



Daiwa House®
Group

7th Medium-Term Management Plan (FY2022-FY2026)

OUR FUTURE LANDSCAPE – CELEBRATING THE JOYS OF LIFE.

May 13, 2022

Daiwa House Industry Co., Ltd.

Code No: 1925 (Prime Market of the Tokyo Stock Exchange)



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Basic stance Long-term vision

- ▶ The number of customers we have had the pleasure of meeting
- ▶ MIRAI KACHI KYOSO Center
- ▶ Our hopes of the future (our purpose)
- ▶ The story of the Group's value creation



The number of customers
we have had the pleasure of meeting

over **30,000,000**

A total number of customers living in single-family houses, rental housing and condominiums built by the Company and members/annual users of the Group's facilities



MIRAI KACHI KYOSO Center “Kotokurie”

(co-create value for the future)



OUR 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.



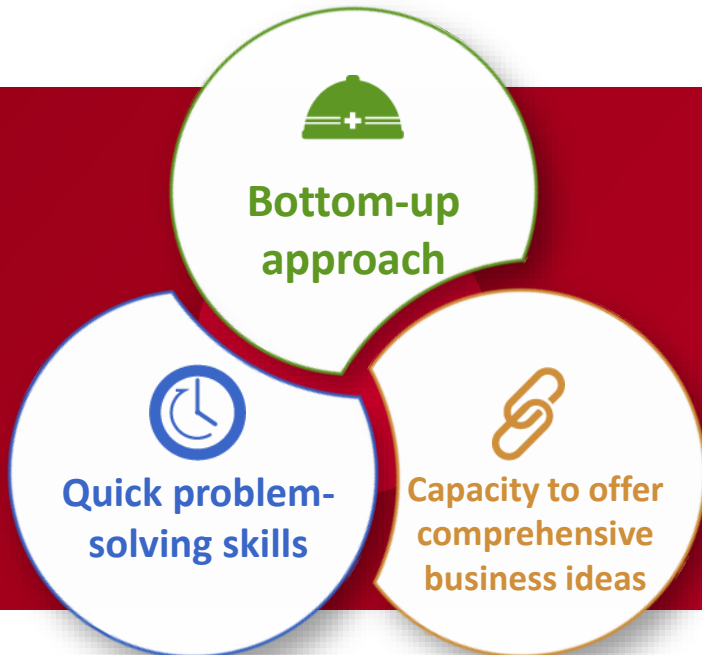


Out strength

Society we aspire to

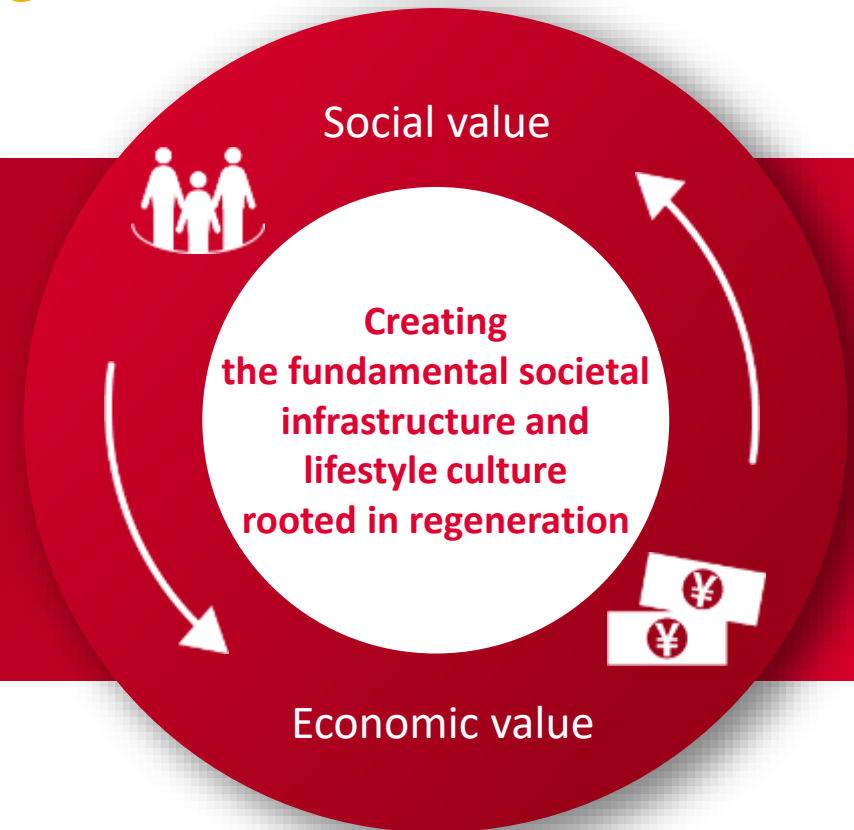
Ability to co-create value with our stakeholders

Ensuring a world where we live together in harmony embracing the Joys of Life



Our business resources: human resources, customers, and technology & manufacturing bases

- Globalization
- Local community regeneration
- Circular economy and carbon neutrality
- Governance
- Digital transformation
- DE&I*



*Diversity, equity and inclusion



Daiwa House®
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7th Medium-Term Management Plan

(FY2022-FY2026)

OUR FUTURE LANDSCAPE – CELEBRATING THE JOYS OF LIFE.

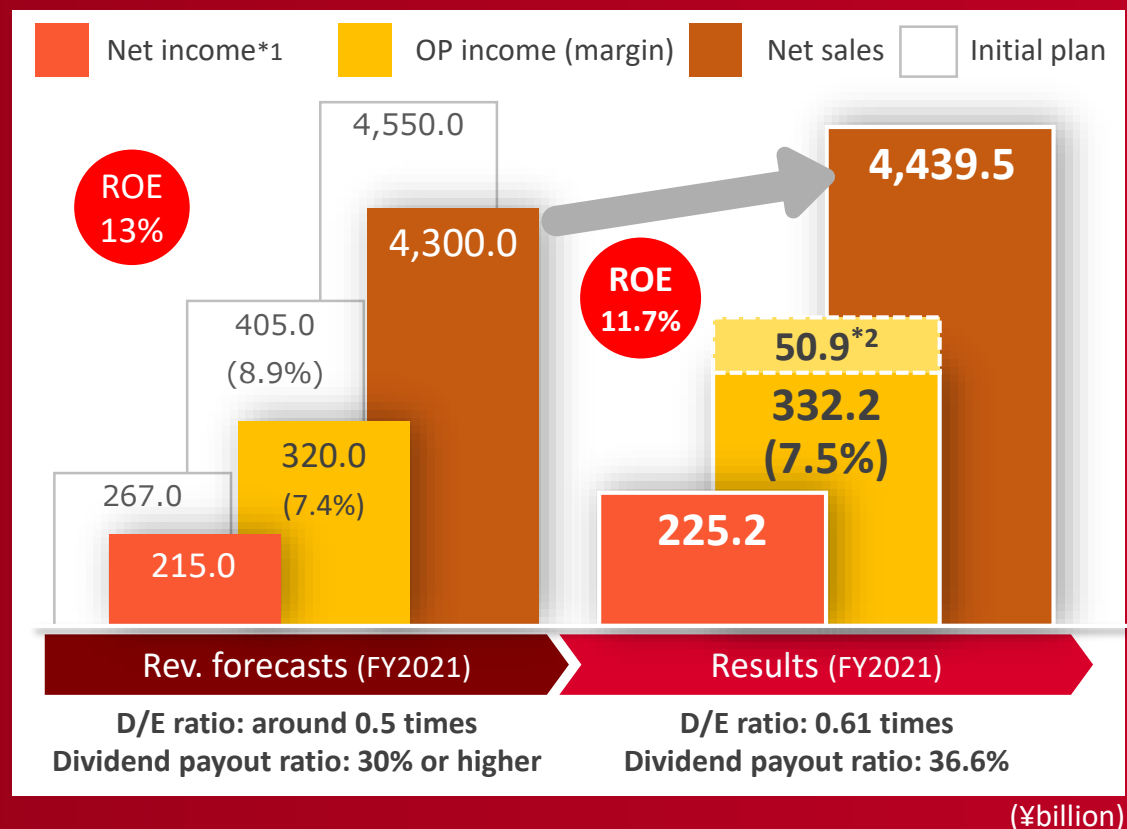
Looking back on the 6th Medium-Term Management Plan

- ▶ Performance results
- ▶ Summary



Net sales hit a new record high with a product lineup adapted to COVID-19 and a restructured management base

Performance results



Summary

- Review of the governance system
- Active real estate investment
- Active overseas expansion
- Strengthened value chain to provide a variety of stock businesses
- Employee motivation rate increased to approx. 80%
- Both sales and income exceeded a revised plan (a revision due to COVID-19)

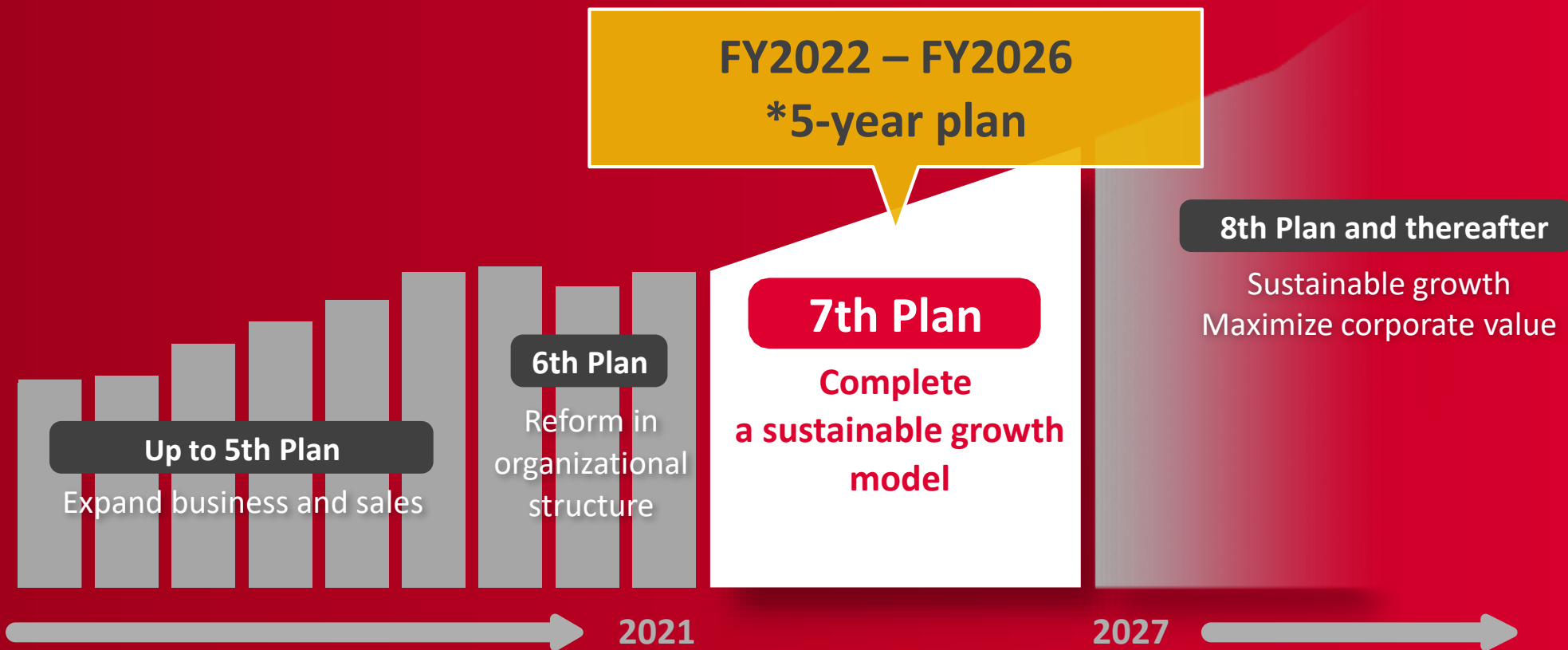
*1 Net income attributable to owners of the parent *2 Amortization of actuarial differences of retirement benefits

Positioning of the 7th Medium-Term Management Plan

- ▶ Positioning (FY2022-FY2026)
- ▶ Recognition of circumstances
- ▶ Management policies and focal themes
- ▶ Performance targets and change in structure of the revenue
- ▶ Performance targets by business segment
- ▶ Accelerate growth of overseas business



Complete a **sustainable growth model**
that maximizes both business value and social value over the long-term





Material circumstances we recognize

Decrease in domestic population/Overseas population growth

Aging of social infrastructure

Weakening of local communities

Increased risk of climate change

Rising interest rates

Soaring prices of materials and resources/
Supply risk

Decrease in working population

Diversifying work styles and lifestyles

Progress of digital society

Issues to be tackled by the Company

Enhance global competitiveness

Increase lifetime value of buildings/
Capture needs for local revitalization/
Create community-based businesses

Establish a competitive edge in building decarbonization

Efficiently allocate funds

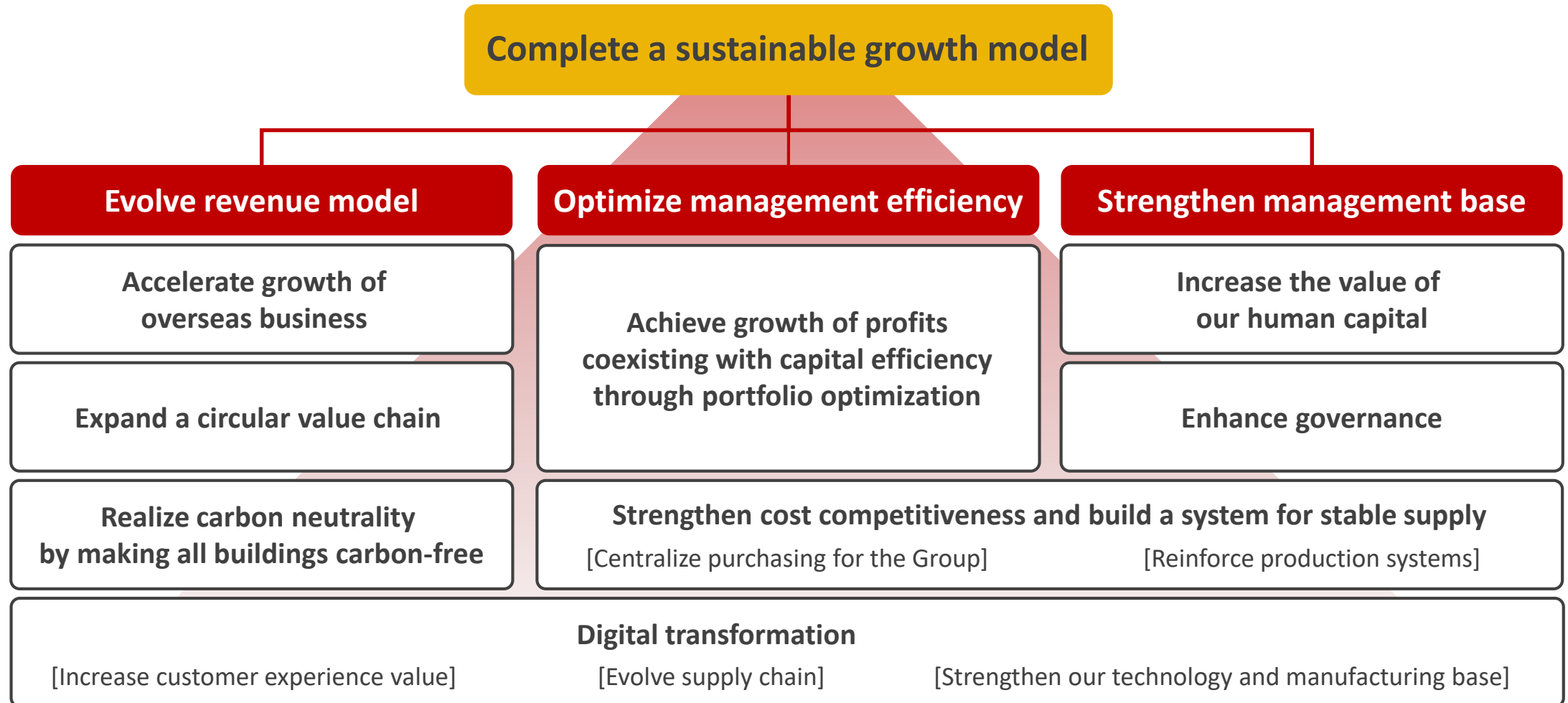
Strengthen manufacturing (Evolve “Industrialization of construction”)
Leverage the Group synergies for stable procurement
Promote labor-saving and efficiency through operational reforms

Propose “housing” to help achieve diverse lifestyles

Provide rewarding workplaces/work systems

Enhance competitiveness with DX

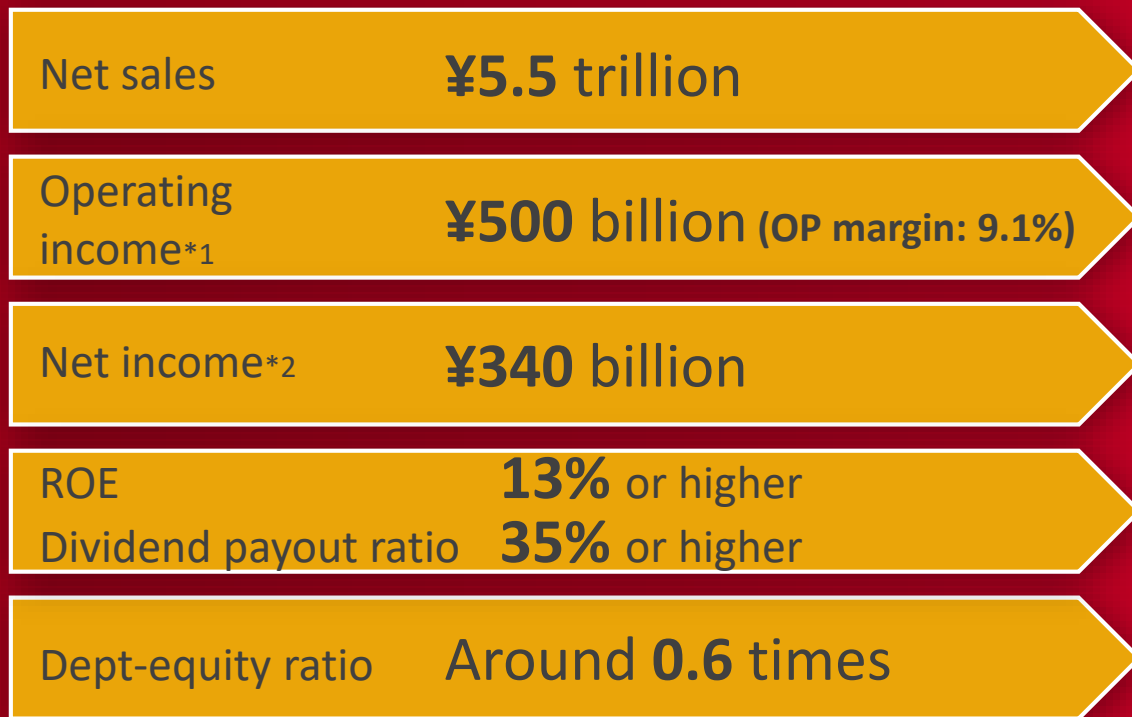
Toward realizing a sustainable growth model, we uphold **3 management policies**, and tackle **8 focal themes** under the policies





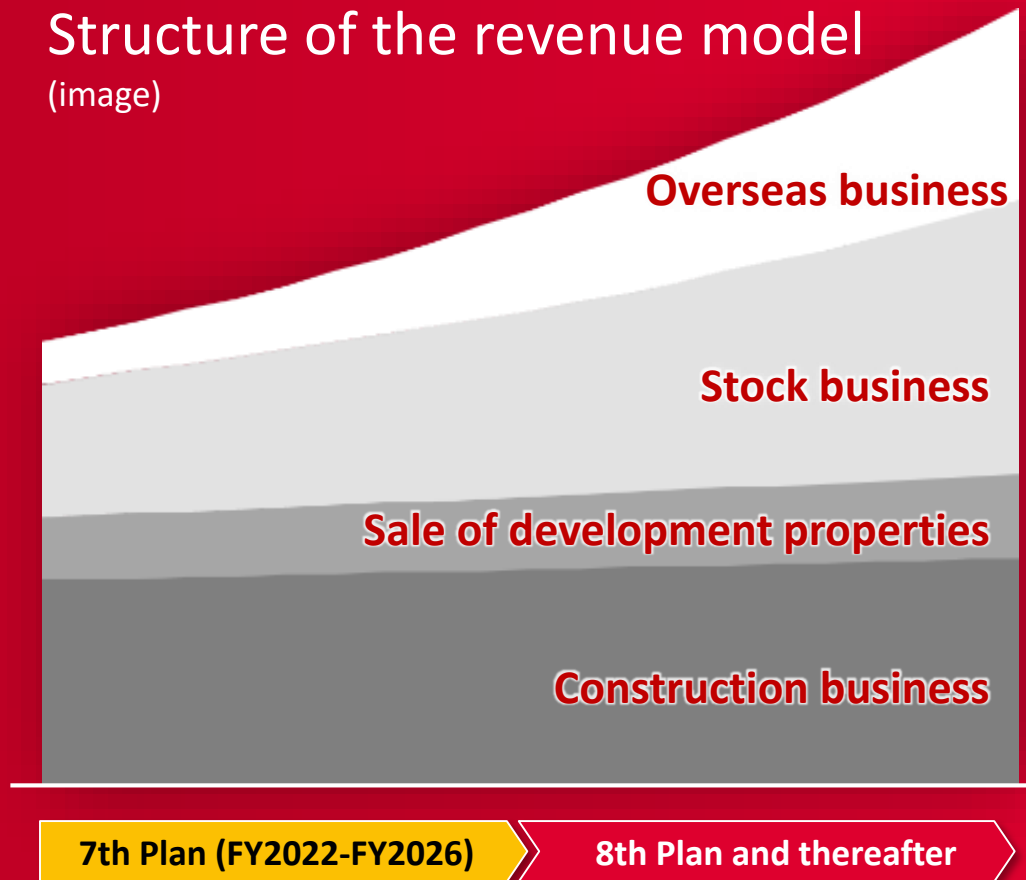
Toward achieving net sales of ¥5.5 trillion and operating income of ¥500 billion, we promote steady growth and **evolve our revenue model into a one that realizes sustainable growth**

Performance targets



Structure of the revenue model

(image)



*1 Excluded amortization of actuarial differences *2 Net income attributable to owners of the parent

4 business segments aim for operating income of ¥100 billion

Also, from a strategic perspective, we will disclose **the Environment and Energy Business as a new segment**

	Net sales				Operating income (OP margin)			
	FY2021		FY2026		FY2021		FY2026	
	Total	(for overseas)	Total	(for overseas)	Total	(for overseas)	Total	(for overseas)
Single-Family Houses	784.8	318.0	1,250	730	38.3 (5%)	23.4 (7%)	100 (8%)	75 (10%)
Rental Housing	1,052.5	32.5	1,250	60	96.6 (9%)	5.5 (17%)	120 (10%)	10 (17%)
Condominiums	379.9	20.3	400	150	9.7 (3%)	-2.3 (-)	25 (6%)	18 (12%)
Commercial Facilities	1,038.5	1.2	1,250	25	124.1 (12%)	-1.1 (-)	160 (13%)	5 (20%)
Logistics, Business & Corporate Facilities	1,079.2	68.8	1,300	90	125.5 (12%)	1.2 (2%)	160 (12%)	9 (9%)
Environment & Energy	161.0	-	170	2	5.2 (3%)	-	10 (7%)	0.2 (10%)
Other	63.0	4.0	70	8	-5.9 (-)	-0.6 (-)	5	-2.9
Total	4,439.5	445.1	5,500	1,000	332.2 (8%)*	26.1 (6%)	500 (9%)	100 (10%)

* Total figures exclude amortization of actuarial differences

(¥billion)

Develop community-based businesses in **25 countries and regions** to achieve **net sales of ¥1 trillion and operating income of ¥100 billion**

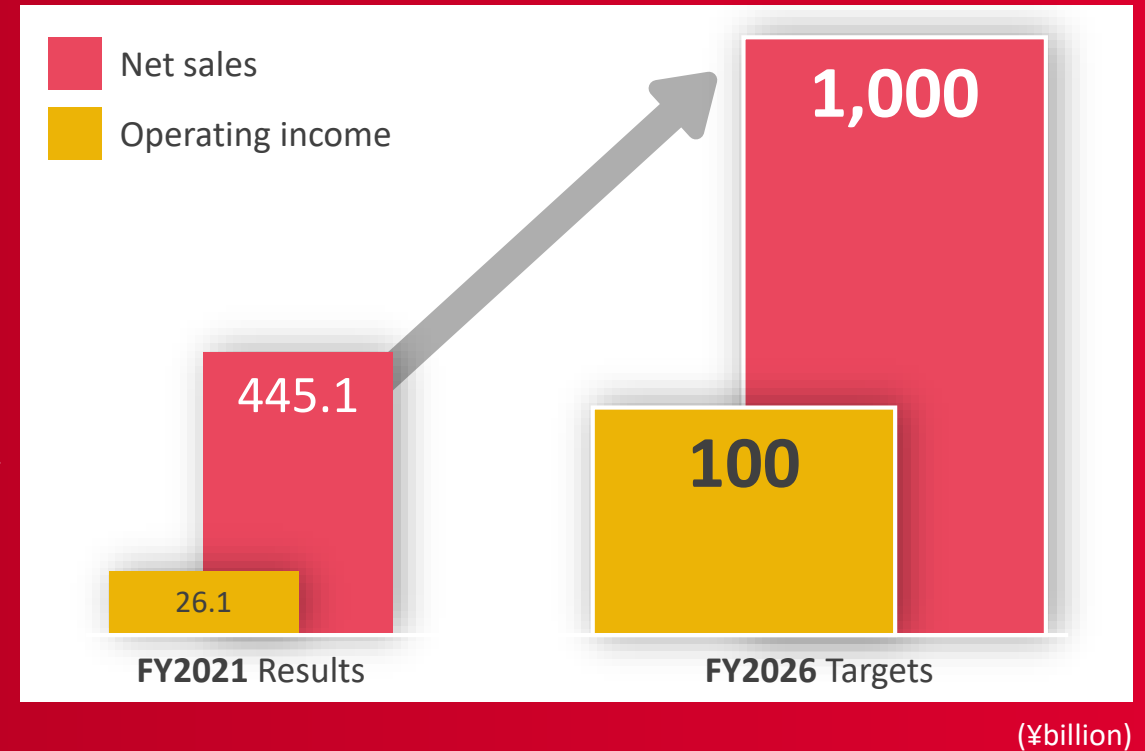
Overseas net sales of **¥1 trillion**

Explore in depth the business in **25** countries and regions*₁

Supply housing for **80** thousand households or more in 5 years*₂

Build bases to connect to the world in the Business Field

Sales and operating income of overseas business



*1 As of the end of March 2022

*2 Supply plan is a combined total of single-family houses, rental housing and condominiums businesses in 5 years (on a consolidated basis)

Evolve revenue model

- ▶ Accelerate growth of overseas business
- ▶ Expand a circular value chain
- ▶ Realize carbon neutrality
by making all buildings carbon-free

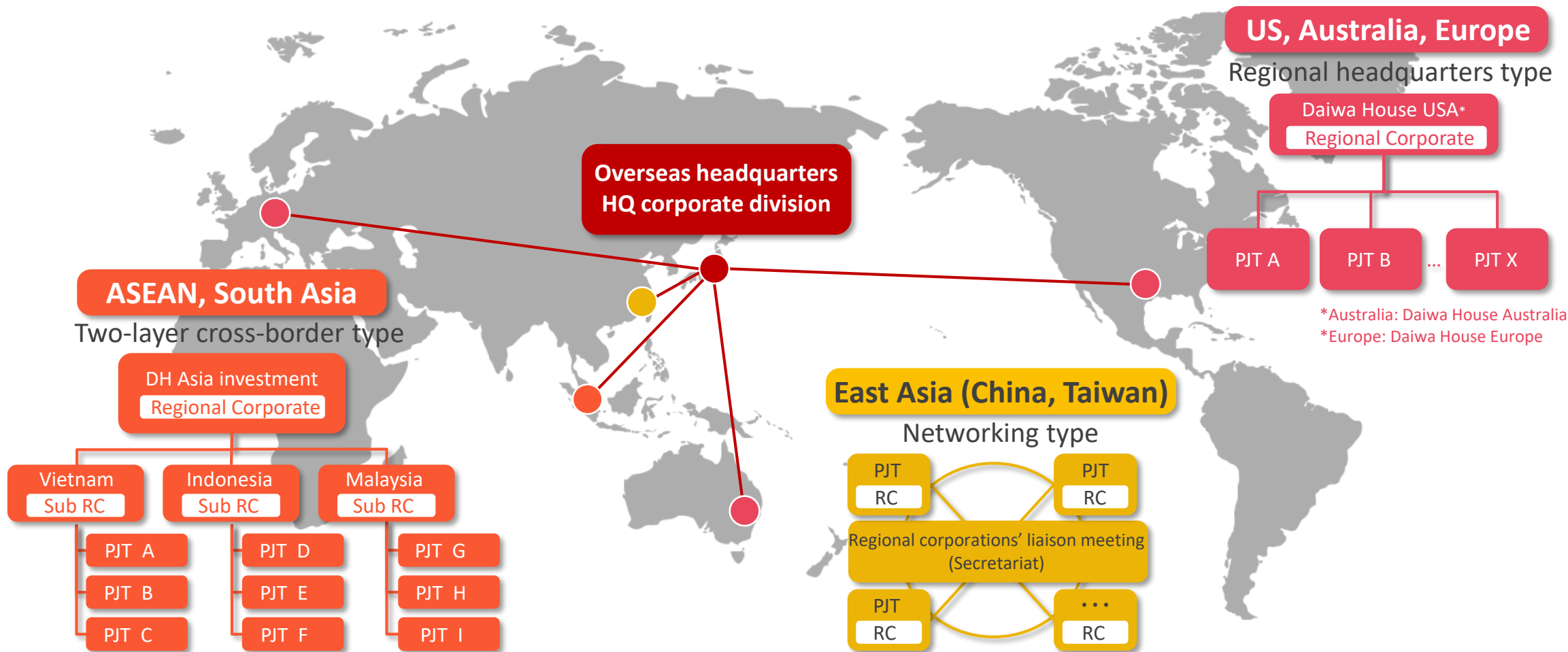
Focusing on the US and China, develop business in areas with high real demand to **supply quality housing steadily**
 In the ASEAN region, **build bases to connect to the world** based on businesses of client companies with whom we have built trust relationships in Japan



*Circles represent net sales plans for FY2026 (¥billion)



Establishment a **regional corporate function** on market risks and forms of our business in each area and supervision by head office and overseas headquarters





Contribute to revitalizing local communities by creating life infrastructures that give residents the JOYS OF LIFE

Staying in close to the life of each customer, **develop long-term businesses** so that benefits can be shared with future generations

Total investment scale* Approx. **¥2.2** trillion

Net sales from sale of development properties Approx. **¥450** billion

Net sales from stock business Approx. **¥1.6** trillion

Redefining housing as “a place to live in” instead of “a place to return”

Livness Town Project **10** locations

Develop next-generation infrastructure and create jobs



Advanced logistics facility



Data center

Redevelop and raise the value of aged facilities



The public wholesale market



Neighborhood shopping center

Promote multi-use redevelopment centering on regional mid-tier cities



Urban redevelopment



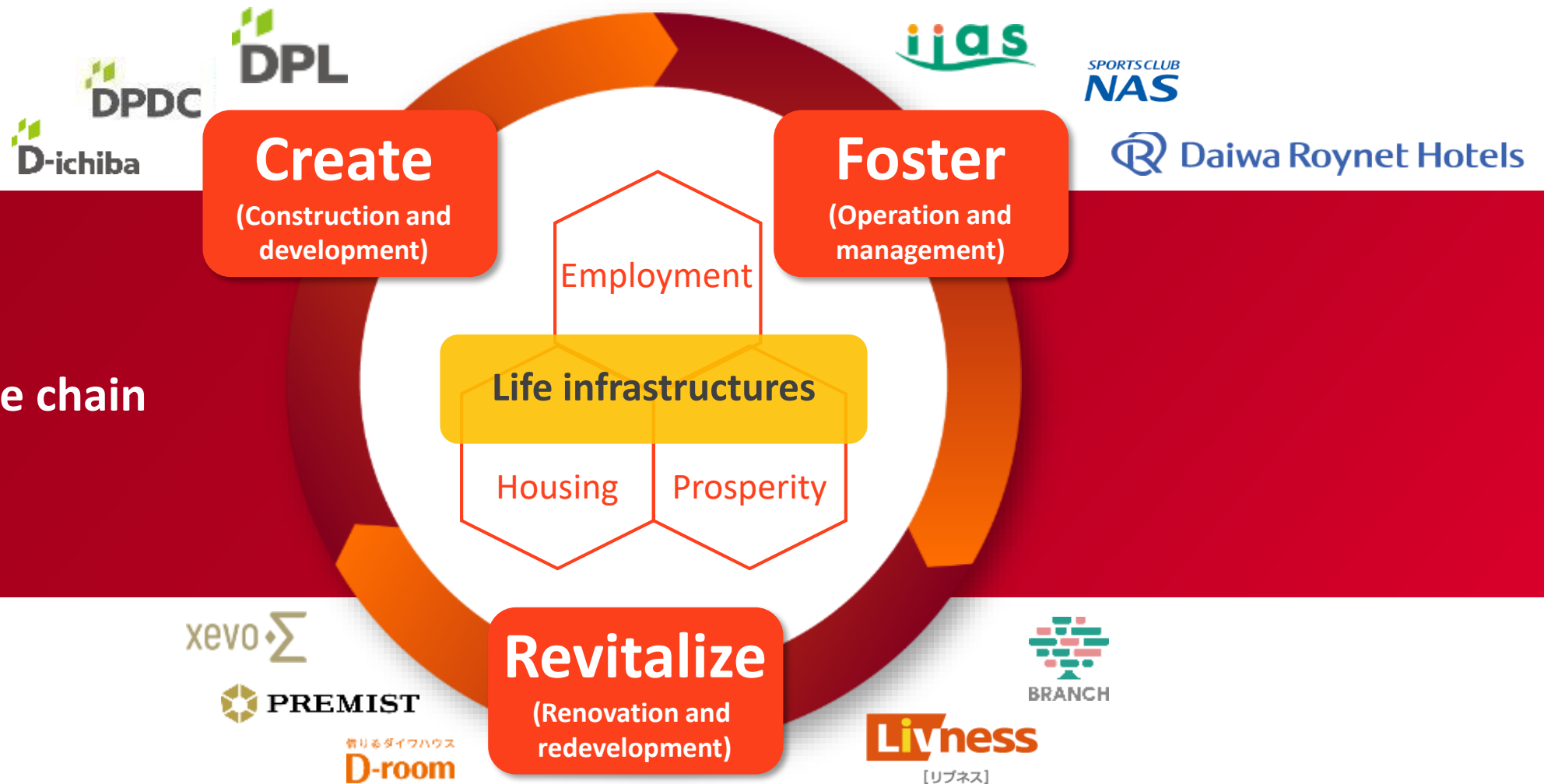
Livness Town

* Total amount of investment in real estate development during the 7th Plan

“Create,” “Foster” and “Revitalize”

This cycle **generates** value **on an ongoing basis** for all the people residing there

Circular value chain

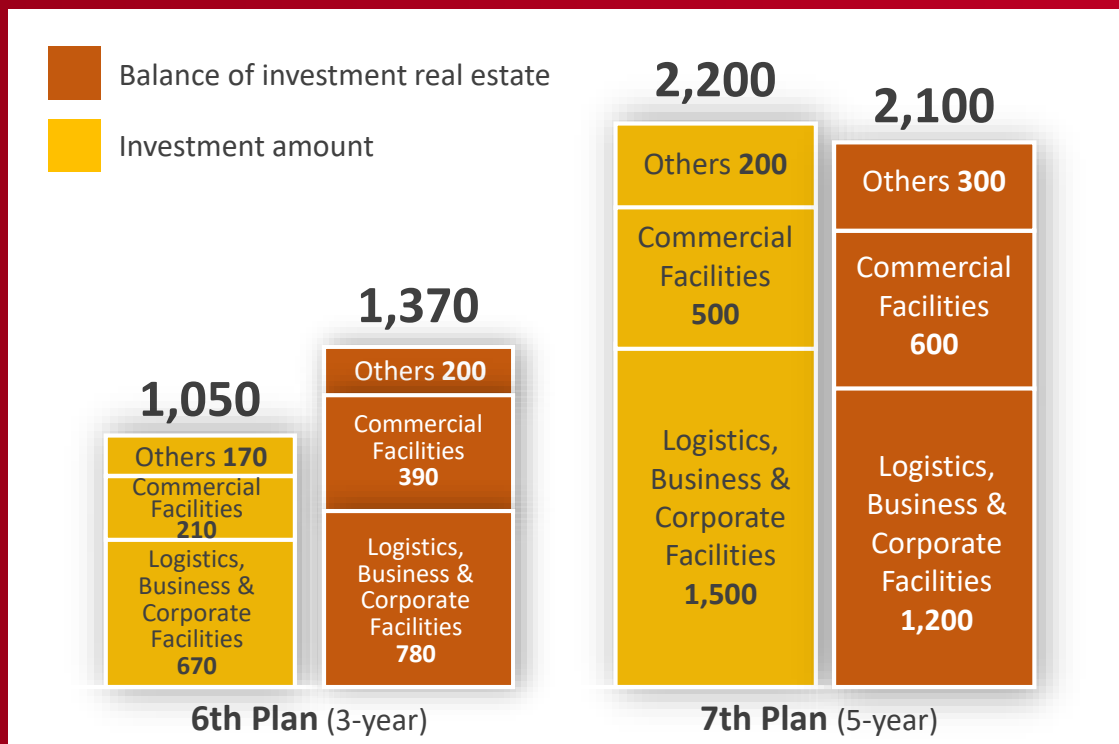


Schedule ¥2.2 trillion development investment to bring out the potential of regions and contribute to job creation and prosperity

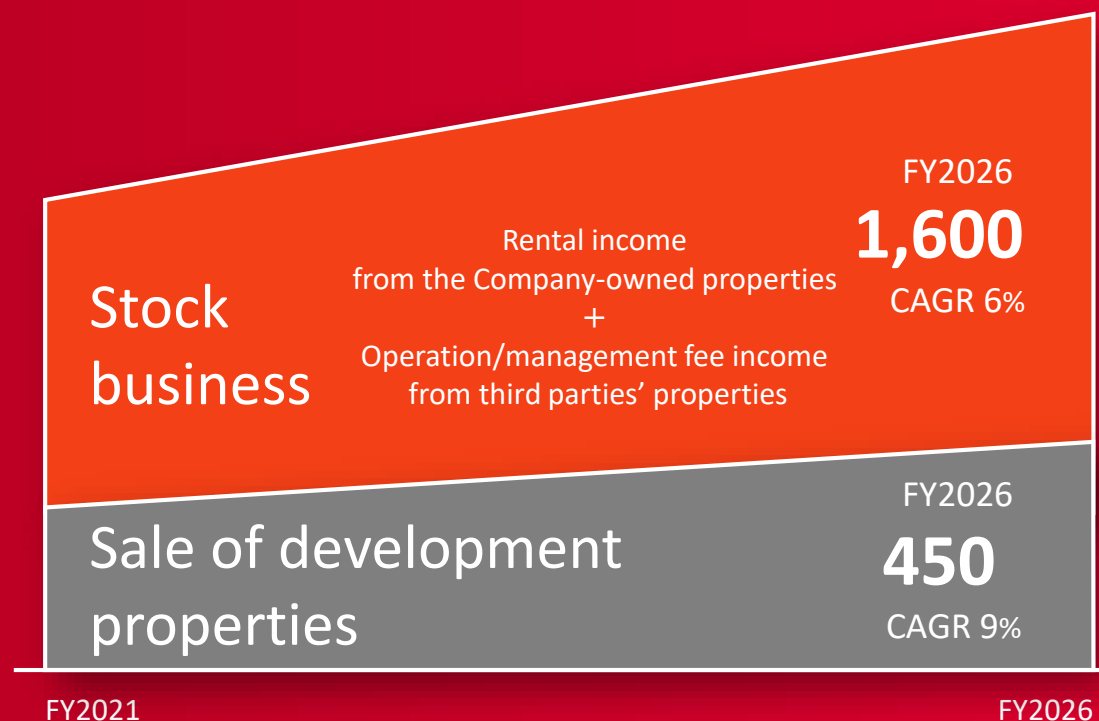
This is positioned as a long-term investment also leading to:

(1) Further development beyond the 8th Plan period and (2) Stable growth in stock businesses

Investment plan and balance of investment real estate



Growth in our development and stock (Net sales)



(¥billion)



Realize carbon neutrality with customers throughout our business based on a belief

“the more buildings we build, the more renewable energy is generated, accelerating decarbonization of a society”



FY2030
 As a rule, **100% ZEH/ZEB**
 (Increase supply of renewable energy through EPC and PPA)



As a rule, **install rooftop solar panels in all businesses**
 (Increase added value of buildings and customer asset value)



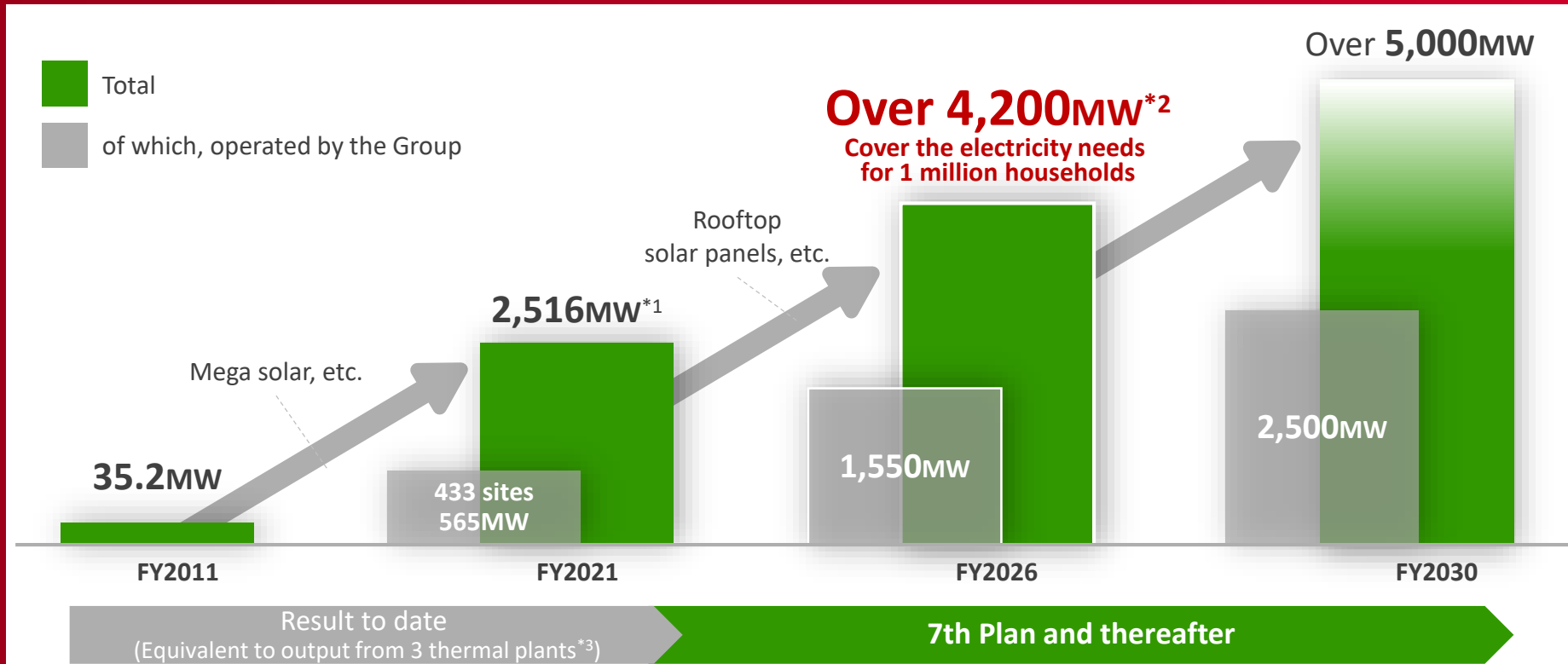
Balance business growth and social contribution
 Contribute to decarbonization pursued by all the customers who use the buildings we build



Realize carbon neutrality by making all buildings carbon-free (2) Renewable energy supply

Already constructed facilities/equipment generating over 2,500 MW, contributing to uptake of renewable energy
 By FY2026, we build facilities worth 4,200MW or more to **cover the electricity needs for 1 million households**

Construction results of facilities/equipment supplying renewable energy (Cumulative power generation output*1)



Renewable energy supply facilities operated by the Group



*1 As of March 31, 2022; including construction/development projects undertaken by the Company for third parties

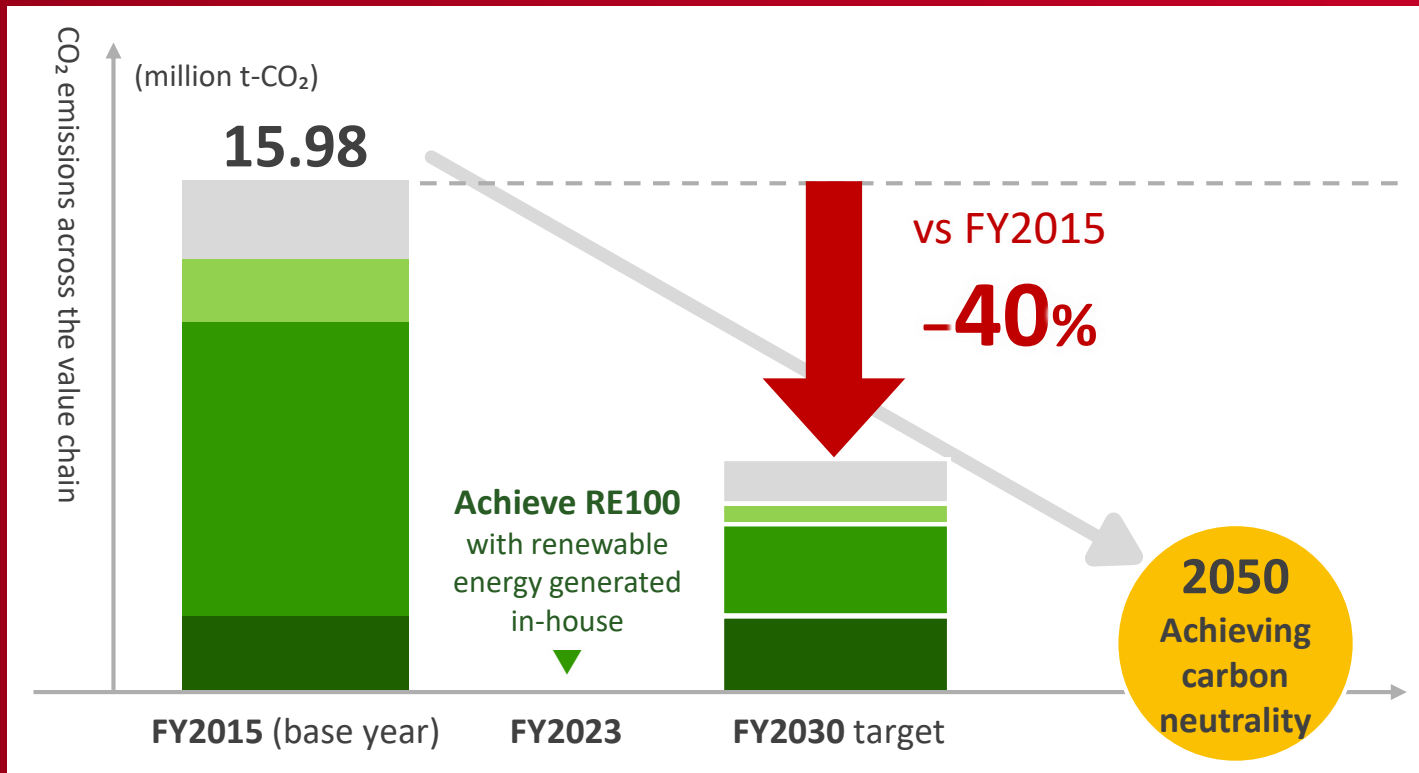
*2 Calculated with average household power consumption of 4,322 kWh/year (1kW=1,100kWh)

*3 Calculated assuming that an output per thermal plant is 800 MW.



Toward achieving carbon neutrality by 2050, **reduce CO₂ emissions by at least 40% across the value chain in 2030**
 Aim to achieve **RE100** in business activities, and reduce CO₂ surpassing 1.5°C*1 level in the usage of buildings sold

CO₂ emissions reduction targets



Major initiatives

Business activities	With renewable energy mainly generated in-house, Achieve RE100 in FY2023 (First in the industry)	-70% vs FY2015 *2
	Make our newly constructed facilities into ZEBs in principle with solar panels	
Usage of buildings sold	Install rooftop solar panels in all businesses	-63% vs FY2015
	As a rule, 100% ZEB/ZEH	
Supply chain	<ul style="list-style-type: none"> Use digital technology to visualize CO₂ emitted by our products Cooperate with suppliers by offering solutions 	

*1 1.5°C level: Annual average of -4.2% or more

*2 Japanese government policy is to reduce CO₂ emissions by 46% in FY2030

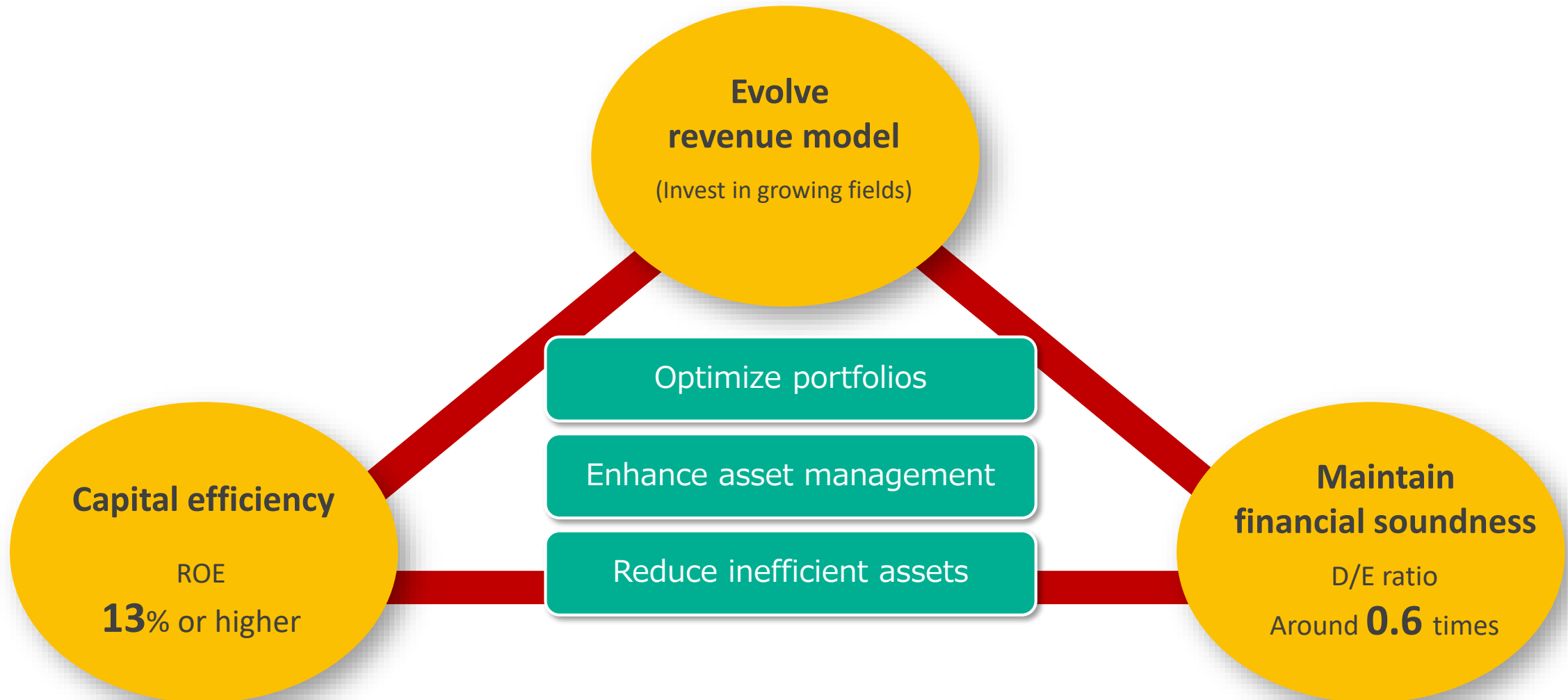
Optimize management efficiency Strengthen management base

- ▶ Achieve growth of profits coexisting with capital efficiency through portfolio optimization
- ▶ Capital allocation and shareholder return
- ▶ Strengthen cost competitiveness and build a system for stable supply
- ▶ Digital transformation
- ▶ Increase the value of our human capital
- ▶ Enhance governance



Make proactive investments for future growth

Achieve **growth of profits coexisting with capital efficiency** to **maximize corporate value**

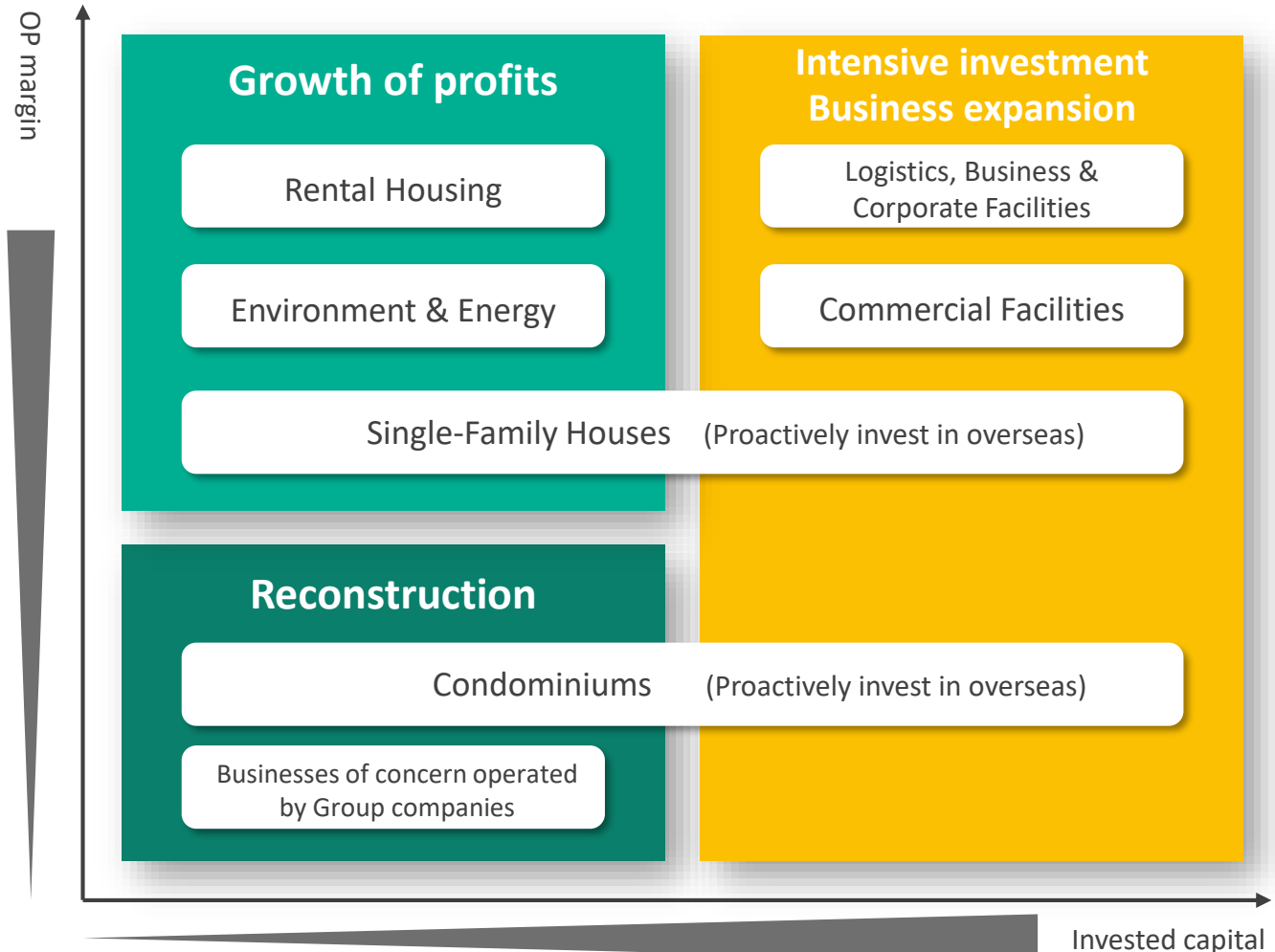




Intensive investment in Logistics, Business & Corporate Facilities, Commercial Facilities and Single-Family Houses (overseas)
Boost cash-generating ability of Rental Housing and Environment & Energy

Businesses of concern with growth potential and capital efficiency are positioned as reconstruction businesses subject to quick restructuring/reorganization

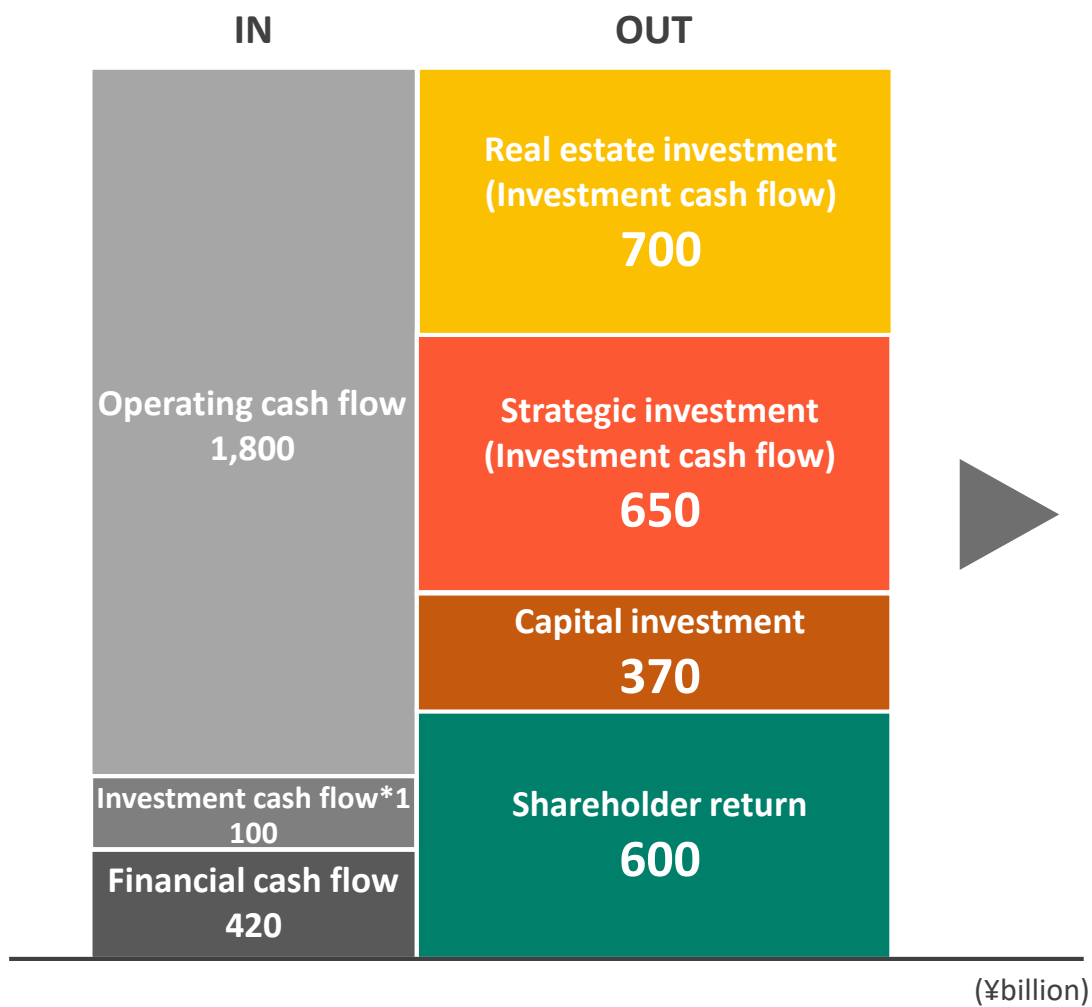
	Segment	Overview of investment strategy
Intensive investment Business expansion	Logistics, Business & Corporate Facilities	Proactively invest in large-scale development projects with a long-term span (Logistics facility and data center, etc.)
	Commercial Facilities	Invest in large-scale development projects, including assets for holding purpose (NSC, hotel and complex office, etc.)
	Single-Family Houses	Invest in overseas housing business, mainly in the US In Japan, promote a business reform and achieve growth of profits
Growth of profits	Rental Housing	Investments for stable expansion in profit (Built-for-sale business in Japan and U.S. business)
	Environment & Energy	Investments for stable expansion in profit (Solar power generation equipment, etc.)
Reconstruction	Condominiums	In Japan, concentrate on highly profitable projects only Proactively invest in condominiums overseas
	Businesses of concern operated by Group companies	Reconsider growth scenario as soon as possible to determine if reconstruction/restructuring is needed (Slash investments)





Give priority to securing funds for investments necessary for sustainable growth

Meanwhile, increase operating cash flows based on stable growth of profits and **steadily return profit to shareholders**



Real estate investment

- **Continue expanding development investment** in logistic facilities and commercial facilities, which are profit drivers
- **Proactive investments in new fields**, such as data centers and public wholesale markets
- Investments to increase in steps **profit-earning real estate** (stock assets)

Strategic investment

- Upfront investment for **overseas growth** (US housing business, etc.)
- **ESG investment for realizing carbon neutrality**, such as solar power generation equipment

Capital investment

- Build a next-generation platform common to the housing field and strengthen production sites for the business field
- Invest in IT platform to promote DX/Invest in digital construction

Shareholder return

- **Dividend payout ratio of 35% or higher** and **dividend per share of ¥130 or more**
- Flexible acquisition of own shares

*1 Reduction in strategic shareholdings and inefficient assets, etc.



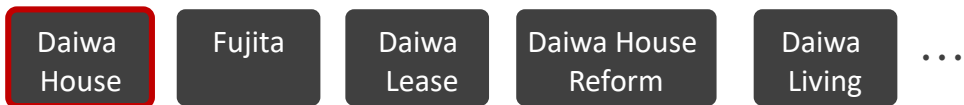
Consolidate and integrate purchasing process/system to achieve cost competitiveness, **fully leveraging the industry-leading economies of scale**
Reinforce in-house production systems and **build a more robust system for stable supply**

Centralize purchasing for the Group

Consolidate and integrate organizations, ordering process/authorities and systems
Streamline ordering and management operations across the Group

Cost pool (Daiwa House)
Approx. ¥400 billion*

Cost increase due to soaring material prices
Focus on stable procurement of parts and materials



Centralize purchasing for the Group

Approx. **¥1 trillion***

Target is 10% reduction vs. soared costs



Reinforce production systems

Sharpen the advantage of purchase with steel fabrication capabilities
Increase the rate of in-house production to mitigate outsourcing risk

Housing field: Build a common next-generation platform
Business field: Increase production capacity by rebuilding
Chubu plant



New Chubu plant (image)

Standardization/unification of parts

Set standard specifications by property category

e.g. Sashes for logistics centers: Limit to 2 or 3 standards and ensure that designs are in accordance with standard specifications

Expand the scope of initiative
by increasing the types of property/construction

*Total of estimated purchase in FY2020



Develop an integrated platform to utilize information we gain through the largest business scale in the industry and increase UX of employees, seeking to **maximize the value provided to customers**

Increase UX* of employees

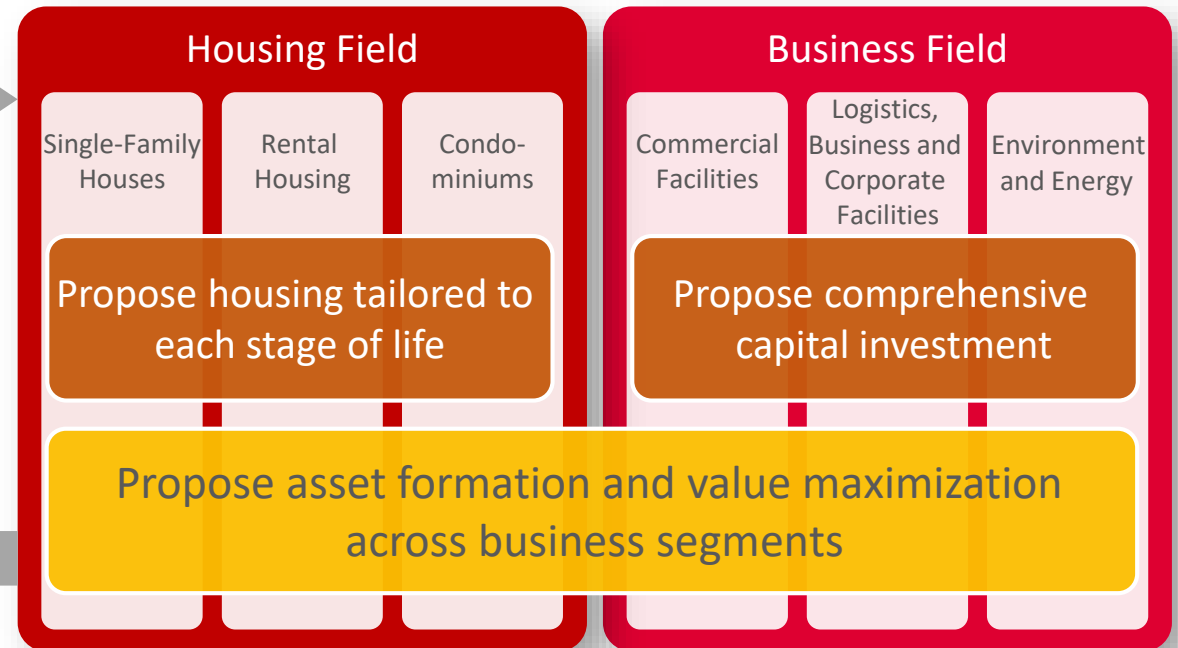
Maximize human creativity with digital technology.
Place greater emphasis on “For customers”



Increase the value provided to customers

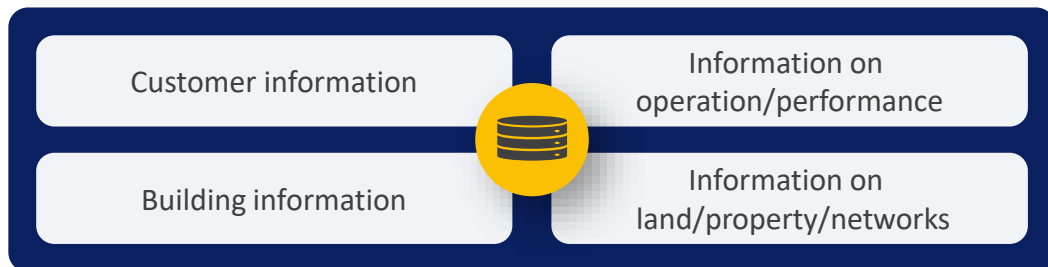
Increase the value provided to customers

High-quality and timely proposals based on deep understanding and various contact points



Data integration platform

Provide huge amount of accumulated data in an easy-to-use format to maximize the value of information asset



*UX: User experience (≈ Convenience and comfort of employees in their work)

Accelerate “Industrialization of Construction powered by DX”

As “Daiwa House of Technology,” **we pioneer in resolving issues for the construction industry as a whole** and support sustainable growth of the industry

Advantage of our technology and manufacturing base cultivated

Industrialization of construction

Full coverage from development to construction centering on manufacturing

Ability to take on various type of buildings

Pressing issues for the industry calling for construction DX “right now”

Old-fashioned work style dependent on individual skills/ “Difficult, dirty and dangerous” image

Shortage of workers (Aging workforce, fewer young entrants)

Difficulty in ensuring compliance

Soaring resource prices (Personnel and material costs)

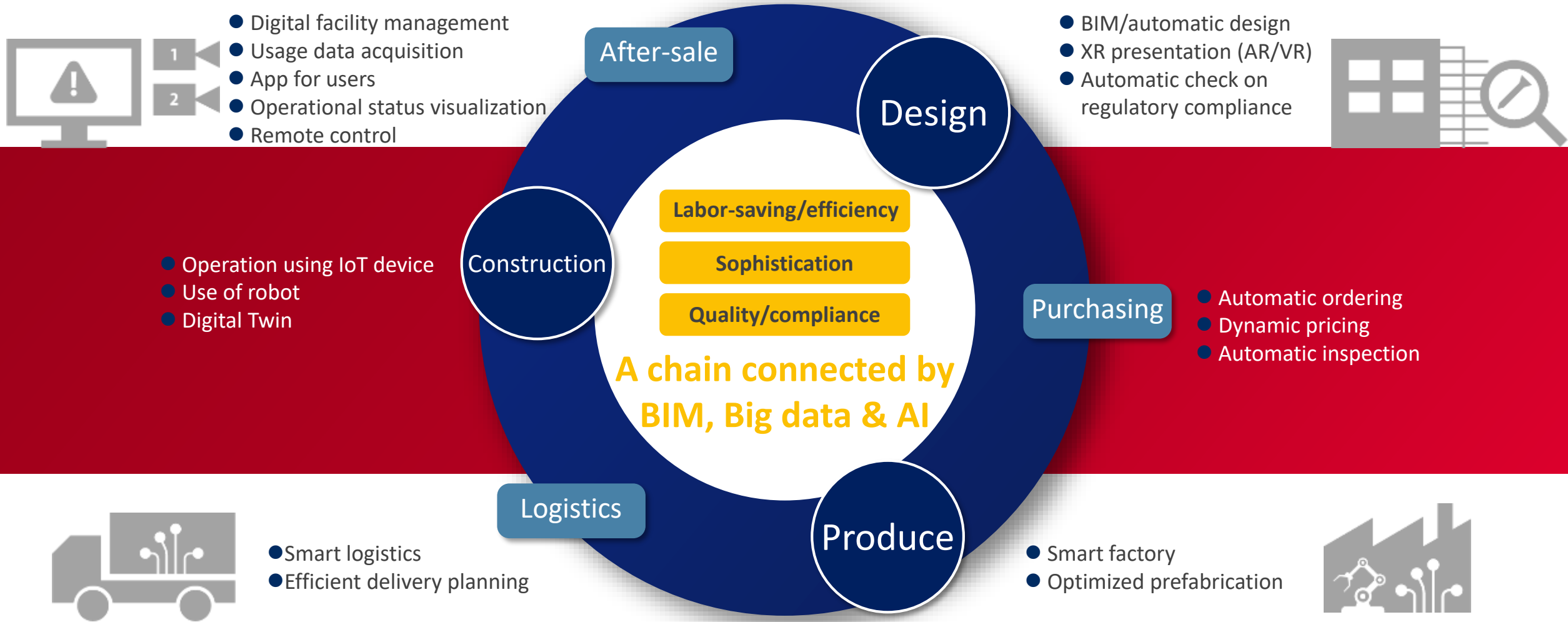
Our Mission

Evolve our strength using digital technology to make the construction industry smarter and increase sustainability of the industry

Our Goal

Attractive industry for workers

Utilize digital technology to entirely optimize quality/cost/speed in the construction supply chain and life cycle of buildings, seeking to make the roles of workers **creative and attractive ones**





Increasing value of “human capital” is the source of higher value of our tangible/intangible assets.
Based on this belief, we address **human resource development** of each individual and **organizational capacity enhancement** as focal themes.





Increase the value of our human capital (2) Image of individual career plans

Based on diversity, equity and inclusion, offer **multi-track growth opportunities** tailored to the lifestyle and values of each employee
Through various programs, provide an environment where they **shape their careers autonomously** and accumulate skills/experience

Start career development

- OJT with a focus on 1on1 dialog with bosses/senior employees
- Self-learning based on programs tailored to characteristics of each

Start side job

- Experience totally new working practices at a big company in a different industry
- Participate in a hometown revitalization project

Personnel relocation (utilize side job experience)

- Apply for a new project in the company
- Side job experience is well received

D-Succeed

- Selected as a candidate for the next generation of top-level managers

Human resource exchange (dispatched overseas as a trainee)

- Apply for a short-term assignment at an overseas office
- Utilize new experience/connections in domestic operations

Childcare leave

- Childcare leave is valued as a positive career advancement which can be utilized in work

Maximize motivation of entire workforce

Redesign of personnel system



Restructured the governance system as the priority issue under the former Medium-Term Management Plan
Continue enhancing the system under the 7th Medium-Term Management Plan to support **sustainable growth**

the 6th Medium-Term Management Plan

the 7th Medium-Term Management Plan

Corporate
governance

- Revise the ratio of outside directors to one-third or more
- Establish upper age limits on inside directors
- Restructure standards for risk reporting to Board of Directors

- Build a succession process for Directors/Executive Officers to foster the next generation of top-level managers
- Raise the proportion of stock awards in Director remuneration/
Introduce non-financial evaluation indicators
- Strengthen monitoring function of the Board of Directors

Business risk
management

- Adopt a business division-based system to the business execution structure
- Build a structure/system to share overall risk information with the Risk Management Committees of each business division

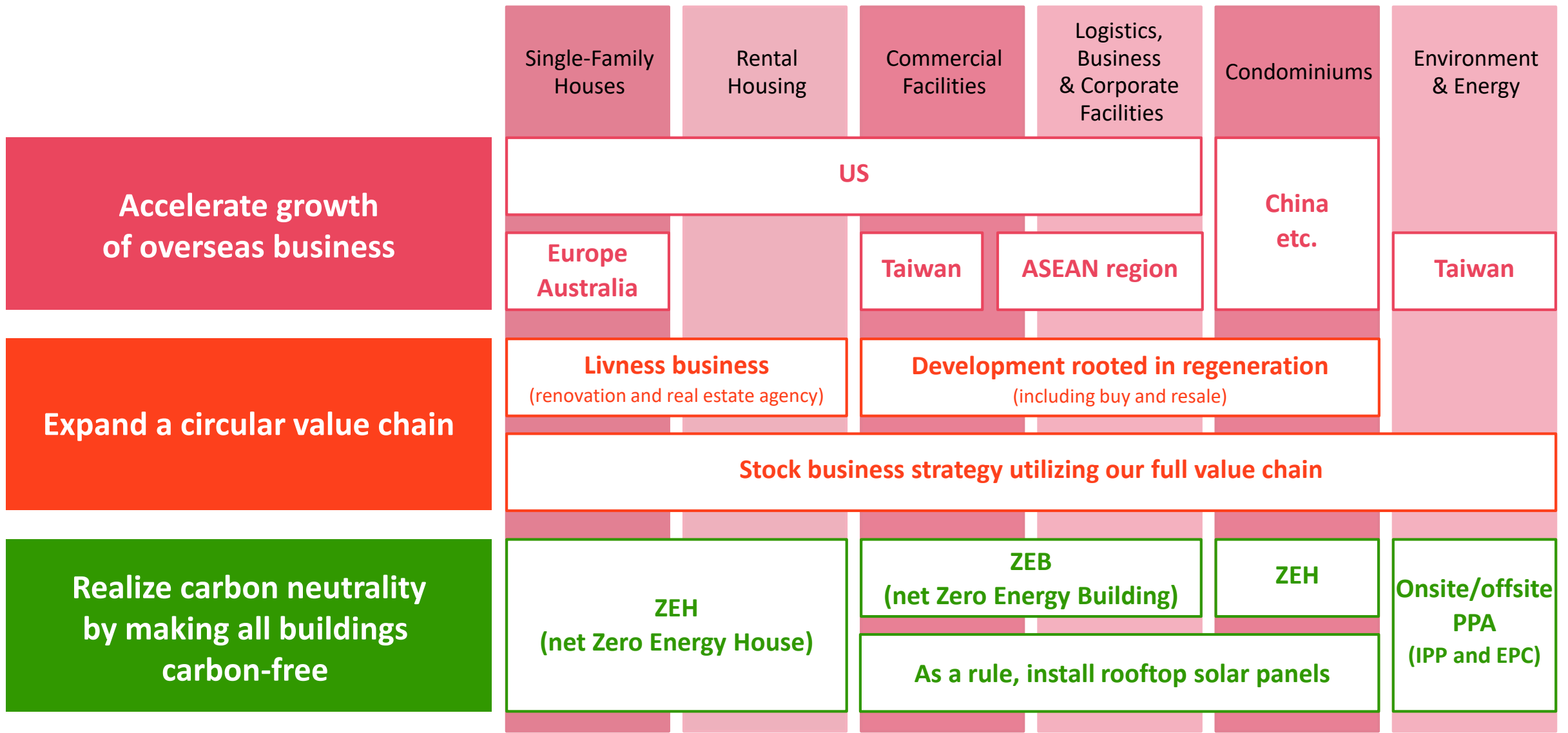
- **Prepare and strengthen regional corporate functions overseas tailored to the business we develop in each area**
- **Strengthen asset management in line with asset increase**
- Strengthen management to optimize corporate human resources/expenses and DX investment



Daiwa House®
Group

Appendix

Strategies by business segments



Housing Field

Single-Family Houses Business



Head of Single-Family
Houses Division
Head of Livness Business

Director and Managing
Executive Officer

Hirotsugu Otomo

Strategies

(Construction and development/stock/overseas)

Concept approach tailored to customer lifestyles



Major initiatives

- Offer our total lifestyle proposal concept covering from new construction to stock
- Strengthen marketing strategy and expand product lineup promotion
- Realize carbon neutrality by increasing added value of products (ZEH/strengthening wooden products)

Leverage digital tools to make quick proposals and increase customer satisfaction



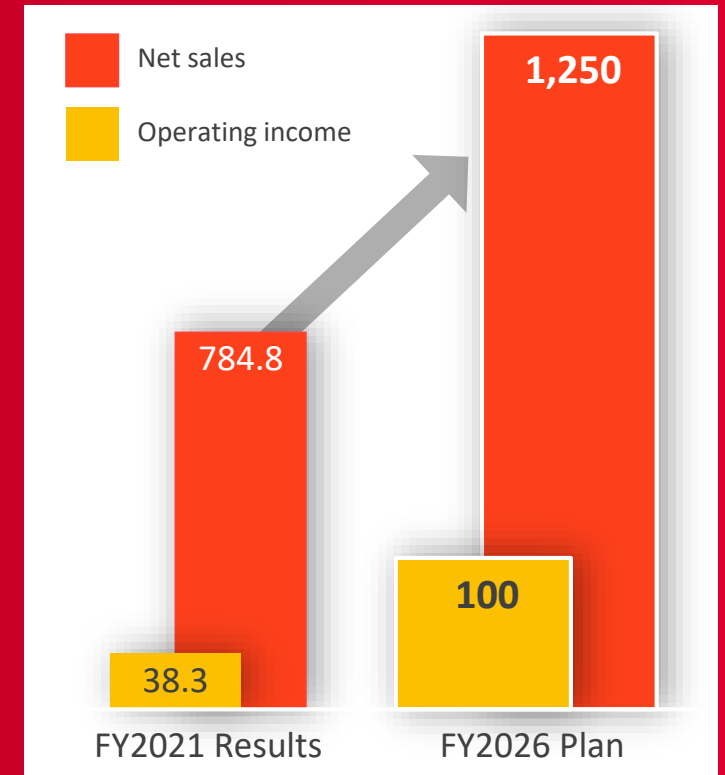
- Strengthen referral sales by increasing customer satisfaction
- Create a new customer journey using digital tools and IT systems
- Enhance proposal speed and operational efficiency using 3D presentations and BIM coordination

Business development centered on the US



- Expand business in the main markets (“smile zone”) in the US
- Build a base for modular housing in Europe / Reform management in Australia

Performance targets



(¥billion)



Strategy

Maximize customer satisfaction with **proposals customized for the lifestyles** of each household, in addition to offering safe and secure building performance

Value proposals with LiveStyle Design

- Soft proposals to pursue the ideal lifestyles of our customers
- Marketing aligned to our new vision concept [LiveStyle Design]
- Enhancement of collaboration within the group to cover from new construction to stock

Increase added value and enhance lineup of the products

- Set a goal of 100% ZEH by FY2030 (promoting Endless Green Program: action plan for environment) *
- Expand our lineup of wood construction products to bundle with steel frame construction products

Value we provide

Lifestyle proposals enriching our customers' lives
Long-term support after handover to customers

KPI

Net sales (domestic) in FY2026: ¥520 billion
(On a consolidated basis)

Proposal for customers value with LiveStyle Design

Vision concept for ideal lifestyle proposals for customer
[LiveStyle Design] Transforming home from a place to return to a place to “live”

Mission
Create “lasting happiness” through housing

Vision
Transforming home from a place to return to a place
LiveStyle Design

Value	Be a professional, be a fan	Never be afraid of challenges	I “We,” not “I”
	Focus on customers’ desires	Be sensitive to every sign	Question customary practice

With family



With nature



On your own



With community



Incorporate soft proposals to enrich people’s lives in our marketing
Time with family, nature, on your own, and community

Maximize lifetime value as a group



Building inspection/ maintenance extension



Value-enhancing renovation



Sales of furniture and interior items



Leasing/Selling used items

*Excluding those in areas with heavy snowfall or those built on very small lots.



Strategy

Strengthen customer satisfaction and expand our information network with digital technology to increase the volume of new information we acquire. Raise the contract closing rate with the use of BIM, data, and tools

Strengthen referral sales by increasing customer satisfaction

- Enhance relations with our existing customers of over 430,000 households

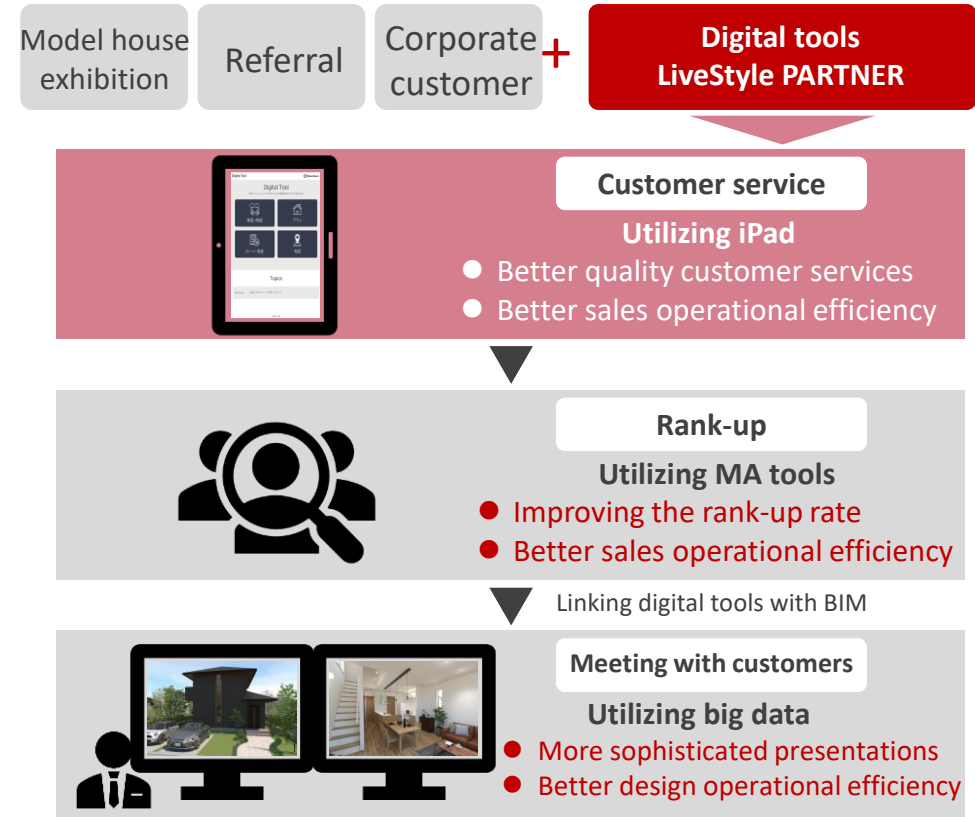
Create new customer experiences

- Create new customer experiences utilizing digital tools
- Utilize of various communication tools such as social media

Enhance proposal speed and sophistication

- Enhance proposal speed and operational efficiency utilizing BIM (building information modeling), big data, and digital tools
- Raise contract rate by using 3D presentations

Create new customer experiences



Value we provide

Provide information to customers speedily in an easy-to-understand format

Sophisticate our proposals to customers by increasing operational efficiency with big data, such as on hot-selling packages

KPI

- (1) Number of new information acquisition: +50%*
- (2) Number of contract by using digital tools: +150%*

*Compared to FY2021



Strategy

Demand for housing in the US is growing buoyed by its strong economy. With 3 local companies providing housing with values, we expand supply to meet the demand **centering on the eastern, southern and western parts of the nation**(“smile zone”).

Expand business in the main markets in the US

- Strengthen the management base of 3 local companies and expand business in “smile zone”, where demand for housing is expected to increase due to an increase in employment

Use the technology and know-how we accumulated in Japan and solve local issues

- Succession of technologies and know-how for industrialization of construction / Shortening of construction period by offsite shifting (factory production)
- Rebuild the supply chain by generating synergies between the three local companies (e.g., joint procurement)

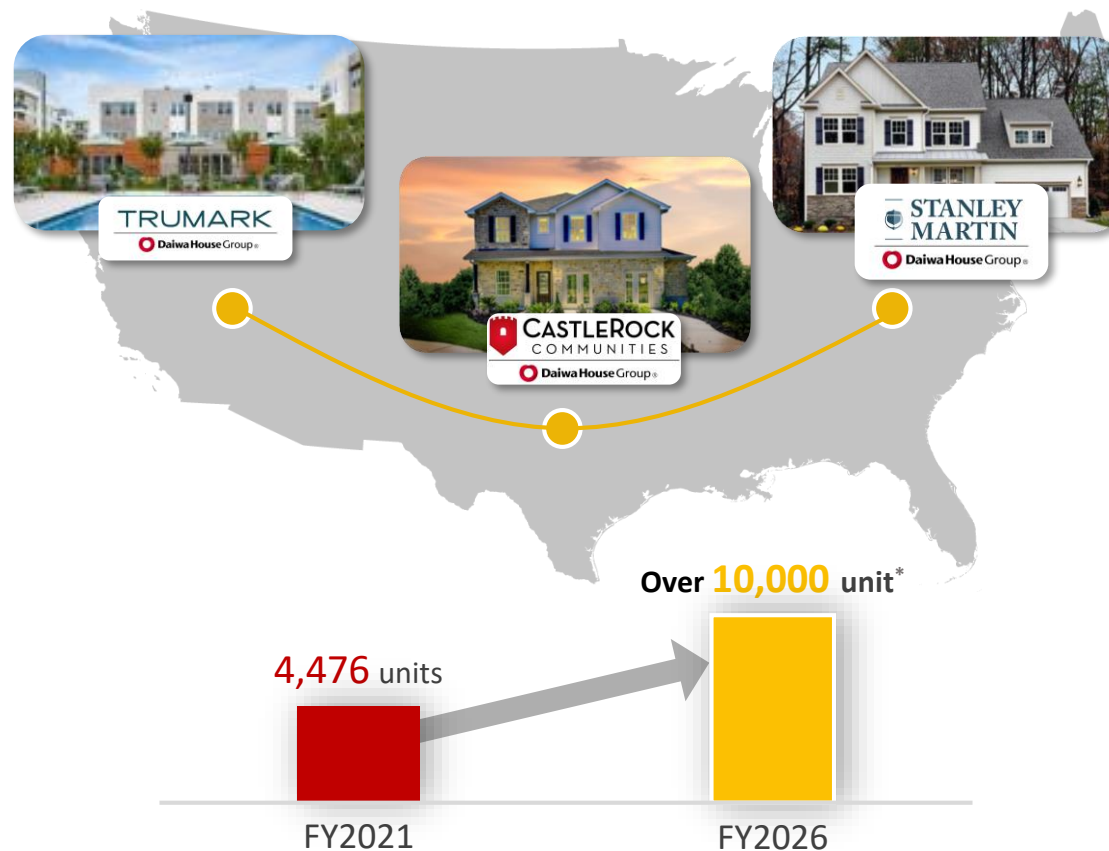
Value we provide

Stable supply by rebuilding the supply chain, including offsite shifting

KPI

Supply units: Over 10,000
Net sales in FY2026 (overseas): ¥730 billion

Expand business based on three areas



* Only single-family houses

Housing Field

Rental Housing Business



Head of Rental Housing
Division

Director and Managing
Executive Officer

Kazuhito Dekura



Strategies

(Stock/construction and development/overseas)

Expand number of properties under management, build up the renovation business

Expand market share in urban areas

Promote development of rental housing in the US

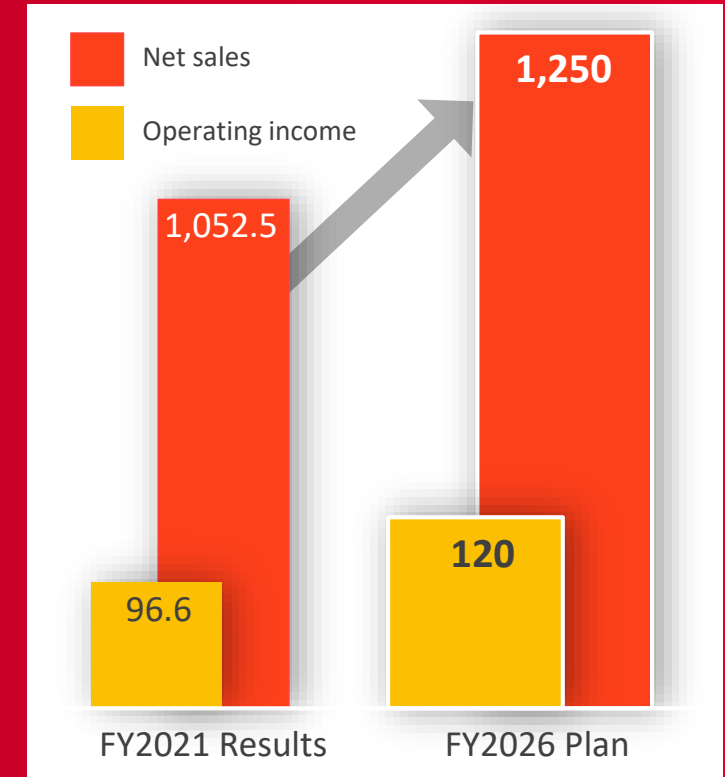
Major initiatives

- For construction, management, and renovation, provide competitive products and services with business collaboration focused on owners and tenants as a long-term stable management partner

- Offer products and layouts that accommodate environmental awareness and changing workstyles
- Enhance development projects for sale to investors

- Deepen collaboration with excellent local partner companies to strengthen new development projects
- Build up a successful track record comprising development, operation/management and exit strategies

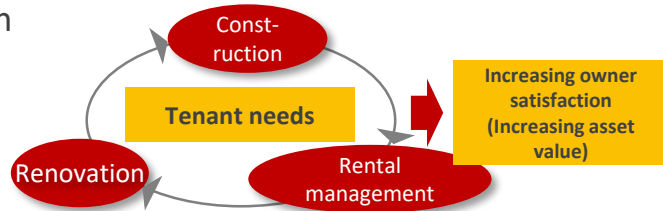
Performance targets



(¥billion)

Strategy

Strengthen coordination among construction, rental management, and renovation businesses. As a partner for long-term stable management, provide comprehensive proposals timely to increase customer satisfaction



Construction

- Provision of high-value rental properties (High-quality, environmentally friendly and proposal for properties coordinated with rental management to propose layouts that meet tenant needs)

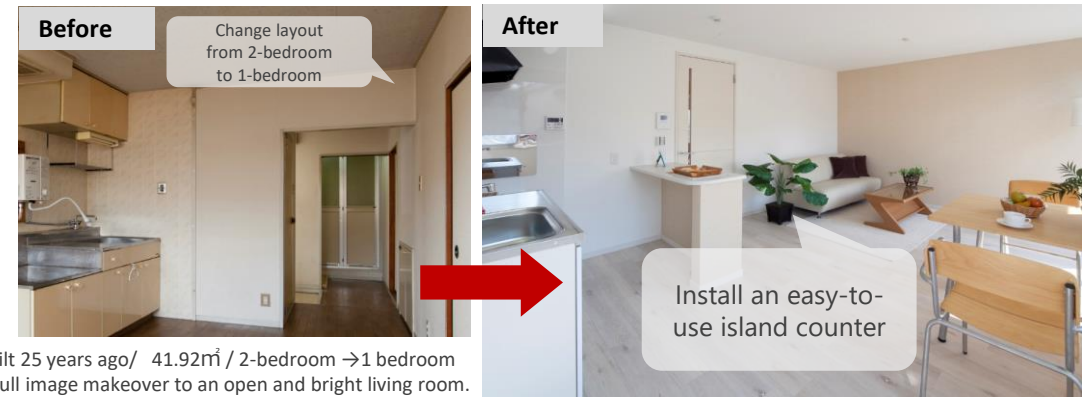
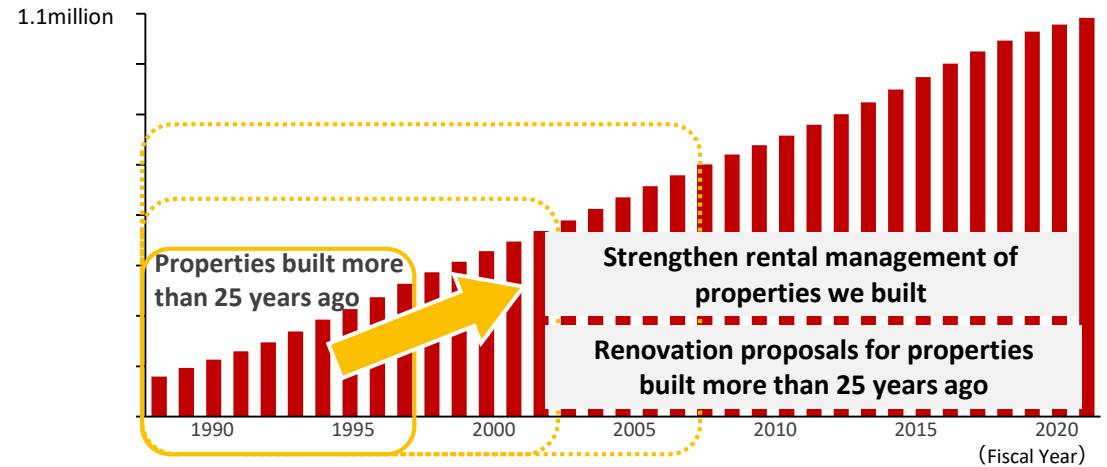
Rental management

- Increase efficiency and quality of property management to win more orders for management of properties we built
- Enhancement business with full tenant support services and proposal for installation of equipment to increase occupancy rates etc.

Renovation

- Expand by establishment a renovation company specializing in rental properties in April 2021
- Enhance renovation proposals matched to tenant needs in coordination with management business

Total number properties we built * Number of rental housing units (Excluding dismantled houses)



Built 25 years ago/ 41.92㎡ / 2-bedroom → 1 bedroom
A full image makeover to an open and bright living room.

Value we provide

For owners: Supporting for maintaining and increasing asset value
For tenants: Providing comfortable living space

KPI

Management of rental housing units in FY 2026:
720 thousands units

Strategy

Expand business areas by **increasing the market share in domestic urban areas** with much competition and **actively promoting development of rental housing in the US**

Strengthen development in domestic urban areas

- In addition to the current contracting business, strengthen development projects for sales to investors including the wealthy people due to the growing appetite for real estate investment, especially in the capital city areas (low-rise properties for sale, development of high- and mid-rise properties)
- Strengthen sale of ZEH-M rental housing, which is relatively highly demanded in urban areas due to the growing environmental awareness of society

Development of rental housing in the US

- Promote new project development by boosting collaboration with good local partner companies and strengthen market analysis by city in the US rental housing industry that has enjoyed market growth and high occupancy rates



High-rise rental housing
 “Minato-ku Konan-Sanchome project(Tentative)”
 (28 floors and 1 basement)



Exterior image of ZEH-M rental housing product

Rental Housing Development in the US

“Aurelian Project”
 (Chicago, Illinois)
 31 floors
 Total units of houses:
 368 units



Value we provide

Increase development projects by acquiring lands in urban areas where housing demand is high, in addition to construction contract business from land owners

KPI

- (1) Rate of ZEH-M in FY2026: 50% (Based on units construction start)
- (2) Cumulative total sales of rental housing development in the US (FY2022-FY2026) : 10 projects

Housing Field

Condominiums Business



Head of Condominiums
Business Division

Executive Officer

Norio Togashi



Strategies

(Construction and development/stock/overseas)

Develop condominiums with high added value

Accelerate redevelopment/resale businesses for investors

Actively develop condominiums in countries where housing demand is expected

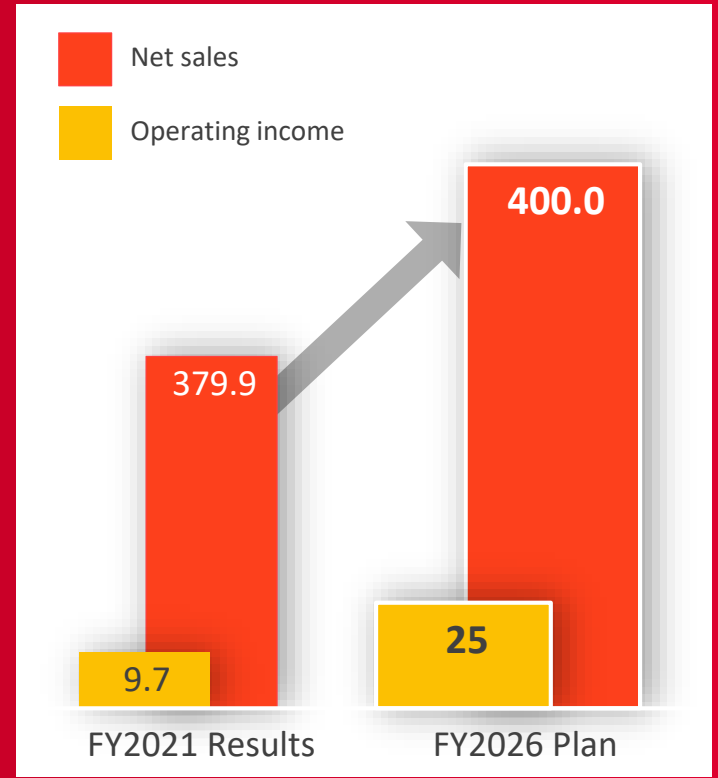
Major initiatives

- Expand redevelopment/multi-use development for local revitalization
- Reinforce efforts like ZEH-M condominiums to reduce environmental impacts and conserve biodiversity

- Advance income-yielding property business with high added value through D's VARIE, our redevelopment property brand
- Raise the rents and yields of properties, and sell them to investment corporations

- Expand to the US, Australia, and Vietnam, in addition to China

Performance targets



(¥billion)

Strategy

Expand business through development of **condominiums with high added value** and **purchase, redevelopment and resale** businesses for investors

Strengthen development of environmentally friendly properties

- Supply ABINC*1 (biodiversity conservation) certification and ZEH-M Oriented (goal of 100% for FY2026 onward) properties to meet regional demand and requests from society

Strengthen redevelopment and multi-use development

- With the accelerated diversification of lifestyles following the COVID-19 pandemic, promote development that is able to contribute to greater convenience and the growth of local communities, e.g., redevelopment of urban areas

Maximize potential of existing properties by enhancing their value

- Expand business by redevelopment and resale of properties with low profitability due to aging, etc. yet with hidden potential
- Develop the D's VARIE brand of value-enhanced properties through redevelopment, repurposing, etc.

Development example of condominiums with high added value

Located 2 minutes on foot from the station with transportation convenience for smooth access to downtown areas. Realize lifestyles near parks to interact closely with nature

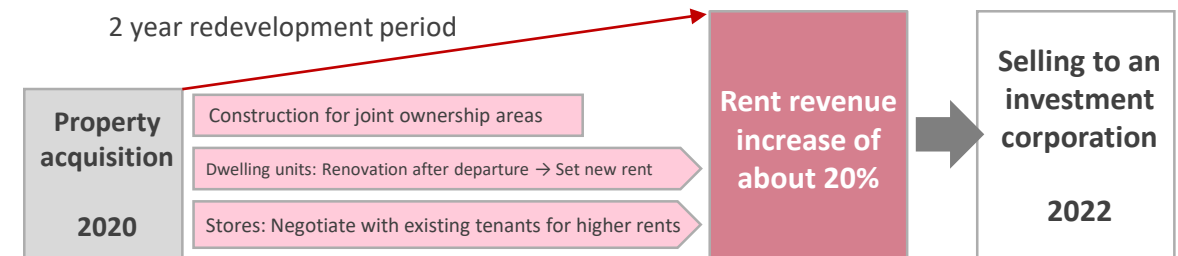


Subdivision	PREMIST Oji Kamiya
Location	Oji, Kita-ku, Tokyo
Lots	227
Number of Stories	10 Floors
Start of Occupancy	February, 2023

*1. ABINC (Association for Business Innovation in harmony with Nature and Community) certification: Business premises planned and managed according to the "JBIB Guidelines for Sustainable Business Sites" developed by the Japan Business Initiative for Biodiversity (JBIB), and certified through this assessment process as meeting the criteria for the land usage report.

Purchase, redevelopment and resale business scheme

Maximize property potential by construction to enhance the value in the redevelopment and resale business for aging facilities, expand business to improve profitability



Value we provide

Asset value prioritizing high environmental performance and prime locations
Prevent aging of existing properties, maintain and improve asset value

KPI

(1) ABINC certification (biodiversity)	FY2026 5 facilities
(2) ZEH-M Oriented condominiums	FY2026 100%
(3) Number of properties in the purchase and resale business	FY2026 UP 100%*
(4) Increase of rental income from purchased properties	UP more than 20%/ Project

*Compared to FY2021

Strategy

Aim to **offer Japanese quality widely, including services, in the Yangtze delta area**, a fast-growing region in China, by drawing on our know-how we cultivated in business for many years

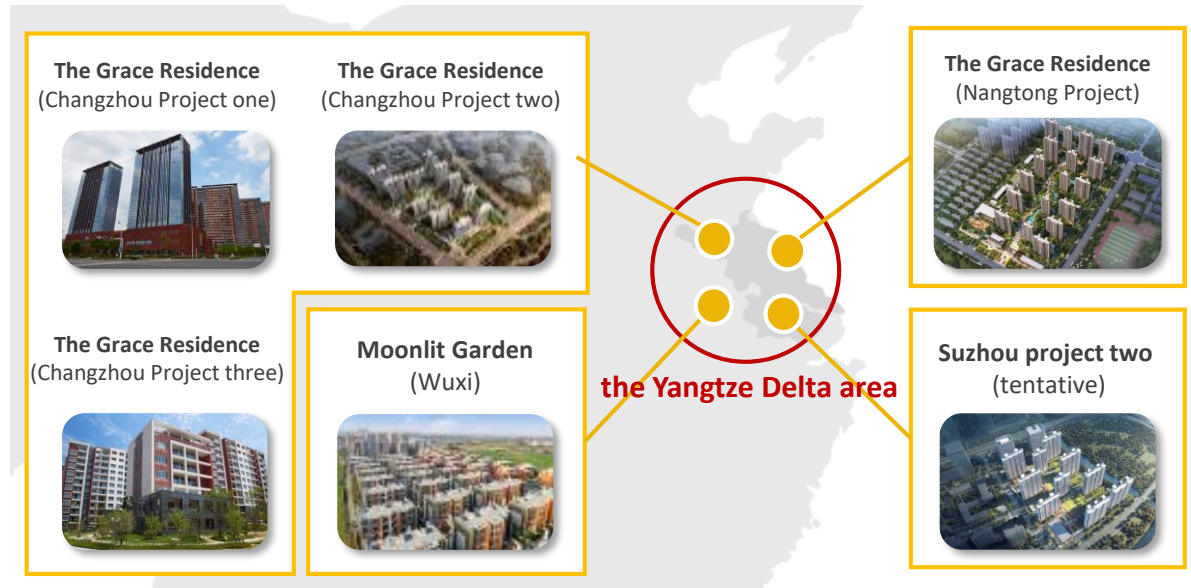
Selection of project area

- Develop business in the Yangtze delta area, including Jiangsu Province, where stable economic growth is expected

Establish our brand

- Continue development in Jiangsu Province since 2007 and actively utilize our brand which has been gaining recognition
- Offer a one-stop service covering from land selection through development (sales/design and construction management) to post-delivery management and after-sale service

Dominant strategy in the Yangtze delta area



Make development projects in the Yangtze delta area profitable
Secure definite returns on investment

Value we provide

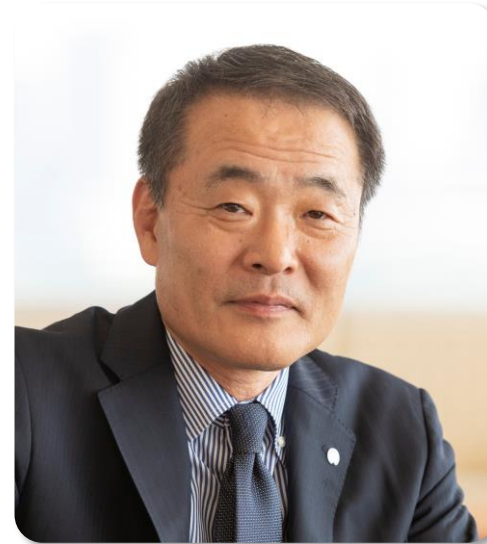
Offer Japanese quality services (management and maintenance)

KPI

FY2026 In the China
 Net sales: ¥100 billion
 Operating income: ¥15 billion

Business Field

Commercial Facilities Business



Head of Commercial
Facilities Division

Director and Managing
Executive Officer

Keisuke Shimonishi



Strategies

(Construction and development/stock/overseas)

Development to revitalize commercial and public facilities

Profit growth of stock business

Business development in the US and ASEAN

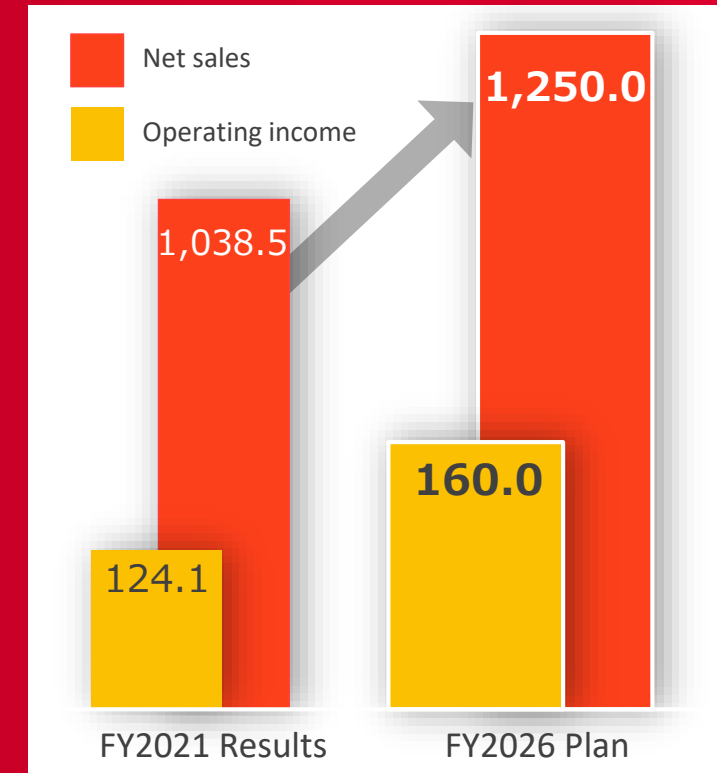
Major initiatives

- Accelerate development closely tied to local needs for commercial facilities, offices, hotels, etc.
- Actively engage in public projects from a long-term perspective using PPP and PFI

- Maximize group synergy centered on Daiwa House Realty Management
- Growth of the hotel business by capturing tourism demand and expanding parking business

- Advance the commercial facility development and stock business using our strengths in leasing capability to Japanese companies in the US
- Get Taiwan business on track to build a base for entry to ASEAN region

Performance targets



(¥billion)

Strategy

Revitalize infrastructure as **a developer that is able to cover everything from construction to management**
 Create lively spaces in community leveraging our leasing strengths

Develop greater value for commercial facilities

- Utilize our strengths in community-based property proposals in pace with current trends to renewal aging living infrastructure (promote Liveness business e.g., commercial facilities)
- Use existing properties and effectively utilize limited resources to limit the impact of price hike of materials and prepare for a circulating society
- Improve profitability and our ability to attract customers by turnover of tenants leveraging our leasing strengths

Public facilities and offices

- Expand public-private sector businesses leveraging our knowledge and know-how of PPP and PFI
- Develop high value-added offices compliant with ZEB while monitoring regional demand in areas with office demand but no new supply for many years

Value we provide

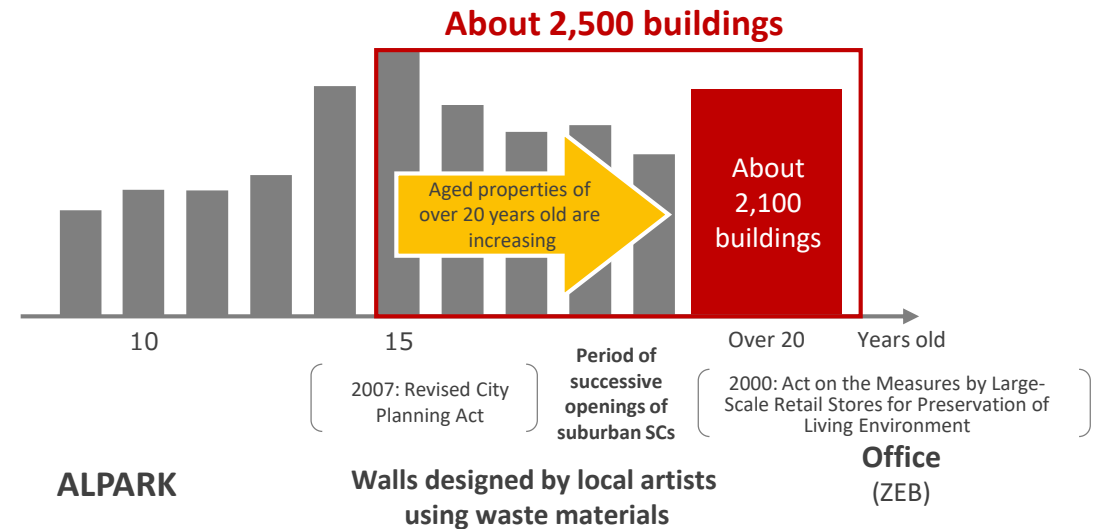
Create lively spaces where people can feel joy in their everyday life
 Create spaces that attract residents and gain their affection, contributing to the inheritance of local culture

KPI

- (1) Net sales in FY2026: Approx. ¥700 billion (Construction and development)
- (2) Investment scale: Approx. ¥500 billion*

Number of Shopping Centers by year of construction
 (commercial facilities' demand for value adding)

(SC White Paper 2021, Japan Council of Shopping Centers)



Group Strategy

Foster intra-Group collaboration to expand earnings
(e.g., hotels, offices and parking lots)

Raise asset value by developing services that meet local needs

Broaden the range of stock business

- Open hotels in sightseeing areas near popular metropolitan areas in Japan and increase added value with space proposals to satisfy even tourists
- Raise our involvement in offices, distribution centers and other properties constructed and developed through Commercial Facilities Business
- In the parking business, roll out an EV charging service at Group facilities (commercial facilities, hotels, etc.) to contribute to carbon neutrality

Daiwa Roynet Hotel Kumamoto Ginza Street



D-Parking (EV charging service)



Overseas Strategy

Expand construction and development businesses in **Taiwan and the US**

Start on entry to new areas such as **ASEAN**

Build base for overseas businesses

- Use our network built up in Japan to support opening of sites in Taiwan and the US
- Coordinate operation and management businesses in group companies in Japan to constantly improve properties' stock value
- Start on entry to new areas such as ASEAN's economic growing countries

Taiwan, the Kaohsiung project (hotel and condominium)



Value we provide

Contribute to enriched lifestyles with proposals expanding the scope of everyday satisfaction
Back up opening of overseas sites of domestic tenant companies

KPI

Net sales in FY2026: Approx. ¥500 billion
(Stock business)

Business Field

**Logistics, Business and
Corporate Facilities Business**



Head of Logistics, Business
& Corporate Facilities
Division

Director and Managing
Executive Officer

Tatsuya Urakawa

Strategies

(Construction and development/stock/overseas)

Develop social infrastructure, such as logistics facilities and data centers

Lead the industry with logistics DX

Develop businesses in ASEAN and the US

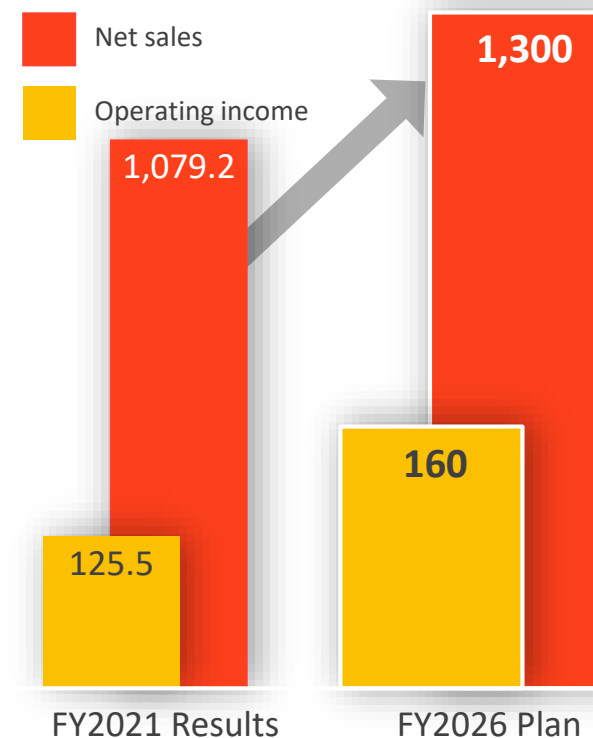
Major initiatives

- Continually expand our real estate development investments as the top developer of logistics facilities
- Focus on growing sectors, such as data centers, redevelopment of public wholesale markets, etc.

- Invest and develop centered on systems and services within logistics facilities
- Strengthen collaboration with the top/unique company, and with municipalities and local governments

- Build a global supply chain for Japanese companies in ASEAN
- Acquire know-how as a logistics facilities developer in the US for strategic advancement

Performance targets



(¥billion)



Strategy

Expand infrastructure development **such as logistics facilities and data centers** that support the lives of next generations

Further business evolution by **proposing DX and expanding assets for holding purpose**

Logistics facilities (proposal of DX in logistics)

- Expanding active development investment, including for holding purpose, and accelerate logistics DX to maintain and strengthen competitive advantages
- Install solar panels on all facilities (onsite PPA)
- Build a global supply chain with customers in ASEAN and the US

Data centers (hyperscale)

- Expand business using our experience in the Japan's biggest data center construction
- Attract tenants to optimal sites considering the government policies for data center development in local cities

Industrial parks (construction contract)

- Promoting ZEB proposals in our industrial parks, etc.

Value we provide

Solve labor shortages in the logistics industry, create local employment

Contribute to further enrichment of lifestyles through developing digital infrastructure

KPI

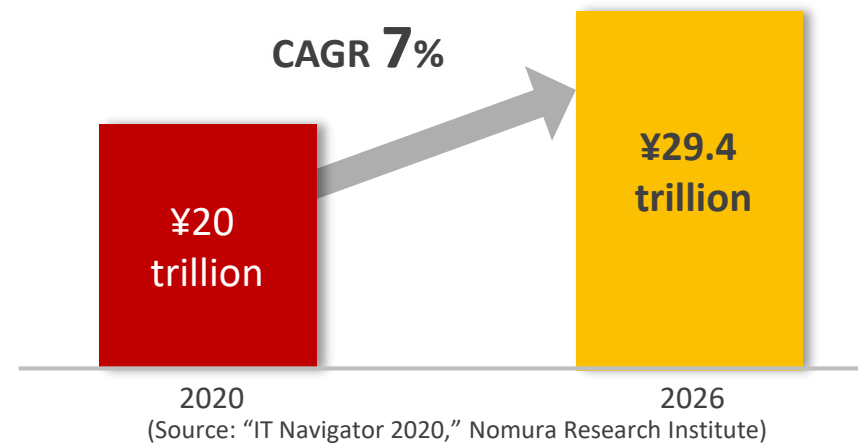
(1) Net sales in FY2026:

Approx. ¥1 trillion 150 billion (Construction, development and overseas)

Approx. ¥150 billion (Stock)

(2) Investment scale: Approx. ¥1.5 trillion*

Domestic B2C e-commerce market forecasts (logistics market environment)



DPL Okegawa (logistics center)



DPDC Inzai (data center)





Strategy

Redevelopment of public wholesale markets and industrialization agriculture and fisheries

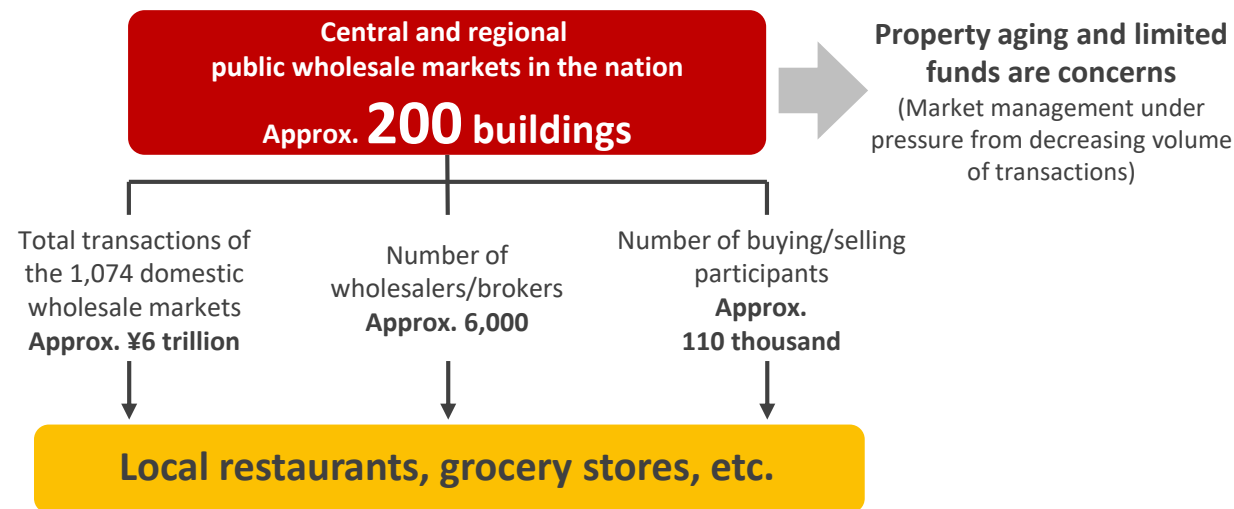
Increase Japan's food self-sufficiency rate and support regional food distribution

Redevelopment of public wholesale markets

- Solve problems of aging equipment and lack of anti-seismic performance for nationwide wholesale markets
Promote redevelopment of public markets putting to use our knowledge gained through food facilities
- Optimization of on-site operation and layout based on know-how accumulated in logistics facility development
- Make effective use of surplus land and capacity (attract logistics and commercial facilities, etc.)

Industrialization agriculture and fisheries

- Use our track record in developing the Japan's largest-class onshore aquaculture facility and go full-scale with industrialization of fisheries to provide a stable supply of high-quality food
- Closed aquaculture onshore farms can reduce impacts on the marine environment
- Independently develop large-scale plant factories, commercialize the industrialization of agriculture



(Source: "Wholesale Market Data Book" of the Ministry of Agriculture, Forestry and Fisheries (MAFF); as of 2019)

Public wholesale market



Plant factory



Value we provide

Protect regional food culture through redevelopment of food infrastructure

Solve Japan's problems in food self-sufficiency and global food shortages

KPI

Orders received: Approx. ¥50 billion*
(Cumulative total by FY2026)

* Targets related to food production

Business Field

Environment and Energy
Business



Head of Environment
and Energy Division

Managing Executive Officer
Toshiya Nagase



Strategies

(Construction and development/stock/overseas)

Strengthen efforts for “offsite PPA” to prepare for the end of FIT*1



- Actively secure land to strengthen “offsite PPA”
- Expand “IPP*2” of stable stock, strengthen “EPC*3” efforts

Strengthen collaboration inside the group to expand “onsite PPA”



- Acting as the core of carbon-neutral strategy of the 7th Plan, actively install solar power generation equipment on newly constructed buildings in the group and accelerate supply of renewable energy

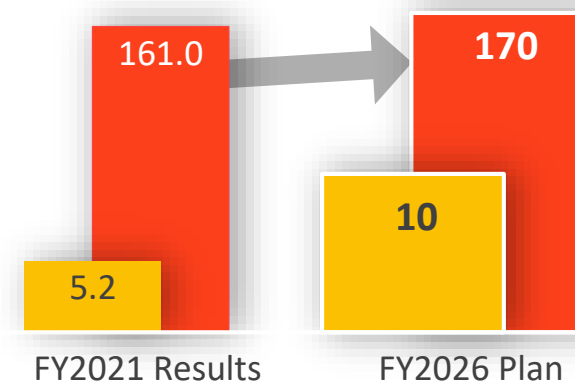
Overseas power generation business



- Start a power generation business in Taiwan
- Open up markets in other areas

Performance targets

- Net sales
- Operating income



(¥billion)

*1 FIT; Japan’s feed-in tariff program *2 IPP; Electricity retailing business

*3 EPC; Design and construction of renewable energy power plants

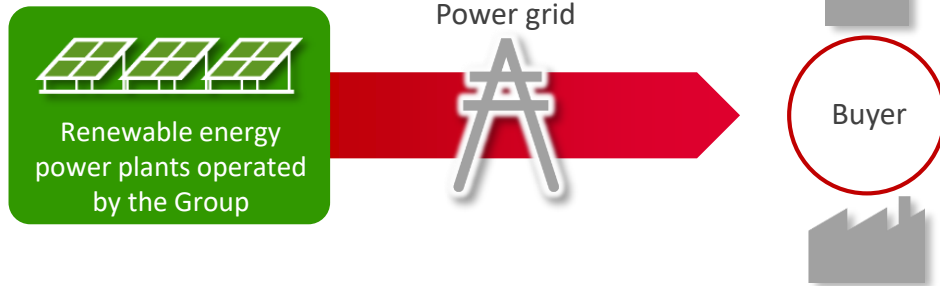
Strategy

Further accelerate supply of renewable energy with responsibility and pride in **our business expansion directly tying to carbon neutrality for society**

Business scheme of offsite PPA

Development power station for renewable energy and supply electrical energy to buyer

- Strengthen proposals to companies with a high level of environmental management awareness
- Actively search for a land to strengthen “offsite PPA” by taking advantage of the our nationwide business development
- Acquired contract work for renewable energy facilities (EPC)

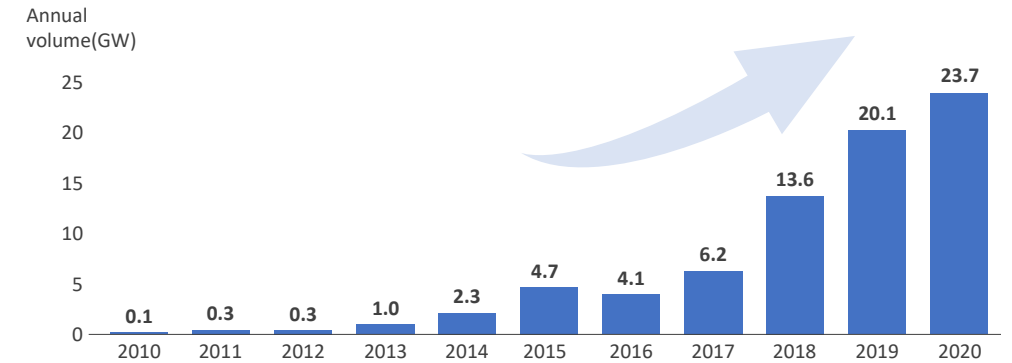


Business

environment

- Rising environmental management awareness e.g., RE100, SDGs
- Risk of rising price of fossil fuel energy
- Initial investment cost for renewable energy equipment
- Increasing power generation volume by corporate PPA in the world

Trends in power generation volumes by global corporate PPA (offsite)*



※ Excerpt from "Renewable Energy Value Exchange Market," Agency for Natural Resources and Energy, November 29, 2021

Benefits

for adopting companies

- Carbon neutrality for corporations and tenants, contributing to achieving RE100 goals
- Risk hedging for rising electricity prices by fixing long-term prices
- No need for initial investment costs and maintenance costs during the contract period

Value we provide

Enable customers to procure renewable electricity on a large scale without restriction of installation location
Accelerate supply of renewable energy with additionality to the world

KPI

Offsite PPA power generation output: 450MW*



Strategy

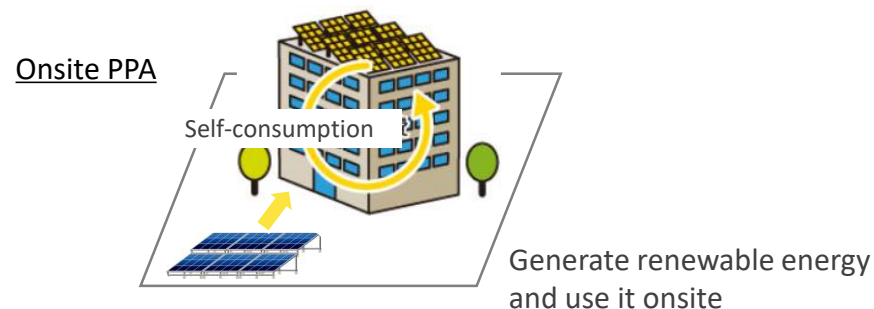
Contribute to spreading renewable energy by using the strengths of our group to supply many buildings

Collaboration with our Business Field

- Maximize the value of rooftops to actively install solar panels for all our businesses (as a rule, 100%)



- The generated renewable energy is used onsite, and any surplus is used for real estate development by Daiwa House



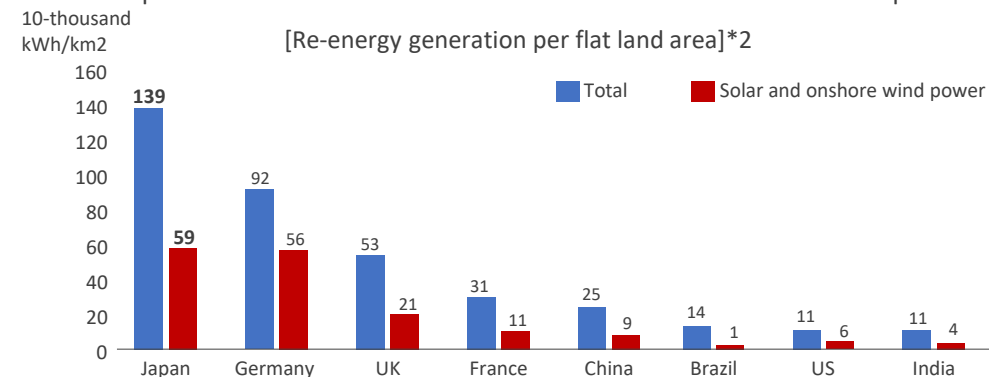
Value we provide

Customers can take environmental measures without initial investment costs, and the generated renewable electricity contributes to their RE100 achievement

Customers can reduce “renewable energy levy” by consuming renewable energy onsite

Business environment

- We have the highest net sales in the housing, construction, and real estate industry. Supplying buildings with extended service lives widely
- The Japanese government has raised the renewable energy rate to 38% with a policy to at least double the volume of renewable energy from solar power*1
- For a small country like Japan, flat areas where photovoltaic equipment can be placed are limited with needs for nature conservation and landscapes



*1 Source: “Sixth Basic Energy Plan” of the Agency for Natural Resources and Energy

*2 Source: “Future Renewable Energy Policies” of the Agency for Natural Resources and Energy



“Community development with 100% renewable energy”

Funabashi Grand Oasis

Large-scale complex development comprising of condominium, rental housing, single-family houses and commercial facility

KPI

- (1) Investment amount: ¥70 billion*
- Net sales: ¥26 billion*
- (2) Solar power generation output: 650MW*



Strategy

“Adjustment ability” will play a key function in the future electricity market to achieve carbon neutrality.

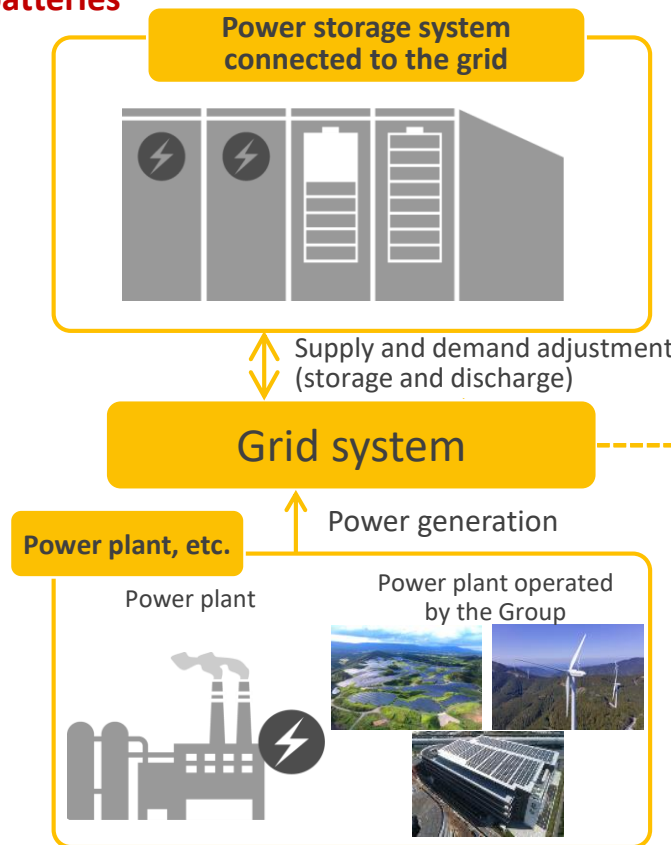
Creating new business opportunities by utilizing storage batteries

Business scheme for power storage system connected to the grid

- Procurement electric from power storage system connected to the grid we operate and gain profit by supplying the most profitable electricity markets
- Use as power source when there is pressure on power demand and steep rises of market unit prices

Business environment

- Recognize issues in achieving carbon neutrality with the maximum use of renewable energy / Actively consider by government introduction of storage
- Rising need for supply and demand adjustment increases expectations for profitability
- Minimize procurement risk in PPS business



Gain profit with power transactions in the three electricity markets using storage batteries

Cross-regional coordination
 (Capacity market)
 Acquisition of subscription fees for capacity

General transmission and distribution
 (Supply and demand adjustment market)
 Acquire incentives by providing adjustment capacity

JEPX*
 (Wholesale power market)
 Acquire marginal profits by power storage at low unit price time and discharge at high unit price time

*Japan Electric Power Exchange

Value we provide

Contributing to “ the stabilization of the power grid system”, which is the foundation of business

KPI

Start demonstration and establish know-how during the 7th Plan period



Reference: Breakdown of changes in business segments

- Environment and Energy Business, which had been included in Other Businesses segment, will be changed to the reportable segment to strengthen initiatives for the segment
- We will delete the Existing Home Business segment due to changes in the segmentation of each company included in the segment.
- For certain companies, we will change the segmentation to segments that reflect their respective value chain

*Companies that have changed segments are highlighted

Daiwa House (Single-Family Houses)	Single-Family Houses	Housing Field
Daiwa House Reform		
Nihon Jyutaku Ryutu		
DesignArc		
Daiwa Lantec		
Stanley Martin		
Trumark		
CastleRock		
Rawson		
Daiwa House Modular Europe		
Daiwa House (Rental Housing)	Rental Housing	Housing Field
Daiwa Living		
Daiwa House Chintai Reform		
Daiwa House (Condominiums)	Condominiums	Housing Field
Daiwa LifeNext		
Cosmos Initia		

Daiwa House (Commercial Facilities)	Commercial Facilities	Business Field
Daiwa House Realty Mgt		
Daiwa Lease		
Osaka Marubiru		
Royal Home Center		
Sports Club NAS		
Daiwa House Parking	Logistics, Business & Corporate Facilities	Business Field
Daiwa House (Logistics, Business & Corporate Facilities)		
Fujita		
Daiwa House Property Management		
Daiwa Logistics		
Daiwa Logitec		
Wakamatsu KONPOU	Environment and Energy	Business Field
Daiwa House (Environment & Energy)		
Daiwa Energy		
Eneserve	Others	Business Field
Others		



Daiwa House®
Group

Disclaimer regarding business forecasts, etc.

(Notes regarding forward-looking statements)

The above business forecasts are based on information available as of the date of announcement of this material, and are subject to factors of uncertainty that may possibly impact the future results of operations and are not a guarantee of the achievement of those results.

The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial market trends, economic conditions, competitor situations and fluctuations in land prices.

End