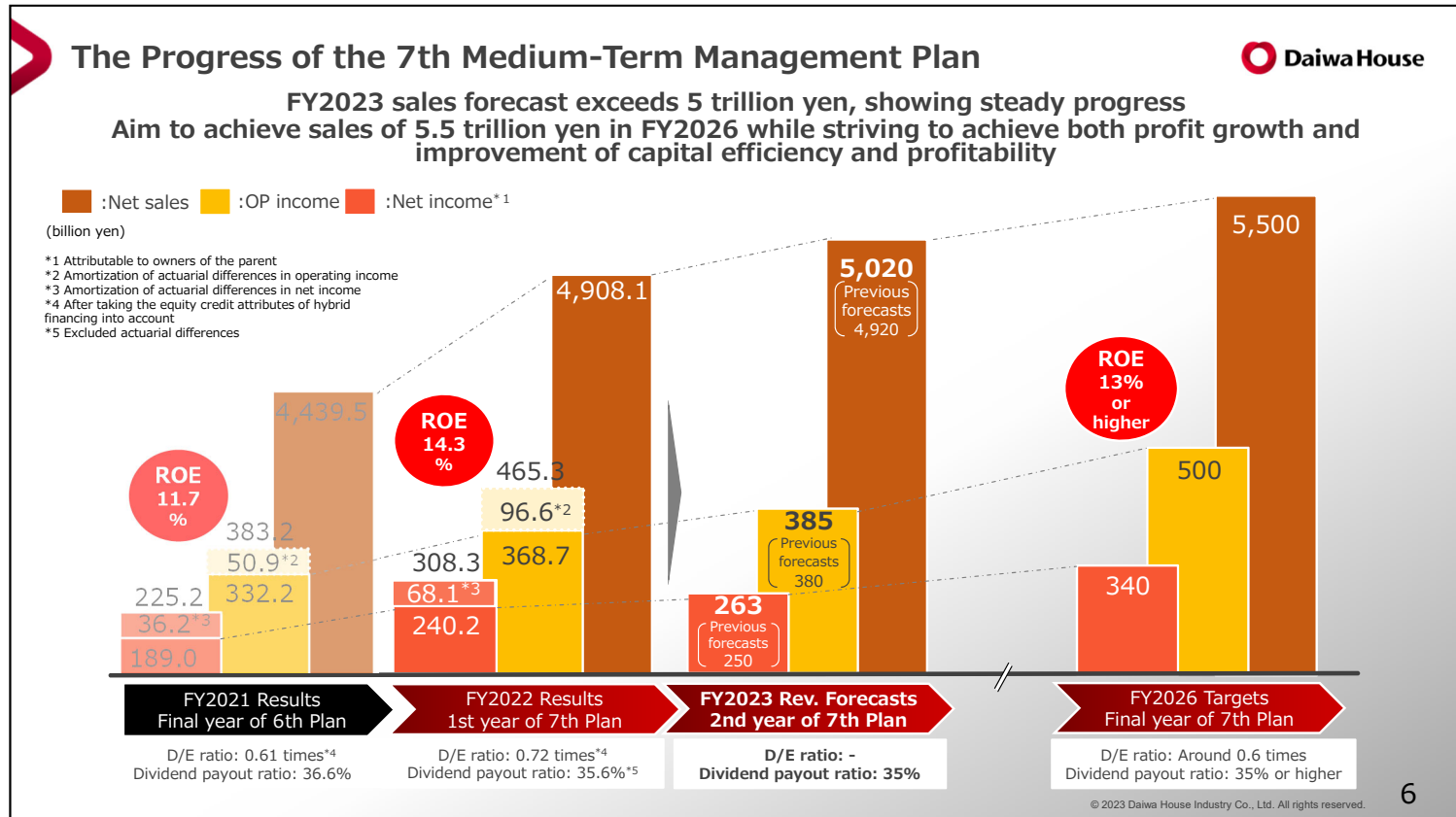
FY2023 full-year sales plan was **revised up by 100 billion yen from the previous plan, increasing significantly to 5.02 trillion yen**. Operating income was revised to 385 billion yen (+4.4% YOY) and net income was revised to 263 billion yen (+9.5% YOY).

(billion yen)	FY2022 Results	FY2023 Pre. forecasts (YOY)	FY2023 Rev. forecasts (vs pre. forecasts)
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

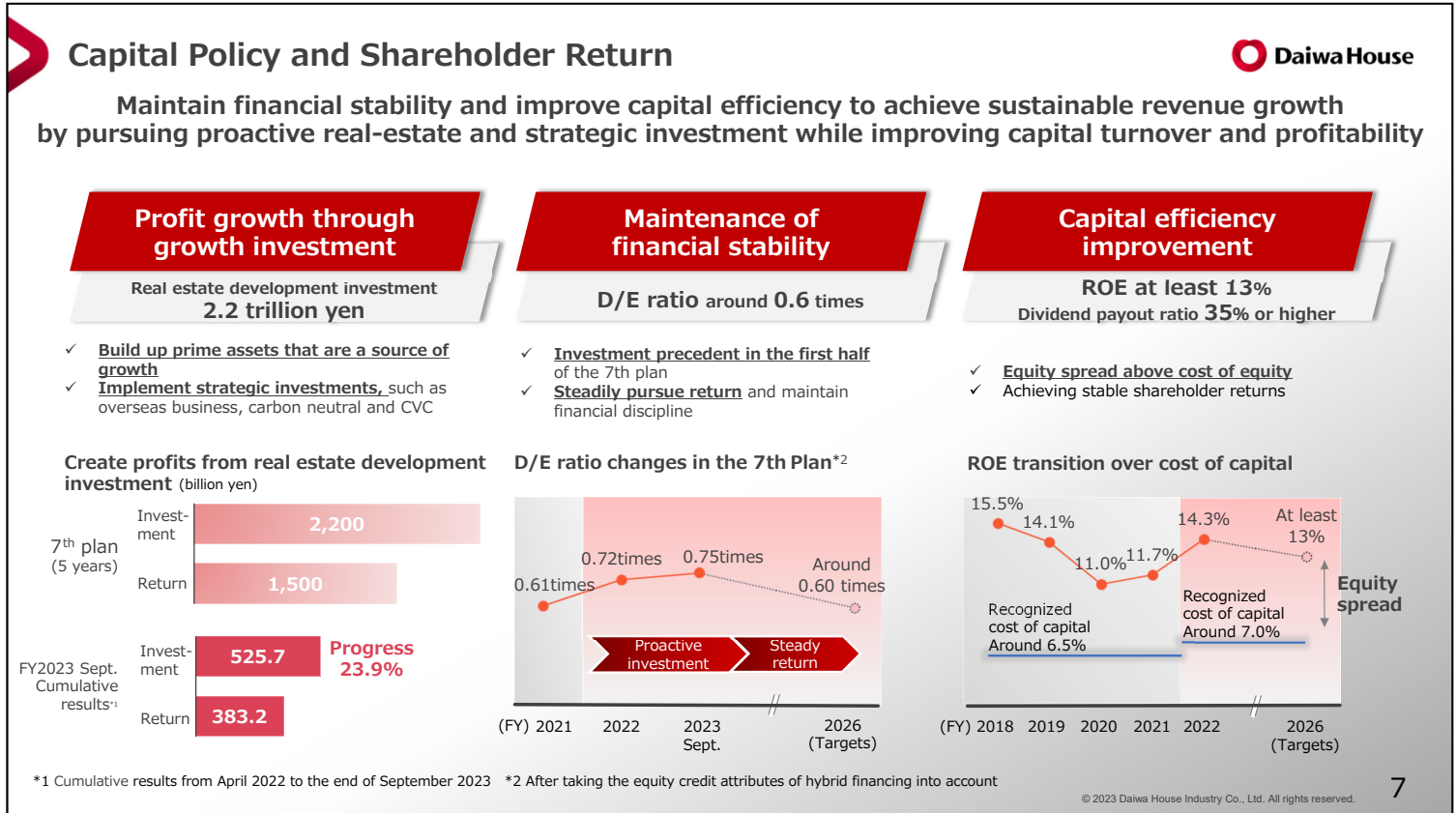
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The sales amount of JPY5.02 trillion is described in some of your reports as very conservative, but I would like to explain later how the situation has been for FY2023. We plan to increase the dividend by JPY5 from the original plan, to JPY140.



Sales of the final year of the 7th Medium-Term Management Plan are JPY5,500 billion, and an operating profit is JPY500 billion, and a ROE is over 13%. What will happen to this 13% under the current circumstances? Last year, actuarial gains and losses were worked out to a great extent, so ROE exceeded 14%, but we are aiming for 13% excluding such actuarial gains and losses. We are thinking of doing shareholder returns and share buy-backs. I think we need to raise profits from roughly JPY500 billion to around JPY550 billion.

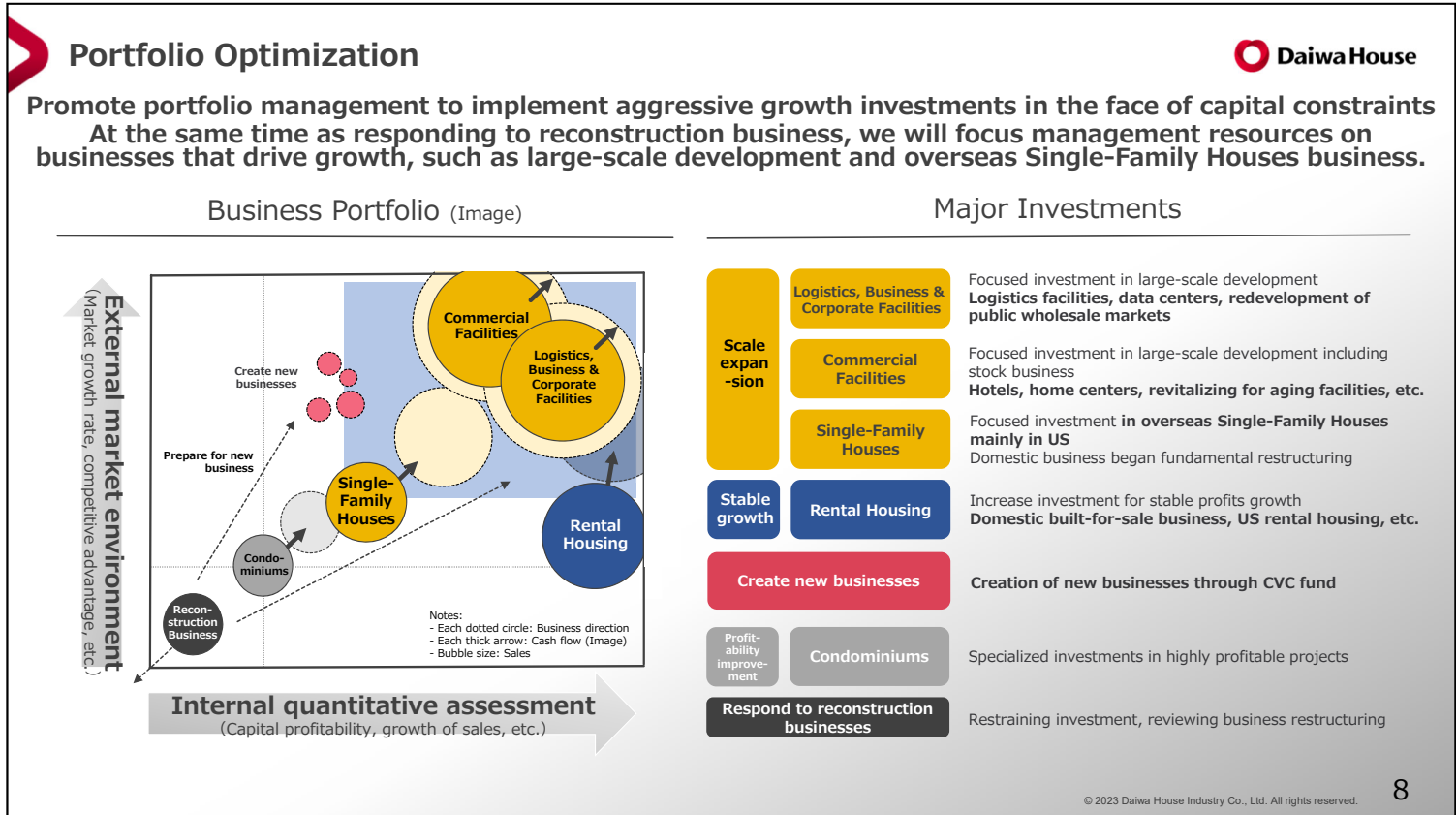
We have not yet finished FY2023, but I believe that the story of how we can increase the operating profit from approximately JPY385 billion to JPY550 billion, or how we can return profits to shareholders, will be our issues.



Growth investment is an area that I am concerned about, and I am not sure if you are also concerned about this. Are we investing well? We will invest JPY2.2 trillion, but only about JPY530 billion has been invested.

What we are looking forward to in Q3 and Q4 is that the hotel business is recovering quite well. Many foreign hotels are still coming to Japan, so we have quite a few of these projects coming in now, and I think we will be able to make good investments in this area.

On the other hand, there is also the issue of profit margins, so we need to increase the profit margin, which is a concern for everyone at the Logistics, Business & Corporate Facilities Business..



Our current business portfolio consists of Single-Family Houses division, Rental Housing division, Commercial Facilities division, Logistics, Business & Corporate Facilities division, Condominium division, Environment and Energy division, and Related Business division.

For portfolio optimization, If possible, we would like to move some group companies from Related Business division to Commercial Facilities division. We would also like to move them to Logistics, Business & Corporate Facilities division. We would like to review this because we think that we could do a very wide range of projects in this area.

We have also decided to create new businesses and establish a CVC fund. We originally wanted to do it a little earlier. However, we ourselves have not been able to get around to it due to a number of issues, so we have finally come to this place and would like to make a solid investment in projects related to our housing life. That is what we hope to sow a little seed in this 7th Medium-Term Management Plan, which will sprout a little, and grow toward the next target figures in the 8th Medium-Term Management Plan.

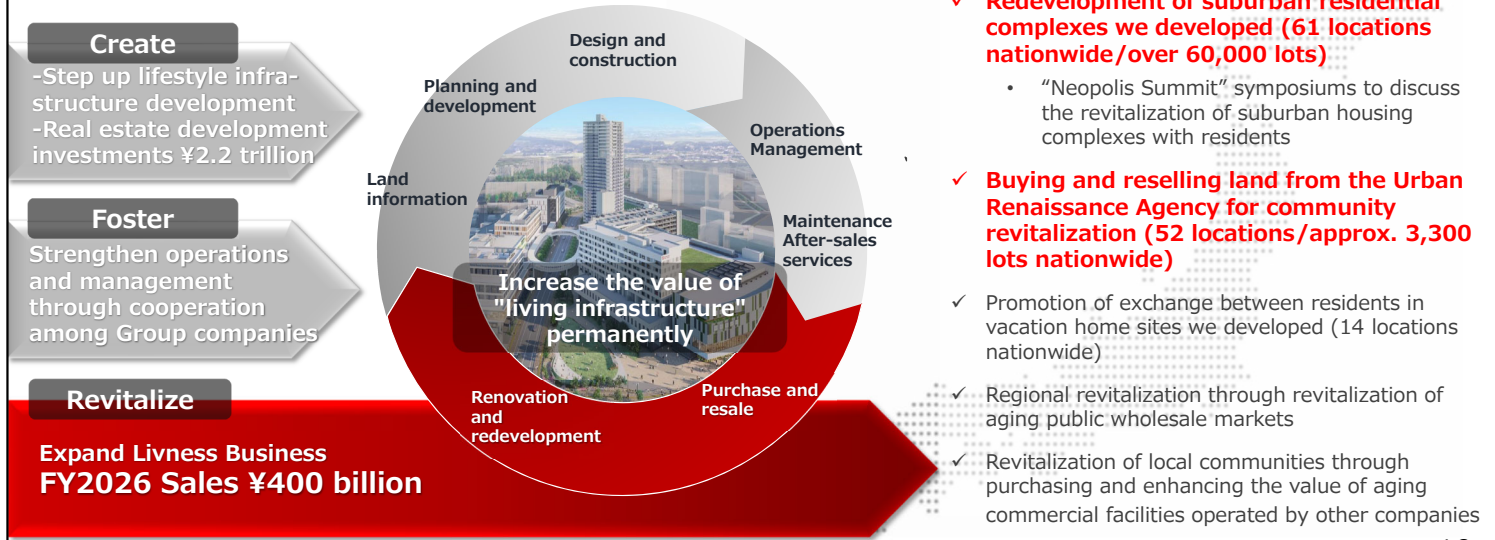
Progress of 7th Medium-Term Management Plan

Expand Our Circular Value Chain^① 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



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This is the circular economy or something like that. We would like to address the issue of rebuilding condominiums and other such issues in an integrated manner, so we are including such issues as well.

Also, as I have mentioned in various opportunities, we have 61 Neopolis that we have created, and we are currently working on 10 places to make them shine again. Next year, we will finally be able to hold the Neopolis Summit (tentative name), although not residents of all 61 locations will participate, and we hope that this will help to revitalize the city.

We want to make sure that we are doing the right thing here, because the housing we have built and the community we have created are still infrastructure.

Expand Our Circular Value Chain② Commercial Facilities Business



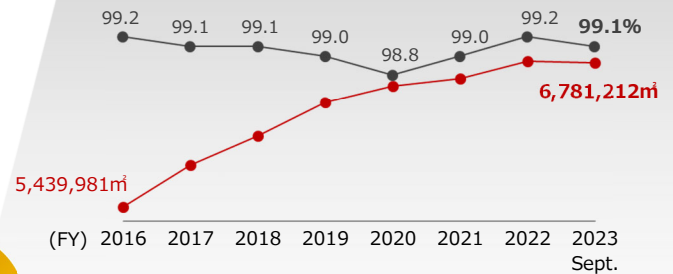
Expanding the scale of our Commercial Facilities Business through pin-point investment in large developments able to accommodate diverse applications. Further, we are expanding the Livness Business into nonresidential areas like commercial facility redevelopment in close collaboration with Group companies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

Value chain in the Commercial Facilities Business

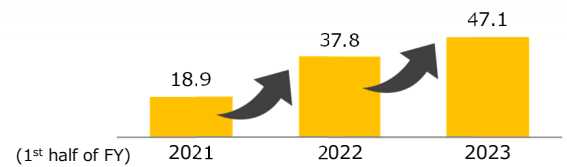


*1 Total subleasing floor space and occupancy rate per area in subleasing facilities of Daiwa Lease and Daiwa House Realty Mgt.

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



Nonresidential Livness Business Sales (billion yen)



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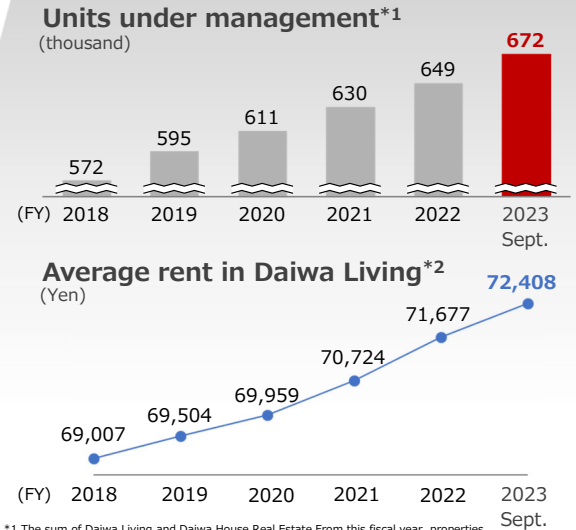
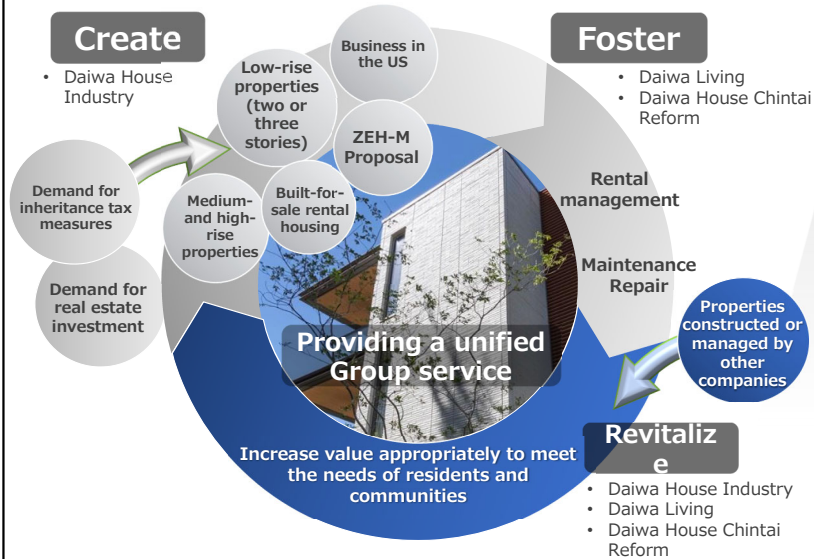
Non-residential Livness sales are about JPY47 billion in H1 of FY2023. This demand is not only for residential buildings, but also for commercial and logistics facilities, and we are currently receiving work in these areas.

Also, this is from a slightly different perspective, but in the Commercial Facilities Business, there is a line graph showing that the total subleasing floor space is approximately 6.8 million square meters. The current occupancy rate for this is 99.1%. There are no vacancies of 1%, so the commercial team has ensured that there are tenants in this area, even if they do Livness, that is, revitalization of old commercial buildings, and we want to make sure that the new ones will do well in the future. This includes hotels as well.

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



In the area of Rental Housing, FY2020 rent is roughly around JPY69,000. What has happened from there is that it is now JPY72,400, which is about a JPY3,000 increase.

If the residence, the management, and the place to live do not have such value, customers will not respond to the request, nor will they rent. We have done that well, and the buildings we have built are of good quality.

In addition, the management services of the company Daiwa Living are also very good. This has been well received, and we believe that we are coming along well because we are steadily getting rents, in line with the price increases of the times.

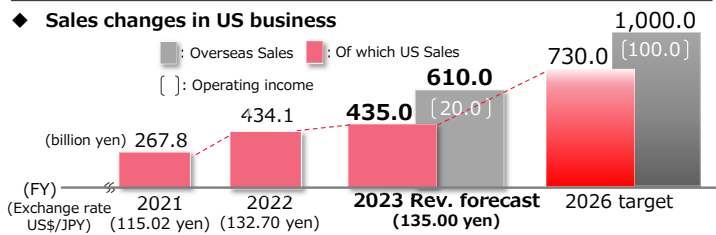
The occupancy rate is also about 96%, which means that the vacancy rate is roughly 3% to 4%.

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

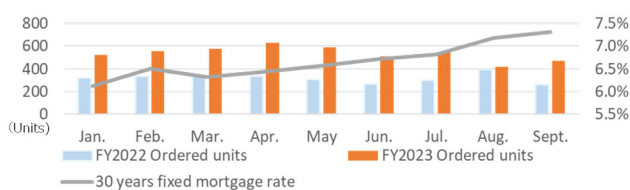
◆ Sales changes in US business



- 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

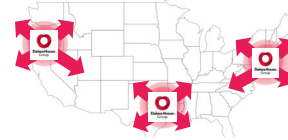
*The figures are calculated as total contracts minus cancellations and bulk sales to institutional investors



- 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.**



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For FY2023, the US business will have roughly JPY435 billion in sales.

Last year's total was about JPY434 billion, and although it was initially thought that the situation would be very difficult, it has remained almost flat, and we believe that we will be able to make a slight increase in the future.

Overall, we are aiming for sales of JPY1 trillion in the 7th Medium-Term Management Plan, and we will achieve sales of approximately JPY610 billion in the current fiscal year, probably slightly exceeding this amount, and are now looking ahead to the next fiscal year, so I think we are very close to achieving this goal.

We also have three locations on the right side of this page 13, three single-family housing companies in the United States, one on the East Coast, one on the West Coast, and one in Texas in the middle of the country. I am currently receiving business transfers again in various forms, and these three companies are receiving these transfers, not creating new companies. Trumark has also acquired the recently acquired business of Wathen, so these three companies are just the basic form.

We have been meeting with each of the three companies this year, and we often have meetings in the US, and I think we have finally reached a consensus on the Single-Family Houses Business. We have them working for us with the expectation that they will not only grow by building single-family houses, but also by using DAIWA HOUSE as a model for their future growth strategy, and we think it is time for them to take the first steps in this direction.

Also, in the midst of the extremely high interest rates, the cancellation rate increased a little in October.

On the other hand, as for the orders received up to September, the contract rate exceeded 23% compared to the previous year, so I think we will end up with a 30% increase compared to the previous year.

Last year, when interest rates first started to rise, everyone was reluctant to buy houses because of the high interest rates. This was quite effective. However, sales have been very strong since the 6% rate was introduced, and they continued to be strong even after the 7% rate was exceeded, but the shadow of the 8% rate has come into view, and they are now pulling back a little.

However, there are many ways to look at this, but the US interest rate, the Fed has been sent off twice. So, I believe that we are already starting to factor in the fact that it will probably go down next year. This will automatically lead to lower short-term interest rates and so on. We will continue to promote our business while keeping a close watch on this, and we will also consider the acquisition of Wathen's business announced this time. We will continue to focus on our US business in 2024, compared to this year's 2023.

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
Logistics, business & corporate facilities	<under construction> 1 project	12 lots (scheduled)

- 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

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There are seven rental housing projects in operation. However, we are currently not pursuing the projects that we had originally planned to sell.

It states that there are four rental housing projects under development and two condominiums for sale. We have bought two commercial facilities and finally one logistics facility, which we will study with American housing companies.



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

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We have started developing rental housing for our first time in Australia with Lend Lease, which is also partner in US Condominiums developing projects.

The number of units is about 800, and I have seen the location, and it is a very nice place. This we firmly believe can be commercialized. This is taking the major.

On the left is DHME, Daiwa House Modular Europe, currently building a plant in Germany. The plant will provide about 1,000 units per month, I have seen the situation just before the operation in the field last month, so I am sure it will go up as planned. Demand is very strong, and we would like to make a strong start on the plant and target Germany and Poland.

Not to mention the fact that we have already provide DHME's product from Amsterdam in various forms.

On the other hand, in London, we recently announced Elephant Park project. I went to the groundbreaking ceremony for this as well, and this is also a Lend Lease company that we are working with. We are in a situation where we are working with Lend Lease on a condominium for sale in what is said to be the last parcel in Elephant Park.

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

Draft/Report

First Filter (Local)

Second Filter (Domestic)

Final decision

Person in charge at local area

Regional corporate functions in each area

Local experts

Law firm

Accounting firm

Tax accountant's office

Human resources consultant

Real estate service vendor

<HQ corporate division>

Business figure / Compliance with laws and securing rights / Labor management / Technology / Information security

<Overseas headquarters>

Several support such as strategy and business judge

Decision-making by management at the Board of Directors

- 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

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In the US, where we will be developing new business facilities, this is logistics. Then in Europe, Condominiums Business was started. In Australia, this means that Rental Housing Business has started.

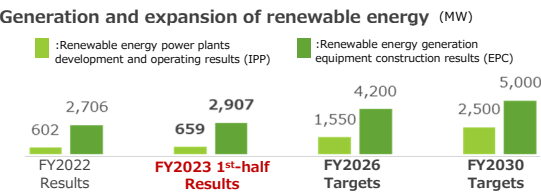
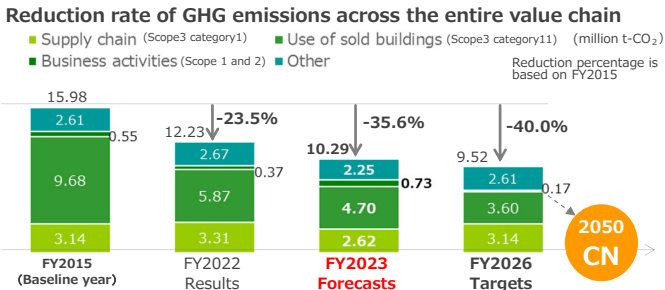


Carbon-Neutral Strategy

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

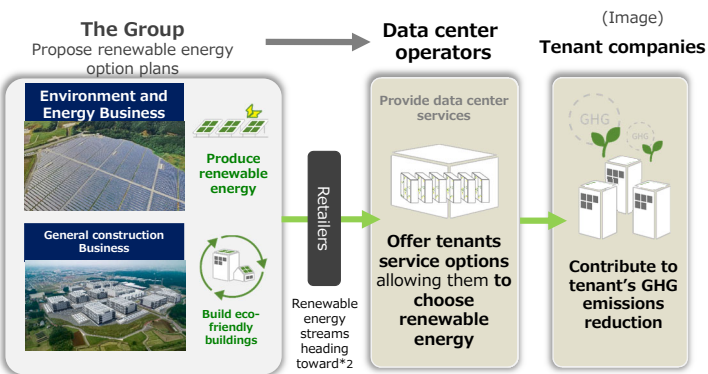
Progress in Reducing CO₂ Emissions and Creating Renewable Energy

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



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
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We have a consolidated subsidiary, Hibikinada Thermal Power Station, which will stop coal-mixing operation and will start to convert all of its power plant to biomass. Therefore, we are proceeding to accomplish RE100 by 2024.

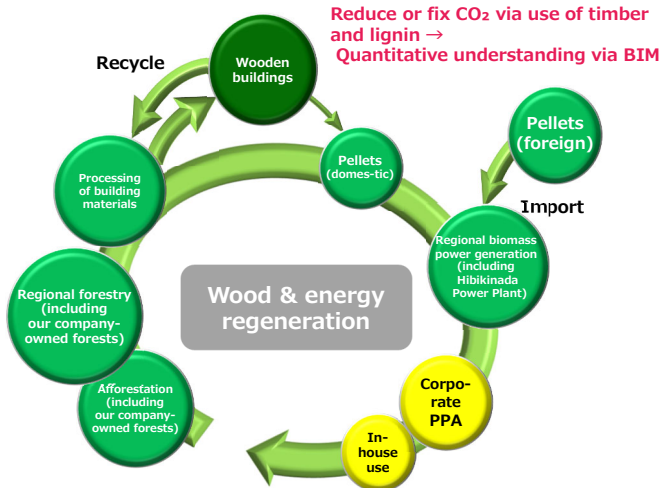
Business Development From the Perspective of Social Issues① Strengthening Efforts for Wooden Buildings

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

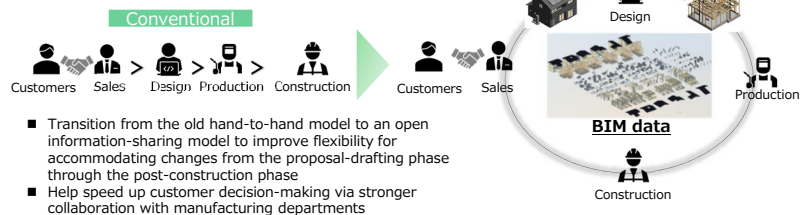


An example of wood construction and wood conversion of a client's building: Wooden office



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

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



- Transition from the old hand-to-hand model to an open information-sharing model to improve flexibility for accommodating changes from the proposal-drafting phase through the post-construction phase
- Help speed up customer decision-making via stronger collaboration with manufacturing departments

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We have started the Future Wood Project (tentative). What this means is that there is quite a bit of wood construction in houses and apartments.

We have started this project with the idea of considering what would happen if we built a wooden structure once even in condominiums, logistics facilities, and commercial facilities.

Business Development From the Perspective of Social Issues ② Accommodation Project in Futaba-Machi, Fukushima Prefecture



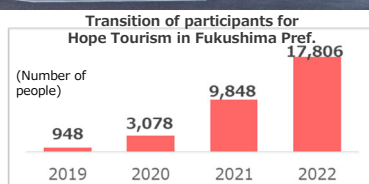
Respond to rising hospitality-sector demand centered on “Hope Tourism” promoted by Fukushima Prefecture
with a hotel and one of the Hama-dori area’s largest conference halls,
sited next to the Great East Japan Earthquake and Nuclear Disaster Memorial Museum

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.400m)
- 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 400m) 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

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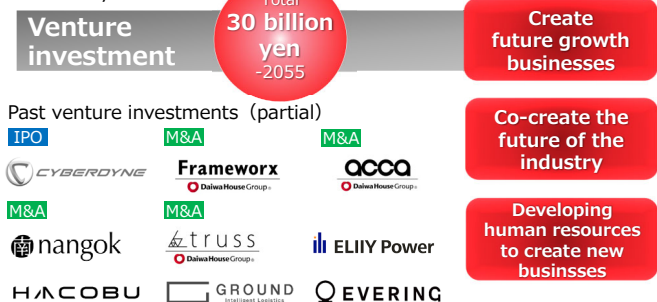
The projects that Daiwa Life Next is doing in Fukushima in the area of the perspective of social issues are described here.

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”

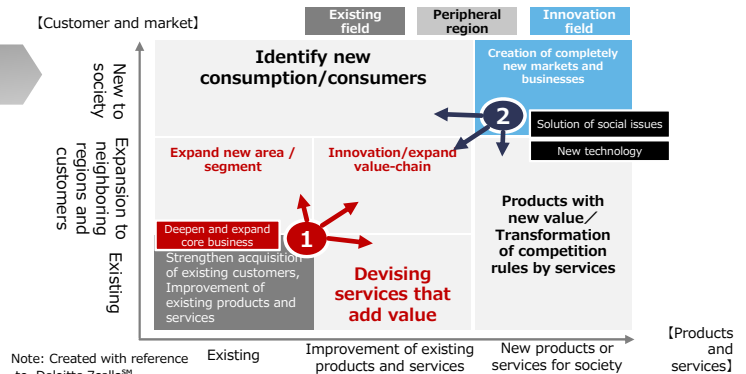
<Summary of the fund>



<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.

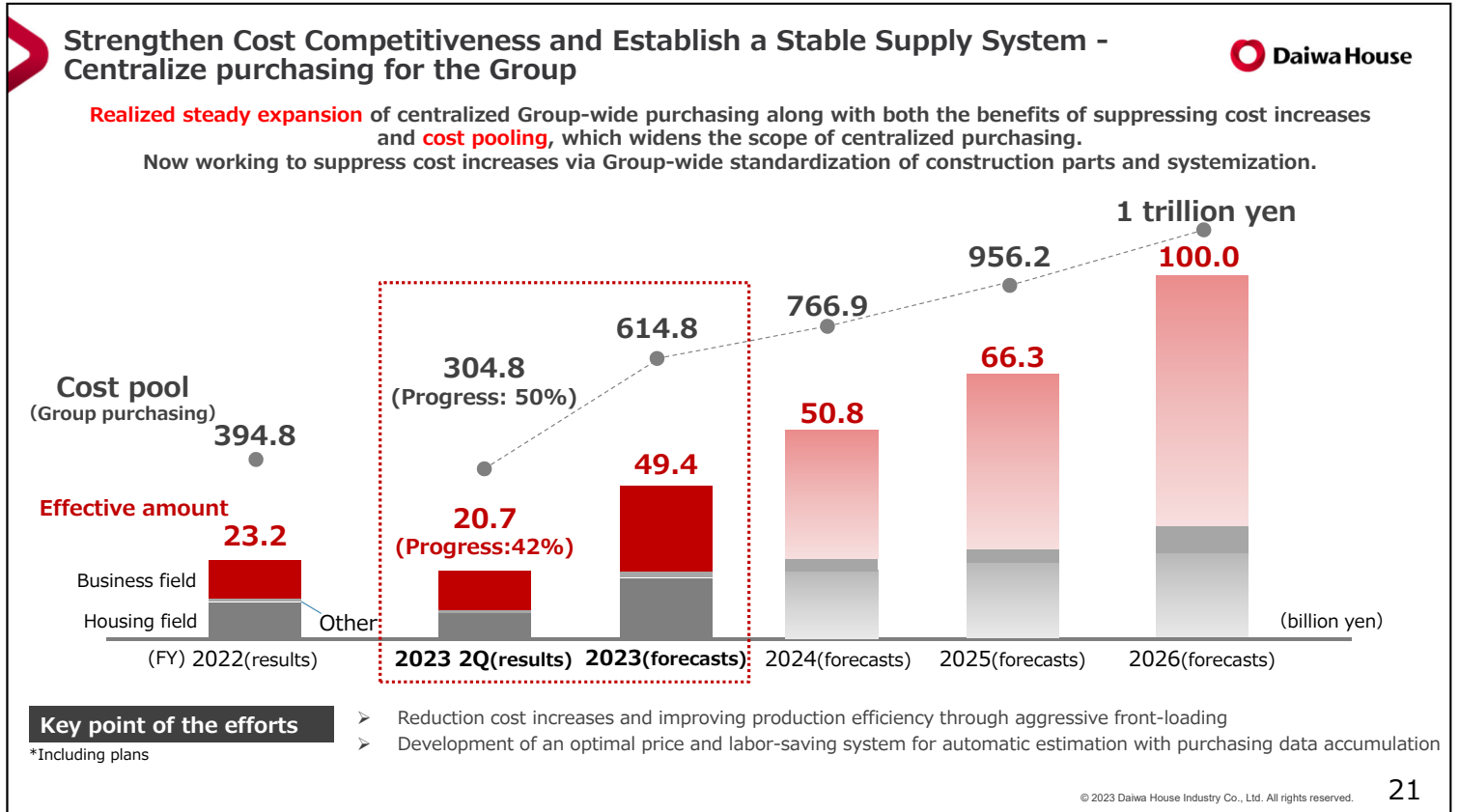
Investment Policy



- 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.

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We have finally established a CVC fund with a total value of JPY30 billion. We would like to start again with the spirit of challenge, the founder's spirit, and the desire to develop businesses that will be of service to society, including this CVC fund.



One of the three pillars of our medium-term management plan is to reduce costs by 10% through group purchasing. When we started out, we did not expect costs to rise as much as they have, nor did we expect the product to be so scarce.

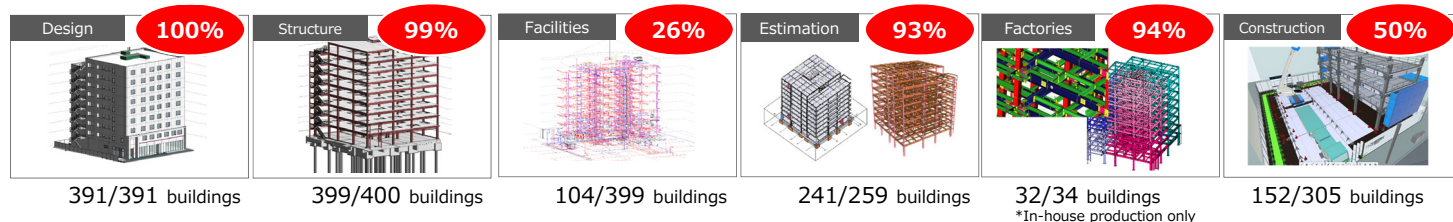
We have been trying to procure as much as we can and to keep price hikes as low as possible. I have looked at the financial results of other companies, including major construction companies, and I notice that we have managed to keep the price rise lower than others. I believe that our efforts in advance have been successful.

We currently consider our progress to be about 50%.

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.

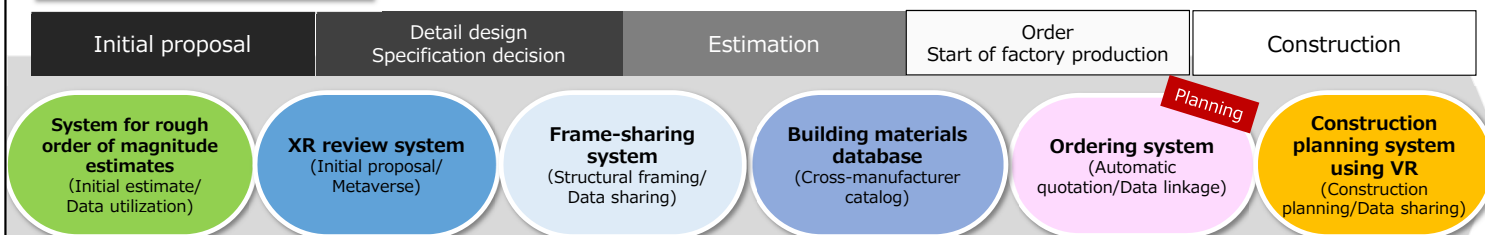
Create data

Architectural BIM usage



Transition from building BIM infrastructure to utilizing data

Leverage data



We are also involved in BIM, DX, and digital construction.

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%	

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

■ 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

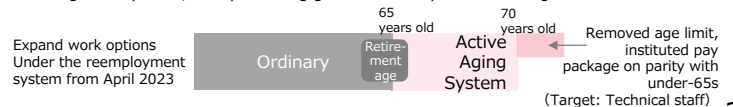
Launched in FY22 to support employees’ personal growth, autonomous career-building, and self-realization. 49 employees took advantage of this program in FY2022, the first year of the program.

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.



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Efforts to improve the value of human capital are described here.

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”

Results of Main Efforts

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

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**

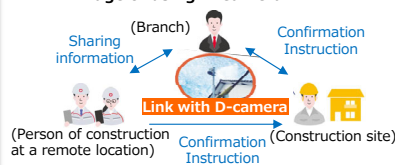
	FY2021	FY2022
Daiwa House*¹	79.8%	90.4%
Average in construction industry*²	-	77.1%

*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

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Also, the key issue is the 2024 Problem.

Compared to other industries, the construction and transportation industries, such as ours, have had more than four years to prepare for the application of the regulation. We have been working on the four weeks and eight days off schedule since early on, but there is still a lot of work to be done, so we will do our best to share with our customers how much we can do to prepare for the construction period.

On the other hand, in terms of housing, we would like to increase the rate of built-for-sale business and improve the way we work in this area as well.



**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.

That is all. Thank you very much.

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