Q&A at Earnings Conference for Analysts/Institutional Investors (Summary)
at Announcement of Financial Results for FY2026 2Q
(For the fiscal year from April 1, 2026 to September 30, 2026)

Date & time: From 5:30 p.m. to 6:30 p.m., Wednesday, November 11, 2026
Presenters: Takeshi Kosokabe, Executive Vice President, CFO
Eiichi Shibata, Director and Managing Executive Officer, Head of Management Strategy Planning Headquarters
Yuji Yamada, Managing Executive Officer, in charge of Finance and IR
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【Q1】
I would like to ask about the Logistics, Business & Corporate Facilities Business, for which you significantly revised upward your full-year forecast.
Please discuss the factors behind the upward revision to income from the sale of development properties. Also, please explain the factors behind the downward revision to the gross margin ratio for construction.
(Reference) Financial Highlights
P.40 “Logistics, Business & Corporate Facilities Business (2) Forecasts”

【A】
-With regard to the sale of development properties, in addition to selling properties at prices above our previous assumptions, we are accelerating the monetization of real estate holdings in light of the expansion of total assets and rising interest rates. Accordingly, we increased the planned volume of property sales and revised our full-year forecast upward.
-The downward revision to the gross margin ratio for construction is mainly attributable to a change in the sales mix. While strong performance at Fujita and Semlinks has raised our earnings outlook, both companies have lower gross margin ratios than Daiwa House on a non-consolidated basis. As their share of net sales has increased, the overall gross margin ratio for the Logistics, Business & Corporate Facilities Business has declined.

【Q2】
You have set a target of at least 10% for ROE on a Non-GAAP basis. As earnings grow going forward, are you considering raising this target in the near term?
Also, regarding financial discipline, you previously used a debt-equity ratio of approximately 0.6 times

as a benchmark. Are you considering establishing a new benchmark for financial discipline going forward?

【A】

-We forecast Non-GAAP ROE in the 10% range for the current fiscal year. We believe it is important to steadily achieve the target we have set, which is why we established the current target of at least 10%. We intend to raise the target in the future, but have not yet determined the timing for doing so.
-As for the debt-equity ratio, we aim to reduce it from 1.16 times as of the end of September 2026 to below 1.0 times by the end of March 2027. On the other hand, at present we have not established a longer-term benchmark.

【Q3】

The NOI yield on rented logistics facilities as real estate available for sale is 3.1%. With interest rates rising, is it still possible to sell properties at this yield? Or are you primarily selling properties with higher yields? Please also discuss the main types of buyers.
(Reference) Financial Highlights P.20 “Breakdown of Investment Real Estate (2) NOI Yield”

【A】

-The 3.1% NOI yield for rented logistics facilities includes properties whose NOI has not yet been maximized, such as newly completed properties that are still in the leasing-up phase. The properties we are actually selling have NOI yields above 3.1%.
-The Asset Management Strategy Planning Headquarters was established this fiscal year, and we have been pursuing a policy of holding and managing core properties developed by us as much as possible within the group. With regard to the major purchasers of properties to be sold this fiscal year, of the planned sales amount of approximately 400 billion yen, approximately 30% will be sold to REITs and funds under our group, and the remainder will be sold to external parties.

【Q4】

You revised downward the full-year forecasts for the Single-Family Houses, Rental Housing, and Condominiums businesses overseas. Please discuss the factors behind the revisions for each business.
(Reference) Financial Highlights P.27-29 “Business Segment Forecasts for FY2026”

【A】

-In the Single-Family Houses Business, we revised downward our forecast for Australia due to the continued challenging business environment. On the other hand, although the U.S. market

environment remains difficult, both number of housing orders received and houses sold are trending firmly compared with the overall market, and we therefore revised upward profit forecast for the U.S. business.
-In the Rental Housing Business, the U.S. multi-family transaction market has yet to recover. Although we conducted sales activities for the properties, we did not receive offers that met our expected terms. As a result, we decided to postpone the planned sale to next fiscal year or beyond.
-In the Condominiums Business, we revised our forecast downward because property sales in China and the U.K. are below plan. For the U.K. project, the current fiscal year forecast also incorporates the impact of applying the lower-of-cost-or-market method.

【Q5】
The revised forecast announced in August 2026 incorporated the impact of conditions in the Middle East. Does the latest revised forecast continue to incorporate a similar impact?
(Reference) Financial Highlights P.27-29 “Business Segment Forecasts for FY2026”

【A】
-The latest revised forecast does not incorporate future risks arising from conditions in the Middle East. For domestic businesses, we revised our forecast upward even after absorbing the impact of Middle East conditions that had previously been incorporated into the forecast. Although we revised our overseas business forecast downward, this was based on the current business environment and recent performance trends, rather than incorporating future risks related to conditions in the Middle East.
-In terms of the actual impact on our businesses, there were no significant changes to construction schedules due to delivery delays or other factors. However, increases in material prices associated with conditions in the Middle East have not been fully reflected in prices in some cases, which has had some impact on profit margins.

【Q6】
In the Rental Housing Business, you revised upward the full-year forecast despite postponing the sale of properties planned in the U.S. Please discuss the factors behind the upward revision, including rent increases and improvements in occupancy rates. Also, amid developments since the summer such as tighter screening for apartment loans, please discuss the current domestic business environment and your outlook.
(Reference) Financial Highlights P.33 “Rental Housing Business (2) Forecasts”

【A】

-In the Rental Housing Business, rents on properties under management are increasing by approximately 2% annually, and these rent increases are also having a positive effect on proposals for new rental housing construction. At present, we have not seen any significant impact from rising interest rates on apartment loans. Furthermore, sales of built-for-sale properties are progressing, particularly among affluent customers, and these initiatives are also contributing to performance.

【Q7】

Regarding the reorganization and strengthening of the domestic Single-Family Houses Business structure announced in September, will the impact on performance begin to emerge this fiscal year, or do you expect the full impact to become apparent from next fiscal year?

(Reference) Financial Highlights P.30 “Single-Family Houses Business (1)”

【A】

-We expect some impact during the current fiscal year, but expect to offset this through the housing stock business.

-We are implementing measures such as reassigning engineers in the domestic Single-Family Houses Business to the Rental Housing Business and the Business Solutions division, and therefore expect the number of personnel in the Single-Family Houses Business to decline. At present, however, we are unable to forecast the impact on next fiscal year's performance when taking into consideration both cost reductions from the decrease in personnel and trends in orders received.

【Q8】

You indicated that the Higashihiroshima Project will contribute to performance, but our understanding is that the project has only recently commenced. Please discuss its contribution to performance in the current fiscal year.

(Reference) Financial Highlights

P.40 “Logistics, Business & Corporate Facilities Business (2) Forecasts”

【A】

-Although the main construction work has yet to begin, land development work and the construction of temporary housing progressed during the first half, and the project has already made a certain contribution to performance. We cannot disclose a specific amount, but expect its full contribution to performance to begin next fiscal year.

【Q9】

Please discuss the factors behind the upward revision to the business performance forecast for Semlinks.

(Reference) Financial Highlights

P.40 “Logistics, Business & Corporate Facilities Business (2) Forecasts”

【A】

-The main factor is steady progress on the substantial order backlog. Orders received for construction projects such as data centers and semiconductor-related facilities are also trending firmly.

【Q10】

Regarding the Non-GAAP adjustments, please discuss your full-year outlook for the components relating to the amortization of actuarial differences related to retirement benefit plans, goodwill and intangible assets.

(Reference) Financial Highlights P.24 “Business Performance Forecasts for FY2026 (2)”

【A】

-Amortization of actuarial differences related to retirement benefit plans is not incorporated into our full-year forecast for this fiscal year.

-The Non-GAAP adjustment to operating income relating to the amortization of goodwill and intangible assets is expected to increase by 10.0 billion yen from the previous year's result of 15.0 billion yen to 25.0 billion yen. The main factor behind the increase is the amortization of goodwill related to Semlinks.

【Q11】

Considering strong first half performance, you revised upward your full-year forecast. However, the second-half forecast, calculated by subtracting first-half results from the full-year forecast, appears somewhat conservative. Please explain the factors behind this.

(Reference) Financial Highlights P.23-24 “Business Performance Forecasts for FY2026”

【A】

-There are no particular factors. In the U.K. Condominiums Business, we are factoring in the impact of applying the lower-of-cost-or-market method. For the German business, we have also incorporated a certain level of impact based on the losses recorded over the past two years. However, neither is

expected to have a significant impact on overall performance.

【Q12】

Regarding capital policy, should we view the indicators announced this time as representing a minimum level under the medium- to long-term plan currently under consideration? Also, is it correct to understand that specific details, including ROE and shareholder return policy, will be presented again as part of the long-term management policy in May?
(Reference) Financial Results P.5

【A】

-We are preparing for the announcement of our long-term management policy next May. However, at present, we do not anticipate making any significant changes in May to the levels or content of the capital policy announced this time.

【Q13】

You are accelerating property sales in consideration of balance sheet efficiency. Next fiscal year, do you plan to further increase property sales to pursue earnings growth while reducing leverage? Please discuss your approach to financial leverage going forward.
(Reference) Financial Highlights P.18 “Consolidated Balance Sheets (3) Liabilities and Net Assets”

【A】

-As we are actively pursuing property sales this fiscal year, sales next fiscal year may be lower than in this fiscal year.
-During the 7th Medium-Term Management Plan, we focused on expanding the development business, resulting in significant increases in both assets and interest-bearing liabilities. Going forward, we intend to once again expand construction projects with a relatively low funding burden, such as large-scale projects for which we receive advance payments. Accordingly, even if property sales decline next fiscal year, we aim to offset this through the expansion of construction projects.
-Regarding financial leverage, rather than increasing interest-bearing liabilities further, we are also considering reducing it going forward.

【Q14】

You revised upward the full-year forecast of the number of houses sold for the U.S. Single-Family Houses Business from 8,000 to 9,000 units. Please discuss the contribution from United Homes Group

and Holiday Builders, which were acquired during the current fiscal year, as well as the number of houses sold from existing operations.
(Reference) Financial Highlights P.31 “Single-Family Houses Business (2) Overseas Business”

【A】
-We expect the acquired companies to contribute approximately 1,500 units to the annual number of houses sold. For existing operations, we expect the number of houses sold to be broadly in line with the previous year's 7,776 units.
-We initially took a conservative view of the full-year gross margin ratio. Based on recent progress, including strong sales in highly profitable communities, we revised the gross margin ratio upward. In particular, sales in popular communities on the West Coast have contributed to the improvement.

【Q15】
Please discuss the current business environment and sales activities for the U.S. Single-Family Houses Business. Also, please discuss the market environment and status of property sales for U.S. rental housing.
(Reference) Financial Highlights P.31 “Single-Family Houses Business (2) Overseas Business”
P.33 “Rental Housing Business (2) Forecasts”

【A】
-The U.S. single-family housing market remains challenging as interest rates continue to stay high and customers maintain a wait-and-see stance. At present, we are not seeing any signs of a recovery.
-We are strategically offering incentives to support sales while securing a certain level of profitability and maintaining an appropriate balance. We expect profit margins to begin improving from next fiscal year onward.
-The transaction market for rental housing also remains challenging. Although we conducted sales activities for multiple properties this fiscal year, we were unable to complete any sales. On the other hand, leasing is progressing steadily, so we plan to pursue the sale of multiple properties next fiscal year.

【Q16】
Please indicate your current weighted average funding rate and the impact on annual interest expenses if market interest rates were to rise by 1%. Also, please discuss your approach to financial discipline following the application of the new lease accounting standard.
(Reference) Financial Highlights P.18 “Consolidated Balance Sheets (3) Liabilities and Net Assets”

【A】

-Our funding rate in Japan is currently approximately 1.3% to 1.4%.

-We cannot provide a specific figure for the impact of a 1% increase in market interest rates. However, as we have been increasing fixed-rate funding in anticipation of rising interest rates, we have been able to limit the impact of rate increases to a certain extent.

-At present, we are not considering separately establishing new financial discipline that includes liabilities arising from the application of the new lease accounting standard.

【Q17】

Our understanding is that payments for the Higashihiroshima Project will be collected in line with construction progress. Please discuss the funding burden associated with the project and its impact on interest-bearing liabilities.

(Reference) Financial Highlights

P.40 “Logistics, Business & Corporate Facilities Business (2) Forecasts”

【A】

-As with ordinary construction contracts, for the Higashihiroshima Project we make payments to subcontractors based on the progress of construction. At the same time, we can collect payments from the client in line with that progress. Therefore, we do not expect our funding burden to significantly precede collections, nor do we anticipate an increase in interest-bearing liabilities as construction progresses.

【Q18】

Please discuss the differences in Non-GAAP adjustments at each level of profit. Also, please discuss your outlook for the Non-GAAP adjustments to operating income for next fiscal year.

(Reference) Financial Highlights P.24 “Business Performance Forecasts for FY2026 (2)”

【A】

-Non-GAAP adjustments for operating income include amortization of goodwill related to companies that became consolidated subsidiaries. Non-GAAP adjustments for ordinary income also include amortization of goodwill associated with equity method affiliates such as Alliance Residential Company. Non-GAAP adjustments for net income also include the impact of income taxes.

-Non-GAAP adjustments for operating income for the fiscal year ending March 2028 are expected to be approximately the same as the full-year plan for the fiscal year ending March 2027 of 25 billion

yen.

-Non-GAAP adjustments to ordinary income are expected to increase due to the impact of the acquisition of shares in a UK single-family housing company announced in September. Non-GAAP adjustments to net income are also expected to be affected.

End

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