Daiwa House Group

Our Future Landscape: Embracing the Joys of Life.

Daiwa House Group Integrated Report 2025



We promote a **circular value chain model** with value creation capabilities generated by the **three bases**, with a focus on the linchpin of **Daiwa House Group's business philosophy**, leading to **enhanced corporate value creation**.

Established in 1955 with the philosophy of "industrialization of construction"

Value creation based on the belief of being of service to society

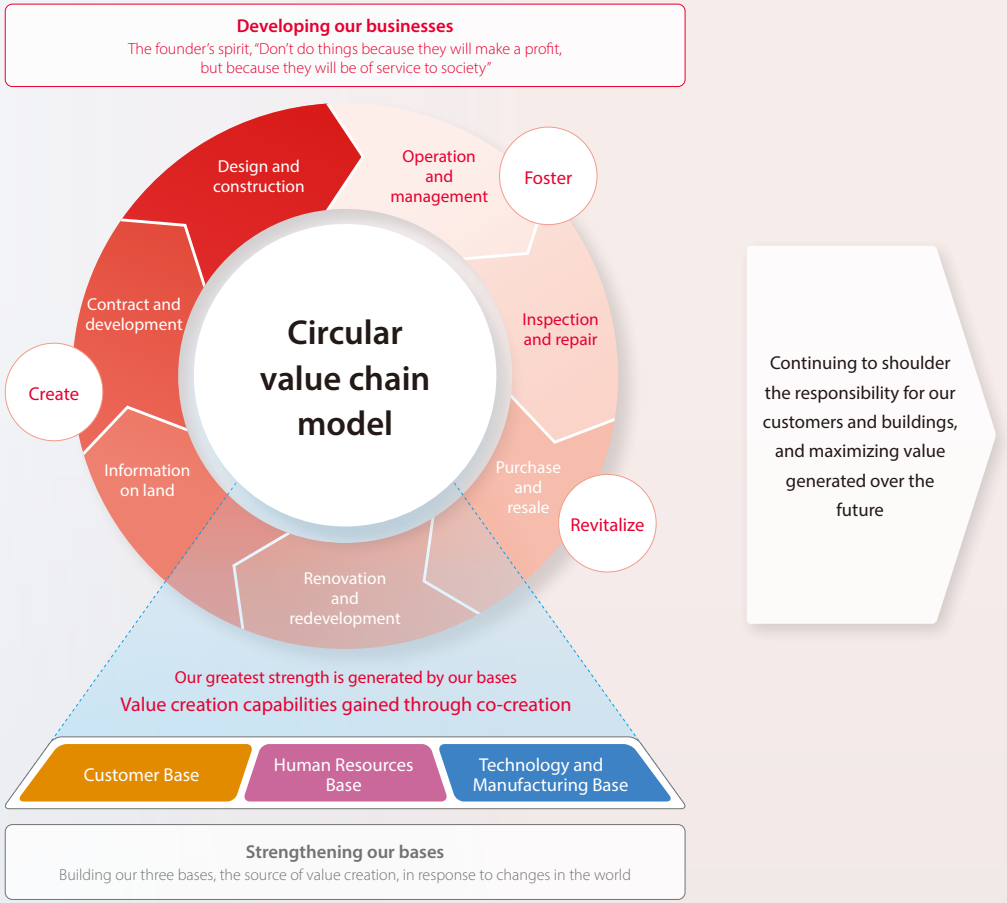
The Daiwa House Group's business philosophy



Our Corporate Creed has as its starting point the spirit of the founder, and at its essence it is about how "we foster employees' personal growth through business." Additionally, there is our Employee Charter, which serves as our guiding principles. As we approach our centennial anniversary, we will continue to march forward with "the values we embrace" in our hearts as an indispensable company around the world and with Our Hopes for the Future (Purpose) as our compass.

Official website: The Daiwa House Group's Business Philosophy

Business model



Continuing to shoulder the responsibility for our customers and buildings, and maximizing value generated over the future

With land and real estate data aggregation as our starting point, we address a wide range of needs —from housing and business fields to integrated community development— finding solutions to social issues and creating added value.

Resolving social issues through business—striking a balance between social and economic value

Housing solutions

Products and services that cover a wide range of business domains

Business solutions












Condominiums

Single-Family Houses

Rental Housing

A wide-ranging business portfolio that enables proposals for a variety of asset types, starting with land

Commercial Facilities

Logistics, Business and Corporate Facilities

Environment and Energy

Reinforced organizational functions by switching to a system of two business headquarters ▶ P.96

Comprehensive business proposal capability and business model ▶ P.28
Developing our Businesses ▶ P.37

Utilizing our broad business portfolio to **grow a global, community-based business**. Through our commitment to materialities, we aim to create a cycle of value creation processes that drive business growth while delivering positive social and environmental impacts, and aim to **realize Our Hopes for the Future (Purpose)**.

Resolving social issues through business—striking a balance between social and economic value





The US





Japan

Leveraging a broad range of business domains in Japan,

expand the global area portfolio to achieve stable growth



East Asia/ ASEAN and South Asia/ Oceania







Europe, others

Overseas business initiatives ▶ P.57

Toward the society we aspire to in 2055: Our Hopes for the Future (Purpose)

Materialities

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



Toward 2055:
Our Hopes for the Future (Purpose)

Our Future Landscape: Embracing 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.



Our editorial policy and communications at a glance

Editorial policy

This report provides at a glance the Group's sustainable creation of value as a value creation story, and its publication facilitates such understanding of a broad range of stakeholders, including shareholders and institutional investors.

As a public institution serving society, amid globalization and faced with increasingly diverse and complex management challenges, we have formulated our raison d'etre and the future we wish to create into Our Hopes for the Future (Purpose). For the current fiscal year, we will provide an explanation of our business portfolio and area portfolio developed over the course of seven decades of addressing challenges to realize this vision. We will also integrate financial information such as business and financial strategies together with non-financial information, including environmental and social initiatives that contribute to enhancing future corporate value and robust corporate governance. We also explain the economic and social value generated by our unique business model that leverages our distinctive strengths.

Please note that our securities report, Sustainability Report, and other disclosure materials provide information on our expansive initiatives and achievements. In this report as well, we focus specifically on materiality and key themes that have a significant impact on corporate value enhancement.

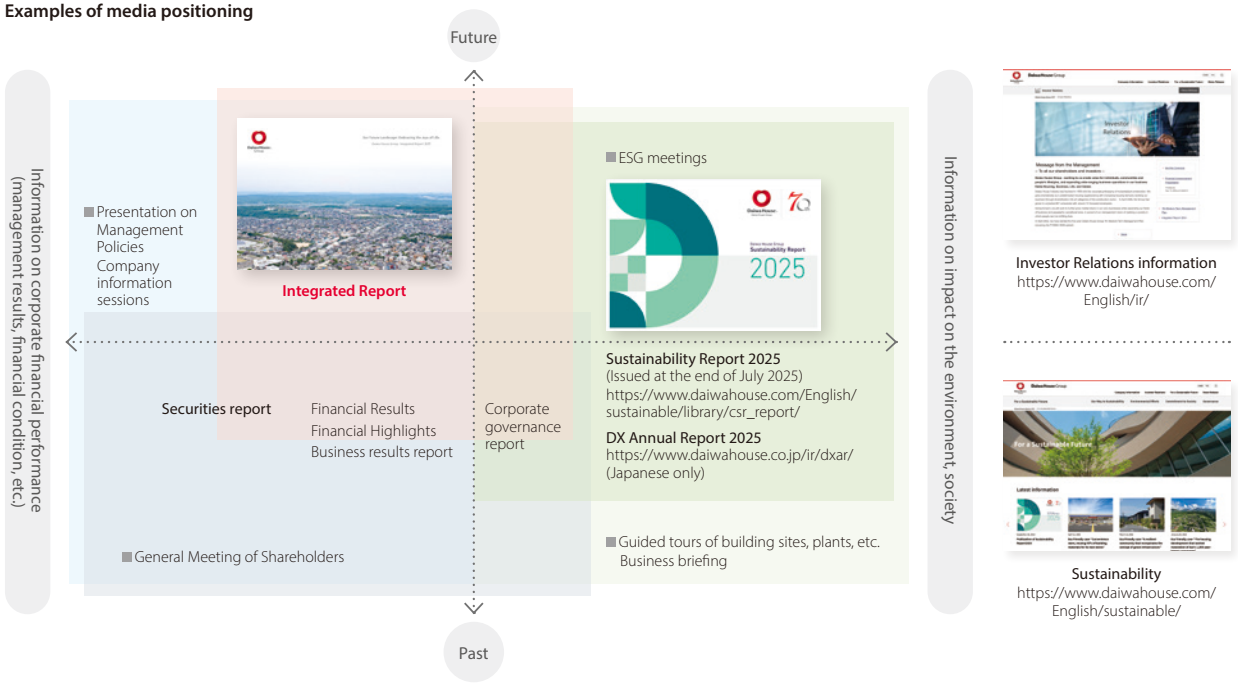
About the cover:
Midorigaoka Neopolis (Midorigaoka and Aoyama districts, Hyogo Prefecture)

One suburban housing estate, "Neopolis," has been made available by Daiwa House Industry at 61 locations nationwide since 1962. The "Livness Town Project" is where we endeavor to create sustainable communities together with the people who live in them.

Social impact real estate initiatives ▶ P.55

Our communications at a glance

Examples of media positioning



Investor Relations information
https://www.daiwahouse.com/English/ir/

Sustainability
https://www.daiwahouse.com/English/sustainable/

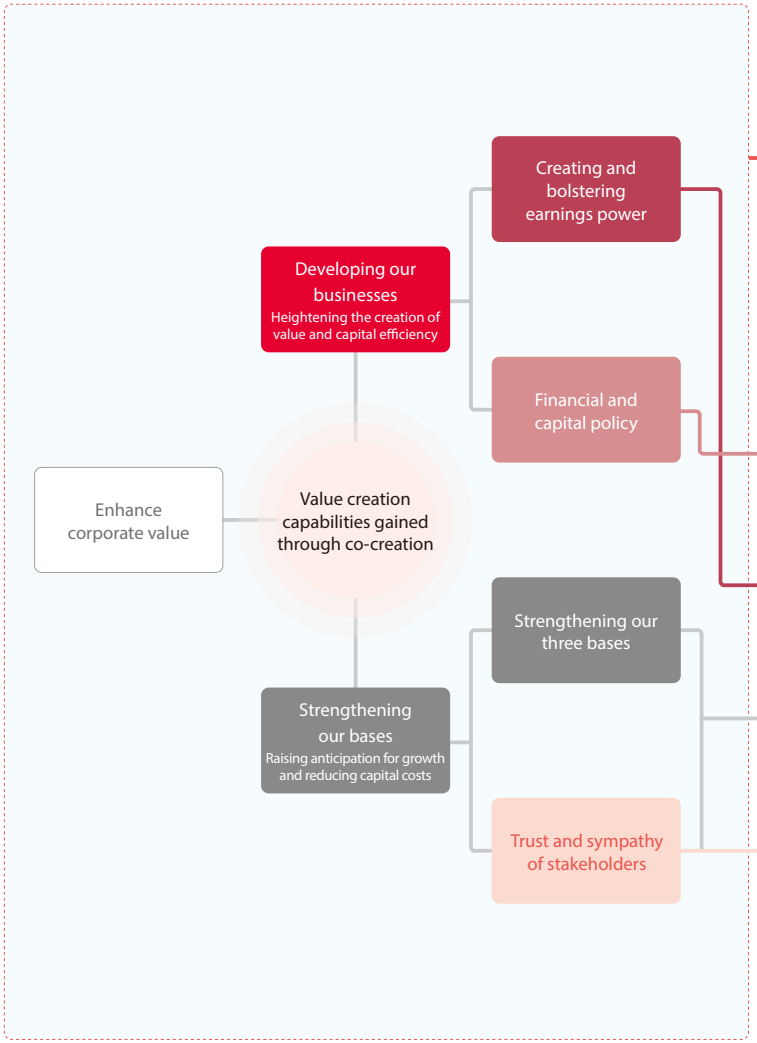
Referential guidelines:
In the production of this document, we have referenced the International Integrated Reporting Framework issued by the IFRS Foundation, as well as the Guidance for Collaborative Value Creation issued by the Japanese Ministry of Economy, Trade and Industry.

Scope of this report:
This report provides information on the Daiwa House Group overall (489 consolidated subsidiaries, 177 equity method affiliated companies as of March 31, 2025), with a focus on Daiwa House Industry Co., Ltd.

Forward-looking statements:
This Integrated Report contains future estimates, targets, plans and strategies of the Daiwa House Group. These are based on judgments employing information available at the time of writing. For various reasons, actual results may differ substantially from these estimates.

Integrated Report 2025 contents and key messages conveyed in each chapter

Stance on enhancing corporate value



	Introduction	Toward realizing Our Hopes for the Future Creating value that is of service to society through a circular value chain model
Chapter 1	Messages from the CEO and COO	Progress of the Seventh Medium-Term Management Plan and Our long-term vision
Chapter 2	The Story of the Group's Value Creation	Strengths and business portfolio to realize our purpose
Chapter 3	Message from the CFO	Stance on financial strategy and capital policy with regard to the Seventh Medium-Term Management Plan
Chapter 4	Developing our Businesses	Cash flow generation and current initiatives
Chapter 5	Strengthening our Bases	Initiatives for our bases to create and strengthen earnings power
Chapter 6	Management Structure	Strengthening governance to realize our purpose
Chapter 7	Financial Results, Corporate Information	MD&A and environmental and human capital-related indicator results



Messages from the CEO and COO ▶ P.7



Message from the CFO ▶ P.31



Message from Head of Technology Headquarters ▶ P.73



Roundtable discussion with outside directors ▶ P.81

Messages from the CEO and COO

Daiwa House Industry's CEO and COO explain progress toward the goals of our Seventh Medium-Term Management Plan and how we, driven by the desire to be of service to society, conduct business to generate a positive cycle of environmental, social, and economic value. They also talk about the challenges and strategies for Embracing the Joys of Life as stated in Our Hopes for the Future (Purpose) and achieving the founder's dream of ¥10 trillion in sales by our centennial.

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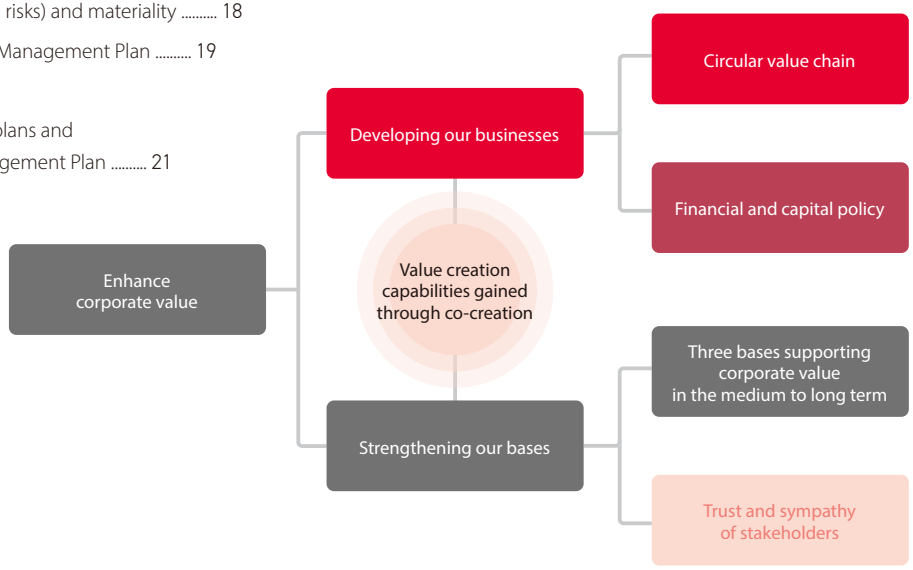
1 Roadmap to the centennial anniversary of our founding—Road to 2055 17

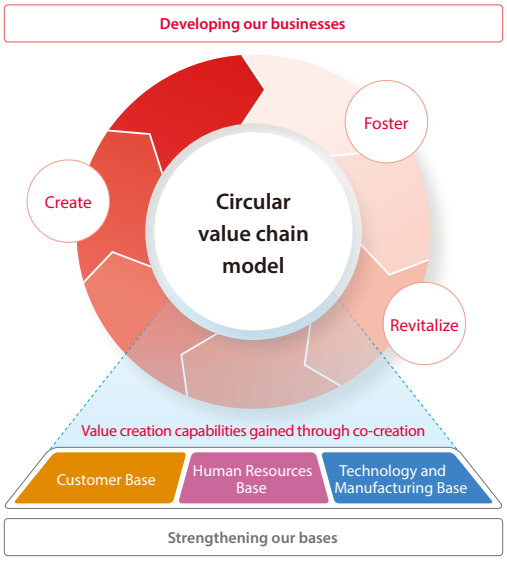
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Chapter 1 Messages from the CEO and COO

Message from the CEO

Training new leadership talent as we pursue ¥10 trillion in sales by our centennial

Keiichi Yoshii
Chairman, CEO

70-year journey under founder's spirit

The Daiwa House Group celebrated its 70th anniversary on April 5, 2025. We got where we are today thanks to partner companies, customers, and suppliers as well as our predecessors and other employees. This growth would not have been possible if we had not been blessed with excellent people. My sincerest thanks to all those who believed in, supported, and collaborated with us.

The journey so far is a result of our founder and generations of managers making major decisions to swiftly adapt to the demands of the day. I believe that our ongoing growth is because we developed businesses in line with our founder's spirit: *Don't do things because they will make a profit, but because they will be of service to society.* We consistently return to this starting point to provide new products and services meeting contemporary societal needs. The aspirations of our predecessors, who ran the business always with an eye beyond the horizon, live on. The resulting Group encompasses over 600 companies that can deliver end-to-end community development. Solid relationships of trust with stakeholders make this possible. We developed businesses firmly rooted in their localities as we created communities throughout Japan, which contributed to regional vitality and cultural development, and undeniably boosted our Group's appeal.

We have always valued engaging with our customers, whether both private individuals or businesses, with the same care and sincerity as when someone entrusts us with building their home. In all our businesses, our relationships with stakeholders do not end with handover. We remain close to our customers, tenants, and facility



users so as to be able to respond to any problems they may have.

Our founder did not tolerate going through the motions. His view that "stagnation is retreat" is deeply ingrained in our psyches. I believe that our ongoing growth today, when we have sales of over ¥5 trillion, is attributable to this thriving startup spirit.

In December 2022, we decided to sell a business that our founder had nurtured, resort hotels. We reached this difficult decision after contemplating whether we were indeed the best owner for the employees who worked at our hotels and local communities. I believe this showed our investors and shareholders that we are serious about optimizing our business portfolio.



Leveraging our Group's broad business portfolio to develop businesses rooted in the community

I took over responsibility for our overseas businesses upon passing the baton to the next president. Sales have grown from about ¥1 billion in fiscal 2010 to the point where ¥1 trillion is in prospect. There are still many ways we can grow our businesses. Building on our founding philosophy of "industrialization of construction," we will leverage the technology and expertise cultivated in Japan to expand the geographical coverage of our businesses overseas.

In the US business, three companies—Stanley Martin (which joined the Group in 2017), Trumark, and CastleRock—provide single-family houses. They are expanding primarily in what we call the "smile zone" connecting the east, south, and west, where prospects are for steady market growth. Sales in the US single-family houses business have grown from ¥84.7 billion in fiscal 2018 to over ¥600.0 billion in fiscal 2024. I am confident we are on the right track as these three companies steadily expand their businesses in a spirit of friendly competition.

Executives of our three US companies visit our factories and subdivisions in Japan and apply ideas they find useful back home. We also hold conferences with their CEOs every six months or so to discuss future business plans. In November 2024, we welcomed a major US multifamily (rental housing) developer Alliance Residential to our Group. Going forward, we will be collaborating in complex developments and getting the three single-family housing companies to eventually branch out into the multifamily business.

Many areas of Europe face chronic housing shortages due to ongoing population growth. We thus expect the business to grow, but need to bolster it as our strategy is progressing more slowly than planned. Daiwa House Modular Europe is rolling out its modular building business, primarily in the Netherlands and Germany. At some point we want to develop systems adapted to the laws and customs prevailing in individual countries and regions, and step up business expansion throughout Europe and in nearby countries.

Elsewhere, our condominium business has been well received in China as we provide Japanese-level quality and service. In the ASEAN region, mainly in Indonesia, Malaysia, and Vietnam, we are developing logistics facilities, including ones with cold-chain capabilities essential to food safety, and are also working to build a stable logistics network. Africa is also in our sights. Whatever the region, we intend to leverage our

strength—a broad business portfolio—to develop operations rooted in local communities.

One issue in our overseas businesses is finding the human resources we need. We are considering both developing internal talent and recruiting from outside the Group. We would like our future core management leaders and employees involved in the overseas businesses to work hard to improve their English skills.

Developing coming generations of talent as we move toward sales of ¥10 trillion

I tell our executives to manage with an eye on at least three years in the future as we strive to reach net sales of ¥10 trillion by our centennial. For the Company to survive and thrive, they need to continually think about what shape our new core businesses will take in the future, and what kind of employees will be essential to the mission. We are steadily developing the people who will be central to the task. They are given experience in a variety of jobs and are building deep cross-company ties. We have high expectations for them down the line.

I have long approached our employees as I would my own children and derived satisfaction from seeing them grow. In recent years, at gatherings of branch managers from around the country, I have been delighted to hear more and more of them talk about the joy they feel in seeing our employees develop and grow. While it can be hard to put names on all the faces, I think it is important to give our people opportunities to develop by taking them seriously and earnestly addressing their questions.

Daiwa House Industry's biggest strength stems from our long-held emphasis on talent development, which is anchored two concepts spelled out in our corporate creed: *Developing people through business and the notion that progress depends directly on ensuring a good working environment for employees.* We feel that it is essential to explore every individual's potential. First, have them try something. If they're unable to do it on their own, we give them hints. And finally, we do it together with them. In this way, I want to develop the human resources who will lead the Group in the future, making optimal use of their personal attributes regardless of education or work history.

Thoughts encapsulated in this year's kanji, *kokoro*

At the start of 2025 I chose the kanji *kokoro* ("heart": kind, genuine mindset) to symbolize the year. This encapsulates my wish that our employees approach the world with a good heart and a smile. When talking to people (whether in- or outside the Company), I want them to think about whether their words are sincere—i.e., truly reflecting a kind mindset—to ensure that intentions will land with their interlocutor and properly convey their thinking. Placing the kanji for *professional* over top of *kokoro* forms the character for *aspiration*. And the kanji for *love* or *amity* is also built around *Kokoro*, right in the middle. I want interactions between senior and junior colleagues in our Company to take place in a spirit of amity, and above all, to bring a big smile to our customers' faces. I want to take the lead by saying that the "Daiwa House Group is always there by your side, with all our heart."

To our shareholders and investors

In May 2025, our Company's shares hit a record high. I would like to express my heartfelt gratitude for your ongoing support. But I am still not satisfied with the share price. I am looking ahead to a corporate group with net sales of ¥10 trillion by our centennial. I hope our shareholders and investors will focus not just on the numbers immediately in front of us, but also appreciate our growth investments for the future. In closing, I ask for your continued trust and support as the Daiwa House Group continues to move toward its goals.



CEO and COO dialogue

Expediting decision making with a management team oriented toward our centennial and beyond

Keiichi Yoshii
Chairman, CEO

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Hirotsugu Otomo
President, COO

Appointment of a New President and COO

Yoshii: Even though with net sales of over ¥5 trillion, we see ourselves as a startup company founded 70 years ago. I thought that staying on as president for a long time at such a company was not necessarily a good thing. Further, I came to have an increasing number of outside duties, representing industry organizations, for example. To speed up business decision making I decided that Otomo-san should take on the role. He will head our domestic businesses and I, our overseas businesses. We will exchange opinions with a shared vision, each focusing on his respective area, in a kind of three-legged race. The timing was right for the handover as it became apparent that we would be moving on from the 7th Medium-Term Management Plan targets ahead of schedule. I thought it would be best if a new president and COO spearheaded consideration of the next plan.

Expectations and challenges for the new president and COO

Yoshii: Otomo-san spent several years as the head of the Single Family Housing Business Division, and has dealt with numerous challenges. I have long kept an eye on him and feel that he is a very straightforward individual. He fully appreciates how difficult it is to nurture a business without taking employee development into account, and this informs his demeanor toward those around him. Our founder's spirit, which we constantly revisit, entails developing people through our business and returning profits thus earned to our employees. I feel the same: You cannot run a business without developing your people. I hope that Otomo-san will put his ample experience to good use and achieve what he hopes to achieve in our domestic operations as well.

Otomo: I understand that my mission is to further grow our domestic business. In addition to existing operations, I'm keen to nurture the seeds of the corporate venture capital (CVC) fund I sowed as head of the Management Strategy Planning Headquarters, develop new businesses under our Future100 in-house entrepreneurship program, and work hard to promote buildings built mostly with wood under the Future with Wood program. To this end, I want to revisit worksites and shine a light

on their employees, together with them mull over the issues our conversations uncover, and formulate insights that will enable us to strengthen our nationwide development. Insights are something gained only through hard, sometimes painful reflection and wracking your brains till you find the answers you're looking for—you can't expect textbook knowledge alone to deliver them. The process entails looking into issues in our relationships with employees, customers, suppliers, and other stakeholders and working out how to grow our business while dealing with any problems. We tend to express targets in numerical terms, but I would like to think anew, going beyond numbers to contributions to local communities and society. I'm eager to go back to the shop floor and feel out the situation on the ground, which is how I think I can best exercise my strengths.

Entire Company transitioning from the 7th to the 8th Plan

Yoshii: Our 7th Plan is largely on schedule, with the final-year targets of ¥5.5 trillion in sales and ¥500 billion in operating income within reach. This is thanks squarely to the hard work of all of our employees, to whom I give a big round of applause. I believe the overseas business in particular performed very well by growing earnings in the face of numerous difficulties such as the COVID-19 pandemic. The procurement of land for the single-family housing business and expansion strategy in the US business are working well. The overseas business targets of ¥1.0 trillion in sales and ¥100 billion in operating income are in our sights. Fresh initiatives and ambitious forays into new asset classes in the domestic business are progressing smoothly. Growth is solid, primarily in the rental housing, commercial facilities, and logistics, business and corporate facilities businesses.

Otomo: As head of Management Strategy Planning Headquarters, I monitored the progress of our 7th Plan from its inception, giving me a view of growth in the overseas operations and the Group overall. From around 2024, we could see that we were going to achieve our targets ahead of schedule, and were already putting together the outline for the 8th Plan in our heads. Now, as president and COO, I will re-examine the current situation in light of the 7th Plan and think about the 8th Plan, looking ahead a decade to 2035. The coming plan will be extremely important for our Group. I will spend the year ahead thoroughly honing my ideas.

Yoshii: While we are still at the discussion stage regarding the 8th Plan, we would like to grow the data center business, mainly via the Data Center Business Division Preparatory Office established in April under an organizational restructuring. In the overseas business, we hope that our three US subsidiaries rolling out single-family housing businesses will move to actively expand into other business areas, as Daiwa House Industry has done in the past. We also have hopes for expansion in the European business. Turning to further growth for Group companies, one issue is a review of salary arrangements. The bulk of our sales revenue comes from the efforts of our Group employees, so we have to evaluate them properly. Boosting cohesiveness also requires a bird's eye evaluation of the whole Group and changes to our employees' lives.

Otomo: Daiwa House Industry has some 16,000 employees, with about 50,000 across the Group. That is, our Group overall has more than double the headcount of the parent. We must therefore consider the situation carefully.

Strengthening earnings capability by reorganizing seven business divisions into two business headquarters

Yoshii: In order to strengthen our earnings capability and reimagine our strategies for growth in Japan and abroad, we transitioned from seven business divisions to two headquarters with the business divisions underneath them effective April 1, 2025. The Housing

Solutions Headquarters consists of the single-family housing, rental housing, and other residential-property business divisions, and the Business Solutions Headquarters, which encompasses the commercial facilities, logistics facilities, and other related businesses. The change entailed consolidating functions and streamlining the business divisions, while strengthening collaboration between and among them. Interconnection within the two headquarters enables sharing of customer information and building contacts with customers that transcends and divisional lines, so that even if senior management changes, their continuity will be maintained. I believe this organizational restructuring will enable us to evolve to a more dynamic organizational framework.

Otomo: We have studied reforms at other companies that have grown successfully and realigned our organization to suit our Group. The most important point of this restructuring is delegating authority to the two headquarters heads, which should lead to speedier decision-making and execution. Another issue is how to increase how much time employees spend on-site. In the current robust earnings environment, we will develop mechanism to suit changing circumstances, mindful of the risk that future employees will not be able to tap into business opportunities as they can today, amid intensifying pressures such as societal aging. This entails deploying more employees on-site and reskilling to boost their capabilities.

Boldly taking on challenges in the runup to our centennial and beyond

Otomo: Our founder's target of ¥10 trillion in sales by our 100th anniversary in 2055 once seemed but a dream, but it looks more realistic now that sales top ¥5 trillion. Still, the target looks difficult with things as they stand. Society is changing at an extremely rapid pace, beyond our expectations. Looking into the far future and tapping into business opportunities that arise then will enable a view even further out. Growth in the overseas business is essential to reaching the target. Cultivating the seeds of new businesses in Japan and transplanting them overseas is something we are considering. Daiwa House Group has grown by realigning the organization for a better fit with the prevailing operating environment and contemporary needs. I hope that we will become a Company whose businesses influence each other, generating synergies and an environment that fosters change, giving rise to new seeds, and eventually new core businesses. Synergies from a range of businesses are also necessary to seize opportunities. I think our recent reorganization will enable expansion of the value chain, including our Group companies. The next two or three years will be a critical juncture for major reform. Turning our gaze toward the larger world, there are plenty of places remaining to be tapped into.

Yoshii: Looking ahead, technological and engineering competence will also be key to achieving the ¥10 trillion sales target. Currently our Group has the technological capacity to build data centers and semiconductor factories worth several tens of billions of yen. I believe becoming a leader in technology and engineering will be crucial for growth. Combining the functions of developer and construction company in addition to our strengths in sales would give us the technological and engineering capacity to meet complex needs. This would naturally lead to changes in the products handled and business opportunities. That means that what will underpin Otomo-san's vision are technology and engineering, and that foundation will open the door to sales and ability to win projects. As an increasing number of employees take on these challenges and succeed, some may decide to go beyond Japan's borders and strike out overseas as well. I hope that human resources who lead the future Daiwa House Group will be bold in taking on challenges.



Message from the COO

70-year-young startup co-creating in ongoing pursuit of fresh dreams

Hirotsugu Otomo

Hirotsugu Otomo
President, COO

Contributing to society with "field skills" from yearslong community development and the conviction that one should illuminate one's corner of the world

I was appointed president in April this year. During his tenure in the position, Chairman Yoshii faced tough times as well as good. Seeing him confront every problem head on at close quarters was a valuable experience and an inspiration. Going forward, he and I will do all we can to generate sustainable growth for the Daiwa House Group.

I aspired to join the construction industry back when I was in college. At the time, I heard that Daiwa House Industry had launched the Commercial Construction Business Division to develop stores along trunk roads as car ownership spread. I applied to join the company because I thought I could get involved in community development, rather than just typical building construction, and was employed in sales before graduating. Winning customer orders while still at university was an unforgettable experience. I was impressed that the Daiwa House Industry corporate culture encouraged employees—even new recruits—to take on challenges unfettered by preconceptions.

During my time in the Commercial Construction Business Division, I was involved in formulating and pitching proposals to Ogori Shoji, the forerunner of today's Fast Retailing. Our ideas were initially rejected, but after rushing down from Saitama to Ube, Yamaguchi prefecture, we were given an opportunity to present at a meeting to discuss the siting of new stores. Ultimately, Tadashi Yanai, now chairman, president, and CEO of Uniqlo parent Fast Retailing, gave his approval. At the time, Uniqlo did not have any stores in the Kanto region; but when he declared his global ambitions, I felt that

Mr. Yanai had a passion unmatched by other business leaders. That encounter with him was one of the most impressive things I have ever experienced.

I have many fond memories in my career so far. As head of the Tsukuba branch, I was project manager of a large-scale commercial facility development, a success I owe to the input of employees. When I was head of the Single Family Housing Business Division, we launched the "housework sharing house" designed to encourage family members' sharing the thankless chores that go into running a household. Also dear to my heart is our ability to provide fresh housing lineups, including upscale and timber construction products, drawing on insights gained through dialogue with customers, business partners, and suppliers to understand their wants and needs.

The things I have learned working out in the field, on the frontlines interfacing with customers and tenants, government officials, and people at financial institutions and real estate companies, make up the knowledge of the real world on the ground—what I call my field skills. I think field skills are one of my strengths. This mindset and modus operandi—valuing the insights and experience of those working on the ground and at the frontlines out in the field, and driving change from there—remains unchanged.

I always approach my work with conviction that one should illuminate one's corner of the world—a model for others to emulate by striving to be the best you can be. That entails continually pursuing personal growth by bettering yourself. When we work continuously to better ourselves, we become a sort of guiding light who inspires others to do the same. When we inspire others this way, we make the company better and ultimately, make society better. This encapsulates my aspiration for the Group's employees to understand exactly what they are working for as they go about performing their day-to-day duties and tasks. And when I find myself faced with difficult business decisions, I recall an old proverb the Aizu domain samurai were famous for: "If it's wrong, don't do it." This is an admonishment to be very careful about what you decide to do, because a wrong decision at the start could have disastrous consequences. I bear this in mind whenever I'm embarking on something new.

Accelerating growth in Japan by seeking business opportunities in the needs of society

As president, I will be in charge of Daiwa House Industry's business in Japan. Though there is still scope for growth, demographic trends mean there is little prospect of significant growth in new buildings. Problems such as aging infrastructure and societal issues accompanying changes to the natural environment and lifestyles, however, leave us with plenty of business opportunities. Over the Group's 70-year history, we have built a nationwide network of office locations that gives us an edge. I believe our sheer volume of local knowledge will be of great utility. These days much data is available online, but I believe the most important kind is only available out in the field, in face-to-face encounters where you can pick it up from the looks on customers' faces. I don't have much confidence in work done without face-to-face interactions. I believe our Group can enhance its value by drawing on data—information—derived from sources rooted in the community.

Our primary focus is bolstering business in the contracting and built-for-sale, property management, and Livness segments in the residential domain, and in the non-residential domain working towards further growth by tapping into the Group's broad-ranging land-attribute intelligence and availability and deep relationships with tenant companies.

On April 1, 2025, we established the Data Center Business Division Preparatory Office to strengthen our data center business, a growth area. The primary challenge for data centers is how to control excessive heat. In addition to such physical concerns, there are intangible issues related to data quantity and quality, facility safety, and business process outsourcing. It is not enough just to erect

a building, but consider how to deal with it into the future.

We are also strengthening the Livness business. Chairman Yoshii and I launched Livness and came up with its name and logo color, and we have nurtured and continue to guide it with care. Our Group's profile was low because we had no recurring-revenue business brand, so it was natural to start there. We then built up a team offering house brokerage for individuals, renovations, purchase and resale, and rental management to address customers' needs, developed systems, and accumulated expertise. We subsequently provided solutions in rental apartment buildings for inheritance tax planning, and the business grew steadily. In 2024 we went a step further by launching BIZ Livness for business facilities. Rather than demolishing disused factories, warehouses, commercial facilities, and other such buildings, BIZ Livness converts or renovates them for reuse, in the process adding value by enhancing their earthquake resistance and environmental friendliness. We are working to have the Livness business generate net sales of ¥1 trillion in the course of the 2030s.

We are also advancing our Future with Wood project, which I also named. One of its aims is to use Japanese timber in the supply chain. Rolling out timber structure and interiors of non-residential buildings, we are working to be an industry leader in timber non-residential structures within a decade.

Taking on new challenges and promoting new work styles by investing in in-house startups and external collaborations

In 2024 we launched Daiwa Future100, an in-house initiative to encourage entrepreneurship. In fiscal 2024, its first year, we received 896 project applications, five of which passed muster (some with conditions), and we began to test the business feasibility of four in April 2025. The program is not just an initiative to take on new challenges and promote new work styles. It is also helping boost employee motivation. We have set aside ¥30 billion to invest in developing management talent. Our people can take on a challenge knowing the door is open for them to return if their project does not succeed.

In April 2024, investments by our corporate venture capital (CVC) fund got into full swing. The Daiwa House Group "Our Hopes for the Future" Fund has up to ¥30 billion available to invest. Its keywords are safety, security, speed, recurring revenue business, welfare, the environment, health, telecommunications, and agriculture. The fund is searching for growth, including projects to deepen existing businesses and future new businesses.

We have set a clear benchmark for human capital, with a human capital ROI (human capital ROI = operating income excluding actuarial differences ÷ human capital investment). Going forward, we will increase our human capital investment and benchmark it against operating income as we work to boost productivity. We will closely monitor non-financial elements such as diversity targets (e.g., percentage of female managers) and employee engagement surveys. We will work towards solutions based on an understanding of the problems faced and strive to enhance the value of our human capital.

Customer pitches providing a balance of economic value and environmental and social values

In promoting sustainability management, we focus on how to share the connection between financial and non-financial values with society and link them to sustainable



growth. Among the many social commitment indicators, environmental targets such as the ZEH and ZEB ratios are always at the core of our strategy, and as part of our contribution to decarbonizing society we will generate results while keeping a sharp eye on progress towards them.

It may be difficult to differentiate ourselves significantly from other companies in the residential domain alone; however, Daiwa House Group is involved in a range of non-residential domain. We can engage in comprehensive community development, including communities' non-residential sections, and function as a general contractor or developer. We also have an independent Environment and Energy Business enabling us to work closely with customers long after buildings are handed over, including the retail electricity business to help us tackle environmental challenges together. I believe this is one of our Group's strengths.

We use IRR as a hurdle rate for real estate development investments. We were the first company in Japan to adopt internal carbon pricing (ICP). After much discussion with reference to prevailing carbon prices in Europe as well as Japan, we set our internal one at ¥20,000 per tonne of CO_2. This is a stretch figure, but I believe it will play an important role in factoring in environmental values when assessing investments and instilling on-site awareness as well. Environmental measures incur costs. With a two-pronged approach to finance and the environment, ICP will push employees to be proactive in making carbon neutrality-conscious investments and should also help improve financial values.

Meanwhile, our customers' environmental awareness is also developing, so we are increasing the ZEB ratios in our commercial facilities and construction businesses and ZEH ratios in our housing business. In rental apartments, sales of the ZEH-M-compliant TORISIA product have gone well, as our carbon neutral strategy makes solid progress.

Recent years' events like abnormal summer weather patterns have highlighted how pressing it is that we address global environmental issues. In light of our Group's scale and industry stature, we must take the lead in taking on these issues.

In the wake of the Tohoku earthquake, we launched *xevo*, a line of single-family houses with improved insulation and solar panels, fuel cells, and lithium-ion battery systems that can run for about eight days if lifelines break down, even during rainy weather. Our Group was the first to build such a resilient home that can power minimum lifestyle infrastructure such as smartphone chargers, TV, radio, refrigerator, and cooling fans in emergencies: Protecting people first when disaster strikes is practically embedded in our DNA. Economic value and social and environmental value should not be seen as incongruous—we must pursue both in ways that make them compatible. We will therefore carefully consider what else we can accomplish through our business and make it available to customers.

Daiwa House Industry was awarded the silver prize in fiscal 2023 and gold in fiscal 2024 in the environmentally sustainable company category of the ESG Finance Awards Japan, sponsored by the Ministry of the Environment. We are honored to see our efforts in this area recognized.

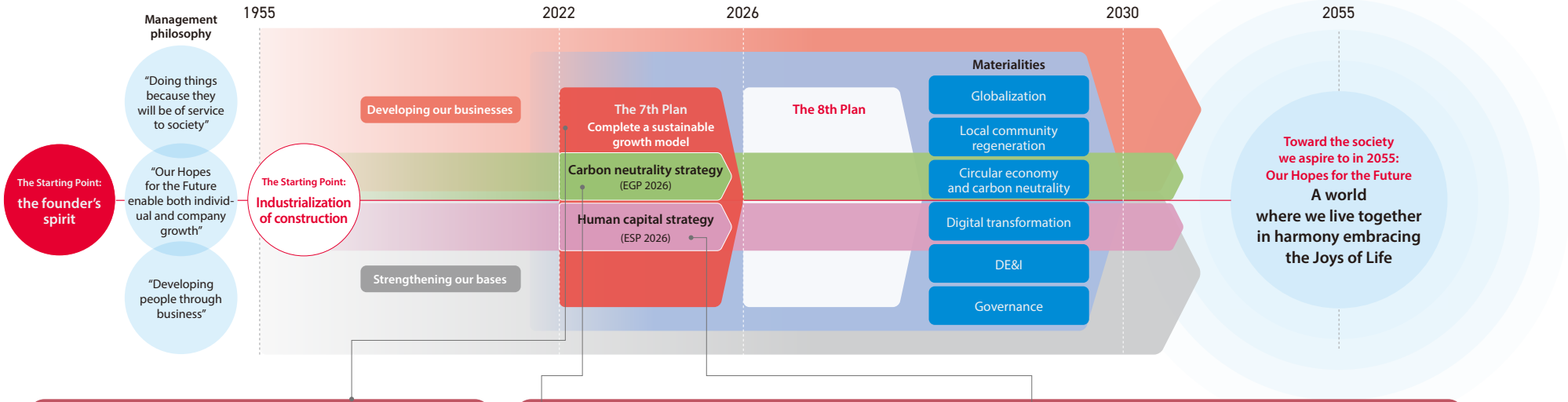
Being indispensable to society: Sustainable growth in the runup to our 2055 centennial

In line with our founders' spirit, *Don't do things because they will make a profit, but because they will be of service to society,* the Daiwa House Group does not just pursue its own profit, but operates in the spirit of co-creation. I believe we have grown to be a company with over ¥5 trillion in sales thanks to our employees and diverse stakeholders.

Our Group has grown by continuing to create things neither other companies nor society have. Looking ahead, we will not merely defend our existing positions, but continue pressing on with the spirit of a new venture. This year marks our 70th anniversary. As a 70-year-young startup, we will continue nurturing new shoots and developing human capital, nimbly creating new businesses and continuing to grow as we meet society's needs.

1 Roadmap to the centennial anniversary of our founding —Road to 2055

With our founder's spirit as a starting point, we will achieve sustainable growth by always looking to what lies ahead and believing in Our Hopes for the Future (Purpose).



KPIs for FY2026 Developing our businesses (Financial information)*1

Net sales	¥5.5 trillion	ROE	13% or higher
Operating income	¥500 billion	Dividend payout ratio	35% or higher and dividend per share of ¥145 or more
Net income attributable to owners of the parent	¥340 billion	Debt-equity ratio	Around 0.6 times

KPIs for FY2026 Strengthening our bases (Non-financial information)

Carbon neutrality strategy

Zero CO_2 emissions in community development (Scope 3 Category 11)	Reduce GHG emissions by 58%*2 by making all buildings ZEH/ZEB and installing solar power generation equipment on them
Zero CO_2 emissions in business activities (Scopes 1 and 2)	Reduce GHG emissions by 55%*2 by promoting energy efficiency, renewable energy and electrification
Zero CO_2 emissions in supply chains (Scope 3 Category 1)	90% or higher in principal suppliers' setting rates of GHG reduction targets in SBT level

Human capital strategy

Human resource development	● Self-study enrollment rate 60% ● Number of key positions appointed from D-Succeed 65
Motivation and working in comfort	● Rate of retention of young employees (third year) 85% ● Raising employee engagement
DE&I	● Ratio of females in managerial positions*3 8% ● Ratio of childcare leave taken by male employees 80%

*1 Performance figures based on the plan established in May 2022 during the formulation of the 7th Plan *2 vs FY2015 *3 Target for April 1, 2027

2 Environmental awareness (opportunities and risks) and materiality

We recognize the opportunities and risks that will arrive with the megatrends of around 2030, and to realize Our Hopes for the Future (Purpose), have identified materiality (priority issues).

Megatrends	Impact on Daiwa House Group		Materiality and Measures	
	Opportunities	Risks		
● Acceleration of globalization ● Overseas population growth ● Lack of resources	● Realizing the stable supply of quality housing to the world ● Rising demand for industrialization in logistics, as well as in fisheries and agriculture ● Cost reductions through group purchasing	● Geopolitical risks, political and economic uncertainty ● Increased procurement costs	Globalization	Develop community-based businesses aimed at solving social issues overseas
● Respect for the human rights	● Development of products and services with consideration to human rights ● A company chosen by those in the supply chain and workers	● Cost increases associated with human rights risks		
● Japan's shrinking population and household numbers ● Regional depopulation, declining local communities ● Deterioration of social infrastructure	● Expansion of investments into the revitalization of community and social infrastructure ● Reinvigorating local communities, need for migration to rural areas	● Declining number of new housing starts ● Waning interest of tenants to open new stores ● Diminished labor productivity	Local community regeneration	Revitalizing local communities: Businesses for solving social issues in Japan
● Inflation, and rising interest rates	● Increased rental revenues from prime recurring-revenue assets	● Waning investment appetite ● Decline in real estate prices		
● Shift to a carbon-free society ● Intensifying climate change ● Shift to a circular economy ● Targeting nature positive goals	● Rising demand for renewable energy, environmentally conscious products ● Rising demand for greater durability and energy-conscious products ● Increased demand for community development conscious of the natural environment ● Expansion of timer construction and the lignification market	● Increased costs to comply with stricter legal regulations ● Increased frequency and scale of meteorological disasters that cause damage ● Arising reputational risks due to loss of the natural environment	Circular economy and carbon neutrality	Environmental management geared toward circularity and regeneration
● Development of a digital society ● Shrinking workforce in Japan	● Pioneering new markets by utilizing digital technology ● Labor-saving and automation through digital technology ● Reconfirming the value of real experiences	● Obsolescence of existing business model ● Lack of highly skilled (IT, overseas) human resources and difficulty in securing them ● Growing needs for increased sophistication of information security	Digital transformation	Maximize use of digital technologies for lifestyle innovation
● Diversifying ways of working and lifestyles ● Leveraging the talents of diverse human resources	● Creating new markets that arise from diverse values ● Building motivation ● Strategic decision making through diverse perspectives	● Changing employment management practices ● Rising costs to strengthen information security	DE&I	Foster organizational culture that welcomes diverse values and uses them in value creation
			Governance	Governance to create the future

3 Materialities and the Seventh Medium-Term Management Plan

Under the Seventh Medium-Term Management Plan, we are engaging in issues of materiality to sustainably raise corporate value, and will generate both economic and social value.

	Materialities and the 7th Plan Strategy	The 7th Plan The three management policies and our response		Economic value				Social value			
						FY2024 Results	FY2026 Targets			FY2024 Results	FY2026 Targets
Developing our businesses	Globalization Accelerate growth of overseas business	Evolve revenue model	Optimize management efficiency	Accelerate growth through community-based overseas business	Overseas business sales	¥905.0 billion	¥1 trillion	● Realizing the stable supply of quality housing to the world ● Raising customer satisfaction	No. of single-family houses supplied	Japan 5,067 units US 7,095 units	Japan 7,000 units US 10,000 units
	Local community regeneration Circular value chain (create, foster, and revitalize)			Expand business areas by strengthening Group collaboration under a business division-based system	Livness business sales	¥405.5 billion	¥500.0 billion	● Response to social issues, expand business opportunities ● Increase number of building purchases ● Promotion of Livness Town Project	Livness Town No. of properties	8 complexes	10 complexes
	Circular economy and carbon neutrality Carbon neutrality strategy			Make all buildings carbon free ● Environmentally conscious buildings ● Expansion of Environment and Energy Business ● Promoting timer construction and the lignification materials	Environmentally friendly business sales	¥1,765.2 billion	Environmentally friendly business sales increase	Achieve carbon neutrality ● GHG emissions reduction rate throughout the value chain ● Spread of renewable energy that possesses additionality	GHG emissions reduction rate*1	-46.2% (GHG emissions 8.60 million tons)	FY2030 targets -40.0% (GHG emissions 9.52 million tons)
Strengthening our bases	Digital transformation DX strategy	Strengthen management base	Optimize management efficiency	Strengthen cost competitiveness and build a system for stable supply ● Centralized purchasing for the Group ● Strengthen production system	Cost pool (purchased amount)	¥726.0 billion	¥1 trillion	● Health and safety of employees and business partners ● Retain and secure skilled workers	Work-related accident frequency rate*2	Our employees (survey from FY2025) Employees of our primary contractor*2 0.50 Production partner company employees*2 0.35	Our employees (Formulation in FY 2025) Employees of our primary contractor*2 Less than 0.3 Production partner company employees*2 Less than 0.3
					Amount of cost reduction effect	¥53.7 billion	¥100.0 billion				
	DE&I Human capital strategy			Increase the value of our human capital ● Comfortable workplace environments ● Secure diverse human capital ● Improve productivity per employee construction and wood materials	Ratio of females in managerial positions	6.1%	8%	● A human resources pool that continues to provide great value to society ● Increased engagement ● Increase in motivated human capital(Job satisfaction, pride in work, sense of growth)	Rate of young employee retention	81.4%	85%
					Ratio of childcare leave taken by male employees	68.9%	80%				
	Governance Enhance governance		Optimize management efficiency	Enhance governance Portfolio optimization ● Maintain and enhance capital efficiency ● Stable shareholder returns ● Work to maintain financial soundness, optimize funds procurement	ROE	12.9%	13% or higher	● Facilitate dialogue with shareholders and stakeholders	No. of dialogues with investors*3	Total of approximately 6,000 properties	—
					Payout ratio	37.1%*4	35% or higher				
					D/E ratio	0.8 times	Around 0.6 times				

*1 Reduction rate compared to FY2015
*2 Work-related accident frequency rate is the number of fatalities and injuries per million total actual working hours, indicating the frequency of accident occurrence.
*3 Total number of IR meetings and event participations for institutional and individual investors
*4 Excluding the impact of actuarial differences

4 Processes for specifying materialities

In order to bolster the value creation process cycle, when we formulated Our Hopes for the Future, we identified materialities, or priority issues, in consideration of their degree of importance to our business (opportunities and risks) and their social significance and impact based on the needs and expectations of society, while also taking into account the opinions offered by experts.
We continued to consider KGI/KPI for materialities in fiscal 2022 in light of the level of action to be taken under the 7th Medium-Term Management Plan.

STEP 1 Understanding and organization of issues, clarification of key issues

In light of changes in society (megatrends), members led by division heads discussed the elements necessary to realize Our Hopes for the future, and compared them with various international norms, trends in major evaluation organizations, and the policies of industry associations. Keeping in mind three actions to be taken to realize Our Hopes for the Future, we clarified a total of 112 issues as a result of having considered their relevance to business (opportunities and risks), as well as social significance and impact in light of society's demands and expectations. From these, we have consolidated and organized them into 18 key issues, targeting around 2030. These 18 key issues were separately confirmed with young employees and others who will bear responsibilities in the future. The final decision was confirmed at management meetings and other meetings led by senior management.

STEP 2 Confirmation of validity

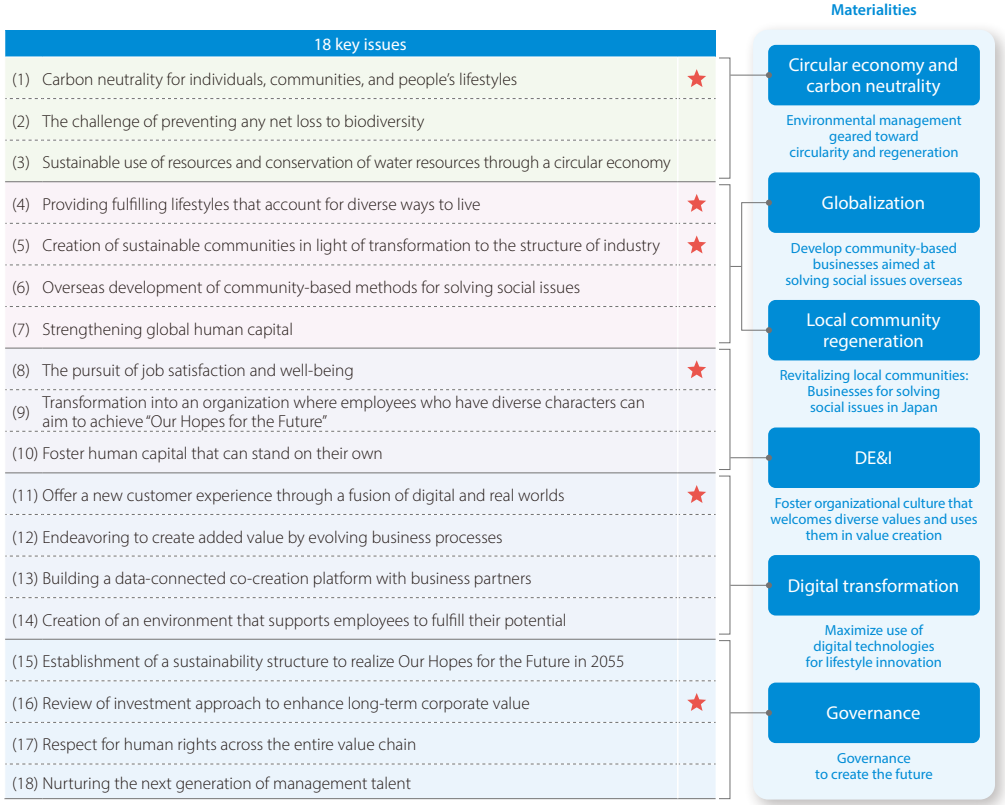
All 112 issues clarified in STEP 1 were evaluated for validity, which also covered specific processes for materialities, through dialogue with external experts, including investors and sustainability management specialists. In addition, we have reinforced the importance of the issues by receiving opinions that take a long-term and global perspective considering the latest insights.

STEP 3 Specification of materialities

The Company categorized and organized the study's results, which were approved by the Board of Directors in May 2022 as materialities that the Group should prioritize.

STEP 4 Reflecting to the Basic Policy

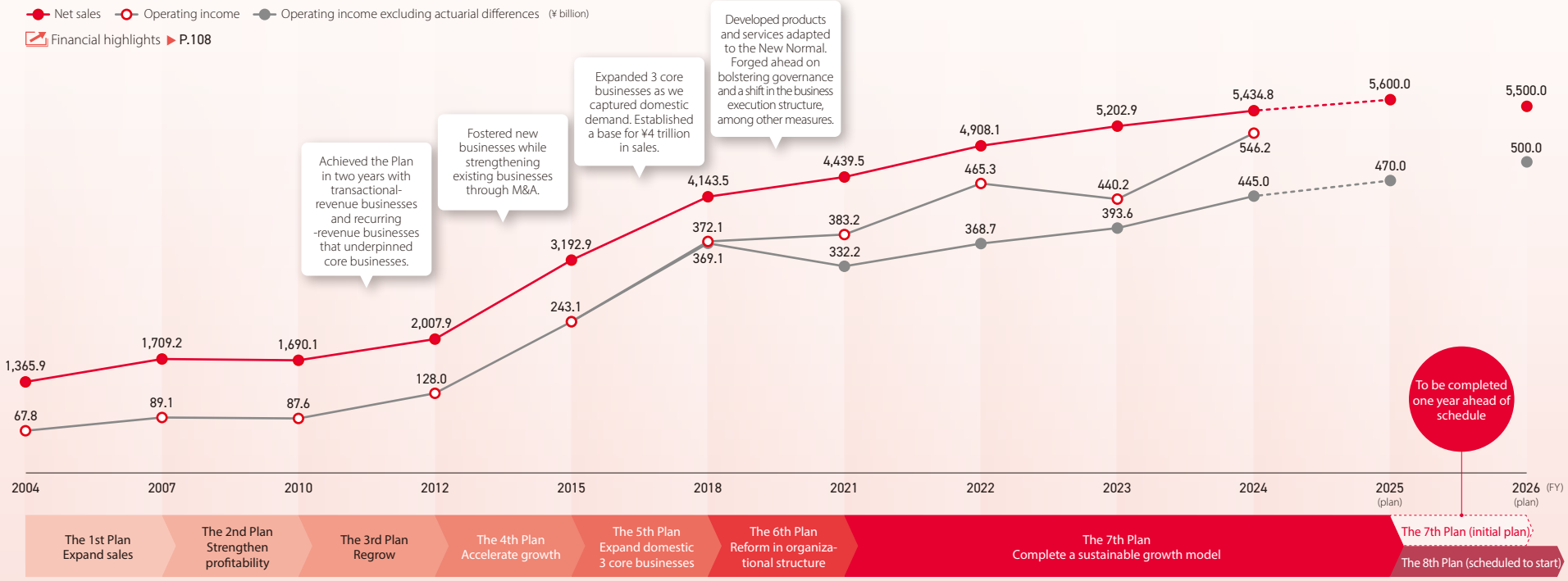
KGI/KPI for materialities were formulated based on the basic policy of the 7th Medium-Term Management Plan, and the corresponding policy for each theme was decided and formulated at a Board of Directors meeting held in April 2023, taking into consideration the level of Company efforts. These indicators are also being used as targets for the 7th Medium-Term Management Plan to promote initiatives.



Note: Issues included in the key themes of the 7th Medium-Term Management Plan are marked with an asterisk (★)

5 Results of past medium-term management plans and progress of the Seventh Medium-Term Management Plan

In fiscal 2024, the third year of the 7th Plan, sales of development properties remained robust and the expansion of the US single-family houses business contributed to setting a new record high. The reduction rate of GHG emissions is progressing at a pace that will exceed the 2030 target level, while the value of human capital is also increasing. In tandem with steady business growth, we are also moving forward on building the foundation for growth beyond the 8th Plan. With the path to achieving our Medium-Term Management Plan goals becoming clearer and with intent to accurately assess the rapidly changing external environment before advancing to the next stage, the 7th Plan will conclude in fiscal 2025, one year ahead of schedule. We plan to commence the 8th Plan starting in fiscal 2026.



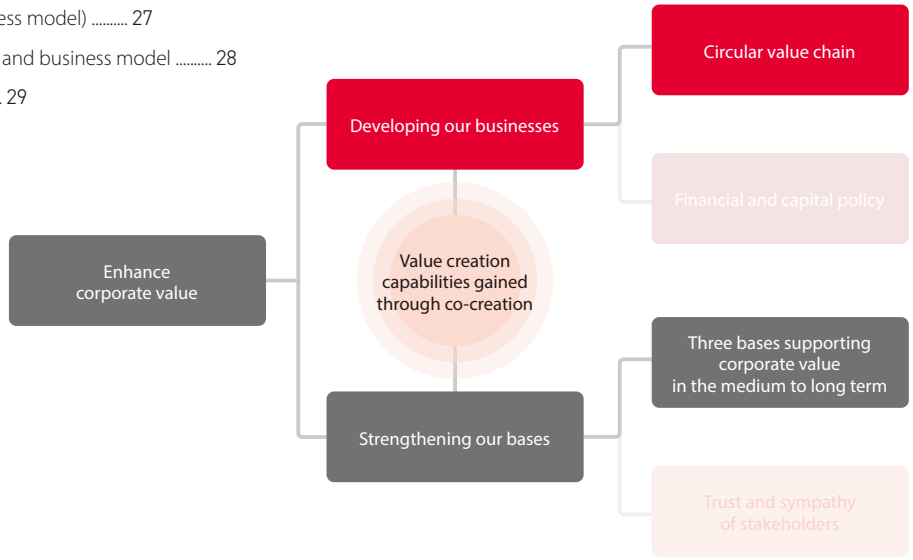
Note: The FY2026 plan is the plan established in May 2022 during the formulation of the 7th Plan.

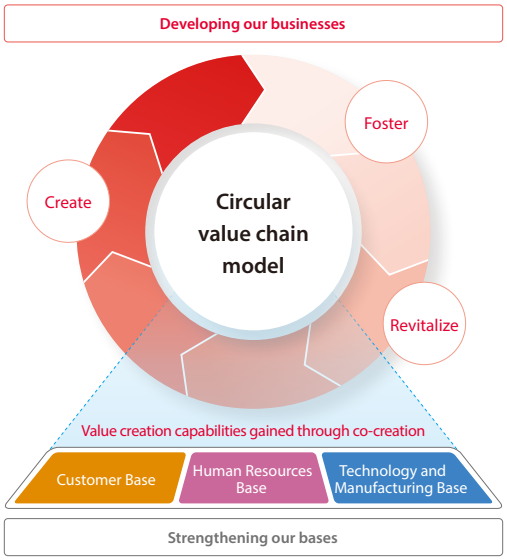
Chapter 2

The Story of the Group's Value Creation

As we mark our 70th anniversary, we look back on the course that has taken us to where we are today.
Our value creation process, driven by the capabilities gained through co-creation which are generated by our three bases, promotes a circular value chain business model (create, foster, and revitalize) and contributes to building a sustainable society. This process is introduced along with our current progress.

1 Over the course of our 70-year journey,
achieving growth through business portfolio transformation 23
From 1955
From 2000
2 Daiwa House Group evolution over the past decade 26
3 Strengths and the circular value chain (business model) 27
4 Comprehensive business proposal capability and business model 28
5 The Daiwa House value creation process 29



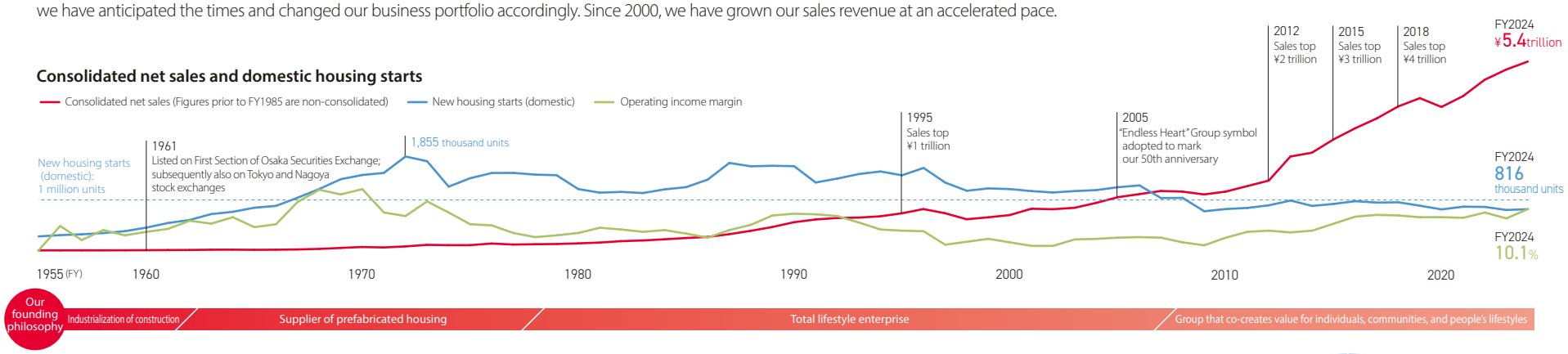


Chapter 2 The Story of the Group's Value Creation

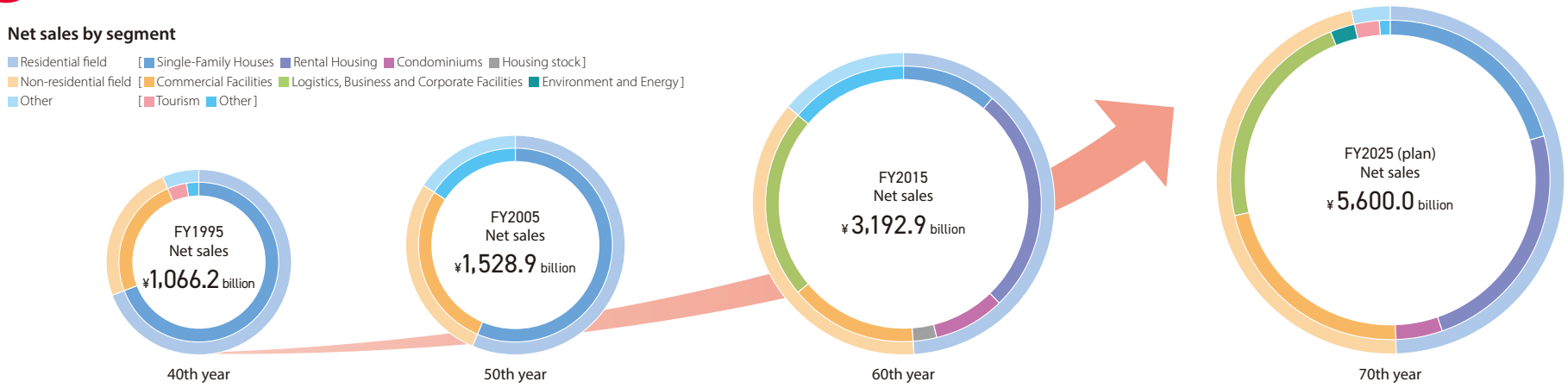
1 Over the course of our 70-year journey, achieving growth through business portfolio transformation

From the starting point of the founder's spirit, which is "Don't do things because they will make a profit, but because they will be of service to society," we have anticipated the times and changed our business portfolio accordingly. Since 2000, we have grown our sales revenue at an accelerated pace.

Consolidated net sales and domestic housing starts



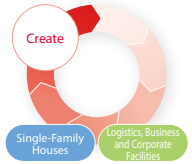
Net sales by segment



1 From 1955

From 1955 | *1960's to 1970's* | *1980's to 1990's*

1955 Pipe House



Following a major typhoon that destroyed large numbers of houses, we developed our first product by how both bamboo and rice were able to bend flexibly and gracefully. Standardized temporary buildings with steel pipe structures, which realized the industrialization of construction, were adopted primarily by government authorities and contributed to development from the postwar reconstruction period through to the era of high economic growth.

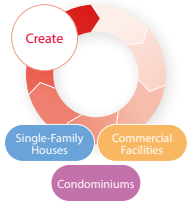


1959 Midget House

The Midget House was developed as a study room for children that could be erected in only three hours. As a solution to the housing shortage caused by a rapid population increase, it took the market by storm and became the cornerstone for today's prefabricated housing.



1962 Habikino Neopolis



With the sale of a large-scale housing complex as Japan's first in the private sector, we devised the nation's first residential mortgage loan system in cooperation with a private financial institution.

1976 Commercial facilities business

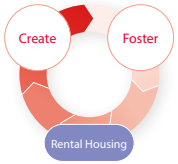
With the growth of motorization in Japan, Daiwa House devised a new business in which we would match the needs of landowners seeking effective ways to utilize their idle roadside land with companies looking to establish outlets such as restaurant chains and convenience stores. Subsequently, we established the commercial facilities business. Through this proprietary LOC (Land Owner and Company) System we help companies expand their business nationwide, and landowners to utilize their valuable assets over the long term.



1977 Condominium business

Sales began for Green Coop Senju, a large-scale condominium

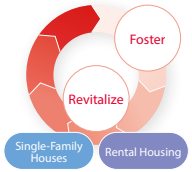
1989 Established Daiwa Living



In 1982, we specialized in the apartment building sector, established sales offices nationwide, and promoted apartment construction as an effective way for landowners to utilize their land. Subsequently, in 1989, we established Daiwa Living Co., Ltd. to support apartment management, handling everything from tenant recruitment to building maintenance. Daiwa Living, which today manages over 700,000 rental housing units and generates annual sales of approximately ¥600 billion, continues to provide support by meeting the needs of building owners and tenants.



2000 Renovation business



Full-scale expansion of the renovation business began with the launch of the Home Improvements Business Department within the Housing Business Division. This business assists customers who have built Daiwa House homes to raise the value of their housing assets. Currently, for single-family houses and rental housing, Daiwa House Reform Co., Ltd. and Daiwa House Chintai Reform Co., Ltd. handle all aspects of the renovation business through their maintenance work, renovation projects, paid after-sales work, and appropriate inspections (home inspections and diagnostics).

2 From 2000

2000's *2010's* *2020's*

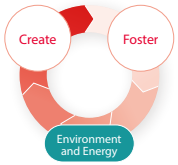
2002 Started logistics facilities development



Having embarked on "D Project," the development of logistics facilities, and while keeping a keen eye on societal changes, such as the expansion of the e-commerce market, the lineup we supplied encompassed everything from BTS (Build-To-Suit) facilities tailored for specific companies to multi-tenant facilities capable of accommodating diverse tenant needs. As a result, we currently boast the largest scale of logistics facility development in Japan.



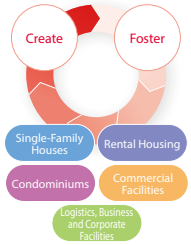
2007 Commenced wind power generation business



We completed nine turbines for wind power generation at Sadamisaki Peninsula in Ehime Prefecture. Based on our extensive construction experience, we provide optimal proposals tailored to existing buildings and site conditions, and promote the introduction of solar, wind, and hydroelectric power generation. In addition, we are engaged in the power generation business and electric power retail business through the development and operation of our own power plants. By maximizing the use of renewable energy, namely, wind, solar, and hydroelectric, which the founder foresaw as crucial, we are contributing to the realization of a decarbonized society.



2010's Expansion of overseas business

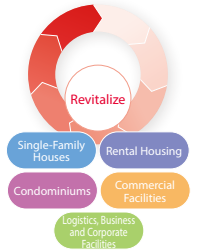


The delivery of condominium developments in China, which began in 2007, was realized around 2010. In 2011, with the purchase of rental housing in the US we entered the real estate business. From 2012, we started development of industrial parks in Indonesia and Vietnam. With US builder Stanley Martin becoming a consolidated subsidiary in 2017, we entered the US single-family houses business. Following that, this business grew with three local subsidiaries, becoming one of the major pillars of our overseas business.





2020's Expansion of Livness business



In light of the policy for the promoting transactions of existing residential properties, in 2018 we established "Livness," a new Groupwide brand, to strengthen our recurring-revenue businesses, including brokerage services for existing home sales, buy-and-resale operations, as well as renovation and remodeling. Subsequently, anticipating growing demand for repairs and renovations of non-residential buildings nationwide, and driven by an increase in aging industrial facilities and mixed-use commercial complexes operating for over 20 years, we launched "BIZ Livness" in 2024. In preparation for the era of declining new construction, we are promoting the Livness business as one of our new drivers of growth in our domestic operations, with sales exceeding ¥400 billion in FY2024.

Livness
[リブネス]

BIZ Livness
[ビズリブネス]

2 Daiwa House Group evolution over the past decade

We promote our business while evolving our business portfolio and revenue model.
Furthermore, we aggressively move forward on non-financial efforts, and work to optimize corporate value and shareholder value.

Corporate and shareholder value

	2015 (60th year)		2025 (70th year)
Market capitalization*1	¥2.1 trillion (March 31, 2016)	→	¥3.0 trillion (March 31, 2025)
ROE	9.1% (FY2015)	→	12.9% (FY2024)
EPS	¥156.4 (FY2015)	→	¥514.0 (FY2024)
Annual dividend	¥80 (FY2015)	→	¥150 (FY2024)
BPS	¥1,762.97 (FYE2015)	→	¥4,226.17 (FYE2024)

Revenue model change

	2015 (60th year)		2025 (70th year)
Overseas business sales	¥72.6 billion (FY2015)	→	¥905.0 billion (FY2024)
Sale of development properties	¥79.4 billion (FY2015)	→	¥430.0 billion (FY2024)
Balance of real estate for sale	¥0.5 trillion (March 31, 2016)	→	¥2.4 trillion (March 31, 2025)
D/E ratio	0.42 (March 31, 2016)	→	0.80*2 (March 31, 2025)
Long-term rating by Rating and Investment Information, Inc.	AA-	→	AA-

Non-financial information

2025 (70th year)

- Number of employees: 50,390 (March 31, 2025)
- GHG emissions reduction rate (vs FY2015): 46.2% (FY2024)
- ZEH rate: 99% (FY2024)
- ZEH-M rate (Rental housing): 73.1% (FY2024)
- ZEH-M rate (Condominiums): 100% (FY2024)
- ZEB rate: 66.2% (FY2024)
- Development and operation results of renewable energy power plants: 877MW (March 31, 2025)
- Ratio of outside directors: 50.0% (June 30, 2025)

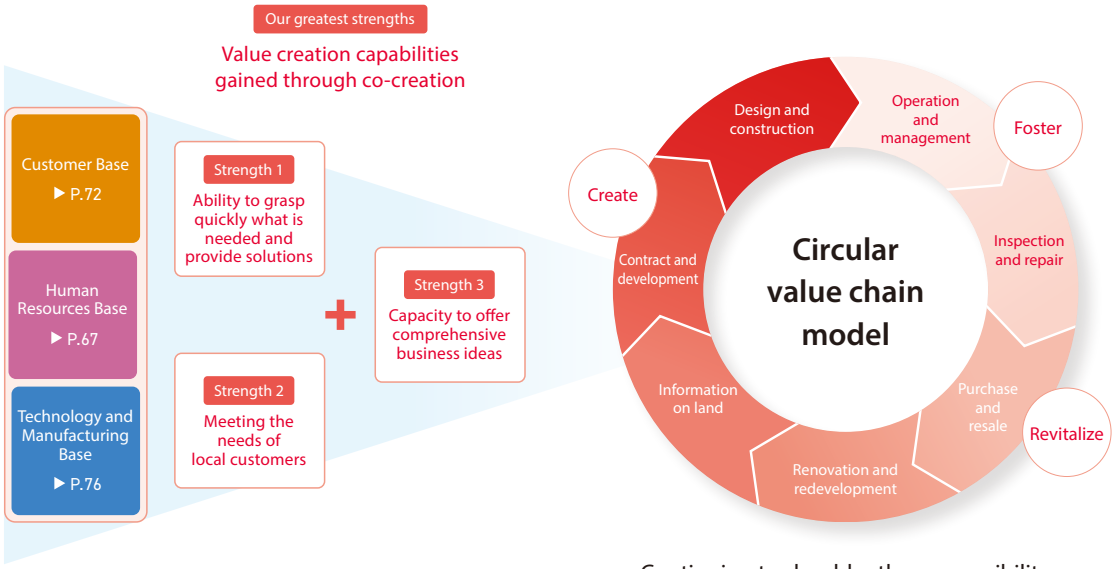
*1 Excluding treasury shares
*2 After taking hybrid financing into account

3 Strengths and the circular value chain (business model)

Leveraging the strengths that arise from our three bases, we maximize customer LTV and building LTV over the long term while achieving both economic and social value

The Group's source of value creation are the bases of human resources, customers, and technology and manufacturing that we have built alongside our business expansion. The strengths generated from these three bases are the ability to quickly grasp what is needed and to provide solutions, and meeting the needs of local customers. Additional to this is the capacity to offer comprehensive business ideas owing to a diverse business portfolio, which gives rise to our greatest strength, namely, the ability to create value through co-creation. By combining our strengths, we enhance the competitive advantage of our circular value chain, maximizing both customer LTV*1 and building LTV over the long term while achieving both economic and social value.

*1 Lifetime value (LTV): The revenue (value) generated from customers and buildings over the lifespan of the relationship.



Continuing to shoulder the responsibility for our customers and buildings

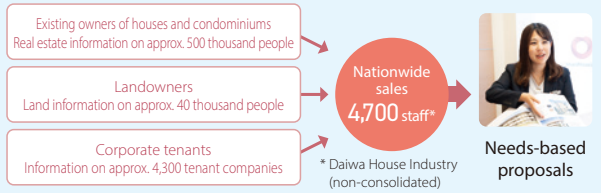
Ability to grasp quickly what is needed and provide solutions

Over many years, we have nurtured customer relationships based on our business track record and experience of finding solutions to the issues facing individual customers.

Meeting the needs of local customers

Since our founding we have placed importance on having a good grasp of actual conditions by being on site and seeing what is actually there. In particular, together with seeing for oneself the characteristics and issues that occur daily at business sites or that differ according to area, one of the Company's unique capabilities is to accumulate information on land and real estate data.

Land and real estate data aggregation, and business knowhow gained from customer relationships



4 Comprehensive business proposal capability and business model

Building a multi-faceted business portfolio through our proprietary circular value chain

Our business portfolio spans six core businesses and over 600 Group companies, and covers a wide range of business areas starting from land and real estate information, enabling us to provide integrated proposals that fit a full range of needs. Transcending the boundaries of a traditional housing manufacturer, our comprehensive system provides an array of solutions from planning through after-sales service. This establishes a circular value chain model (create, foster, and revitalize) that builds social infrastructure and enriches lifestyles and culture, forming our unique business model.

A comprehensive system that provides total support from planning to after-sales services, with information on land and real estate as the starting point.

Create
- Proposals for the use of idle land
- Selection & acquisition of land for development
- Utilization of building rooftops
- Planning & development
- Design & construction (*monozukuri*)

Foster
- Operations, management, leasing and after-sales service
- Real estate securitization

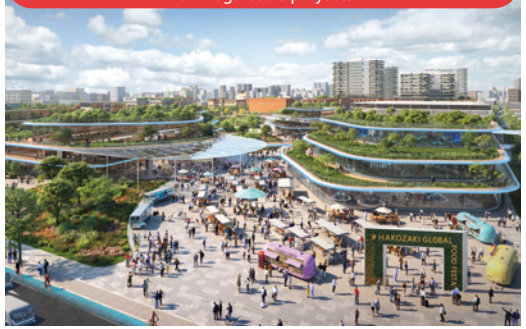
Revitalize
- Buy and resell
- Renovation and redevelopment

Single-Family Houses	Daiwa House Industry, DesignArc, Daiwa Lantec Stanley Martin Holdings, Trumark Companies CastleRock Communities, Rawson Group Daiwa House Reform Daiwa House Real Estate
Rental Housing	Daiwa House Industry Daiwa House Modular Europe Daiwa Living Daiwa House Chintai Reform
Condominiums	Daiwa House Industry Daiwa LifeNext
Commercial Facilities	Daiwa House Industry, Daiwa Lease Daiwa House Parking Royal Home Center, Sports Club NAS Daiwa House Realty Mgt.
Logistics, Business and Corporate Facilities	Daiwa House Industry, Fujita Daiwa LogiTech Daiwa House Property Management, Daiwa Logistics, Wakamatsu KONPOU UNYU SOKO, Kouyama UNYU
Environment and Energy	Daiwa House Industry Daiwa Energy Eneserve
Other	Daiwa Royal Golf, Media Tech, Shinwa Agency Daiwa House Financial, Daiwa House Insurance Daiwa House Real Estate Investment Management, Daiwa House Asset Management

Daiwa House REIT
Daiwa House Global REIT
Daiwa House Logistics Core Fund
Daiwa House Logistics Trust
Daiwa House Well-being Core Fund

- Build a circular value chain with each business
- Bring about comprehensive business proposals while undertaking collaboration between businesses

Multi-business, cross-industry collaboration for mega-scale projects

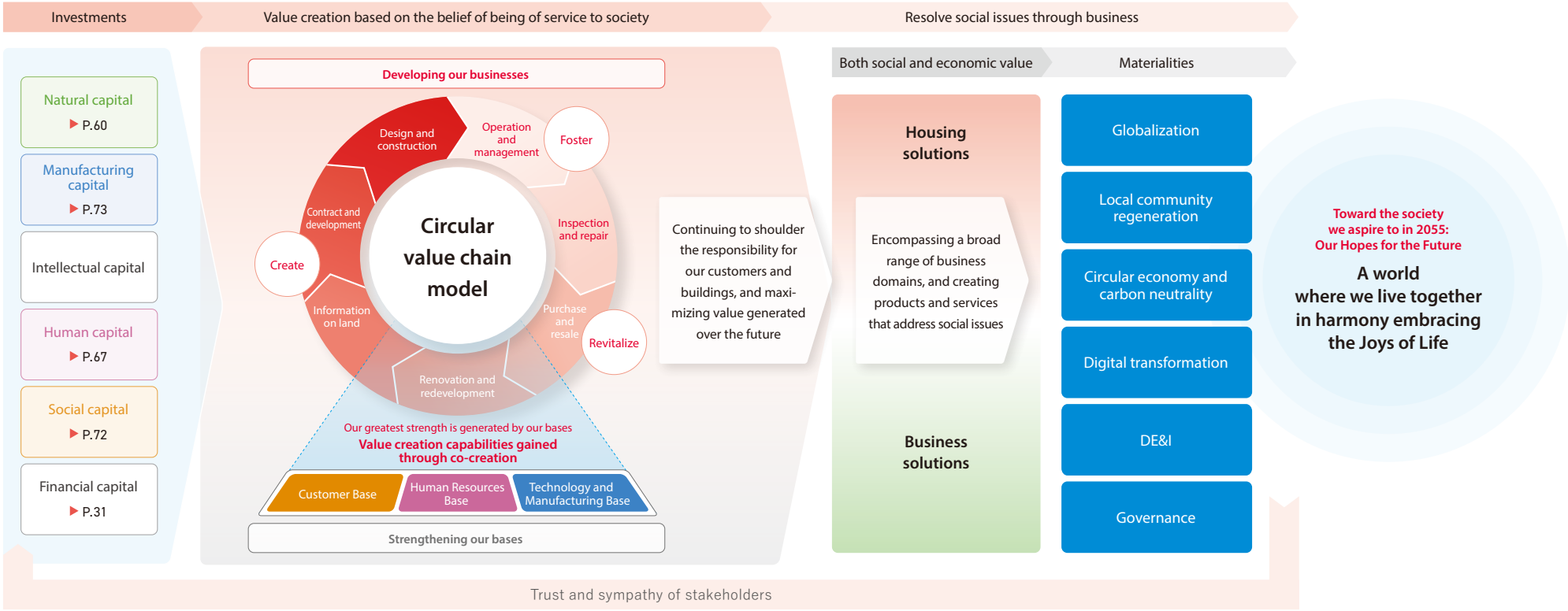


(Artist's impression)

5 The Daiwa House value creation process

Value creation based on the belief of being of service to society and solving social issues through business

By strengthening our three bases and promoting a circular value chain model driven by the value creation capabilities that the bases generate, we develop products and services that meet a wide range of needs. Our business activities work to solve issues facing society and to earn the trust and sympathy of our stakeholders, while also regaining business opportunities. This virtuous cycle of the value creation process enables us to engage in materiality and pursue the realization of Our Hopes for the Future.



Chapter 3

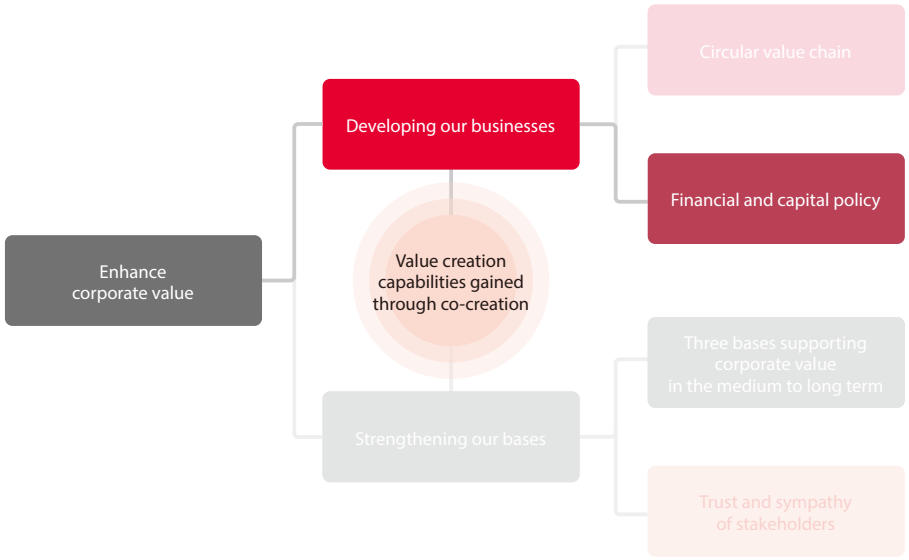
Message from the CFO

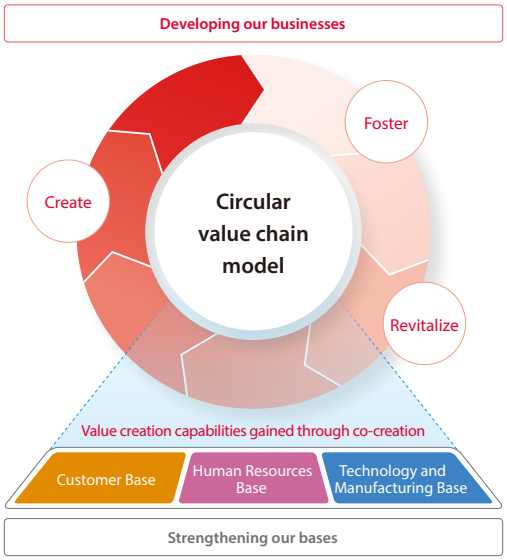
Daiwa House Industry's CFO explains the capital policies underpinning our evolving business model.
In pursuit of unassailable competitive advantage, we will allow us to balance growth investing and shoring up our financial foundations.
This will enable Daiwa House Industry to maximize corporate value through optimal business-resource allocation and focus on improved capital efficiency with a watchful eye on ROE, ROIC, and other essential indicators, and providing stable shareholder returns.

Message from the CFO 31

Basic strategy for capital policy 35

Capital allocation and shareholder return 36





Chapter 3 Message from the CFO

Message from the CFO

Financial and capital strategies to undergird our evolving business model

Takeshi Kosokabe

Takeshi Kosokabe
Executive Vice President, CFO



Optimizing capital strategy for current operating environment and business model

The Daiwa House Group has grown while evolving its business model to anticipate and adapt to the demands of the day. At founding, we primarily engaged in contract businesses, then branched out into the built-for-sale business. With the advent of the fixed-term commercial land lease system, we started providing solutions for landowners who wanted to generate revenue by leasing out rather than selling their land. We also rolled out a property development business building commercial and logistics facilities on land we have purchased. We grew businesses that match properties in our vast land databases to tenants needs. We have not done anything particularly extraordinary. These are the results of working earnestly to meet customers' needs while running our businesses in line with our founder's philosophy of doing things not because they will be profitable but because they will be of service to society. We expect to continue to reinvent ourselves going forward, evolving in a manner unique to the Daiwa House Group.

Daiwa House Group intends to grow sustainably while improving corporate value. In the near term, we are and will continue to squarely face the changes and challenges in the operating environment, such as interest-rate fluctuations, while evolving our business model and reviewing our capital strategy as needed.

Responding to a changing global economy and positive interest rates

After traversing a low and even zero interest-rate path for decades, Japan is gradually adapting to

positive interest rates. We have not yet been significantly affected, but believe rising interest rates will have no small impact on our business.

For example, many people use mortgages to buy a home, and when mortgage rates rise, their costs (payments) increase, which could dull their appetite to buy and affect home buying and selling activity. Profitability in the real estate development business is also impacted. We make a profit by selling a property once a building is complete and fully up and running. However, if the cap rate (investors' expected return) increases by the time of sale, the transaction may not proceed as planned. Further, costs will increase due to higher payments on interest-bearing debt. We raise funds with a balance of fixed and variable interest rate loans, keeping in mind interest-rate risk. Obviously, interest-rate fluctuations will affect the floating-rate portion, but could also affect fixed-rate funding costs in the future. Our business development plans take such risks into account.

Approach to fluctuating interest rates

In February 2023, we raised our hurdle rates (internal rate of return: IRR) for real estate development, anticipating future interest rate rises. The reaction from some in the field was initially negative, as they wanted to invest aggressively; but we took the step because dealing with interest-rate risk becomes more important as real estate developments grow in scale. We think the current hurdle rates will be sufficient if future interest rates rise in line with our expectations.

We have recently circulated a message to our employees concerning how we intend to deal with positive or rising interest rates. I joined Daiwa House Industry during an era of high interest rates in the 1980s. To foster awareness of the changes underway among our workforce, I remind them of what our founder said about interest rates in light of their impact on earnings: "Interest works even when we are sleeping." The low interest rate environment persisted for a long time. I believe it is important to change the mindsets of every employee, making them aware of the risk rising rates entail when they do sales and make investment decisions.

Daiwa House Industry has an internal interest-rate system to sharpen the awareness of those in the field and improve asset turnover. This is a kind of management accounting, and applying it to the assets of individual segments and business locations makes the frontline workforce more aware of interest rates. This system means they will need to be more conscious of cash flow and boost inventory turnover, as well as improve collection terms on customer contracts, and I sense that a stronger awareness of interest and its implications is taking hold on the ground. Going forward, I want to explore effective measures to firmly entrench awareness of interest rates and the need to improve asset turnover among our workforce.

Evolving business model and growth strategy

I think improving the asset turnover rate is important given that it has fallen to about 0.8 times in the wake of the COVID-19 pandemic of 2020, after previously ranging between 0.95 and 1.05 times. This means that investment is exceeding returns. While some growth investment gets frontloaded as our business expands, changes in the operating environment could make finances more difficult to manage if this situation persists. As CFO, I am committed to overcoming all obstacles and improving the situation by the end of fiscal 2026, the year originally slated to be the final one of our Seventh Medium-Term Management Plan.

Direction of overseas business growth

Currently, the share of our overseas businesses in the overall mix is gradually increasing, especially that in the US, where we are boosting investment (in M&A and real estate). We feel that risk management is more important when investing overseas than in Japan, so have set

hurdle rates for overseas investment projects higher to reflect local risks. We are rolling out overseas businesses cautiously, strengthening our monitoring capabilities, and increasing the number of opportunities to collaborate with local subsidiaries.

Our three single-family housing subsidiaries in the US may see some impact from government-imposed tariffs on lumber from Canada, but in April 2025 we learned that additional tariffs would not apply to Canadian lumber, so we currently think the earnings impact will be limited. It is conceivable that the overall US economy may face sharp inflation or stagflation, but demand for housing remains strong in regions with growing populations, so we see numerous business opportunities. The US market remains important for the Group's growth, and we will be focusing intently on it.

Challenges and our response in the domestic business

Major challenges in Japan include the shrinking housing market on falling household numbers as the population contracts and the construction workforce declines sharply. We have acted to secure human resources, such as revising starting salaries, and are moving ahead with the digitalization of construction; i.e., using digitization to improve onsite workflow efficiency and productivity. Turning to business opportunities, we see ample unmet demand for rebuilding aging structures, and we need to further grow our BIZ Livness offering (real estate-segment recurring-revenue businesses; e.g. nonresidential-property brokering and renovation and remodeling businesses).

On the financial front, inventories are in an uptrend as our built-for-sale business actively develops rental housing, commercial facilities, business facilities, and single-family houses. For land parcels that are not proceeding to plan, we are not making individual business divisions alone responsible, but working as a unified corporate division to actively monetize these assets in an optimal manner.

Capital strategy and narrative to 13.0% ROE

We want to simultaneously achieve an ROE of at least 13.0% and a debt-equity (D/E) ratio of about 0.6 times, with each equally important. ROE is a benchmark promise to our shareholders and equity investors, and the D/E ratio is our obligation to financial institutions, bondholders, and other debt investors. While curtailing our equity to achieve the ROE target, we also have to pay attention to the D/E ratio, which is a very difficult balance to strike, in my opinion.



It is important to maintain our AA credit rating as we need to raise funds for sustainable growth. Looking back on the global financial crisis of 2008, when it was impossible to issue corporate bonds without at least a AA rating, we are aware that the present is a critical juncture, given recent rises in interest rates. We are working to boost asset turnover to reduce the D/E ratio to about 0.6 times and utilizing intra-group financing to cut down on interest-bearing debt. Investing upfront requires recouping the funds at some point. We will work during our medium-term plan using all means available to achieve our ROE and D/E ratio targets by recouping funds through real estate sales and crystallizing capital gains.

In the next medium-term plan, we will re-examine the D/E ratio in the context of how much growth funding we need and the impact of accumulated profit on equity capital. For our Group to grow, it is important to seize on any business opportunities while considering the appropriate balance between accelerator and brake. We are well aware that we need to communicate thoroughly with credit rating agencies and other stakeholders.

Starting in fiscal 2027, new lease accounting standards will apply, and transactions that had previously been treated as operating leases will impact the balance sheet. The presentation of the current D/E ratio (i.e., its apparent size) will change when accounting standards change, but there are no cash flow implications, so we expect no impact. We are pressing on with internal preparations such as system upgrades, and will examine in further detail transactions likely to be affected by the change in accounting standards while communicating closely with our accounting auditors.

Managing shareholders' equity via returns to shareholders

The Daiwa House Group sees both growth investment and returns to shareholders as important. Under our 7th Plan, we have maintained a dividend payout ratio of at least 35%, and a minimum dividend per share, while investing in growth. We will manage our shareholders' equity via flexible share buybacks in light of the share price and investment opportunities as we aim to meet our ROE target.

We enhanced our shareholder benefits program in March 2025 to boost the investment appeal of our stock, as well as deepen the understanding of our businesses among shareholders who avail themselves of the Group's services. A breakdown of our shareholders shows that individuals still only make up about 12% of the total, which is below the average of companies listed on the Tokyo Stock Exchange. Half our revenue comes from our individual-facing businesses such as our Single-Family Houses, Condominiums, and Rental Housing businesses, which we think opens the door for more retail investors to hold our Company's shares. We believe that boosting the percentage of individual shareholders will help reduce our capital costs.

Managing with an eye on capital cost and share price

Initiatives to improve corporate value

We were very pleased to see our shares reach a record high in May 2025. In addition to a favorable earnings release for the third quarter in February 2025, enhanced shareholder benefits announced on the same day played a part. However, I am not satisfied with the current share price. The P/E ratio is about 11–12 times, lower than the average for companies listed on the Prime market (16.5 times) and the construction and real estate sectors (construction: 14.9 times; real estate: 14.0 times). We intend to thoroughly explain our growth narrative going forward to investors and adopt optimal capital management strategies with a view to further share price appreciation.

Note: PER figures are weighted averages published by Japan Exchange Group as of end-April 2025

Improving cost of capital

We understand that our Group's cost of capital is roughly 7% (calculated using capital asset pricing model concepts), and our ROE target was set with an ample equity spread in mind. We will work to reduce the cost of capital via timely and appropriate disclosures on matters such as progress on our growth strategies, moves toward sustainability management, and strengthened governance mechanisms. We will continue constructive dialogue with our investors covering our results so far and growth prospects going forward. The goal is deepening understanding of the Daiwa House Group as a company striving for sustainable growth and improving corporate value.

Management's discussion and analysis of financial position and results of operations ▶ p.99

Basic strategy for capital policy

❶ Secure cash flow required for growth investment

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

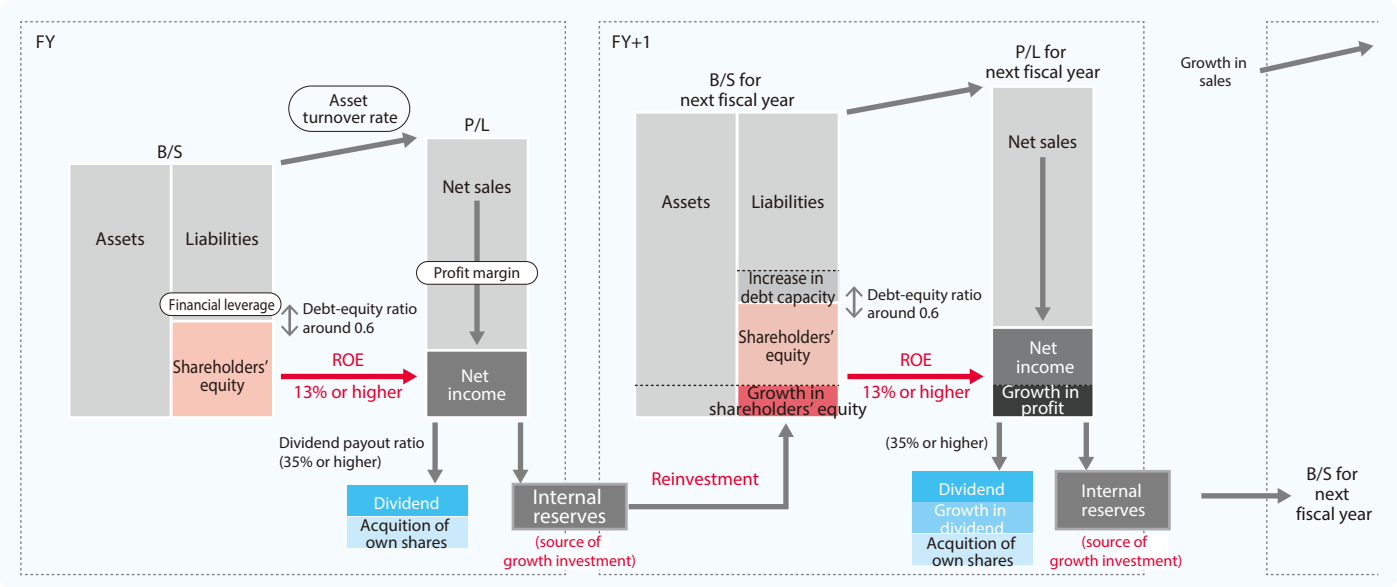
❷ Reinvest in growth areas while maintaining a D/E ratio of about 0.6 times

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

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

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

Basic strategy for capital policy (conceptual diagram)



In addition to securing operating cash flow, the source of funds required for growth investment, we generate investment cash flow by reducing cross-shareholdings and inefficient assets. While increasing internal reserves after returning a portion to shareholders, we reinvest capital in growth sectors, factoring in an appropriate level of financial leverage.

Secure operating cash flow through steady growth of profits

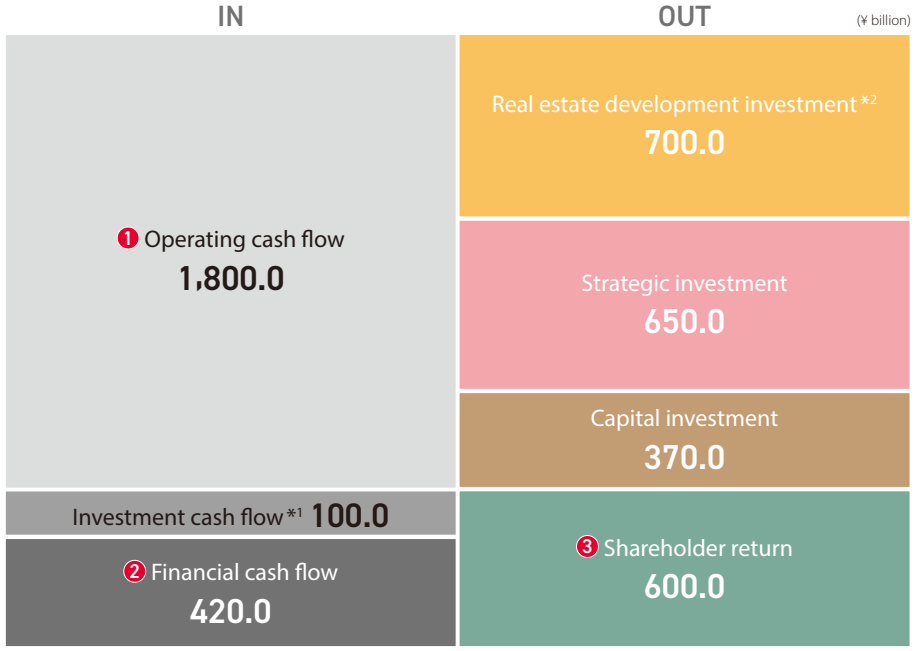
The Company will realize return on reinvested capital with capital efficiency that exceeds the expected rate of return (cost of shareholders' equity) for shareholders in order to achieve growth in profits and dividends, as well as increased capital required for new growth investment.

Achieving ROE target based on an optimal capital structure

Capital allocation and shareholder return

We engage in real estate development and strategic investments necessary for sustainable growth. We also increase operating cash flow based on stable growth of profits and steadily return profit to shareholders. Looking back over the previous three years of the 7th Plan, ❶ operating cash flow accumulated owing to steady profit growth. ❷ Regarding financial cash flow, interest-bearing debt accumulated by approximately ¥900 billion due to real estate development investments, as well as upfront strategic investments such as for the US Single-Family Houses Business, and in Japan, the built-for-sale business covering Single-Family Houses and Rental Housing, and Commercial Facilities business, etc. However, ahead of fiscal 2026, which is the final year of the plan, we are stepping up activities such as real estate sales, and we expect to arrive at a D/E ratio of 0.6 times as a financial benchmark. ❸ With regard to shareholder returns, over the past three years we returned approximately ¥272.1 billion in dividends and conducted a share buyback of roughly ¥187.1 billion.

Seventh Medium-Term Management Plan　Capital allocation in five years



*1 Reduction in cross-shareholdings and inefficient assets, etc.　*2 Real estate properties for rent held for sale or holding purpose

Real estate development investment

- In addition to the profit driver of logistics facilities, investment in new fields (data centers, semiconductor-related facilities, public wholesale markets, etc.)
- Investment that covers inbound demand and the Livness business (hotels, revitalization of aging facilities, etc.)
- Investment to gradually increase stock assets for profit-earning real estate

Strategic investment

- Priority investment in the overseas Single-Family Houses Business, with a focus on the US.
- Investment to fundamentally overhaul the Single-Family Houses Business in Japan
- Strengthen the built-for-sale business for rental housing and commercial facilities
- Investment into onsite/offsite PPA toward the realization of carbon neutrality

Capital investment

- Strengthen production sites for the business field
- Invest in IT platform to promote DX and invest in digital construction

Shareholder return

- **Dividend payout ratio of 35% or higher,** and **dividend per share of ¥145**[*3] **or more**
- Flexible acquisition of own shares

*3 The initial ¥130 changed to ¥145 from fiscal 2024

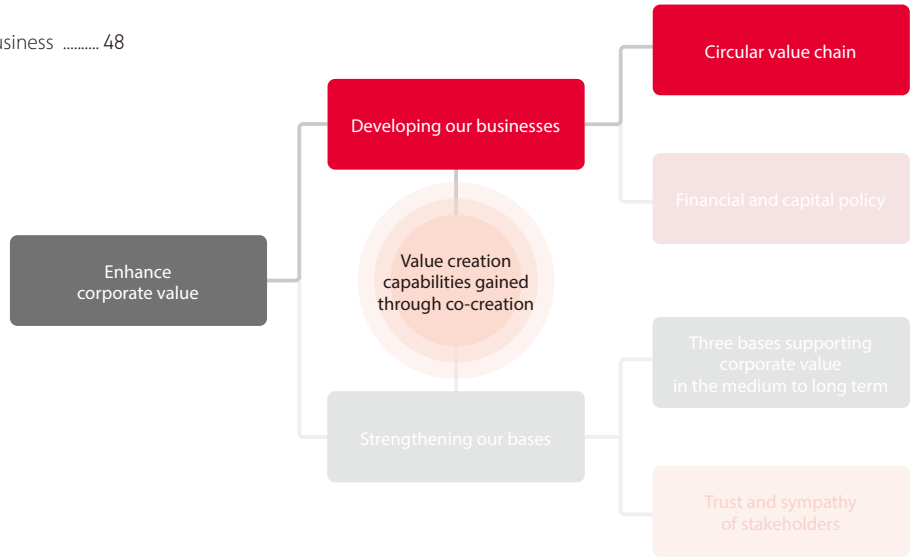
Chapter 4

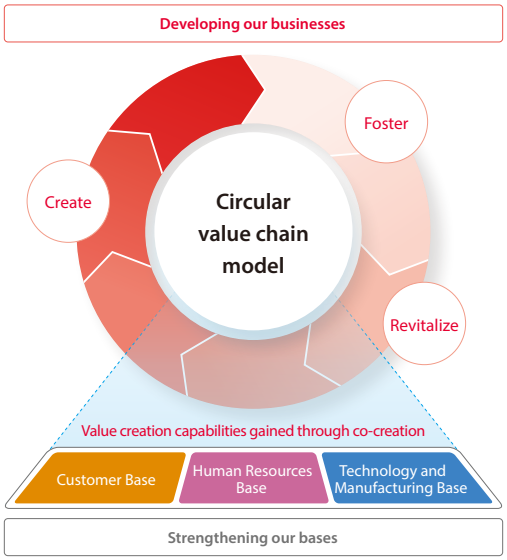
Developing our Businesses

We aim to generate stable cash flow and sustainable growth through our six main businesses.
We will examine the current status and outlook of each business from the perspective of how real estate investment, overseas development,
and environmental initiatives can lead to the generation of business value, as we describe our efforts to enhance corporate value through the creation of an optimal business portfolio.

Performance targets by business segment 38
- Single-Family Houses Business 39
- Rental Housing Business 42
- Condominiums Business 44
- Commercial Facilities Business 46
- Logistics, Business and Corporate Facilities Business 48
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Real estate investment 52
Social impact real estate initiatives 55
Overseas business initiatives 57
Environmental Action Plan and transition plan to achieve carbon neutrality 60
Climate-related risks and opportunities 61
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Chapter 4 Developing our Businesses

Performance targets by business segment

In the 7th Medium-Term Management Plan, we aim to expand our business by positioning the Single-Family Houses Business, Commercial Facilities Business, and Logistics, Business and Corporate Facilities Business as fields for intensive investment. In addition, we enhance our ability to generate cash in the Rental Housing Business and Environment and Energy Business to ensure stable profit growth.

(¥ billion)

	Sales			Operating income (operating margin)		
	FY2024 Results	FY2025 Plan	FY2026 Plan	FY2024 Results	FY2025 Plan	FY2026 Plan
Single-Family Houses	**1,144.5**	1,230.0	1,250.0	**69.8(6.1%)**	76.0(6.2%)	100.0(8%)
for overseas	636.3	684.5	730.0	59.2(9.3%)	60.0(8.8%)	75.0(10%)
Rental Housing	**1,376.0**	1,420.0	1,250.0	**129.9(9.4%)**	137.0(9.6%)	120.0(10%)
for overseas	124.3	110.2	60.0	3.2(2.6%)	3.3(3.0%)	10.0(17%)
Condominiums	**269.4**	290.0	400.0	**10.9(4.0%)**	15.0(5.2%)	25.0(6%)
for overseas	37.6	55.9	150.0	-11.3(–%)	0.0(–%)	18.0(12%)
Commercial Facilities	**1,227.1**	1,300.0	1,250.0	**145.9(11.9%)**	162.0(12.5%)	160.0(13%)
for overseas	15.3	11.7	25.0	0.0(0.1%)	1.0(8.5%)	5.0(20%)
Logistics, Business and Corporate Facilities	**1,369.7**	1,333.0	1,300.0	**159.6(11.7%)**	146.0(11.0%)	160.0(12%)
for overseas	86.6	73.4	90.0	4.0(4.6%)	2.1(2.9%)	9.0(10%)
Environment and Energy	**131.1**	150.0	170.0	**12.4(9.5%)**	13.0(8.7%)	10.0(6%)
for overseas	–	–	2.0	– (–%)	– (–%)	0.2(10%)
Other Businesses	**50.9**	50.0	70.0	**2.8(5.6%)**	2.2(4.4%)	5.0(7%)
for overseas	4.7	4.1	8.0	-0.9(–%)	-1.4(–%)	-2.9(-%)
Total	**5,434.8**	5,600.0	**5,500.0**	**546.2(10.1%)**	470.0(8.4%)	**500.0(9%)**
for overseas	905.0	940.0	1,000.0	51.7(5.7%)	60.0(6.4%)	100.0(10%)
for sale of development properties	430.0	357.3	450.0	134.9(31.4%)	104.7(29.3%)	
for Livness business	405.5		Approx. 500.0			

Note: The FY2026 plan is the plan established in May 2022 during the formulation of the 7th Plan.

Single-Family Houses Business

Market environment and strategy

Japan

With the number of new housing starts expected to decline over the medium to long term due to structural factors such as the declining population, falling birthrate and aging society, etc., we will promote reforms in sales methods in the contracting and built-for-sale businesses in order to expand our business. In addition, the Company is aggressively developing its Livness business, which includes renovation and purchase and resale.

Overseas

In the U.S., although stable economic growth is expected due to population growth over the medium to long term, consumers are taking a wait-and-see attitude amid persistently high mortgage rates and uncertainty over the future of the Trump administration's tariff policies. We are therefore promoting a variety of sales initiatives and other measures as we expand our business.

Circular value chain



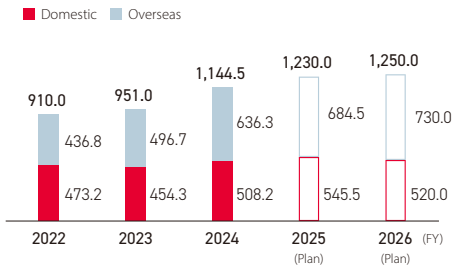
Progress of the 7th Medium-Term Management Plan

Review of the progress of the 7th Medium-Term Management Plan

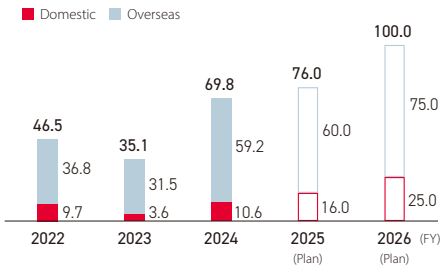
In terms of house sales in the Japan business, the number of built-for-sale houses sold increased due to sales method reforms, but the number of custom-built houses sold declined more than expected. The Livness business has remained strong and contributed to the Company's business results.

In the US, although the environment for orders did not improve significantly due to persistently high mortgage rates, the Company's business results expanded as a result of its efforts to secure prime land and various sales measures, which it had been pursuing with a view to expanding over the medium to long term.

Sales (¥ billion)



Operating income (¥ billion)



Strengthening the contracting and built-for-sale businesses

Create

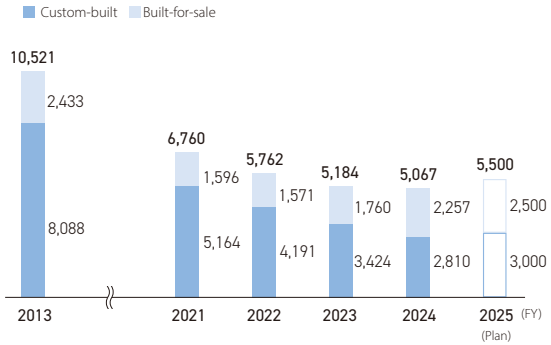
Expansion of the built-for-sale business and reform of the sales approach for custom-built houses

In the area of built-for-sale houses, disseminate the approach of "Ready Made Housing." with the concept of "offering the best of both custom-built and built-for-sale houses." Utilizing our expertise in custom-built houses, we offer high-quality built-for-sale houses, aiming for value in excess of price.

In the area of custom-built houses, we are proposing the dissemination of the "Smart Made Housing." approach that offers the best of freely designed and standard houses while streamlining each process involved in building a home to make it more cost- and time-effective amid prices for commodities, construction materials, and labor costs have skyrocketed.

By accelerating these efforts, we will increase our share of sales in Japan and expand our business.

Number of units delivered in Japan (units)





Expansion of Livness business

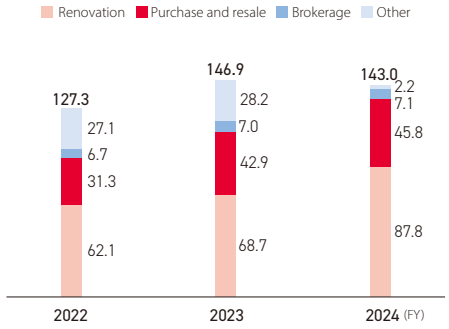
Revitalize

Proposals tailored to customers' lifestyles

As Japan enters an era of an aging and declining population, vacant houses have become a social problem.

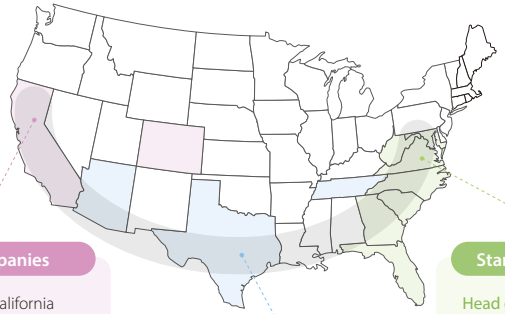
In the future, it will be necessary not only to build new housing, but also to make good use of existing housing stock. In the Livness business of the Single-Family Houses Business, while staying close to the residents of the properties, we are also actively developing a purchase and resale business that includes renovation proposals in response to lifestyle changes, the introduction (brokerage) of new properties for when relocation is necessary, and the purchase of homes from their owners.

Livness business sales by transaction type (¥ billion)



Expanding US housing business

Our business revolves around three builders in what we call the "smile zone" connecting the east, south, and west, with prospects of steady market growth due to demographics and industrial bases



Trumark Companies

Head office	California
Year established	1988
Year of entry to the Group	2020
Units delivered in FY2024	1,016 units

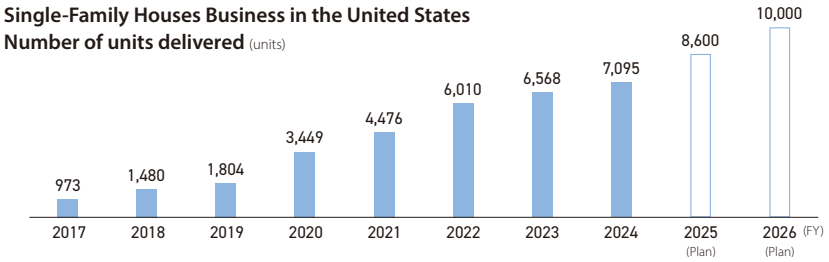
CastleRock Communities

Head office	Texas
Year established	2004
Year of entry to the Group	2021
Units delivered in FY2024	1,465 units

Stanley Martin Holdings

Head office	Virginia
Year established	1966
Year of entry to the Group	2017
Units delivered in FY2024	4,614 units

Single-Family Houses Business in the United States
Number of units delivered (units)



Creation of synergies among Group companies

Our Japanese and American executives regularly gather to discuss the future expansion of the Daiwa House Group's US operations. Most recently, the CEO of Alliance Residential, which joined the group in November 2024, also participated in the meeting to exchange information on collaboration and other business partnerships.

In addition to strategic discussions for future growth, the companies also introduce examples of their own initiatives and discuss cost reductions through Group collaboration.



Joint Japan-US meetings held on a regular basis
(Photo: Meeting held in Florida in February 2025)

Group purchasing initiatives

Group purchasing in the US business started in 2022. To optimize procurement throughout the Group, we are working to consolidate vendors of building materials and housing equipment. In FY2024, we signed contracts with several vendors, which contributed to improving the profit margin of the entire Group, and we are building a robust supply chain that can flexibly respond to fluctuations in the external environment.

Rental Housing Business

Market environment and strategy

Japan

While demand for investment in rental housing by land owners and investors for the purpose of inheritance tax planning solutions, etc., is firm, there are concerns about issues with funds procurement, such as increased construction costs due to soaring material and labor costs and rising market interest rates, but the number of new housing starts for rental housing remains stable. We promote our business with the aim of improving owner and tenant satisfaction through business collaboration in the areas of contracting and built-for-sales housing, rental management, and remodeling proposals.

Overseas

In the US, the Company focused on improving the income/expenses balance of operational properties amid continued high interest rates and a lack of improvement in the real estate sales environment. In Europe, the Company aims to expand the supply of housing through modular construction as a chronic housing shortage becomes a social issue against the backdrop of a growing population.

Circular value chain



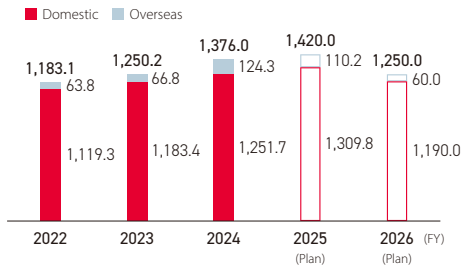
Progress of the 7th Medium-Term Management Plan

▶ Review of the progress of the 7th Medium-Term Management Plan

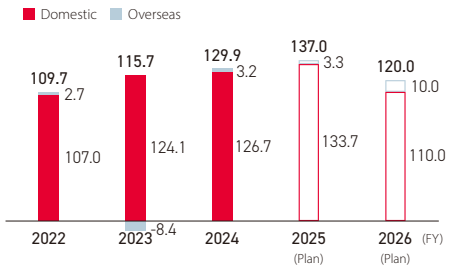
In Japan, the aggressive development of the built-for-sale business is progressing steadily. In the rental management business, profit margins improved as a result of efforts to increase building value and revise rents through aggressive renovation proposals while maintaining occupancy rates.

Overseas, the sale of one property in the US was realized in FY2024, but construction losses on a large project in Europe and other losses were recorded. However, in FY2024, the segment as a whole achieved its target for FY2026, the final year of the medium-term management plan, two years ahead of schedule.

Sales (¥ billion)



Operating income (¥ billion)



Steady contracting and construction business

Create

Steady expansion of the built-for-sale business

The built-for-sale business, which is being aggressively developed, remained steady. We are diversifying our sales channels to include introductions from financial institutions and wealthy individuals who do not own land.

Proactive environmental initiatives

TORISIA with ZEH-M specifications was launched in 2022. Sales remained steady and the ZEH-M rate increased rapidly. We will continue to aggressively develop proposals for ZEH-M specification rental housing, which can balance considerations for the global environment with benefits for both owners and tenants.

THE STATELY, a product commemorating the 70th anniversary of the Company's founding

In March 2025, the Company launched THE STATELY, a three- and four-story rental housing product with a heavy steel moment frame designed for expanding sales in urban areas. In addition to the standard adoption of ZEH-M and the use of highly sound-insulating boundary walls and floors to realize comfortable living spaces, it is also possible to make highly profitable proposals, such as combining stores with ceilings over three-meters high on the first floor, depending on needs.



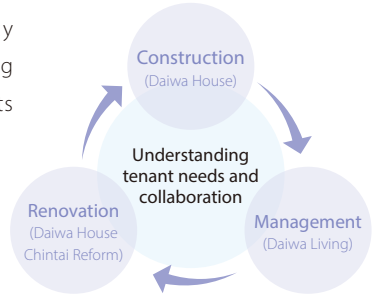
Growth in the rental management business

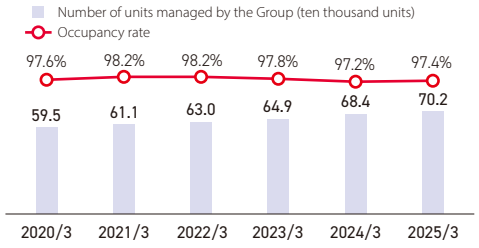
Foster

Business collaboration between construction, management, and renovation

We are striving to understand tenants' needs by strengthening cooperation between Daiwa House, Daiwa Living, and Daiwa House Chintai Reform.

Daiwa Living manages approximately 80% of the rental housing built by Daiwa House, and the D-ROOM brand is highly regarded by tenants for its comfort and quality, leading to increased owner satisfaction. The rental housing business is performing well, maintaining occupancy rates while increasing the number of units under management.





Overseas business development

Create Foster

Responding to the diversifying housing needs of the world

Overseas, the Company has developed its business in the US and Australia to meet the needs of rental housing. In the US, we have executed 15 real estate developments to date, beginning with the purchase of rental homes in California in 2011. We are also considering joint projects with Alliance Residential, which joined the Group in FY2024. Furthermore, a high-rise rental housing project is under construction in Melbourne, Australia.

In Europe, Daiwa House Modular Europe—a company specializing in modular construction—has established a production system that enables the supply of high-quality houses with a short construction period, thereby helping address the housing shortage in Europe.



Condominiums Business

Market environment and strategy

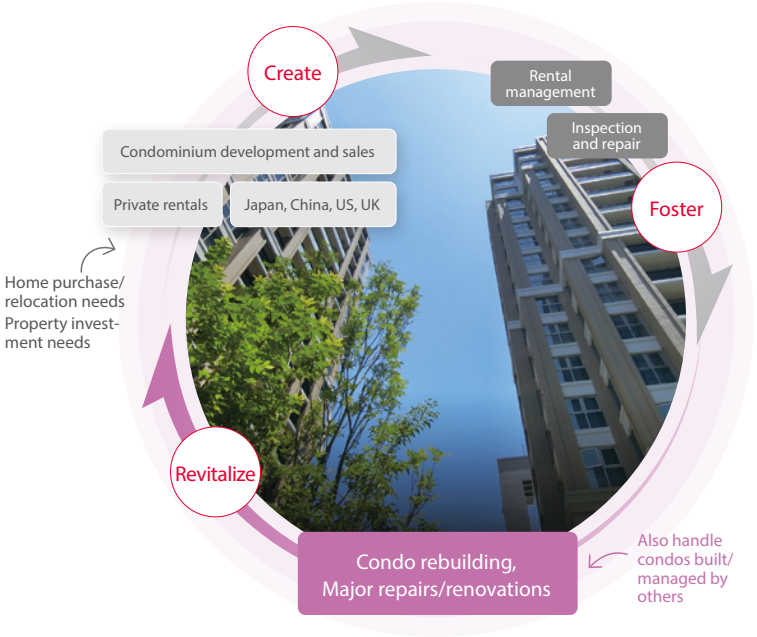
Japan

The condominium market in the Tokyo metro area remained strong, with rising sale prices. While other companies are securing sites, we are promoting projects that balance both the solving of local issues with considerations for the environment through redevelopment, complex development, rebuilding projects, etc. The Company is expanding its condominiums business while working to improve the sustainability of the city and coexist with local communities.

Overseas

Overseas, the condominiums business is being developed mainly in Europe and the US, but also in Australia and China. Major cities, mainly in Europe and the US, are experiencing an increasingly serious shortage of housing supply due to population and immigration growth. To meet this demand, the Company will aggressively develop its overseas business and contribute to local communities by solving problems while building roots in those same communities.

Circular value chain



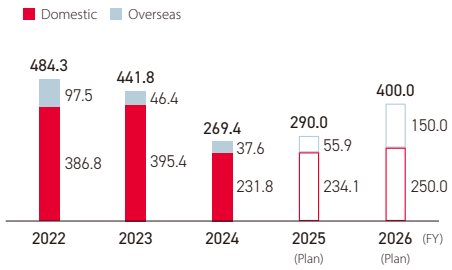
Progress of the 7th Medium-Term Management Plan

▶ Review of the progress of the 7th Medium-Term Management Plan

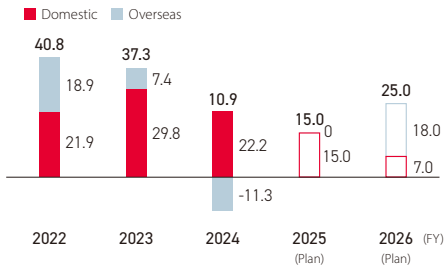
Condominium sales in Japan have been strong, and business results have been favorable.

With regard to our overseas businesses, the 7th Plan focuses primarily on development in the US and China. Although the real estate market in China remains sluggish, we are working to speed up sales through a variety of measures. At the same time, in major cities, mainly in Europe and the US, we are aggressively developing our business by building solid roots in local communities.

Sales (¥ billion)



Operating income (¥ billion)



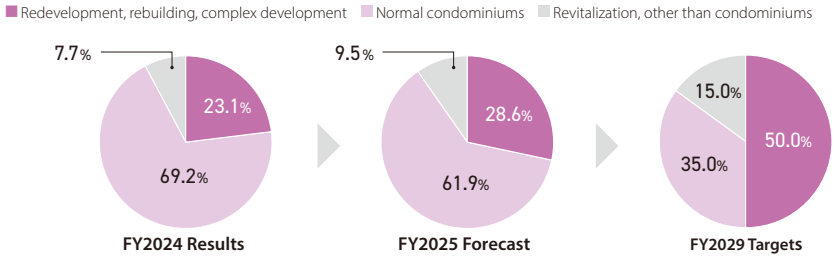
Promoting redevelopment, rebuilding and complex development projects

Create Foster

In Japan, in order to respond to the diverse lifestyles of residents, we promote sales while pursuing the provision of basic performance, comfort, safety, and management systems essential for durable homes, making full use of the know-how we have cultivated as house builders. Amid intensifying competition in land acquisition, we are promoting our business with an eye to expansion by leveraging the strengths of the Daiwa House Group, such as redevelopment, rebuilding, and complex development, while also paying attention to social issues and environmental considerations.



Transformation of business portfolio (number of projects, based on construction completed)



Management business for addressing the issues encountered with condominiums

Daiwa LifeNext offers a full range of management services, including the provision of high-quality services and the use of IT and robots, in order to flexibly respond to the expectations of diverse value holders and the issues encountered with each condominium. The Company was ranked first for six consecutive years in the Replace category of condominium management companies in the Tokyo Metropolitan Area division of the 2025 ORICON Customer Satisfaction® Survey.

Overseas business development

Create Foster

Spreading Japanese quality standards and addressing housing shortages

Overseas, in China, the Company has developed a one-stop business in the Yangtze River Delta area, spanning land selection and development to after-sales management and service, through which it disseminates Japanese quality standards. Currently, we are selling units from Changzhou Project III and Suzhou Project II.

In Europe, the Company is developing the Elephant Park Plot H11B Project, a two-building condominium project with a total of 259 units, in London, U.K. London's population is expected to increase by approximately 400,000 people over 20 years, beginning in 2021, due to an influx of immigrants and other factors. We will promote development and sales to help alleviate the chronic shortage of housing.

In the US, construction began in November 2024 on the Vista Pointe Project (73 units in total) being developed in West New York, New Jersey. With easy access to Manhattan and major cities in New Jersey, the location offers a combination of transportation and lifestyle convenience.



Changzhou Project III



Elephant Park Plot H11B Project



Vista Pointe Project

Commercial Facilities Business

Market environment and strategy

Japan

Interest by tenants for store openings improving with the end of the pandemic. As inflation progresses, tenants are gradually passing on the prices of goods and services they sell to consumers, but the passing on of prices relating to construction costs and building rents is slower than expected. Meanwhile, in the hotel management business, occupancy rates and guestroom ADR (average daily rate) remained steady due to an increase in inbound tourism.

Overseas

Starting with business support for tenants and others considering overseas expansion from Japan, the Company has expanded into the construction, management and operation of commercial facilities in the US, Taiwan, and other countries.

Circular value chain



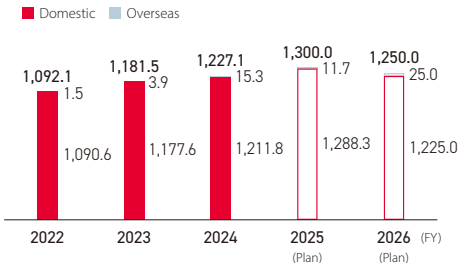
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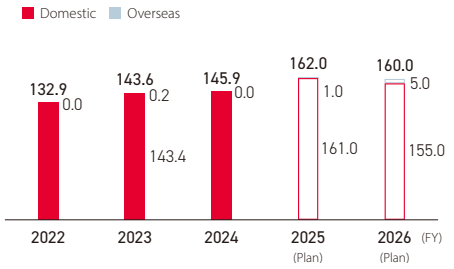
In the construction business, sales are expanding as tenants are eager for the opening of new stores. Profits, on the other hand, are declining due to soaring material prices, but gradually improving. The hotel operation business has progressed well in excess of the plan, boosted by an increase in inbound tourism.

The plan for FY2025 is scheduled to achieve the target for FY2026, the final year of the originally formulated medium-term plan, one year ahead of schedule.

Sales (¥ billion)



Operating income (¥ billion)

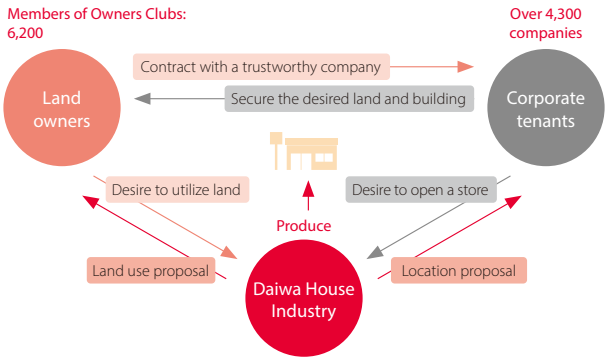


Our unique LOC system and meeting tenant needs in response to changing times

Create

Our LOC system connects the needs of landowners wishing to make effective use of their properties and companies looking for a place to roll out new businesses

In the contracting business, the core focus was roadside stores such as restaurants and goods retailers that operated nationwide via the LOC system, but by expanding our asset types, we have been able to flexibly adapt to changes in the business conditions of our tenant companies brought about by regional needs and market trends. Stores now account for 30% of orders, and non-stores such as nursing homes, hotels, offices, and distribution centers account for 60%. In addition, we are expanding our business through efforts to increase the size of buildings such as commercial complexes and NSCs (neighborhood shopping centers).




Hotel

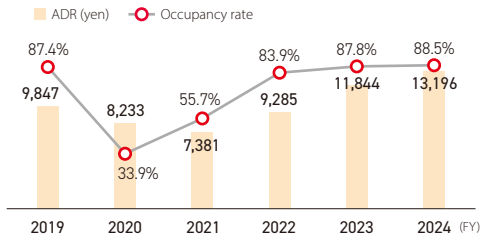

Commercial complex

Expansion of hotel management business

Foster

Daiwa Roynet Hotels, which operates 76 urban hotels nationwide, experienced a temporary drop in occupancy rates and guestroom ADR due to the pandemic, but in recent years, guestroom ADR and occupancy rates have remained consistently above pre-pandemic levels, partly due to a significant rise in the number of visitors to Japan.

For future business expansion, in addition to new store openings, the Company will also enter the resort hotel business. In addition, operations at the first overseas location, Roynet Hotel Seoul Mapo in South Korea, have been favorable, and we are considering opening a second overseas location.



Logistics, Business and Corporate Facilities Business

Market environment and strategy

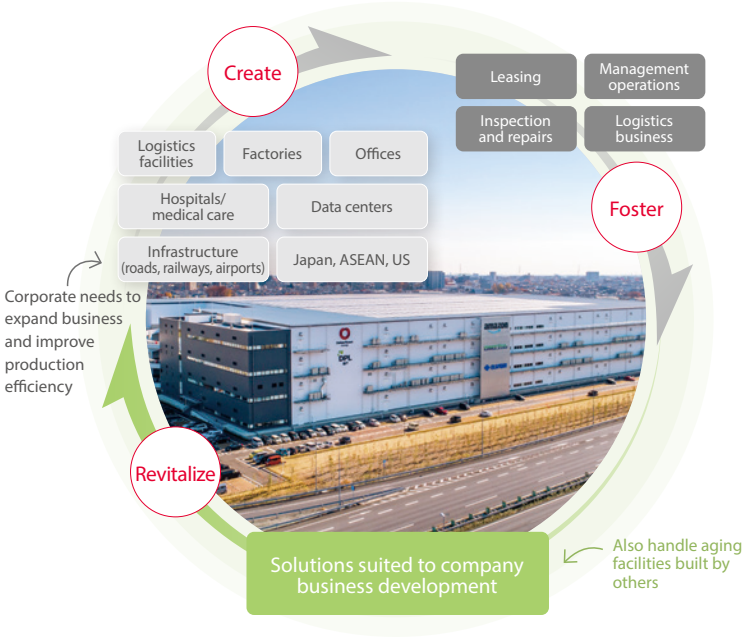
Japan

The environment for orders is favorable due to a healthy corporate capex appetite. The supply of logistics facilities, mainly in the Tokyo metro area, will greatly exceed demand for a time, causing vacancy rates to rise, but the balance between supply and demand is expected to settle down and vacancy rates will gradually improve in one or two years. Data centers will be one of the growth markets in the future.

Overseas

There has been no major change in Japanese companies' intention to expand overseas, but they are developing business in ASEAN, the US, and other regions while utilizing their relationships.

Circular value chain

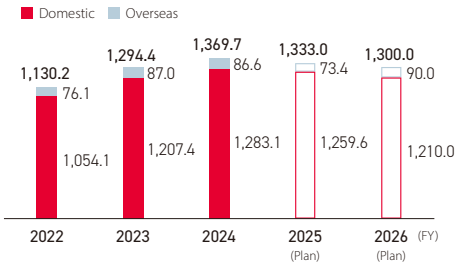


Progress of the 7th Medium-Term Management Plan

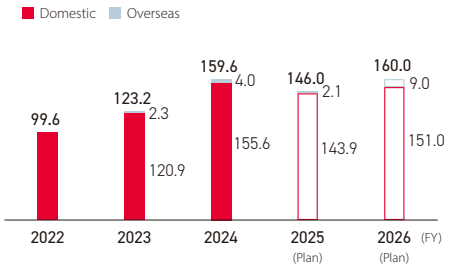
▶ Review of the progress of the 7th Medium-Term Management Plan

Profit margins in the contracting business, which had been declining due to soaring material and labor costs, improved steadily as progress was made in passing on higher prices. Even in this period of rising interest rates, sales of development properties, mainly logistics facilities, proceeded smoothly. In FY2025, we plan to decrease sales of development properties in anticipation of improved profitability in the construction business, and focus on leasing existing properties in order to achieve the targets set out in the FY2026 plan. Overseas, the Company sold logistics facilities in ASEAN. The Company will continue to consider selling property based on specific circumstances.

Sales (¥ billion)



Operating income (¥ billion)



Development of logistics facilities

Create

Helping the logistics industry to solve problems by leveraging our position as No. 1 developer

Since the start of the "D Project" in 2002, the Company has developed a cumulative total of 341 logistics facilities (as of March 31, 2025, on a completion basis). At the start of the D project, e-commerce accounted for approximately 1% of merchandise sales in Japan, but by FY2023 it had increased to 9.38%, and we believe we have contributed to the growth of the share of e-commerce. On the other hand, e-commerce already accounts for over 20% of merchandise sales overseas (on average), and the increase in the domestic e-commerce rate is expected to continue. To meet domestic demand, we will continue to aggressively develop logistics facilities.

The logistics industry is facing labor shortages due to stricter laws limiting overtime. In addition to supplying logistics facilities midway between major cities by leveraging our land information gathering capabilities, we also contribute to solving a range of issues, including improving efficiency through automation in the facilities provided by our Group companies and reducing waiting times at truck berths by visualizing cargo waiting and loading/unloading times.



DPL Nagareyama Project



DPL Nagareyama II

Logistics facilities as social infrastructure

The logistics facilities we develop employ seismic isolation systems, emergency power supplies, and other features to minimize damage in the event of a disaster and to resume logistics operations as soon as possible. In order to protect the safety and security of local residents in the event of disasters such as earthquakes and torrential rains, we have concluded disaster prevention agreements with 18 local governments across Japan (as of the end of May 2025), allowing some of our properties to serve as temporary evacuation sites for residents. In addition to creating local employment, the Company also plays a role as a provider of social infrastructure such as the provision of childcare facilities and a cafeteria.



DPL Sakai Koga



Signing ceremony for disaster agreement

New value-added proposals by BIZ Livness

Revitalize

With the launch of BIZ Livness in 2024, we aim to expand our real estate stock business by strengthening our Livness business, including in the renovation and purchase and resale of business facilities, commercial facilities, and other non-residential areas.

BIZ Livness
【ビズ リブネス】

We will leverage the know-how we have accumulated through our business, our nationwide network of sales offices, and our Group's network to more actively purchase and resell existing facilities, including those constructed by other companies as well as our own, renovate them, and attract tenant companies to these properties.



Komagane Livness Project
After purchasing a 15-year-old factory, we renovated it into a logistics warehouse and sold it as an investment income property with a higher market value

Environment and Energy Business

Market environment and strategy

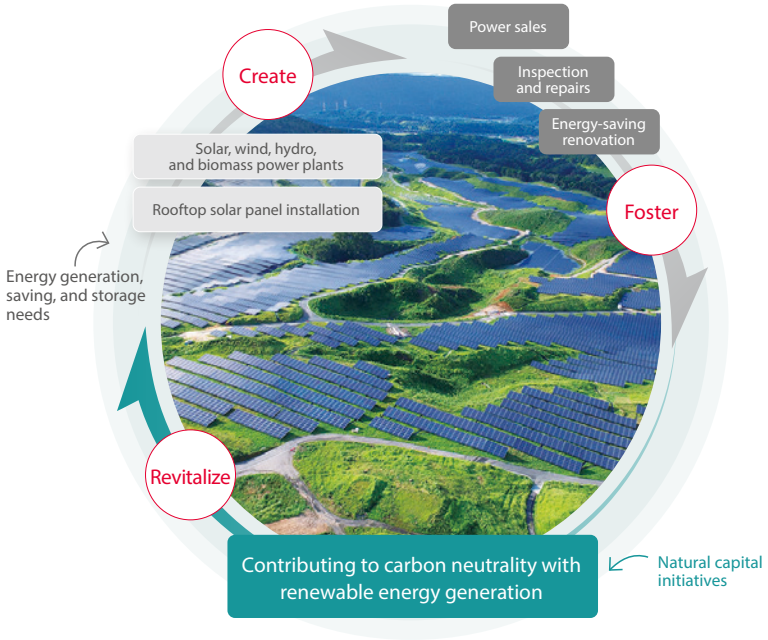
Japan

Although the reduction of the feed-in tariff (FIT) scheme is leading to a decline in mega solar farms built under this program, demand for renewable energy is increasing as the transition to a decarbonized society accelerates. In recent years, the Company has actively promoted proposals for PPA projects to address the risk of surging and/or fluctuating power prices.

Overseas

In Thailand, where efforts are underway to realize a decarbonized society, we have begun deployment of our first "on-site PPA" outside Japan in 2025.

Circular value chain

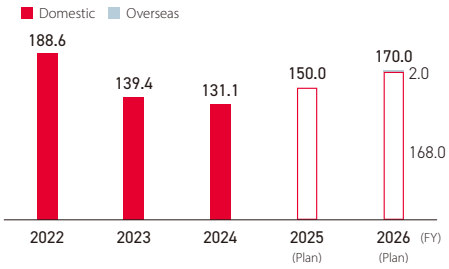


Progress of the 7th Medium-Term Management Plan

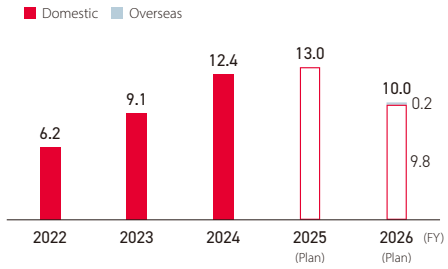
▶ Review of the progress of the 7th Medium-Term Management Plan

Although sales decreased due to a decline in the EPC business associated with the phase-out of the FIT scheme and the cancellation of contracts with low profitability in the PPS business, profit increased steadily due to an improvement in the profit margin of the PPS business, etc. Operating income in FY2024 has already exceeded the target for FY2026. We aim to further expand our business through aggressive efforts in the PPA business and other measures.

Sales (¥ billion)



Operating income (¥ billion)



The three businesses that make up our business

Create Foster

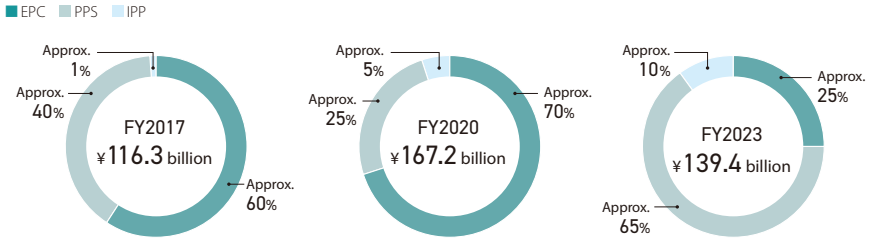
We are developing our Environment and Energy Business with a focus on the following three businesses.

EPC Business
Stands for Engineering, Procurement, and Construction.
A business that undertakes the entire process of power plant construction.

PPS Business
Stands for Power Producer and Supplier.
A business that acts as an electricity retailer, selling electric power.

IPP Business
Stands for Independent Power Producer.
A business that acts as a producer and seller of electric power.

Sales breakdown by business



FY2017 → FY2020

The ratio of EPC sales to total sales increased due to the expansion of mega solar farm construction projects, and other such projects, driven by the start of the feed-in tariff scheme in 2012.

FY2020 → FY2023

After entering the PPS business in 2014, the Company's presence in a wide range of business areas has been leveraged to steadily increase the sales of electricity to tenants of single-family houses and rental housing, with the ratio of PPS sales to total sales increasing as a result.

Proactive development of PPA business

Create Foster

Against the backdrop of increasing demand for renewable energy in recent years, the Company has shifted to the PPA* model.

In the off-site PPA business, we utilize the nationwide land information we have cultivated to secure land for solar power plants and to obtain customers while strengthening our collaborations with major energy companies.

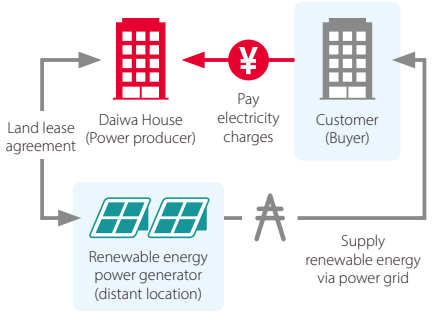
In the on-site PPA business, Daiwa House leases the roofs or idle land of customer facilities, and then installs power generation equipment and uses the electricity generated to help power the customers' facilities, thereby reducing electricity costs and CO_2 emissions. We will continue to promote carbon neutrality and expand our business in cooperation with our customers by taking advantage of the Group's strength in supplying large numbers of buildings with a variety of assets.



Ground mounted solar power plant for off-site PPAs

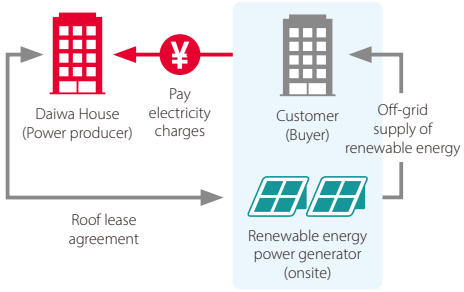
Business scheme of off-site PPA

- Install renewable energy power generation facilities off the premises of facilities
- Actively search for a land by taking advantage of our nationwide business operation



Business scheme of on-site PPA

- Install renewable energy power generation facilities onsite (e.g. on the rooftop)
- Install at new buildings constructed by the Company in cooperation with Commercial Facilities and Logistics, Business and Corporate Facilities businesses



*PPA business
Stands for Power Purchase Agreement. A business which installs renewable energy generation facilities on-site or off-site and sells the generated electricity to specific electricity users.

Real estate investment

We continue to actively invest in real estate throughout Japan and overseas, leveraging our wealth of information on land and the technological capabilities that enable us to meet the needs of diverse tenants and society as a whole.

Investment properties (¥ billion)

We mainly develop logistics facilities and large-scale commercial facilities in Japan, as well as rental housings and other facilities. After development is completed and rental income has been accumulated for a certain time period (establishing a track record), real estate available for sale is sold to REITs, investors, etc. to secure income. As for profit-earning real estate, stable income is secured through continuous possession.

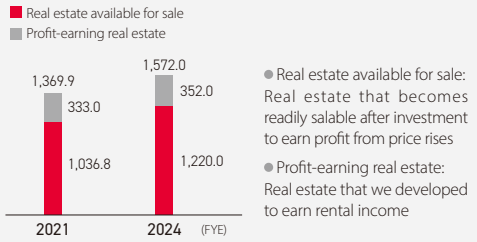
Investment progress in the 7th (five-year) Plan



Note: Overseas investments are included in each business segment from the 7th Plan.

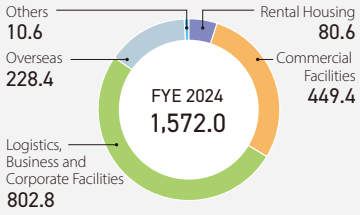
As we plan to primarily invest in logistics facilities in Japan, the number of logistics facility developers is increasing, which is causing the land purchasing environment to become more and more challenging. However, we are carefully selecting projects that can reliably generate earnings into the future and proceeding with securing properties.

Balance of investment properties



- Real estate available for sale: Real estate that becomes readily salable after investment to earn profit from price rises
- Profit-earning real estate: Real estate that we developed to earn rental income

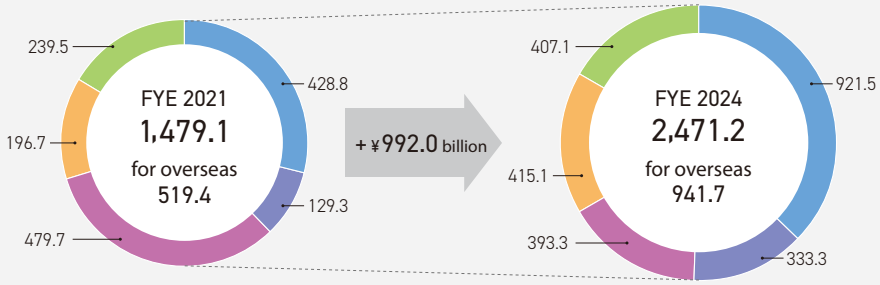
FYE 2024 balance of investment properties



Real estate for sale (¥ billion)

The Company is aggressively developing each of its businesses, including those relating to sales of built-for-sale houses and condominiums in response to actual demand and its business of built-for sale-properties for investors that are expected to sell immediately after development. As a result, the real estate for sale has increased by approx. ¥1 trillion over the first three years of the 7th Plan.

Balance of real estate for sale



Single-Family Houses (+¥492.6 billion)	In addition to strengthening the built-for-sale business in Japan, we plan aggressive business expansion in the United States in markets where growth is expected.
Rental Housing (+¥204.0 billion)	We are steadily expanding our built-for-sale business for investors and existing owners. This also leads to the expansion of our total customer base through the introduction to us of wealthy customers by financial institutions.
Condominiums (-¥86.4 billion)	In Japan, we are actively promoting high value-added condominiums. In China, as property handover has been promoted, the balance has decreased.
Commercial Facilities (+¥218.4 billion)	We develop and sell land in lots of commercial and other facilities that meet local needs, mainly in urban areas. We are also developing initiatives to increase the value of existing facilities, including buying out and reselling them.
Logistics, Business and Corporate Facilities (+¥167.6 billion)	We are developing industrial parks throughout Japan. Involving land-use proposals, these projects lead to sole-source construction orders and result in highly profitable business.

While aggressively investing for growth, we are also working to sell development properties in consideration of the asset turnover ratio and improve yields on properties in operation.

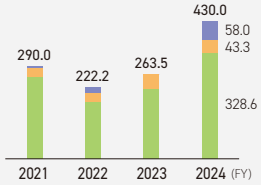
Sale of investment properties (¥ billion)

Capital gains (sale of real estate available for sale)

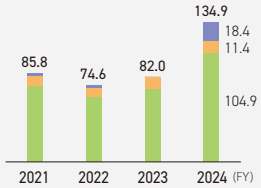


❶ Trends in sales of development properties

Sales

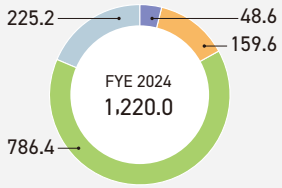


Operating income



❷ Pipeline for future sales

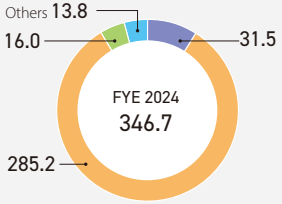
Book value of real estate available for sale



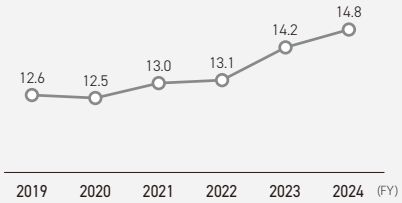
Sales of development properties, mainly logistics facilities in Japan, progressed steadily, and both sales and operating income reached record high levels in fiscal 2024.

Income gains (rental income from profit-earning real estate)

Book value of profit-earning real estate being rented



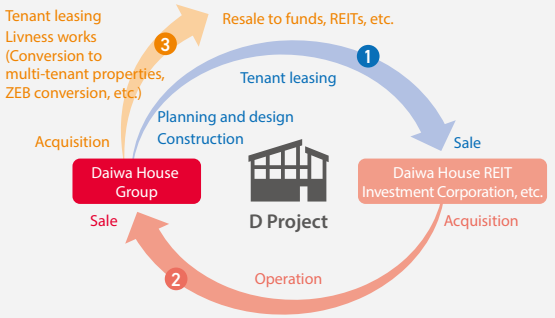
Trends in NOI yield of profit-earning real estate being rented (%)



Commercial Facilities account for about 80% of the book value of profit-earning real estate. In addition to the improvement in yields from existing properties, yields from new operational properties have generally been favorable, and NOI yields are improving.

Livness phase of investment properties

Livness business of D Project developed and sold in the past



We have been reacquiring logistics facilities (BTS type) for specific customers and engaged in efforts to increase their value (Livness business), such as converting them into multi-tenant facilities or through ZEB conversion, upon which the properties are resold to REITs, funds, etc.

▶ Benefits for Daiwa House

- Creation of new business opportunities through the Livness business
- Provision (sale) of newly developed properties to Daiwa House REIT Investment Corporation

▶ Benefits for Daiwa House REIT Investment Corporation

- Optimization of the real estate portfolio made possible through the sale of operational properties after a certain period of time and acquisition of new properties.

▶ Benefits to the environment and society

- Meet the demands of many tenants through conversion to multi-tenant properties
- Reduction of GHG emissions through conversion to ZEB and saving of materials and resources by reusing existing buildings compared to rebuilding.

We will strive for further growth by leveraging our **strong relationships** with tenants and our **track record as Japan's No. 1 developer of logistics facilities**.

Risk management in real estate development investments

Establishment of Business Investments Committee

The Company's Business Investments Committee has been established to ensure that appropriate decisions are made about important potential investments in the real estate development business and other businesses after sufficient deliberations and discussions through assessment of feasibility and risks. A meeting of the Committee, chaired by the head of Housing Solutions Headquarters or Business Solutions Headquarters, is held once every 10 days or so in principle. The Company's decisions will be made through an electronic collective decision-making process, which will proceed in parallel with Committee meetings, and by the Board of Directors.

The Committee will deliberate on potential domestic or overseas investment projects of a certain amount or more as laid down in the Company's investment amount classifications, to facilitate the collective decision-making process and the resolutions of the Board of Directors. However, regardless of the amounts, any projects involving operation of highly public facilities or the like (concessions pertaining to airports, parks, roads or other similar infrastructure), and other potential newsworthy projects, which may have significant social impact, will be on the Committee's agenda for deliberation, regardless of whether the land or facilities are owned publicly or privately. Furthermore, if a potential project may pose a significant reputational risk to the Company, or if the Company may essentially take total responsibility for a potential project due to the structure of its business partners even though the Company's investment ratio is low, then the project will be discussed, regardless of the investment amount requirement. The Committee has been sitting since 2008, and had considered a total of 555 projects as of the end of fiscal 2024.

Note: The Real Estate Investment Committee was renamed the Business Investments Committee in October 2020. All types of potential investments including real estate projects are subject to deliberations by this committee, so as to ensure careful risk assessment and strengthen our monitoring system.

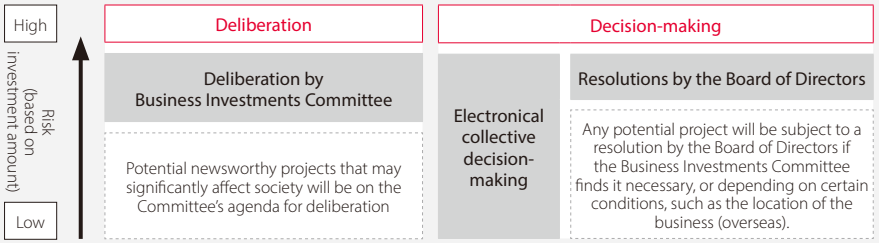
Deliberations based on unique criteria

The Business Investments Committee firmly deliberates on potential projects based on explanations given by the drafting and related departments. The Company has set hurdle rates for the internal rate of return (IRR) as investment criteria for investments in real estate development. The implementation of a potential investment will be adopted if the relevant rate requirement is met. At the same time, the Committee's deliberations involve risk assessments (16 departments, 27 items) from multiple perspectives, including the standpoints of ESG (legal risks and risks associated with soil and groundwater contamination, soil conditions, susceptibility to flooding and other disasters, and environmental impacts), appropriateness of construction costs, as well as whether going ahead with the investment is consistent with the Company's management philosophy, management strategies, and brand image. Thus, a project that is economically viable as an investment might not go ahead if other aspects significantly conflict with the Company's overall goals or vision, or if the project poses the risk of a significant environmental impact. The risk assessment items are subject to periodic review. The criteria for other business investments are according to those for real estate development. In fiscal 2024, the Committee considered 43 projects. All proposals were approved after thorough deliberation.

In addition, in light of the recent unstable financial environment, in February 2023 we raised the IRR hurdle rate, which is set as a criterion for real estate development investment, in preparation for possible future interest rate rises. In addition, in April 2023, we introduced an environmental IRR*1 using ICP*2 as a new evaluation index to promote investments that match the carbon neutral strategy (investments that contribute to CO_2 reduction) to which we are committed.

*1 IRR (internal rate of return) calculated by converting the environmental value of the investment property's CO_2 reduction into monetary value and adding it to the profit.
*2 ICP (internal carbon pricing) is a system in which companies set their own carbon prices for the purpose of promoting decarbonization.

Deliberation and decision-making process according to impact of risk (based on investment amount)



Major real estate development projects subject to deliberation

Real estate for sale in Single-Family Houses, Condominiums, etc.	Profit-earning real estate through purchase or lease of land or construction of buildings
Profit-earning real estate involving capital contributions to special purpose companies (SPCs) or the like	Private Finance Initiative (PFI), redevelopment, land readjustment and other similar projects

Risk assessment for investment decisions

Economic risk assessment
- Set IRR hurdle rates*3

+

Multilateral risk assessment (16 departments, 27 items)
- Consistency with management philosophy, management strategies and brand image
- Legal risks
- Environmental impact, such as soil or groundwater pollution, ground condition risks
- Consideration for the environment such as climate change
- Appropriateness of construction costs, etc.

*3 To be set based on the WACC (weighted average cost of shareholders' equity and liabilities) by taking into consideration additional factors such as risk premiums.

Social impact real estate initiatives

—Seeking to achieve both social impact and corporate profitability through businesses that will be of service to society—

In light of the increasing importance of social and environmental issues such as climate change, declining birthrates, and aging populations, and the growing significance of businesses and investments that create impact by solving these issues, we have implemented Impact Measurement and Management (IMM) to visualize non-financial value through social impact real estate.

▶ Our approach to Impact Measurement and Management (IMM)

While impact refers to the changes that the results of business activities bring to society as a whole, we define impact as the medium- to long-term impact created by the accumulation of outcomes generated during the value creation process. The objectives of our impact visualization are: 1) to identify impact indicators and utilize them in investment decisions and progress management to enhance corporate value by visualizing the primary value created by our businesses, 2) to improve our sustainability by creating job satisfaction and motivation for our employees, and 3) to achieve sustainable growth by reviewing our business activities and targets and by creating opportunities to consider how to optimize our portfolio. Real estate development, redevelopment projects, and our Livness Town Project are included in the scope of impact visualization.

▶ The background and process of impact assessment in real estate development

The Company has set hurdle rates for the internal rates of return (IRR) for investments in our real estate development businesses, but we also assess risk from multiple perspectives, including from the standpoint of ensuring consistency with the Company's management philosophy, management strategies, and brand image, as well as ESG, which includes legal risks and environmental impacts. In addition, we have introduced environmental IRR, which uses internal carbon pricing (ICP).

Our strength is our ability to generate value through co-creation with our stakeholders, starting with land and real estate information built up through our community-based approach. The outputs (results) of real estate development are typically evaluated as internal economics (financial value = sales, profits, rent, etc.). However, the Company believes its impacts exist as external economics (non-financial value) across various dimensions—such as people's lives and workstyles, revitalizing local communities, disaster prevention measures, preserving the natural environment, and combating global warming—connecting the present to the future. Against this backdrop, we took the Practical Guidance on 'Social Impact Real Estate' issued by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in 2023 as an opportunity to begin studying impact assessment, which translates the external economies of real estate into monetary values and, by 2024, we had established the "Social Impact Real Estate Evaluation Framework."

▶ Definition and evaluation methods of social impact real estate

"Social Impact Real Estate" is defined as real estate where a company can create social impact through appropriate management over the medium to long term, thereby enhancing the value of the real estate and ensuring sustainable growth of the company. The evaluation method involves dividing the impact into three structures (see next page), analyzing and monetizing the external economies (non-financial value) provided to stakeholders, and then calculating the E-NOI (External Net Operating Income) yield by dividing this monetized value by the real estate price. This yield is used as the impact indicator for quantitative evaluation.

Although this is a proprietary indicator developed by the Company, it enables us to judge the appropriateness of the investment amount and to compare real estate properties with each other. It can also be viewed not only from the financial aspect of investment yield, but also from the non-financial aspect of social impact, allowing for evaluation from multiple perspectives. We believe that this will contribute to the SDGs and improve the effectiveness of engagement with stakeholders.

▶ Implementing impact assessment in the Livness Town Project

In Midorigaoka Neopolis, a suburban residential area encompassing the Midorigaoka and Aoyama districts in Miki City, Hyogo Prefecture, which was developed in the 1970s, social challenges have emerged in recent years, including weakened community ties and deteriorating infrastructure, largely driven by a declining birthrate and an aging population as well as a decline in population. To

address this issue, we launched the Livness Town Project and have been promoting it since 2015.

We have entered into a cooperative agreement with Miki City to promote "Creating communities where people can reside for a long period," and are using advanced technologies and other means as part of efforts to rejuvenate the town as a leading model for solving the various issues facing the community. Our proposal for a "Miki Regional Community Center (tentative name)" was selected by the city for the "Aoyama 7-chome Housing Complex Revitalization Project: Development and Operation of Community Center," and is currently being evaluated as a project for social impact real estate.

The E-NOI yield for the project is relatively high compared to the social discount rate of 4% mentioned in the Cost-Benefit Analysis Manual of the MLIT, and is expected to have economic, social and environmental benefits. Regarding initiatives for which quantitative evaluation of non-financial value is difficult, we conduct qualitative evaluation and organize which of the SDGs they are contributing to. The validity of the evaluation results at the planning stage will be confirmed through monitoring after the building is completed.

▶ Issues

We believe impact assessment aligns with the philosophy of "Don't do things because they will make a profit, but because they will be of service to society." However, within Japan, disclosure cases for social impact real estate remain scarce. Quantifying outcomes like CO_2 emissions and employee numbers, converting them into monetary terms, and visualizing them as non-financial value presents a challenging endeavor. Nevertheless, we consider demonstrating leading examples to be meaningful. Meanwhile, there are no established rules, and there is a lack of common understanding regarding the calculation method and the various assumptions and premises used therein. The calculation method needs to be refined through close communication with the recipients of the information and through feedback. In addition, we will also consider the specifics and rules for future utilization, such as using it as one of the decision criteria for selecting or rejecting businesses and projects, and improving employee motivation (i.e., my work has great social significance, I have contributed to society).

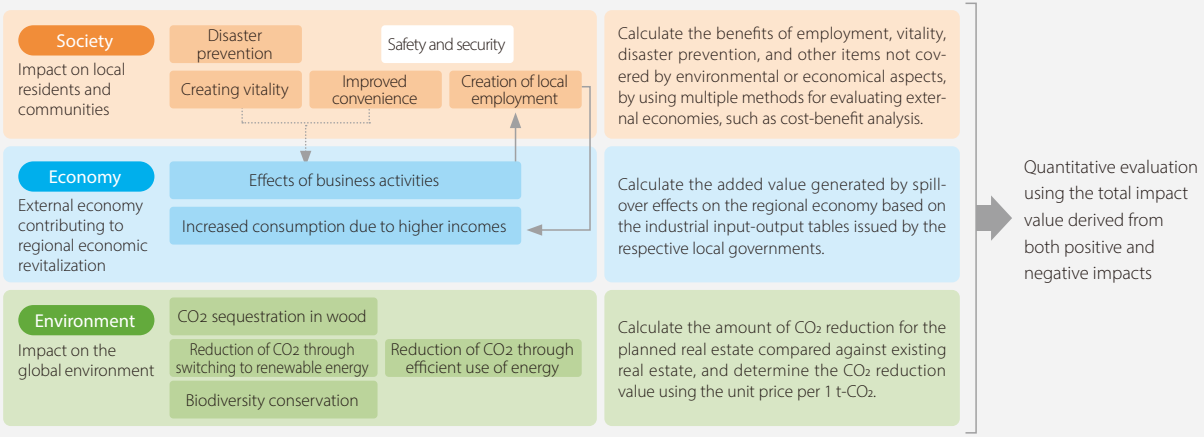


News release: Multigenerational community "Miki Regional Community Center (tentative name)" (Japanese only)

The concept of social impact real estate in a circular value chain

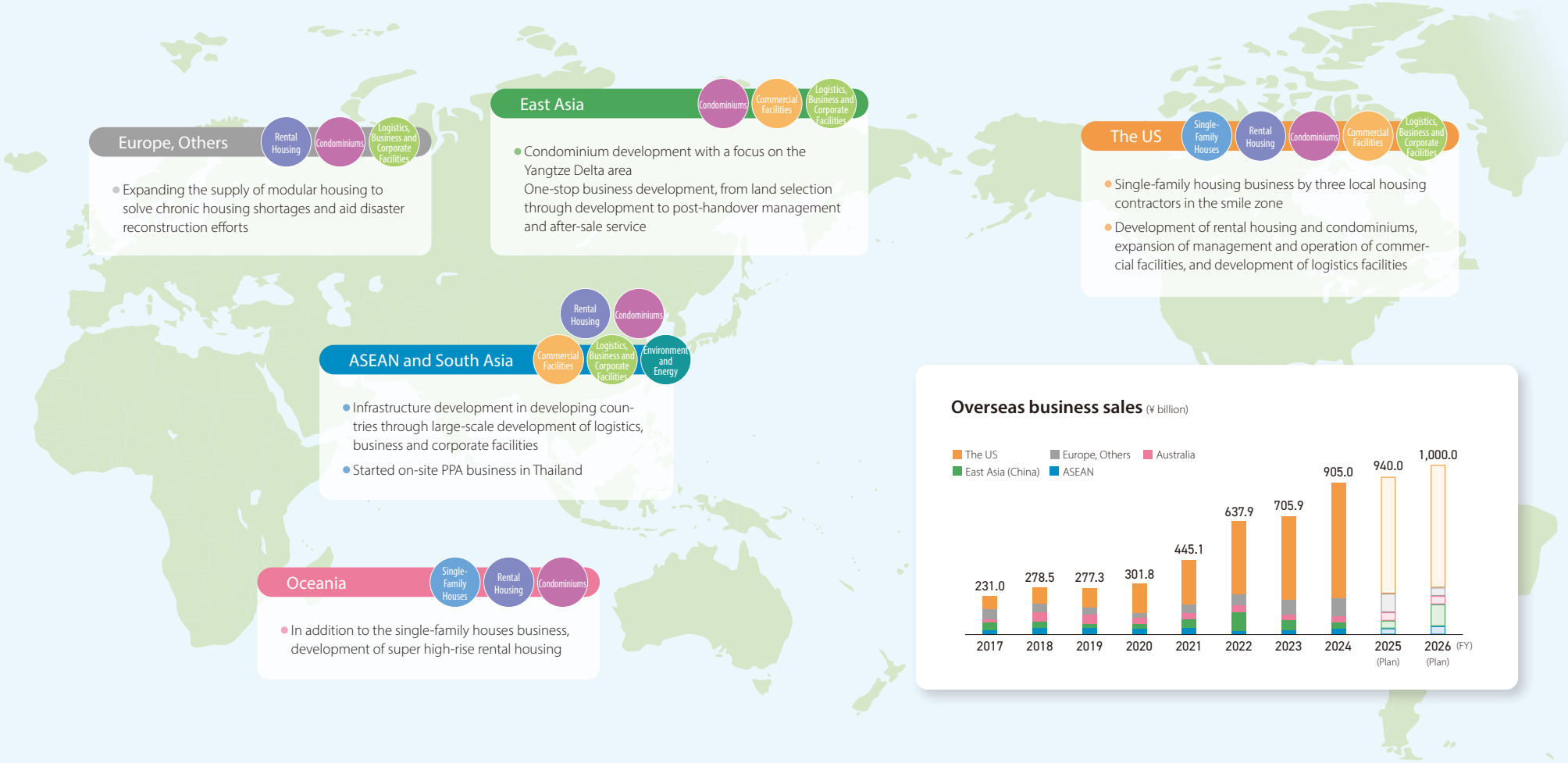


Three structures and calculation methods for impact creation



Overseas business initiatives —Expanding to 26 countries and regions worldwide—

Taking advantage of the Daiwa House Group's wide range of business domains, we develop our businesses with a community-based approach. Through focused investments based on "selection and concentration," we have expanded our overseas business, particularly in the US.



Europe, Others

Rental Housing | Condominiums | Logistics, Business and Corporate Facilities

- Expanding the supply of modular housing to solve chronic housing shortages and aid disaster reconstruction efforts

East Asia

Condominiums | Commercial Facilities | Logistics, Business and Corporate Facilities

- Condominium development with a focus on the Yangtze Delta area
  One-stop business development, from land selection through development to post-handover management and after-sale service

The US

Single-Family Houses | Rental Housing | Condominiums | Commercial Facilities | Logistics, Business and Corporate Facilities

- Single-family housing business by three local housing contractors in the smile zone
- Development of rental housing and condominiums, expansion of management and operation of commercial facilities, and development of logistics facilities

ASEAN and South Asia

Rental Housing | Condominiums | Commercial Facilities | Logistics, Business and Corporate Facilities | Environment and Energy

- Infrastructure development in developing countries through large-scale development of logistics, business and corporate facilities
- Started on-site PPA business in Thailand

Oceania

Single-Family Houses | Rental Housing | Condominiums

- In addition to the single-family houses business, development of super high-rise rental housing

Overseas business sales (¥ billion)

With a focus on community-based operations, the entire Daiwa House Group assesses the economic conditions, characteristics, and demand in each area to develop its business.

The US

Aiming to realize the Daiwa House model in the US by developing diverse businesses in addition to the mainstay single-family housing business

In the US, the Company operates a variety of businesses, including single-family houses, rental housing, condominiums, commercial facilities, and logistics, business and corporate facilities. Currently, the single-family houses business is our main driver of business growth, but we are strengthening and engaged in collaboration with each business so to achieve even more stable business growth.

In the single-family houses business, despite persistently high mortgage rates, performance expanded as aggressive securing of prime land and the implementation of effective sales strategies by Stanley Martin (headquartered in the US East), CastleRock (headquartered in Texas in the US South), and Trumark (headquartered on the West Coast) proved successful. We are also making progress in building a foundation for future business expansion, including the realization of group procurement centered on these three companies.

The rental housing business sold one property in fiscal 2024 amid a lack of improvement in the real estate trading environment. We will continue to promote this business so that we can sell properties at the appropriate time while increasing the profitability of our operational properties.

In the commercial facilities business, we operate two commercial facilities in California. We leverage the know-how and experience accumulated in Japan to improve facility value.

In the logistics, business and corporate facilities business, we are currently developing five logistics facilities in Houston, Texas. In tandem with responding to rising EC demand, this is leading to the acquisition of development and management expertise at logistics facilities in the US.

In November 2024, we welcomed Alliance Residential Company, one of the largest developers and builders of rental housing in the US, to our group. We are also considering collaboration on land information with three single-family housing companies and joint complex development, with the aim of further expanding our US business.



Blue Ridge Commerce Center
Houston, Texas
Logistics facilities



Development case study, Alliance Residential Company

East Asia

Leveraging our expertise in condominium and hotel development and operations cultivated in Japan

In China, the Company is mainly engaged in the condominium business. We are closely monitoring market conditions and trends in surrounding properties for sale as we proceed with our sales activities.

In Taiwan, the "Taiwan Kaohsiung Project" (260 hotel rooms and 227 condominium units), a complex development project consisting of a hotel and condominium, was completed, with the grand opening of the hotel in November 2024.



Complex development, Kaohsiung City, Taiwan
(Completion: March 2024)
Hotel: 260 rooms
Condominium: 227 units (Sold out)

In South Korea, the first overseas hotel for Daiwa House Realty Mgt., the Roynet Hotel Seoul Mapo, is operating favorably.



Roynet Hotel Seoul Mapo
Seoul, South Korea
Hotel: 341 rooms
Opened in March 2022

Europe, Ohters

Expanding our base and strengthening our production system with a view to global expansion of modular construction

In Europe, Jan Snel (now Daiwa House Modular Europe) was acquired as a subsidiary in 2021. Utilizing its modular construction technology, this subsidiary supplies versatile modular housing mainly in the Netherlands and Germany. In addition, as of December 2024, the supply of housing units for Ukrainian refugees stood at approximately 2,000 units.

In addition to strengthening factory production capacity in the Netherlands and Germany, we have opened a new base in Poland to accelerate our efforts aimed at addressing the challenges of the global housing shortage and disaster response.



Housing for refugees



Affordable housing



Student housing complex

In Africa, our subsidiary, Fujita, is also promoting infrastructure development in developing countries, including road development projects.



Road development project around Mombasa Port in Kenya by our subsidiary, Fujita

ASEAN and South Asia

Support for overseas expansion of Japanese companies and infrastructure development in developing countries

In 2012, we started development of industrial parks in Vietnam and Indonesia, and in Thailand and Malaysia as well, we grew our business focusing primarily on logistics, business and corporate facilities development.

In addition to supporting the overseas corporate logistics strategies of Japanese-affiliated companies, we are also working to meet the growing demand for cold chain logistics against the backdrop of rising populations and diversifying dietary customs. In addition, the Company is developing a diverse array of businesses in Vietnam, including condominiums, hotels, and serviced apartments development.



DMLP Phase II Development of a multi-tenant logistics facility in Indonesia

In 2025, together with WHA, we began to deploy our "on-site PPA" in Thailand, which will be the first of its kind outside Japan. We will develop our business activities with a focus on Japanese companies operating in Thailand and promote efforts to realize a decarbonized society overseas as well.

Oceania

Addressing the chronic housing shortage



New South Wales, Australia
Total number of lots exceeds 1,500 in this large-scale housing land development project

In Australia, mainly in New South Wales, we have been engaged in housing-related businesses such as development and sales of single-family houses and condominiums, and management of rental housing, as well as complex developments including commercial facilities. We are also growing our rental housing management business in New Zealand as well.

In terms of single-family houses, although Australia is currently facing the social issue of a chronic housing shortage due to population growth in major cities, new customers are reluctant to buy due to high policy interest rates. The Company is strengthening its business by reinforcing built-for-sale houses as well as traditional custom-built houses.

In addition, development of super high-rise rental housing development in Melbourne, which began in 2023, is progressing smoothly toward completion in 2026. Located in a prime area offering excellent convenience for daily living, the site incorporates greenery and other environmental considerations.

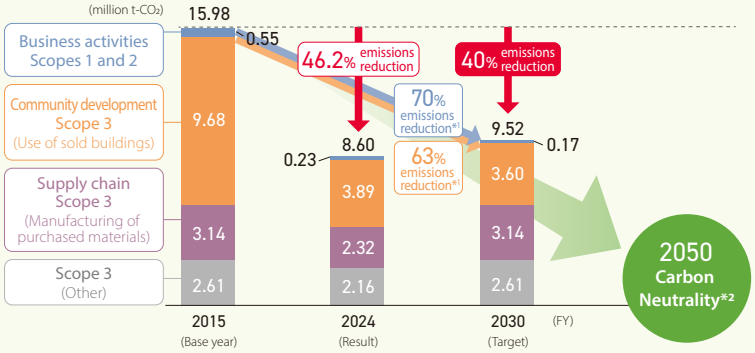
Environmental Action Plan and transition plan to achieve carbon neutrality

To achieve our long-term environmental vision, Challenge ZERO 2055, we have established seven targets and 2030 milestones for each of them across themes such as climate change, preservation of biodiversity, and closed-loop resource sourcing. The specific strategies and KPIs for achieving these are integrated into our environmental action plan, Endless Green Program 2026, and we are implementing initiatives at the stages of procurement, business activities, and products and services. In our response to climate change, ZEH, ZEH-M, and ZEB rates are steadily improving, and GHG emissions reduction across the entire value chain has already progressed at a level exceeding our fiscal 2030 targets.

Priority Themes	Basic Policies and KPIs	FY2024 Results	FY2025 Targets
Mitigating and adapting to climate change	Business activities: Challenge ZERO for CO_2 in business activities — GHG emissions reduction rate derived from business activities (vs FY2015)	-58.1%	-54%
	Community development: Challenge ZERO for CO_2 in community development — GHG emissions reduction rate derived from use of buildings (vs FY2015)	-59.8%	-56%
	Supply chain: Challenge ZERO for CO_2 in the supply chain — Setting rate of principal suppliers' SBT standard GHG reduction targets	71.2%	90%
Harmony with the natural environment (Preservation of biodiversity)	Community development: Challenge ZERO Harm to Biodiversity — Eco-friendly surface area of green spaces (cumulative from FY2022)	711,000m²	900,000m²
	Supply chain: Challenge ZERO Deforestation — Percentage of C-ranked timber in procurement	0.5%	0.5%
Closed-loop resource sourcing and conservation of aquatic environments	Business activities: Challenge ZERO Water-Associated Risks — Water consumption reduction rate (vs FY2012, per unit of sales)	-56.5%	-44%
	Community development: Challenge ZERO Waste and Reuse — Number of assets subject to effective use	2,713	2,800

Transition plan to achieve carbon neutrality

Trends in GHG emissions across the entire value chain and actions



Actions from FY2015 to FY2030	Actions from FY2030 to FY2050
● Upgrade to energy-saving equipment in our existing facilities ● Switch to renewable electricity using renewable energy we generate ● Ensure that newly constructed company-owned facilities are ZEB-ready and equip them all with solar panels ● Switch to CEVs for all company vehicles and adopt electric heavy construction machinery	● Replace heavy construction machinery and logistics trucks with electric models ● Adopt synthetic methane and biofuels
● All buildings to be made ZEH/ZEB ● All buildings to have solar panels installed	● Enhance ZEH and ZEB
● Set SBT-level GHG reduction targets for major suppliers ● Offer those suppliers ideas for saving and generating energy ● Promote the use of low-carbon building materials	● Increase the use of low-carbon building materials

*1 SBT certified (1.5℃ level) *2 SBT certified (net-zero)

Climate-related risks and opportunities (Response to TCFD)

The Group classifies factors related to external environmental changes associated with climate change into "transition" and "physical changes." We identify important risks and opportunities by assessing each factor's degree of impact (large, medium, small) while considering potential timeframes. For a world where "transition" progresses, we adopt the 1.5°C scenario that limits temperature rise to below 1.5°C under sustainable development. For a world where "physical changes" progress, we adopt the 4°C scenario with maximum GHG emissions under fossil fuel-dependent development without climate policies, anticipating the most extreme situations.

Risks and opportunities

Potential timeframes: Short-term (less than 1 year); Medium-term (through around 2030); Long-term (through around 2050)
Degree of impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type			Details	Potential timeframes	Degree of impact	Main response	Reflection in business strategy (setting KPIs)
Risks	Transitions	Policy, laws and regulations	Cost price increase due to change in specifications owing to tougher regulations of the Building Energy Efficiency Act	Short term	Medium	Revising design standards to accommodate ZEH/ZEB specifications and advancing the technological development of building materials and equipment to enhance insulation performance, while lowering costs	ZEH/ZEB rate: In principle 100%*2
			Higher operational costs due to the introduction of carbon pricing	Medium term	Small	Ensuring that newly constructed company-owned facilities are ZEBs, making energy-saving investments in existing facilities, expanding renewable energy use (promoting EP100 and RE100), introducing clean energy vehicles	Energy efficiency: 2×*3 Renewable energy utilization rate: 100%*3
	Physical changes	Chronic	Increase in risk of heat stroke at construction sites due to rise in summer maximum temperatures	Short term	Small	Ensuring heat stroke prevention with real-time WBGT monitoring and alerts, as well as enhanced countermeasures, such as installation of shade nets and cooling equipment	Heat stroke disasters: 0 cases (4+ days off work)*3
		Acute	Damage to our facilities due to meteorological disasters and increase in insurance premiums	Short term	Small	Conducting disaster risk assessments at major business sites and commercial facilities, creating disaster prevention manuals, and implementing flood countermeasures	Risk assessment completion and countermeasure implementation*2
			Impact of material procurement difficulty and construction delay in supply chain due to meteorological disasters	Short term	Small	Developing BCPs for our supply chain and diversifying our supply chain Strengthening supply systems through flood risk surveys at supplier sites	Principal suppliers' water risk survey completion*1
Opportunities	Transitions	Products and services	Increase in demand for houses and building with low GHG emissions	Short term	Medium	Expanding our lineup of products with ZEH/ZEH-M specifications and increasing internal and external awareness via regular ZEB seminars	ZEH/ZEB rate: In principle 100%*2
	Physical changes	Products and services	Expansion of environment and energy business due to rising demand for renewable energy	Short term	Medium	Expanding renewable energy power system development and operation business, focusing on solar power generation	EPC 5,000MW IPP 2,500MW*2
			Rising demand for houses and buildings equipped for meteorological disasters	Medium term	Medium	Offering disaster-ready houses, "Houses Prepared for Disasters," by combining solar power, storage batteries, and fuel cells Promoting resilient community development	—

*1 FY2026 target *2 FY2030 target *3 FY2025 target

Sustainability Report 2025: Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) ▶ P.49

Nature-related risks and opportunities (Response to TNFD)

With reference to relevant societal trends and other external environmental information, and based on dependencies and impacts on natural capital, we identified risks and opportunities. In fiscal 2024, we pinpointed high-priority risks and opportunities using two scenarios to assess the expected timing (timeframe) and degree of their impact under each scenario, verifying the validity of risks and opportunities. Where possible, the impact was assessed quantitatively based on estimated financial effects. For items that were difficult to quantify, we used qualitative criteria such as impacts on corporate vision and management strategy, business continuity and supply chains, as well as local communities.

Main risks and opportunities

Potential timeframes: Short-term (less than 1 year); Medium-term (through around 2030); Long-term (through around 2050)
Degree of impact: Small: less than ¥10 billion; Medium: over ¥10 billion but less than ¥100 billion; Large: over ¥100 billion

Type			Details	Nature-positive scenario		Nature-negative scenario		Main response	Reflection in business strategy (setting KPIs)
				Potential timeframes	Degree of impact	Potential timeframes	Degree of impact		
Risks	Transitions	Policy	Fewer business opportunities due to stricter nature conservation regulations on development	Medium term	Large	—	—	Confirming consideration for biodiversity using our proprietary checklist based on the Biodiversity Guideline and ABINC certification	—
		Reputation	Reputational damage due to resource procurement impacting nature	Short term	Medium	Short term	Small	Promoting identification of origin and reduction of timber use from high-risk areas through timber procurement surveys	Rate of C-ranked timber in procurement: 0%
	Physical changes	Acute, Chronic	Decrease in timber supply due to climate change, increase in forest fires, and water shortages, etc.	Short term	Medium	Short term	Medium		
Business opportunities	Transitions	Products and services	Increase in unit prices per building and increase in demand for green space projects due to growing need for greening	Medium term	Medium	—	—	Recommending that at least half of plantings be indigenous species Promoting technological development for wall and rooftop greening	Eco-friendly green space area: 1 million m²
		Markets	Creation of market for non-residential wood buildings	Medium term	Large	—	—	Strengthening our proposals for timber construction and the use of wood for small- to medium-sized offices, stores, and nursing care homes with floor areas under 3,000 m²	—
Nature conservation opportunities	Protection of ecosystems		Preservation of biodiversity on Company-owned land and at Company facilities	Although nature conservation opportunities do not directly impact the Group's business, we believe they are important for the sustainability of ecosystem services and have identified them as opportunities and formulated strategies.				Designating significant sites for biodiversity among all our owned facilities. Formulating and implementing protection and management plans	Percentage of formulation and implementation for protection and management plan: 100%

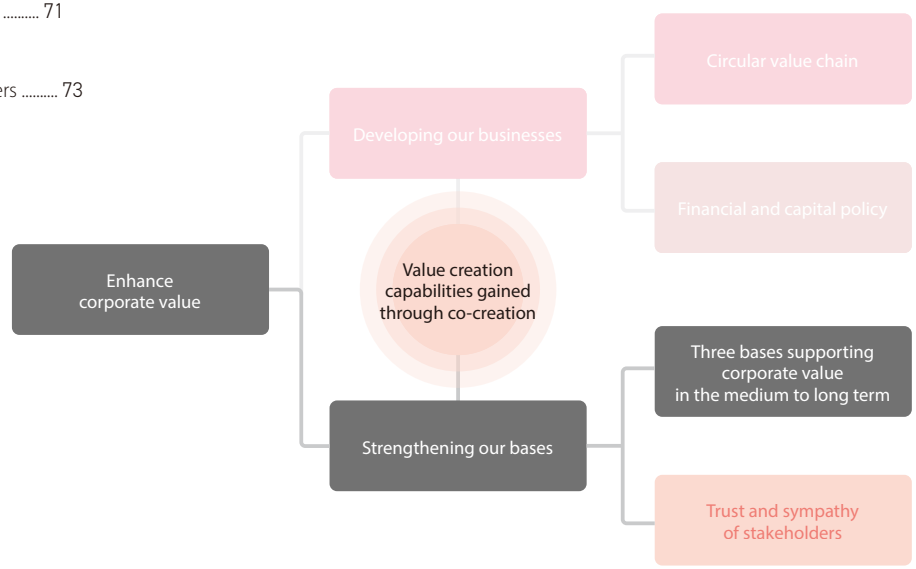
Note: All KPI targets are for fiscal 2026

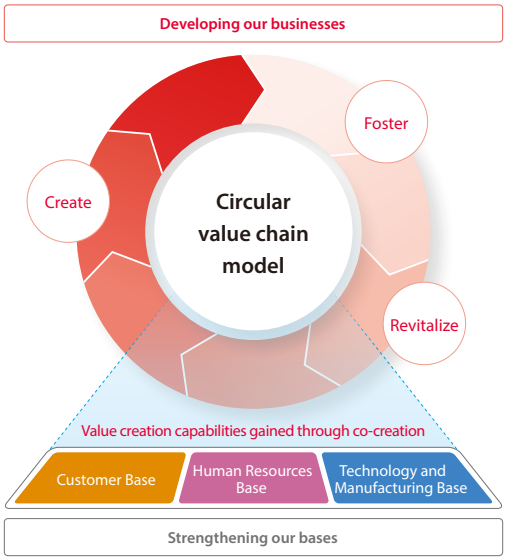
Sustainability Report 2025: Response to Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD) ▶ P.49

Strengthening our Bases

We are working to strengthen our three bases to establish a competitive advantage and create an earnings capability that will lead to sustainable growth in the future. The current status of each base will be reviewed from both quantitative and qualitative perspectives, and future challenges and strategic directions will be explored, including the upgrading of human capital, deepening of relationships with customers, and the acceleration of technological innovation.

Message from the Officer in charge of Human Resources and Sustainability 64
Value chain and Environmental Action Plan / Social Action Plan 65
Further strengthening the three bases (sources of value creation) 66
Human resources base 67
Human rights management and due diligence 71
Customer base 72
Message from Head of Technology Headquarters 73
Technology and manufacturing base 76





Chapter 5 Strengthening our Bases

Message from the Officer in charge of Human Resources and Sustainability

Sustainability management: The foundation of our growth strategy

Moritaka Noumura
Managing Executive Officer
In charge of human resources and sustainability, Head of Logistics Management,
In charge of exhibition at Expo 2025 Osaka Kansai



Tackling four environmental themes and nine social themes to realize Our Hopes for the Future (Purpose)

We create value by delivering growth driven by businesses that help solve social issues, guided by our founding principle of "Doing things because they will be of service to society." This spirit is the foundation of the Daiwa House Group's sustainability, and we will pass it on to future generations. As the officer in charge of human resources and sustainability, I focus on balancing social and economic value to realize Our Hopes for the Future.

In the environmental domain, we are steadily progressing toward our Endless Green Program 2026 targets. As business divisions take ownership of these targets and drive initiatives proactively, our ZEH, ZEH-M, and ZEB rates are up and GHG emissions across the value chain are down, ahead of plans. We will move forward with new challenges such as reducing embodied carbon* and transitioning to a circular economy.

* Embodied carbon refers to the amount of greenhouse gases emitted during building construction, repairs, demolition, and other phases outside of the operational stage.

Maximizing the value of the human capital that creates our business

In the social domain, we have redefined nine priority themes and KPIs related to human capital, local communities, and other topics in our new Endless Social Program 2026. To embed these KPIs, we pursue continuous improvement beyond managing metrics. For the Daiwa House Group, human resources are the source of all value creation and our most vital management capital. My belief in this has only grown over my years in the HR department and subsequent experience working with many people as Manager of the Head Branch and of the Environment and Energy Business Division. First, we focus on building an organization where each individual feels pride and fulfillment and can fully showcase their capabilities and shine by implementing HR strategies aligned with management and business strategies. Then, we maximize human capital productivity by placing the right people in the right roles at the right times.

Accelerating sustainability management leveraging our new structure

With sustainability challenges becoming more diverse and complex, we reorganized our strategic divisions and restructured our Sustainability Committee in April 2025 to better align supervision and decision-making with management policies. Under this new structure, we will practice Group-wide global sustainability management, including in the supply chain, improving alignment with our next medium-term management plan. We will establish mechanisms for Group companies to advance strategies based on shared strategies and foundations, maximizing synergies and capitalizing on competitive advantages. We ask shareholders and investors to look forward to continued growth and value creation at the Daiwa House Group.

Value chain and Environmental Action Plan / Social Action Plan

To help create a sustainable society, we have identified key issues to be addressed through our Environmental Action Plan (EGP) and Social Action Plan (ESP), formulated based on our business model and value chain, while strengthening three foundations. By fulfilling our accountability, we also contribute to lowering cost of capital.

Social Action Plan: Endless Social Program 2026 (All targets for FY2025)

Human rights
- Human rights DD score 67.5
- Attendance rate of human rights awareness training 100%

Quality
- Clarify quality assurance system and roles
- Customer satisfaction (housing): Maintain 95% or higher

Supply chain
- Agreement collection rate for CSR Purchasing Policy and Supply Chain Sustainability Guidelines: Both 100%

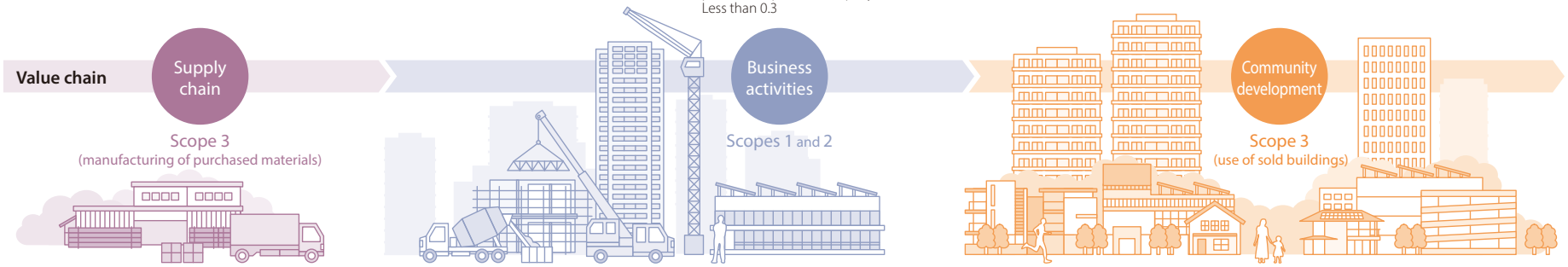
Occupational safety
- Frequency rate (Employees of our primary contractor): Less than 0.3
- Frequency rate (Employees of production partner company): Less than 0.3

DE&I
- Ratio of females in managerial positions 6.5%
- Ratio of childcare leave taken by male employees 80%

Human resources development
- Companywide training hours and cost (per person)*
- &D Campus self-study enrollment rate 55%

Motivation and working in comfort
- Engagement Survey score*
- Human capital ROI*

* Results management



Environmental Action Plan: Endless Green Program 2026 (All targets for FY2025)

Mitigating and adapting to climate change
- Setting rate of principal suppliers' SBT standard GHG reduction targets 90%
- Number of contracts for renewable energy and energy-efficiency solutions (support cases): 29 cases (cumulative over 4 years)
- GHG emissions reduction rate derived from business operations (vs FY2015) -54%
- Energy efficiency (vs FY2015) 2.0 times
- Renewable energy utilization rate 100%
- GHG emissions reduction rate derived from use of products (vs FY2015) -56%
- ZEH rate 95%
- ZEH-M rate for rental housing | condominiums 75% | 100%
- ZEB rate 70%

Harmony with the natural environment

Deforestation
- Rate of C-ranked timber in procurement 0.5%
- Setting rate of zero deforestation policy Primary suppliers | Secondary suppliers and beyond 90% | 20%

Harm to Biodiversity
- Eco-friendly surface area of green spaces (cumulative) 900,000m²
- Rate of formulation and implementation of protection and management plans of significant sites within premises of the company's facilities 28%

Closed-loop resource sourcing and conservation of aquatic environments

Waste and Reuse
- Number of assets subject to effective use | Number of buildings subject to durability extension 2,800 | 8,400
- Recycling rate of waste plastics material (production) 26%

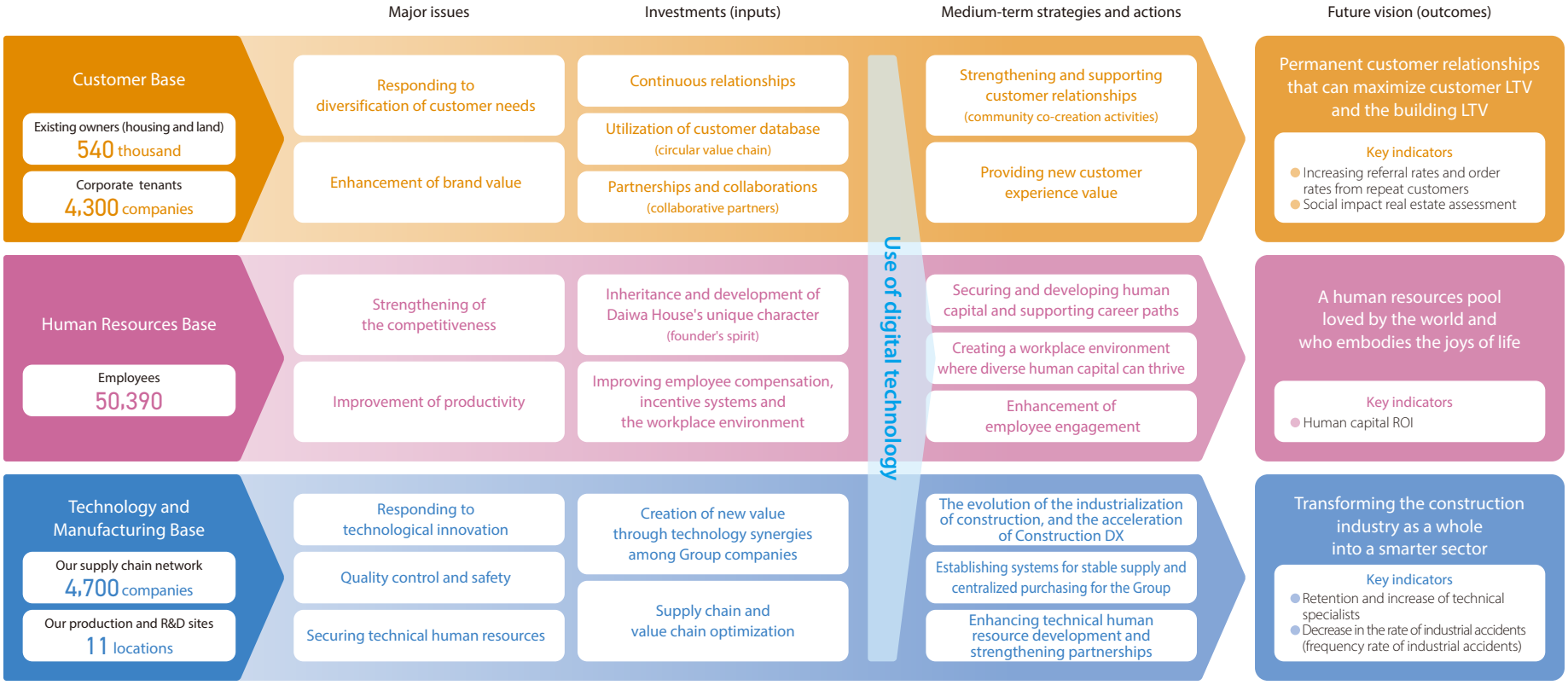
Water-Associated Risks
- Water-saving device adoption rate (housing and hotels) 99.3%
- Water consumption reduction rate (vs FY2012, per unit of sales) -44%

Prevention of chemical pollution

Sustainability Report 2025:
Social Action Plan (Endless Social Program 2026) ▶ P.66
Environmental Action Plan (Endless Green Program 2026) ▶ P.8

Further strengthening the three bases (sources of value creation)

To enhance corporate value, we are strengthening the three bases that are the sources of our value creation, leading to higher growth expectations and a lower cost of capital.
We have classified issues, both offensively and defensively, and are working to solve issues as we work toward our future vision.



A human resources pool loved by the world and who embodies the joys of life

Key indicators
- Human capital ROI

Human resources base 1 —Our views and the ROI on human capital—

In line with the Group's policy of "we foster employees' personal growth through business," we believe that increasing the value of our human resources base (human capital) is the engine that drives corporate value and since our founding, we have prioritized growth of human resources in our management. Daiwa House's founder said, "Don't do things because they will make a profit, but because they will be of service to society." In this spirit, while addressing societal issues, we are developing human resources who are loved and trusted by customers and society and building a well-being organization where human resources can strive. By doing this, we aim to create a virtuous cycle that leads to new business opportunities and opportunities for collaboration toward the realization of Our Hopes for the Future (Purpose), thereby enhancing our corporate value.

In this era of so-called VUCA (volatility, uncertainty, complexity, and ambiguity), it is essential to have the organizational strength (organizational culture) to be able to grasp the ways of the world and co-create new value through teams with much diversity comprising employees with bright personalities in order to achieve sustained growth in the future. We aim to realize Our Hopes for the Future (Purpose) by identifying Daiwa House strengths and the features of our organization and human resources, and advancing human resource management from the two perspectives of things to stay the same and things to change.

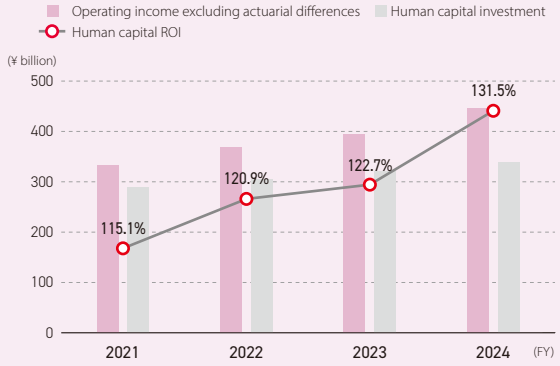


Human capital ROI over time

Based on our company philosophy of "we foster employees' personal growth through business," we will continue to actively invest in the human resources that will create the future of our business. We will adopt human capital ROI as an indicator to measure how increased investment in our employees contributes to further business evolution and corporate growth, and strive to improve it. For fiscal 2024, our human capital ROI achieved 131.5% (up 8.8 percentage points year on year).

In fiscal 2025, as an investment in our human capital base, we are implementing industry-leading wage increases for employee salaries. In addition to an in-house entrepreneurship program to create human resources capable of taking on diverse challenges, we are also expanding educational and development initiatives such as support for obtaining MBAs and MOTs.

We will continue to provide investments and opportunities that resonate with both our business and our employees, thereby strengthening our competitiveness and increasing our productivity as part of efforts to achieve sustainable growth for both the Company and its employees.



* Human capital ROI = simplified calculation dividing the operating income (excluding actuarial differences) by the human capital investment

Securing and developing human capital and supporting career paths

Inheritance and development of Daiwa House's unique character (founder's spirit)

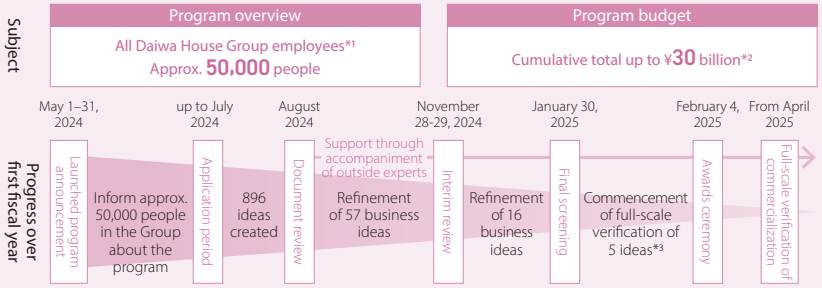
Number of D-Succeed participants
Number of innovation proposals

Human resources base 2 —Securing and developing human capital and supporting career paths—

In order to avoid a decline in competitiveness due to the obsolescence of employee skills and a reduction in the ability to innovate and solve problems, we have established a variety of human capital development initiatives and support programs. We would like to introduce two initiatives for the development of next generation management talent which we are currently focused on in particular. Please refer to the section beginning on page 73 of Sustainability Report 2025 for more information on "Securing and developing human resources linked to business strategies," which is positioned as one of the important themes for the Group, which has a diverse business portfolio.

In-house entrepreneurship program "Daiwa Future 100"

The program was launched in fiscal 2024 with the primary objectives of discovering and developing management personnel who will lead the Daiwa House Group in the future and fostering an organizational climate that encourages the taking on of challenges. Based on then-President Yoshii's desire to "give maximum support to new challenges," we have allocated a budget of ¥30 billion. This program is designed so that proposers of the project to serve as representatives and drive business forward, with commercialization as the primary objective. In the first year, 896 project proposals were received across the entire Group, and for the five proposals that passed the final screening stage, we have begun efforts toward commercialization. In fiscal 2025, the program received more than 1,100 project proposals, surpassing the number received in the first year, thereby providing an additional boost to the program. To realize our Company purpose and our dream of becoming an enterprise with sales of ¥10 trillion by 2055, we aim to develop human resources that will create a new core within our business portfolio and to become a growth engine for the Group to create a collection of new businesses with sales of over ¥100 billion.



Achievements of the Daiwa House succession plan "D-Succeed"

We have adopted the Daiwa House succession plan "D-Succeed" as a mechanism for systematically, continuously, and deliberately producing management leaders. In fiscal 2024, 230 people participated in the program. Currently, a cumulative total of 38 people have been appointed to key managerial positions through a series of ecosystems from selection, evaluation, training, and promotion of management candidates. In addition, we also dispatch selected personnel to external courses where management candidates from various companies come together, and have developed our own global management personnel program to develop personnel who can support our overseas businesses.

The Daiwa House succession plan "D-Succeed"

1 Establishment of human resource requirements	**Key positions that are the gateway for management personnel to be covered by the succession plan** At the time of its adoption, the succession plan initially only covered the position of branch manager. However, from fiscal 2023, the scope of the plan has been expanded to cover a variety of key positions in sales, engineering, and management to ensure the diversity of future management personnel.
2 Selection of successor candidates	**Forming a pool of human resources in two tiers: "Next Generation" and "Next"** Next Generation ... Select management candidates, mainly in their 40s, to be "next in line" for key management positions Next..... Select candidates for future management positions, mainly in their 30s
3 Systematic development	**Human resources development is carried out systematically through the training and enhancement candidates program, the next generation training program, and the Next training program (the Next generation in particular undergoes a three-year training program)**
4 Promotion to key positions	**Through various assessments and interviews with top management, we will visualize each person's abilities, characteristics, aspirations, human qualities, and other qualities, and make systematic and strategic appointments and assignments**

*1 Executives and regular employees, excluding part-time and contract employees
*2 For prototype development and market research expenses for full-scale verification of adopted business ideas
*3 Three finalists and two conditional finalists

Sustainability Report 2025: Fostering successor candidates ▶ P.77

Creating a workplace environment where diverse human capital can thrive

Increase in diversity index
Improvement of ratio of retention of young employees

Human resources base 3

—Creating an inclusive workplace environment for diverse human resources—



With the Corporate Creed stating that "We ensure a good working environment for all employees, conscious that it ties directly into our progress," we are committed to creating a safe and healthy working environment for employees and designing a flexible human resources system that allows each individual employee to choose his or her own ways of living and working. Furthermore, out of our belief that diversity within the organization is essential to hedge against the risk of a decline in innovation and problem-solving skills, we are engaging in diversity management.

Frequently asked questions from institutional investors

Q1 On the ratio of female executives and managers

A In order to reflect diverse values in our management, our Board of Directors is composed of individuals who we have determined are qualified to serve as directors without regard to age or gender. The TSE's Code of Corporate Conduct stipulates in its "Matters desired to be observed" that the ratio of female executives to be 30% or higher by 2030, a figure that we have not yet reached. In addition to appointing female executives from outside the Company, we also intend to increase the ratio of female officers by developing female human resources within the Company. Specifically, we have set the goals of increasing the ratio of female managers to 8% and the ratio of newly hired female graduates to 30% by April 2027. Over the past several years, the effects of these efforts have been steadily reflected in a significant increase in the number of female construction engineers and the appointment of a female executive officer.

Sustainability Report 2025: Diversity indicators ▶ P.175

Q2 Initiatives and progress toward the development and securing of human resources required for future growth, such as highly skilled technical human resources, digital human resources, and overseas human resources

A For digital human resources, we have laid out the framework for a digital human resources system aimed at developing human resources who can proactively promote digital transformation (DX), through which we aim to implement everything from DX literacy education for all employees to training programs for those with expertise in technology (AI), project promotion, and data fields. In addition, we are promoting the recruitment of mid-career hires to secure digital human resources while also remaining conscious of salary considerations. Regarding overseas human resources, we aim to discover and develop human resources who can successfully expand our overseas business in the future. Specifically, in addition to the global trainee system (overseas travel-based training) and the global human resources development program, we have also implemented training programs in Japan aimed at enhancing the technical capabilities of national staff (local staff) working at overseas subsidiaries.

Technical human resource development ▶ P.79

Q3 Initiatives to improve retention of young employees

A With mutual growth between the individual and the organization as our key theme, we are working to recruit diverse human resources based on a recruitment plan linked to our business strategy alongside a recruitment strategy that responds flexibly to the recruitment market in order to secure human resources who will lead our future and create a diverse organization. In terms of new graduate recruitment, we do not use entry sheets for selection at the time of submission, but focus on personal interviews in an effort to eliminate mismatches between the Company and students when hiring by business division and job category, as well as organizing job category get-togethers and job-understanding events, 1-on-1 interviews, workplace tours, and other follow-up activities for provisionally hired candidates so they can both discover more positive points about the Company and minimize any discrepancies in understanding that can occur after they join us. After joining the Company, new and entry-level employees are trained and supported by the entire organization through an on-the-job training (OJT) system to enable them to steadily acquire fundamental skills.

Sustainability Report 2025:
Workability and job satisfaction for employees ▶ P.81
DE&I ▶ P.86

Improving employee engagement

Improving employee engagement scores

Human resources base 4 —Enhancement of employee engagement (employee motivation)—

One of the key themes of ESP2026 is "job satisfaction and workability," in accordance with which we aim to create an environment where employees can challenge themselves and work with their colleagues to improve themselves and each other, where each individual challenge leads to organizational vitality, and where each employee can work healthily and vigorously in a psychologically safe work environment, thereby fostering a workplace culture that allows them to maximize their performance. As we move toward this goal, we continue to monitor the progress of our performance using the Engagement Survey as a management indicator. Employees take the Engagement Survey annually in order for us to quantitatively assess the actual status of the workplace environment. In addition to analyzing correlations between various items identified from actual performance figures, future issues will be reviewed with management, and measures, targets, and plans will be reviewed on a regular basis.

Results for fiscal 2024 show that 84% of employees reported feeling satisfied with their work, an improvement of 1 percentage point over the previous year's 83%. The results of the survey are fed back to each branch office and business division to visualize the characteristics (strengths and weaknesses) of the organization from which the results were derived, and are used as materials for considering organizational management and the preferred organizational form based on specific characteristics. Examples of which include identifying where the gap lies between workplace expectations and satisfaction levels. We will continue our efforts to realize "Our Hopes for the Future" (Purpose) so that our employees can feel a sense of satisfaction in their work while sharing in the same hopes.

Performance and analysis of key KPIs

Job satisfaction		Pride in work		Sense of growth	
Are you able to work with a sense of purpose at your current company/job/workplace?		Do you feel pride in what you are trying to accomplish in your current job?		Looking back on the past year, do you feel that you have learned and grown on the job?	
FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
83% (45%)	84% (51%)	88% (55%)	88% (55%)	90% (57%)	89% (58%)

To realize Our Hopes for the Future, we place particular emphasis on three items.

Job Satisfaction—The number of respondents who chose the neutral response of "Probably" decreased, while the number of people who chose the highest two responses of "Definitely" and "Yes" increased by more than 5 points.
Pride in work—Remained mostly unchanged.
Sense of growth—Down 1 point, but the proportion of people who selected the highest two choices of "Definitely" and "Yes" is up 1 point.

Note: KPIs are managed by summing the highest three responses of "Definitely," "Yes," and "Probably." The sums of the top two responses of "Definitely" and "Yes" are also shown in parentheses for reference. The target had been set at 70% or higher, but with the formulation of ESP2026, we have changed to a results-based management type of system rather than setting a specific target value.

Future issues

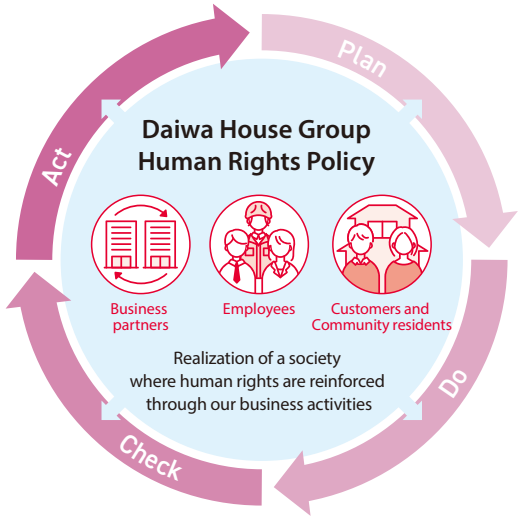
Increasing engagement with younger and female employees by revitalizing communication

In fiscal 2024, we introduced an external service, Motivation Cloud, which enables us to diagnose organizational conditions based on one of the largest databases in Japan. Our company-wide organization is characterized by the consistency and good relationships that have been established throughout the organization.

On the other hand, we acknowledge that there is an expectation of improvements in company-wide solidarity and mutual respect among employees, and we recognize this as an area requiring attention. While the trends in engagement by age group do not deviate significantly from other companies, we have also identified the fact that they tend to be lower among younger age groups than other companies, and that there are differences between men and women and by role. We will continue to work on revitalizing communication within the organization and fostering an organizational culture that will lead to further improvements in employee engagement.

Human rights management and due diligence

We established the Daiwa House Group Human Rights Policy in 2018 and we support international standards, including the Universal Declaration of Human Rights and the United Nations Global Compact (UNGC). We have designated human rights as one of the key themes in our 2024 social action plan, "Endless Social Program (ESP) 2026." As the vision for our Group, we aim for all employees involved in our business operations to enhance their human rights literacy while respecting the human rights of all people connected in some way to our business activities, including Group employees, our business partners' employees, customers, consumers, and the residents in the regions where our business activities take place. Through these activities, we are advancing initiatives aimed at realizing a society where human rights are reinforced from the perspective of corporations.



▶ Remaining challenges

From fiscal 2025, we will begin full-scale operation of the PDCA cycle for ESP 2026, managing progress in targets and actual results for each KPI, and identifying any remaining challenges. Considerations for making improvements in these areas shall then be reported to management. The status of measures, targets, and plans shall be periodically reviewed as necessary. Remaining challenges include identifying medium- and long-term risks and opportunities for the entire Group, identifying key issues, and reviewing existing policies, structures, and systems. These will be deliberated on an ongoing basis.

Principal initiatives

P

The human rights risk map formulated after our fiscal 2023 survey showed that the risks of harassment and industrial accidents were high within the Company (Daiwa House Industry), and the risks of industrial accidents and harassment caused by Daiwa House Industry were also high among business partners (general construction industry, specialized construction industry, and other sectors within the manufacturing industry). In response, in fiscal 2024, we proceeded with the establishment of systems and management methods to address these issues based on the priority of initiatives.

D ↓ C

Business partners' human rights

The Company is working to deal responsibly with human rights issues in its supply chains, as exemplified by our institution of Supply Chain Sustainability Guidelines. Among the guidelines' specifics is the requirement that primary suppliers prohibit harassment and use of forced and child labor. The guidelines also require suppliers to take steps such as not procuring timber from areas where illegal lumbering or abuses of indigenous people's human rights are suspected. In particular, to address the rights of indigenous peoples, we have established our "Biodiversity Guideline [Timber Procurement]," and the percentage of timber procurement from high-risk areas in fiscal 2024, excluding certified timber, was 0.1%. In addition, we are also working to build healthy, human rights violation-free relations with our subcontractors, for instance by questionnaire-surveying them annually to check for abuses and other problems. Management indicator: Human rights DD score FY2024 result 64.1 points / FY2026 target 71 points

Employees' human rights

We have ongoing programs to educate employees about human rights. In addition to periodically checking that these programs are being carried out/executed across the Group and monitoring how well our policies are being adhered to, we have put in place mechanisms—including contact points for reporting incidents and lodging complaints—for reporting and expeditiously dealing with individual human rights problems. We conduct a human rights due diligence digital survey to assess employees' human rights literacy, analyze the survey results, and take measures to address items with a high risk of human rights violations. To appropriately manage employees' hours, we have deployed a PC-based attendance management system to centrally track their time on the clock. The system ensures that employees are not working longer than legally permitted and that no "second books" are being kept of hours worked in deviation from those actually worked. Management indicator: Attendance rate of human rights awareness training, etc. FY2024 result 95.8% / FY2026 target 100%

Customers' and community residents' human rights

We have formalized protocols for dealing with accidents and put in place a management framework for ensuring compliance with legal and regulatory stipulations covering quality and safety deficiencies. As part of this, we have built a mechanism for collecting and collating feedback from customers on issues of quality and safety via our support desks and as part of our after-sale services, that we then share with our development units and design, manufacturing, construction, and other processes [where the information could be useful]. At the business-division level, we have established mechanisms for immediately reporting any human rights infringements involving customers or the local community to the Risk Management Committee, which then carefully analyzes incidents and works out measures to prevent recurrence.

A

We use situation monitoring to engage with stakeholders, and when conditions at business partners do not meet our standards, we take action that includes interviewing them and ask them to remedy them. As far our own employees are concerned, we work to cultivate an in-house culture geared towards eliminating human rights abuses, particularly harassment; and we have mechanisms in place so victims can get help and problems can be dealt with.

Sustainability Report 2025: Respect for human rights ▶ P.69

Utilization of customer database (circular value chain)

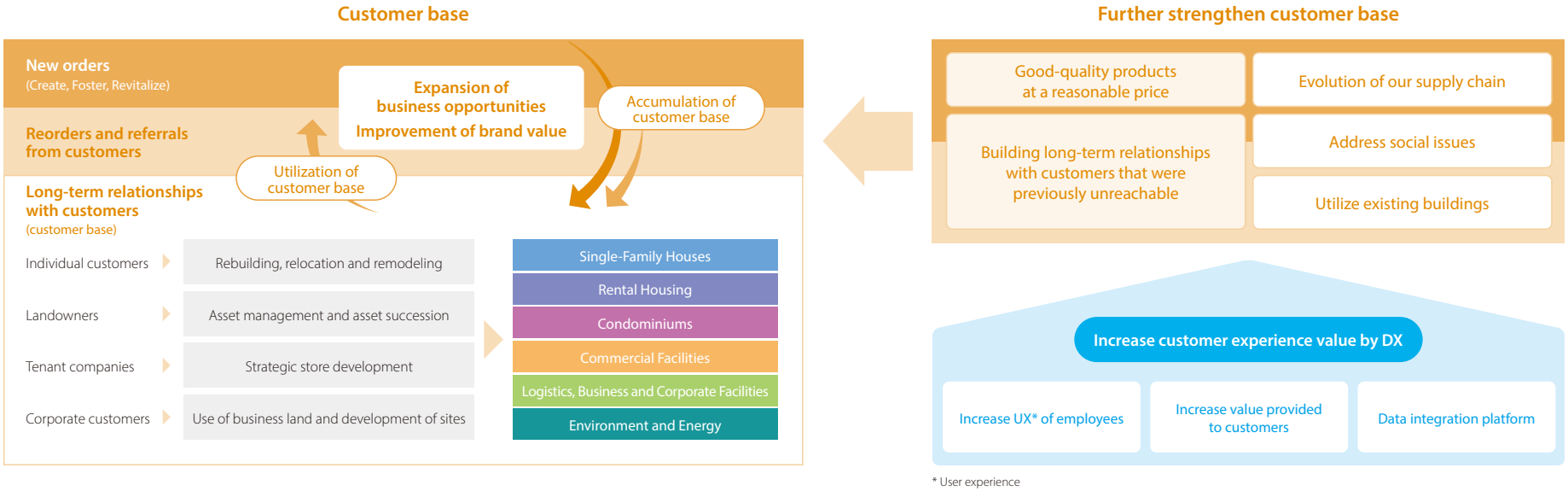
Partnerships and collaborations (collaborative partners)

Customer base —To further strengthen our customer base—

We are building strong customer relationships by promoting proposal-based sales that solve problems from the customer's perspective and by maintaining a close relationship with our customers long after construction has been completed. Under the 7th Medium-Term Management Plan, we are working to establish a circular value chain (create, foster, and revitalize) business model in order to maximize customer life-time value (LTV) as well as the building LTV, accumulate intellectual capital, and build strong and permanent customer relationships.

To further strengthen our customer base

While a typical construction company accumulates a customer base from new orders, through reorders and referrals from customers, our circular value chain allows us to provide not only construction, but also management and operation, remodeling, renovation, and purchase and resale.The scope of our business enables us to provide value to customers and buildings in all phases. Maximizing the use of our extensive customer database, we will coordinate with collaborative partners as part of focused efforts to improve customer experience value through DX in order to make more optimal proposals in accordance with customer LTV and the LTV of buildings, thereby further strengthening our customer base.



* User experience

Message from Head of Technology Headquarters

Solidifying Daiwa House's position as technological powerhouse



Yoshiyuki Muarta

Yoshiyuki Muarta
Executive Vice President, Head of Technology Headquarters

Corporate culture where growth is a given

When I joined Daiwa House in 2021, the first thing that surprised me was that all officers and employees saw corporate growth as a matter of course. I suppose this is embedded in their DNA; every year they delivered results in pursuit of founder Nobuo Ishibashi's dream to become a group with sales of ¥10 trillion by our 100th anniversary. In the construction industry, contracting work predominates—companies receive orders from customers then construct a building. In addition to contracting, our Company also buys land and constructs buildings to sell to customers. I was impressed that Daiwa House generates its own work to expand the business.

I also note that decision-making is swift, a pioneering spirit prevails, and mistakes are forgiven. The corporate

culture favors thorough reflection on any failures, but also giving people another chance. Before I joined the Company, I felt its approach was aggressive, but also that it was serious about legal compliance.

The culture also places more importance on the process leading up to results than the outcomes themselves. As part of performance management, the president spearheads discussions every month, with lively debate, including online participation from relevant departments. Discourse focus on processes leading up to outcomes, and exchanges of opinion among the departments. I feel that conducting business this way in effect trains the next cohort of managers.

Building robust supply chains as developer with technological capabilities

Daiwa House Group is a hybrid housemaker, general construction company, and developer. As a developer with technological capabilities it is very important that technology is deeply embedded in our business, so customers trust Daiwa House Industry to deliver quality buildings.

Another feature is strong ties with business partners. The company has a powerful supply chain network including a Confederation of Partner Companies comprising over 4,000 onsite construction and factory production partners, the Trillion Club of materials suppliers, and the Setsuwa Club, for facilities and equipment procurement. Their diligent activities and relationships of mutual trust and collaboration are helping us win projects.

I would like to further deepen and strengthen our relationships of mutual affection, trust, and win–win situations with suppliers to encourage them to work with Daiwa House Industry.

DX and BIM initiatives to create significant value-added for the overall Group

We have continued to invest heavily since launching our initiatives on building information modeling (BIM) in 2017 and construction digital transformation (DX) in 2019, and are a leader in these areas among Japanese construction companies. Currently, we are at the stage of linking and utilizing construction data, centered on BIM. Initially, we worked with Fujita at our MIRAI KACHI KYOSO Center (Kotokurie) facility in Nara to carry out seamless detailed design, construction, and maintenance using BIM to test the effectiveness of a range of measures. We expect to create significant value-added for the overall Group with DX and BIM initiatives, in light of our broad spectrum of business areas and considerable scale.

Our Group includes two general contractors, Fujita and Daiwa Lease as well as Daiwa House Industry. The three collaborate through Technology Committee activities and an increasing number of joint major construction projects. Each of the three made its mark at the Osaka Kansai Expo. We pursue centralized purchasing and collaborative DX initiatives (BIM and data utilization) which should generate significant value for the overall Group.

Mission: Bolster technological capabilities and empower technical staff

After I decided to resign from my previous position, Chairman Keiichi Yoshii (then president) told me, "We need to bolster our technological capabilities to achieve our ambition of ¥10 trillion in sales by our centennial. While I won't be here then, my role is to orient the organization to that end. Our entire technical team would be delighted to have you on board." What attracted me was that he spoke about realizing future dreams, not just meeting performance targets during his tenure as president. I thought that it would be rewarding if I could fit in neatly at Daiwa House and get the big gears turning, so on the spot I made up my mind to join Daiwa House. I see my mission as bolstering technological capabilities and empowering our technical employees.

Some four years after my arrival, I find myself liking



the Company more and more. I'm also grateful that I myself am growing through new work.

In our corporate creed, I am especially fond of the references to fostering employees' personal growth through business and offering frank opinions to one another. I'm also keen on the Employee Charter's words urging employees to pursue their own growth and happiness through their work. I believe two things give employees fulfillment: Contributions to society through their work at the Company, and self-development through work.

Bolstering technological capabilities in pursuit of ¥10 trillion in sales

In recent years, a lack of progress in industrialization is an issue for Japan's construction industry as a whole. Housebuilding has reached its current level after decades of R&D into prefab methods, but where do we go from here? There has been progress in the materials and components used in building construction, but how will construction methods evolve going forward? In the face of such issues, Daiwa House Group is using BIM nimbly to industrialize building construction and advance our shift to off-site construction. The aim of BIM is not simply to streamline work. It improves work quality, makes *monozukuri* (craftsmanship) fun, and boosts value-added. My dream is to evolve DX and BIM to become universal languages in the construction industry and boost our international presence to a position where Daiwa House is a true global company. To realize that dream, the design division is already using BIM. I aspire to a world where this is broadened to include the construction division, and data generated in the design and construction phases is used in building maintenance and management. I also aim for the fusion of information and communication technologies (ICT) with those used in the industrialization of construction (as spearheaded by Daiwa House), prefab, and off-site construction. I see this as an issue to be tackled to bring about the next iteration of industrialization of construction.

In terms of building construction, we will upgrade our technologies to accommodate increasing sophistication in areas like engineering, data centers, and semiconductor plants. In timber buildings, we are rolling out our Future with Wood project in the non-residential as well as the residential sector, and developing wooden-structure BIM and elemental technologies.

In my view, building technological and *monozukuri* platforms overseas will become increasingly important. I believe initiatives in the context of mutual understanding and integration between our overseas partners and Group companies will enable us to make improvements. These include collaboration with partners in the construction business overseas; the global rollout of made-in-Japan industrialization of construction; and adopting in Japan superior aspects of technologies and *monozukuri* from overseas Group companies.

Conveying the fun of *monozukuri* to raise Daiwa House's profile as a technological powerhouse

A lack of technical staff is a major challenge in bolstering our technological and *monozukuri* infrastructure. As its scale and business areas expand rapidly, the Company increasingly needs seasoned managers who can mentor younger employees. Going forward, we will step up our mid-career specialist hiring and work continuously to optimize personnel deployment.

Technology and manufacturing base 1 —Responding to technological innovation—

Based on our founding philosophy of "industrialization of construction," we have built a strong technological and manufacturing base through collaboration with our business partners to be able to develop and provide safe and secure buildings with high quality over short construction periods. The strength of our technology and manufacturing base stems from the industrialization of construction, which began with prefabricated housing, and from our circular value chain that provides comprehensive coverage from development to the construction of various types of buildings by our hybrid enterprise group. As a hybrid company rooted in the spirit of housing, we aim to transform Daiwa House into a technology powerhouse.

Pioneering new frontiers in technology

In recent years, the Ministry of Land, Infrastructure, Transport and Tourism has been leading efforts in Japan to make the construction industry more attractive, working with industry groups on initiatives such as increasing public construction unit prices, implementing CCUS,*1 establishing five-day workweeks at construction sites, and adopting Construction ICT.*2 However, even with the addition of foreign workers, the number of skilled workers*3 remains insufficient. Meanwhile, since the Great East Japan Earthquake prompted a reevaluation of the construction industry's social role, more young people interested in tangible manufacturing have entered the field at the engineer level, leading to a rise in skilled workers since 2011. Technological advances, such as ICT, digital transformation (DX) and BIM,*4 have the potential to boost the industry's appeal and help reverse the decline in skilled workers. To ensure the construction industry can achieve sustainable growth, we will drive technological innovation by encouraging the adoption and use of digital technologies at construction sites and by speeding up the industrialization of construction and DX across the entire Group.

Achieving work-style reform and productivity enhancement through construction DX and BIM evolution, driving technological innovation

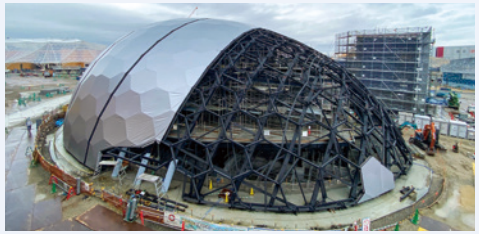
Strengths of our technology base

- Full coverage from development to construction, focusing on manufacturing
- Capacity to handle various types of buildings
- Industrialization of construction

*1 CCUS (Construction Career Up System) is a system that records each skilled worker's employment history and qualifications, leading to fair skill assessment, better construction quality, and increased efficiency at construction sites.
*2 Construction ICT: Information and communication technologies that enhance productivity through increased efficiency and progress in the continuous construction production system of investigation, design, construction, maintenance, and repair.
*3 Skilled workers are technical professionals involved in all aspects of construction work, including planning, design, construction, and supervision. They manage technical aspects at construction sites and are responsible for ensuring construction safety, quality, and scheduling.
*4 Building information modeling: A system for managing information across the entire lifecycle of building assets, from initial design through construction and maintenance to eventual disposal, using digital modeling.

86th Term Securities Report: Research and Development Activities (Japanese only) ▶ P.74

Capacity to handle various types of buildings

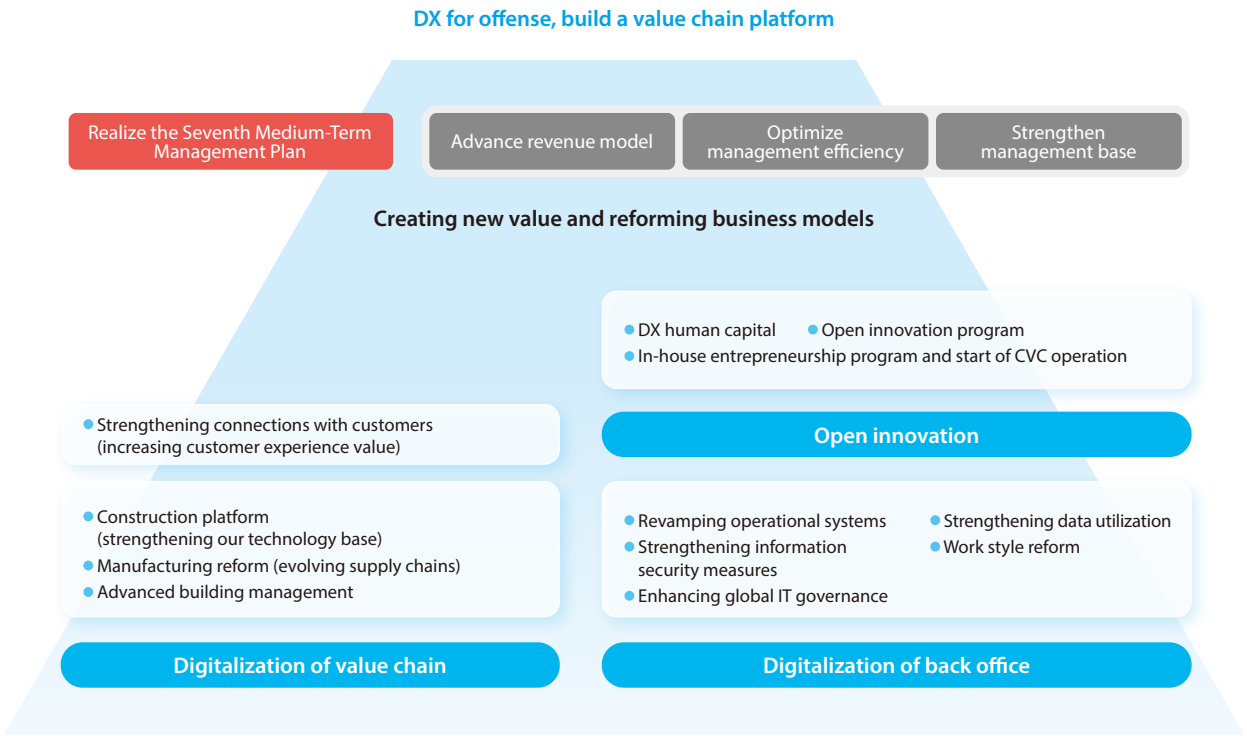


Expo 2025: Electric Power Pavilion – Eggs of Possibilities (The Federation of Electric Power Companies of Japan)

We participated in the 2025 Expo alongside Fujita and Daiwa Lease, engaging in sponsorship, donation projects, and construction contracts. Since challenging architectural projects provide valuable experience and motivation for our technical personnel, we recruited applicants nationwide, with many employees stepping forward. For these buildings with complex shapes, we introduced BIM from the design stage, manufactured steel frames at our own plant, and implemented BIM seamlessly all the way through on-site construction. We will continue to enhance our technical capabilities to handle advanced architecture such as data centers, semiconductor plants, Livness business, and wood structure and interior construction.

—Digital transformation initiatives—

Digital transformation (DX) is positioned as a backbone of all management policies. Based on this concept, we digitalize our value chain and back office operations and catalyze open innovation to foster new value creation businesses and reform business models. Specific initiatives are being implemented to achieve key objectives, including the strengthening of our technology and manufacturing base, the evolution of supply chains, and the enhancement of customer experience value. To promote these initiatives, we are also working to build a data integration platform, further advance DX in construction, and resolve industry-wide issues through industrialization of construction powered by DX.



Digitalization of value chain

Construction platform

In the construction industry, DX initiatives are speeding up in order to tackle challenges like work-style reform, labor shortages, and technology transfer through digital technology and data utilization. Among these, BIM allows for the creation of 3D building models, making it easier to explain buildings to customers in three dimensions that are hard to visualize in 2D plans, and this is expected to boost design work efficiency. In spring 2026, a new system called BIM Drawing Review (a BIM confirmation application) will be introduced as part of the digitalization and efficiency upgrades for building confirmation applications promoted by the Ministry of Land, Infrastructure, Transport and Tourism, supporting efforts to digitize the entire construction industry and increase productivity. We started promoting BIM in April 2017, and by 2020, we had completed BIM implementation for design work on steel-frame commercial and business facilities. Recently, we have been strengthening collaboration among Daiwa House, Fujita, and Daiwa Lease group companies, progressing in developing digital infrastructure to realize construction DX.

▶ For details, please see the DX Annual Report 2025 (Japanese only).

Technology and manufacturing base 2 —Manufacturing to realize a sustainable society—

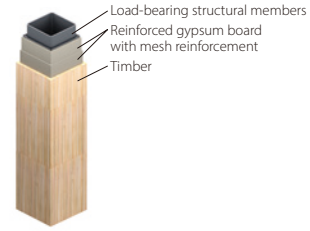
We are working to develop and provide high-quality, safe, secure products in order to help build a sustainable society.

Promoting timber structure and interiors for non-residential buildings: Future with Wood

The Daiwa House Group has designated the wood structure and interiors construction business for non-residential buildings as a new focus area for achieving carbon neutrality by 2050, as it can contribute to greenhouse gas sequestration and forest resource circulation. We have strengthened cross-functional efforts for wood structure and interiors. In 2024, we signed an agreement with the Ministry of Agriculture, Forestry and Fisheries to promote wood structure and interiors in buildings, and we are advancing related initiatives.

Development of Dkitto-Column

As part of Future with Wood, we have developed Dkitto-Column, which uses wood as a steel-frame cladding material and is suitable for medium- and high-rise structures such as office buildings up to nine stories. It delivers 1.5-hour fire resistance without restrictions on the type of wood used for fire-resistant cladding material and helps lower CO_2 emissions. This enables proposals that include creating spaces where people can feel the warmth of wood, or using local timber.



Dkitto-Column


Building image using Dkitto-Column

Environmentally friendly advanced production system

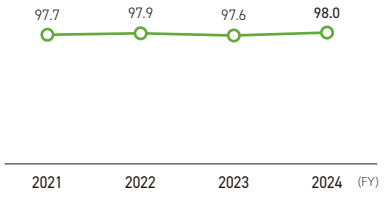
We produce components for commercial buildings, components for commercial/residential complexes, and components for houses and apartment buildings at our nine factories in Japan. By manufacturing indoors, protected from wind and rain, we maintain consistent quality and deliver high-precision components, employing collaboration between industrial robots and skilled workers. Additionally, dedicated inspectors perform inspections at each stage, ensuring that only high-quality components that pass inspection are delivered to construction sites.

Main environmental initiatives at our factories

1. Our factories are promoting decarbonization by generating renewable energy in buildings, creating energy-efficient production lines, and electrifying equipment that previously used fossil fuels. Some factories also add wall greening.
2. At our construction sites, we have implemented a system we call Factory Depot to reduce the risk of improper waste disposal and promote recycling of construction waste. By using this factory recycling route, we have achieved zero emission of waste.



Recycling rate of construction waste (%)



Technical personnel
9,315*
(As of April 2025)
*Including post-retirement specially commissioned and limited-term contractual employees

Frequency rate of industrial accidents

Technology and manufacturing base 3

—Technical human resource development and partnership enhancement—

To transform Daiwa House into a technology powerhouse, we are building a foundation for developing technical human resources together with our business partners.

Recruiting young engineers

We conduct recruiting efforts to sustainably hire students for technical positions. By forming teams of executives and technical staff to visit universities and follow up with students, we build relationships with educational institutions and make the Company more attractive. We also implement a Technical Staff Development Project that seeks to recruit and develop talented individuals from an early stage to lead the Company's future growth. This project offers a two-year full-time vocational school program for graduates of technical high schools, allowing them to focus on gaining specialized knowledge and skills as engineers while receiving a full salary during the program. We support high school graduates in enhancing their expertise and obtaining qualifications early, while also fostering their education and character as members of society. After recruiting for construction positions, we began hiring for electrical equipment positions in fiscal 2023, with over 100 Technical Staff Development Project participants already active within the Company.

Developing global human resources

Our global trainee system is an overseas-based training program primarily designed to develop a mindset for future overseas assignments. Employees who are expected to participate in international business are chosen to learn local business practices, technologies, and management methods on location.

The Daiwa In-Tech Program is a training system where selected overseas local staff stay in Japan for about two weeks to deepen their understanding of our manufacturing at construction sites and factories, and learn our founder's spirit at our facilities. In interactions with the colleagues they work with daily, participants gain a sense of belonging in the Group and prepare to become future local leaders.



Scene from Daiwa In-Tech Program training

Supporting the development of skilled workers at business partners

As part of our efforts to create construction site environments where workers, from highly skilled technicians to young new entrants, can continue working with satisfaction, we became the first housing manufacturer in Japan to introduce a Skilled Worker Career Advancement System. This system provides allowances to workers at construction sites based on levels and abilities certified by Japan's CCUS program. It started in fiscal 2025. We will keep collaborating with business partners to secure and develop skilled workers for a sustainable construction industry.

Start of engineer experience registration

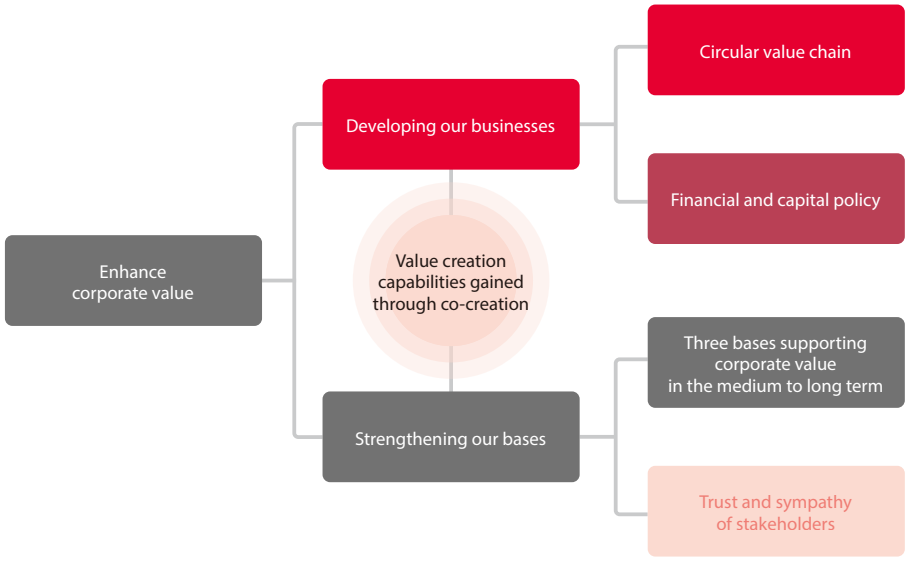
As part of our efforts to strengthen technical capabilities, we started operation of a "technician information database" in fiscal 2024. As a company, we centrally manage the skills held by each employee, which we utilize for effective placement of engineers and to address the needs of projects requiring advanced skills. Employees themselves can also visualize their personal track record and gain a sense of self-growth.

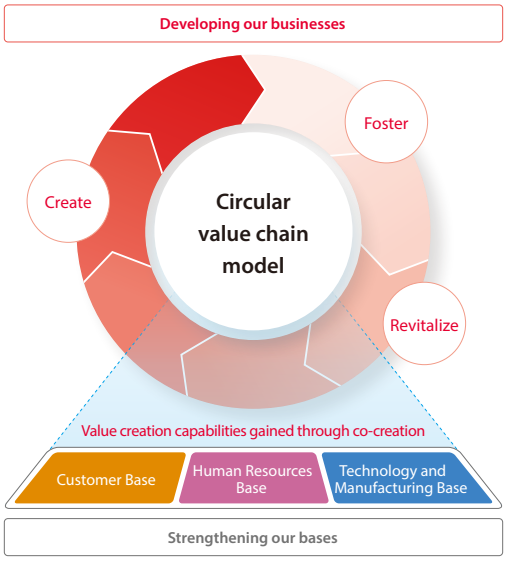
Chapter 6

Management Structure

For sustainable growth and maximization of corporate value, we are strengthening our governance structure with an emphasis on diversity and long-term perspectives.
This section presents the measures we are implementing to enhance transparency and the quality of decision-making, including a review of our Board of Directors and committees, and the upgrading of our risk management structure. In our dialogues with outside directors, we also touch on human capital and decision making with diverse perspectives.

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Management structure 84





Chapter 6 Management Structure

Roundtable discussion with outside directors

Where we are in building a management structure for achieving Our Hopes for the Future



Toshikazu Nambu
Outside Director

Tomomi Fukumoto
Outside Director

Saori Seki
Manager, IR Department
Finance and IR Department, Management Administration Headquarters

Assessment of the current situation at Daiwa House Group and challenges

Seki: To start with, please give us your impressions and thoughts about the Daiwa House Group.

Fukumoto: I feel the Company is energetic and flexible. Speedy business development is one of its strengths, and people listen earnestly to opinions of outside directors such as us when it comes to decision-making. True feelings are discussed, with no barriers between company insiders and outsiders. I get the sense that management sees things from a multifaceted viewpoint, and is imbued with hunger and flexibility. My role in my previous job was to enhance value by incorporating the opinions and desires of stakeholders into running the business from the viewpoint of compliance, risk management, and sustainability. I was also involved in promoting the corporate brand and sustainability for the entire group, including overseas operations. I hope to apply my experience and knowledge to help the Daiwa House Group evolve its ESG management and maximize corporate value.

Nambu: My impression is of an extremely robust growth company. Belying the image generated by having the word "house" in its name, the Group has transcended traditional boundaries to develop a comprehensive, integrated real estate business. With a strong sense of ownership, employees comprise a highly committed group with a bold pioneering spirit, akin to wandering samurai, in a good sense. During my roughly 40 years at an integrated trading company, I was involved in diverse urban development and M&A in the field of infrastructure. I have experience in managing a multinational workforce after being stationed overseas for about 15 years, which I hope I can leverage in the Group's growth strategy.

Seki: Regarding strengthening the monitoring functions of the Board of Directors, how do you rate current governance arrangements?

Fukumoto: I am very pleased to note that the ratio of inside to outside directors is 50:50 following the appointment of one more outside director. This has also made the board more diverse in terms of specialties, generating numerous ideas for boosting the Company's value. Regarding female empowerment, naturally I would like women to be able to develop their careers within the Company and eventually become executives. It is important to set medium- to long-term targets here and build a pipeline from hiring through training, career development, and appointment, enabling women to excel across the Company. In an era of

uncertainty about the future, it is increasingly important that not just women, but people from all points on the diversity spectrum are able to make the most of their capabilities.

Nambu: Our outside directors have a wide range of skills and backgrounds and are providing diverse ideas from a variety of specialist perspectives. For example, of the three of us with a background in digital transformation and information technology in the skills matrix, we each also have experience in different aspects of the field: Kuwano-san knows his way around in R&D and product development and ample experience in marketing; Yoshizawa-san is skilled in communications and networks; and I have experience in advancing digital transformation across industries and within the company. This exemplifies how the board works as a team with diverse perspectives to draw on.

Seki: How do you rate the Group's governance?

Nambu: I think that the recent transition to a CEO/COO management structure adds depth to its governance framework. The CEO is responsible for overall strategy, overseas growth strategy, and global governance, while the COO is primarily responsible for domestic operations and day-to-day business execution. In pursuit of ¥10 trillion in sales by our centennial—an admittedly ambitious target, we are reconfiguring our decision-making and execution responsibilities to upgrade our decision-making process. Challenges differ by country and field, so what common denominators should we target? Areas of concern are human-capital deployment and the centralization and decentralization in the decision-making processes. Overseas we are looking for growth in regions with differing business practices and cultures, so I see an opportunity to realign our decision-making processes while simultaneously evolving management and oversight of Group companies. We aim to strengthen the foundations of group governance by rolling out guidelines with a view to further growth.

Improving Daiwa House Group's corporate value

Seki: The Corporate Governance Committee features an exchange of opinion among its members on a different theme at each meeting. What themes have been discussed recently?

Nambu: Under "corporate management strategy in a rapidly changing global environment," we discussed how to turn uncertainty into business opportunities. Widening trade imbalances have led to economic disparities and dissatisfaction, and responses at an individual country level have become difficult. I proposed that we treat the shifting landscape as an opportunity to strengthen overseas management systems rather than see them as a risk. If nationalism predominates in individual countries in the future, businesses will have to operate within the constraints that ensue, which could make overseeing things from Japan difficult. I think that building independent corporate functions at the regional level and maintaining such ecosystems will become more important.

Seki: Nambu-san, you have experience in rolling out digital transformation as general manager of the media & digital business unit and Chief Digital Officer at a major trading company, and you were a member of the International Data Governance Advisory Committee at the central government's Digital Agency.

Nambu: I understand that the Company has developed digital transformation by building platforms to handle its relationships with customers in design and construction. If we can build a platform spanning the lifetime customer journey using customer IDs, we should be able to make effective proposals through our dialogues with them. Homes vary by country and region in size and layout, as do lifestyles as well. Collecting, organizing, and using data will clarify where we need to invest, and developing our platforms to this extent would give us significant competitiveness.

Seki: Fukumoto-san, you were appointed an advisor to the Sustainability Committee launched in FY 2025. Could you tell us how you rate our sustainability management and your hopes going forward?

Fukumoto: Our growth strategies incorporate priority

environmental themes. ZEHs (Net Zero Energy Houses), ZEBs (Net Zero Energy Buildings), and Livness Business products and services are preferred by customers for their environmentally conscious features. I think it is wonderful that they are positioned as key growth drivers in the 7th Plan. We are also seeing progress such as the resetting of priorities in our Social Action Plan and the launch of the Sustainability Committee (chaired by the Head of Management Strategy Planning Headquarters), which will integrate the environmental and social aspects of ESG management. On the global stage there is some backlash against ESG management. I see this as a chance to have a fundamental discussion about how to approach an important theme that will underpin the sustainable growth of our Company, and would like to discuss this in the context of our 8th Plan. Further, there are demands for nonfinancial disclosure in a similar manner to that for financial information, so we need to promote sustainability across the entire Group, including overseas operations. As an advisor, I will provide advice and support.

Seki: You have experience communicating and implementing corporate messages about philosophy regarding water resources at a major beverage company. How do you rate our activities, and what do you recommend?

Fukumoto: Daiwa House has encapsulated its Purpose, Our Hopes for the Future, in its tagline Our Future Landscape: Embracing the Joys of Life. The first important matter is instilling it within the organization. The Company tries to be of service to society rather than solely pursuing profit, so that employees take pride and find joy in their work. That all employees participated in developing the Purpose in the first instance is quite laudable. The Purpose is the Company's raison d'être for customers and society as a whole. Going forward, it will be important to further deepen empathy with this Purpose, and for all employees in their respective positions to think carefully about what will provide value to their customers and put it into practice.

Messages to investors

Seki: At a recent board meeting, the CFO reiterated—to ensure we were all on the same page—the need to enhance corporate value in light of the TSE's demand for management that is conscious of cost of capital and stock price. I would like to know your take on where we stand and challenges going forward.

Nambu: One saying I am fond of is that "a happy employee makes for happy service." Corporate value is created because officers and employees are fully committed to their tasks. They deal with the customers, and if the employees themselves do not have happy and fulfilling lives, their proposals will not make the customers happy. Further, companies with a strong sense of employee ownership like that at Daiwa House have the strength to persevere and think things through. It is important to ensure that this sort of thinking is not lost as the Group grows larger. I believe that the price-to-book ratio (PBR) represents a combination of trust in the Company and a sense of safety as well as upside potential. I will press management on how it is doing from the perspectives of customer satisfaction, global growth, and risk management.

Fukumoto: Since my appointment as an outside director a year ago, I have been impressed by a deeply embedded corporate culture that is constantly pioneering and proactive, notwithstanding its sheer scale. I understand that an in-house entrepreneurship program (Daiwa Future100: an initiative to realize Our Hopes for the Future) received nearly 900 applications. However, new risks always accompany growth and expanding corporate scale. Maximizing proactive activities and evolving governance to suit the growth phase makes striking a balance between growth and stability all the more important. As an outside director, my aim is to promote the creation of social value and accelerate the improvement in economic value while communicating creatively with stakeholders. I would thus like to offer ideas and advice so the outlook for a company which has great potential for further growth can be shared more broadly in the wider society.

Management structure

The Daiwa House Group positions enhancing its governance structure as a priority issue for management so that we may continue to be a company trusted by society. We take the basic stance of working to construct a system of accurate and timely decision making and business execution, as well as a framework of appropriate oversight and supervision. Along with transforming our vision in line with expanding business operations and the management environment, we work to construct a governance structure that will create the future based on diverse viewpoints and long-term perspectives in order to enhance our management resilience.

Concept of governance system enhancement



Initiatives in the 7th Plan	Approaches in fiscal 2022–2023	Approaches in fiscal 2024
1 Optimization of management structure ● Raise the proportion of stock remuneration in director remuneration and introduce non-financial evaluation indicators ● Strengthen monitoring function of the Board of Directors	● Reviewed the agenda standard for meetings of the Board of Directors ● Introduced non-financial indicators for the calculation of annual incentive bonuses for directors	● **Increased the ratio of outside directors** After considering the optimal composition of the Board of Directors for the Company, we added one outside director in June 2024. (Ratio of outside directors: 38.5%→42.9%)
2 Foster next generation of business managers ● Build a succession process for directors/executive officers Sustainability Report 2025 ▶ P.77	● Renewal of the D-Succeed succession plan for the next generation of business managers	● **Developing managerial talent** Systematic training was conducted on two levels: "next generation leaders (mainly employees in their 40s)" and "NEXT (mainly employees in their 30s)" (cumulative total number of participants in fiscal 2022-2024: 316).
3 Improve system of business execution ● Prepare and strengthen regional corporate functions overseas ● Strengthen asset management in line with asset increase ● Continuous improvement of organizations and functions for overlapping businesses within the Group ● Continual improvement of the Group's head office functions and optimal allocation of human resources	● Newly established the Management Strategy Planning Headquarters ● Prepare and strengthen regional corporate functions	● **Consideration of the optimal system of business execution** The Board of Directors and other bodies discussed reviewing back-office operations and the suitable allocation of personnel to further enhance our earnings capability. →Effective April 1, 2025, the Company was reorganized from a structure of seven business division-based system to two business headquarters system
4 Entrench risk management structure ● Effectively operate and continuously improve risk management structure ● Continuously strengthen the efficient business operating base to sustain risk management and compliance activities Sustainability Report 2025 ▶ P.114	● Established an information security system and overhauled the structure of information security rules ● Organizational reform	● **Further strengthening of supervisory functions** Utilizing forums besides just the Board of Directors, we explored the optimal organizational structure and system of business execution required to improve the Company's ability to execute its supervisory functions over its business divisions. →Effective April 1, 2025, the Company transitioned to a system with a Chairman and President

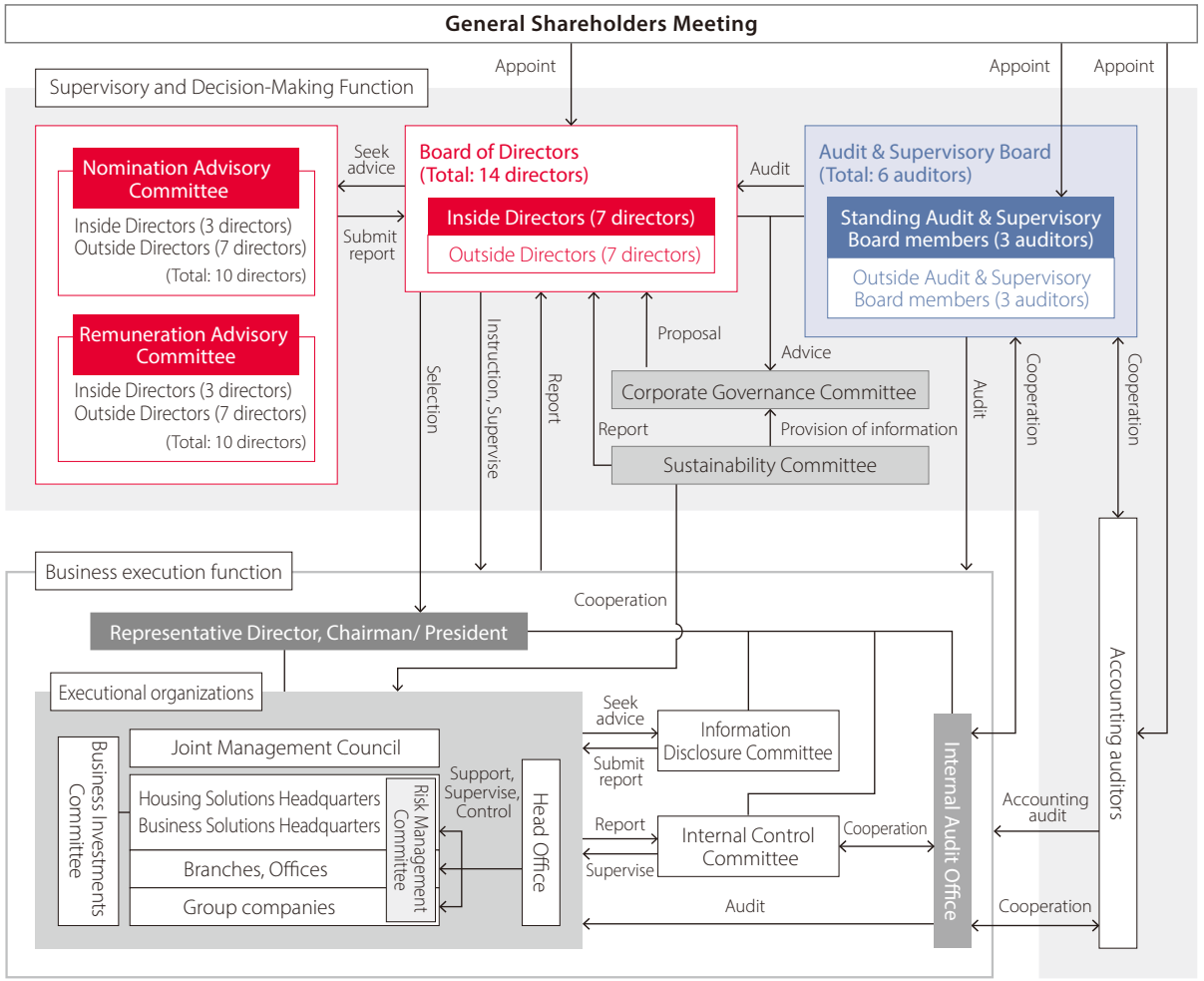
Corporate governance system

The Company pursues corporate governance that better suits society and the global management environment, in order to continue to be a corporate group indispensable to society.

In order to enhance corporate value, our senior management in charge of business execution should always explore social needs based on a bottom-up approach, and the Board of Directors holds a significant responsibility to deliberate and determine how we concretize the social needs as a business. By appointing both executive directors to enable accurate and swift actions on these needs, and independent outside directors who account for over one third of the Board of Directors, we increase the level of transparency and soundness of our business management. Furthermore, the Board of Directors is audited by Audit & Supervisory Board members and the Audit and Supervisory Board that are independent of the Board of Directors.

This organizational design allows directors concurrently serving as executive officers to facilitate the management function of the Board of Directors, while ensuring the monitoring function led by independent outside directors and Audit & Supervisory Board members and the Audit and Supervisory Board.

The Company has adopted this corporate governance system under the belief that enhancing corporate autonomy built on these bases will lead to sustainable growth and medium- to long-term enhancement of corporate value. We will continue to review our corporate governance structure in line with business conditions and other factors.



1 Optimization of management structure

Create an optimal management structure for supervision of medium-to-long-term management strategies for enhancing corporate value

Based on the philosophy of "Don't do things because they will make a profit, but because they will be of service to society" that the Daiwa House Group has valued since our founding, the Board of Directors sees its mission as being to put Our Hopes for the Future (Purpose) into practice and to foster the next generation who will take up the challenge in the future. To realize this, executive management must always explore the needs of society based on the attitude of a bottom-up approach while the Board of Directors, as a group that co-creates value for individuals, communities, and people's lifestyles deliberates and decides how to embody such needs as a business, and quickly grasps reported risks regarding business execution to control and oversee these risks.

The Board of Directors has outside members who account for over one-third of the Board. By making greater use of diverse and external knowledge, experience and know-how possessed by outside directors, we aim for trustworthy and transparent management.

Board of Directors' deliberations

In a discussion on one of the proposals related to management strategy, an outside director made the following comment concerning the formulation of ESP2026, our medium-term social program: "As we address environmental and social issues, the market is closely watching how this will relate to future growth strategies. From the perspective of ensuring the sustainable growth of the Company, we need to discuss narrowing down the themes." In fiscal 2024, the Board of Directors also discussed and deliberated on the following matters.

Management strategies

- Future shareholder composition
- Share buybacks
- Responding to customer harassment
- Raising the retirement age
- Oversight of the Environmental Action Plan, EGP2026
- Formulation of the Social Action Plan, ESP2026
- Participation in and sponsorship of GREEN×EXPO 2027

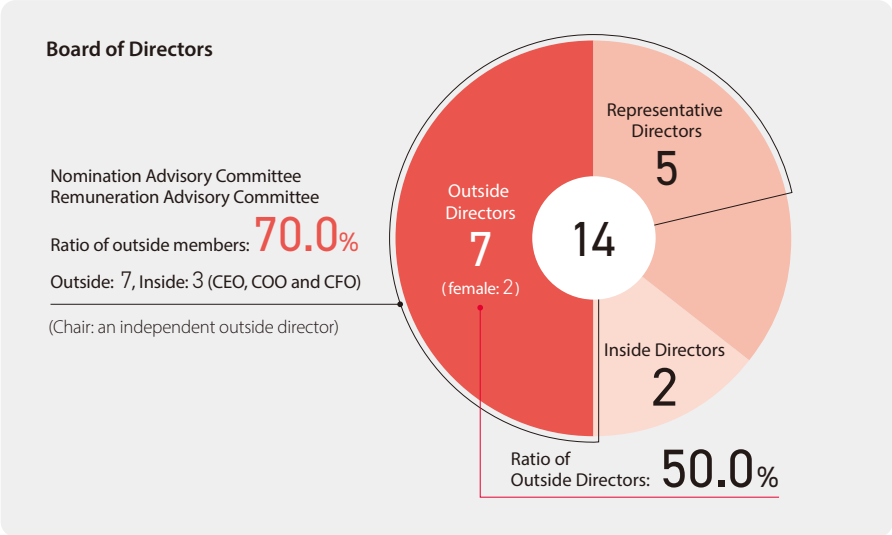
Governance

- Report on self-review results and revision of the Corporate Governance Guidelines
- Evaluation of the effectiveness of the Board of Directors
- Portfolio management
- Revision of internal audit regulations

Investment projects

- Approval of M&A-related matters (e.g., conversion of Alliance Residential Company into an equity method affiliated company)
- Approval of important potential investments in the real estate development business and other businesses in the US, Asia, and other regions

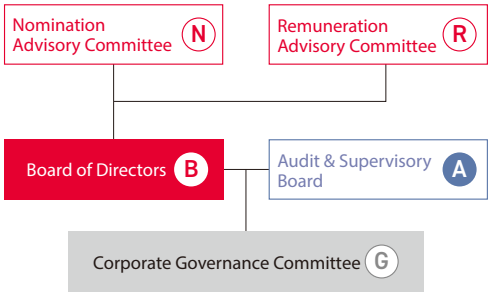
Other than the above, the Board of Directors deliberates and passes resolutions, as necessary, on matters stipulated by laws, regulations, and the Articles of Incorporation.



Skill matrix for the Board of Directors and Audit and Supervisory Board

The Company's basic policy is to enhance corporate value by creating value for shareholders, customers, employees, business partners, and society through the provision of products and services essential to society. In addition, "Our Hopes for the Future" (Purpose) lays out our commitment to "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." In light of the above basic policy and in order that we may achieve "Our Hopes for the Future" (Purpose), we have established the following skill matrix to ensure the sound and sustainable growth of the Company and to establish a high-quality corporate governance system that can live up to the social trust in the Company, through the highly effective performance of the Board of Directors and audits of the execution of duties by the directors and executive officers by the Audit and Supervisory Board.

Structure of Committee for strengthening monitoring function of Board of Directors



		Representative Directors					Executive Directors	
								
		Keiichi Yoshii	Hirotsugu Otomo	Takeshi Kosokabe	Yoshiyuki Murata	Keisuke Shimonishi	Toshiya Nagase	Eiichi Shibata
		Chairman, CEO Head of Overseas Division	President, COO	Executive Vice President, CFO Head of Management Administration Headquarters	Executive Vice President Head of Technology Headquarters	Senior Managing Executive Officer Head of Business Solutions Headquarters	Senior Managing Executive Officer Head of Housing Solutions Headquarters	Managing Executive Officer Head of Management Strategy Planning Headquarters
Committee membership		B N R G	B N R G	B N R G	B G	B G	B	B
Term of office		14 years	9 years	15 years	4 years	7 years	3 years	Appointed in June 2025
Attendance at meetings of the Board of Directors and committees during the fiscal year ended March 31, 2025	Board of Directors	★ 13/13	13/13	13/13	12/13	13/13	13/13	—
	Nomination Advisory	5/5	—	5/5	—	—	—	—
	Remuneration Advisory	4/4	—	4/4	—	—	—	—
	CG	2/2	—	2/2	2/2	—	—	—
	Audit and Supervisory Board	—	—	—	—	—	—	—
Knowledge possessed by directors and auditors that is particularly expected by the Company	Corporate Management	●	●	●	●	●	●	●
	Finance/ Accounting			●				●
	Legal/Risk Management	●	●	●	●	●	●	●
	Technology/ R&D				●			
	International Experience	●	●					●
	DX/IT				●			
	Environment	●	●				●	
	Social	●	●	●				
	Corporate Governance	●	●	●	●	●		

B Board of Directors N Nomination Advisory Committee R Remuneration Advisory Committee A Audit & Supervisory Board G Corporate Governance Committee ★ Chair

Note: The attendance shown is for the period from April 2024 to March 2025

	Non-Executives												
													
	Yukinori Kuwano	Miwa Seki	Kazuhiro Yoshizawa	Yujiro Ito	Toshikazu Nambu	Tomomi Fukumoto	Yuichiro Kondo	Yoshinori Hashimoto	Ryuichi Oyaide	Yoshihiro Takashige	Akihisa Watanabe	Tatsuji Kishimoto	Takashi Maruyama
	Outside Directors	Outside Directors	Outside Directors	Outside Directors	Outside Directors	Outside Directors	Outside Directors	Standing Audit & Supervisory Board members	Standing Audit & Supervisory Board members	Standing Audit & Supervisory Board members	Outside Audit & Supervisory Board members	Outside Audit & Supervisory Board members	Outside Audit & Supervisory Board members
Committee membership	B N R G	B N R G	B N R G	B N R G	B N R G	B N R G	B N R G	A G	A G	A G	A G	A G	A G
Term of office	5 years	5 years	3 years	3 years	1 year	1 year	Appointed in June 2025	3 years	Appointed in June 2025	Appointed in June 2025	5 years	4 years	2 years
Board of Directors	13/13	13/13	13/13	13/13	10/10	10/10	—	13/13	—	—	13/13	13/13	13/13
Nomination Advisory	★ 5/5	5/5	5/5	5/5	4/4	4/4	—	—	—	—	—	—	—
Remuneration Advisory	★ 4/4	4/4	4/4	4/4	3/3	3/3	—	—	—	—	—	—	—
CG	★ 2/2	2/2	2/2	2/2	2/2	2/2	—	2/2	—	—	2/2	2/2	2/2
Audit and Supervisory Board	—	—	—	—	—	—	—	★ 14/14	—	—	14/14	14/14	14/14
Corporate Management	●	●	●	●	●	●	●	●					●
Finance/ Accounting		●		●	●		●			●	●		
Legal/Risk Management				●				●	●	●	●	●	●
Technology/ R&D	●		●						●				
International Experience		●			●								
DX/IT	●		●		●								
Environment	●					●							
Social		●	●	●		●		●	●	●	●	●	●
Corporate Governance	●	●	●	●	●	●	●	●	●	●	●	●	●

B Board of Directors N Nomination Advisory Committee R Remuneration Advisory Committee A Audit & Supervisory Board G Corporate Governance Committee ★ Chair

Note: The attendance shown is for the period from April 2024 to March 2025. Mr. Nambu and Ms. Fukumoto's attendance figures reflect the period starting from their appointment in June 2024.

Reason for appointments of new directors

Name	Reason for appointments
Eiichi Shibata	Mr. Shibata has experience in the Accounting Department and in the management of the Company's consolidated subsidiaries as the General Manager of the Group Management and Administration Department. Since assuming the position of Executive Officer, he has mainly been in charge of M&A and other activities within the Group and has made efforts to enhance the Group's corporate value. The Company expects that he will continue to utilize his wide range of knowledge and experience and demonstrate his managerial skills in the future.
Yuichiro Kondo	Mr. Kondo has experience as a representative director of a major securities company. The Company expects that he will supervise management of the Company and make proposals from an independent standpoint by utilizing his extensive knowledge of financial markets and management strategy based on his career to date in order to continuously improve the corporate value of the Group and strengthen its corporate governance.

Reason for appointments of new Audit & Supervisory Board members

Name	Reason for appointments
Ryuichi Oyaide	Through his many years of experience in construction work at our branch offices and as Head of Construction Department at our Head Office, Mr. Oyaide has extensive knowledge of construction technology, and the Company expects highly effective audits based on his familiarity with the technical aspects of the worksite.
Yoshihiro Takashige	Through his many years of experience in accounting and auditing, Mr. Takashige has extensive knowledge of finance, accounting and auditing, and the Company expects him to conduct highly effective audits.

Skills expected by the Company

Skills	Our specific expectations
Corporate Management	To have essential insight into management gained through their managerial experience at the Company or other companies, and to exercise their managerial skills or supervise management to enhance corporate value
Finance/ Accounting	To draw on their expertise in the field of financial accounting or their experience in accounting and finance departments to formulate, implement appropriate financial strategies, or provide valuable advice
Legal/ Risk Management	Internal directors, including the business division heads, are expected to all work together to strengthen risk management, rather than focusing only on sales and marketing activities but also aligning with the business division-based system. Outside directors and outside Audit & Supervisory Board members are expected to strengthen risk management by utilizing their expertise in legal affairs or experience in legal affairs or legal compliance departments
Technology/ R&D	To have experience or expertise in the technology or R&D department of the Company or other companies, and to further enhance technological capabilities
International Experience	To be well-versed with ample experience in the global business management and overseas lifestyles and culture and business environment, and to further promote or supervise our overseas business
DX/IT	To have extensive knowledge and experience in digital transformation (DX) and information technology (IT), and to accelerate the creation of new value using digital technology
Environment	To have experience or expertise in the environmental department of the Company or other companies and to promote environmental management, including the achievement of carbon neutrality
Social	To have experience or expertise in human capital development and social improvement, including DE&I, and to promote sustainable management
Corporate Governance	To have extensive knowledge of corporate governance and to enhance the corporate governance system based on diverse and long-term perspectives for the sustainable enhancement of corporate value

Advisory Committees of Board of Directors (Board Committees)

Nomination Advisory Committee

Receives information from executive officers in charge of human resources on individual director assessments and on proposals at the General Meeting of Shareholders relating to the appointment of directors, discusses the appropriateness of these, and presents an opinion, in order to ensure objectivity in the nomination of directors.

When a director selection is made, the matter is decided by the Board of Directors with reference to the outcome of the discussion by a Nomination Advisory Committee. When the dismissal of a director is proposed, the matter is decided by the Board of Directors.

- Chair: an independent outside director
- Matters discussed and deliberated in fiscal 2024:
  - Recommendations of candidates for directors
  - Selection of representative directors
  - Age limit and term of officers

Remuneration Advisory Committee

Receives a briefing from officers in charge of human resources on policy for decisions concerning director remuneration and details of individual remuneration, etc., discusses validity and presents an opinion to ensure objectivity of director remuneration. In addition, deliberates appropriateness of the decision-making process of remuneration by actively using external investigation data, etc.

- Chair: an independent outside director
- Matters discussed and deliberated in fiscal 2024:
  - Total amount of bonuses paid to directors and amounts paid to individual directors for the 85th fiscal year
  - Fixed remuneration for directors

Corporate Governance Committee

Meets for the primary goal of contributing to the medium- and long-term growth in corporate value. Exchanges views on vision, strategies, and other items pertaining to corporate governance and overall management, considering diverse viewpoints and taking a long-term perspective. Aims to make the company better by fully incorporating into management the knowledge and expertise possessed by outside directors and outside Audit & Supervisory Board members.

- Chair: an independent outside director
- Meeting frequency: twice a year in principle
- Matters discussed and deliberated in fiscal 2024:
  - Digital transformation (DX) initiatives
  - Results of evaluation of the effectiveness of the Board of Directors
  - Implementation status of the Corporate Governance Guidelines and proposed amendments

Sustainability Committee

The Sustainability Committee deliberates and decides on important environmental and social issues to be addressed by the Company and the entire Group over the medium to long term and directs and oversees efforts related to such decisions. In addition, it reports on important environmental and social matters to the Board of Directors. When necessary, it provides information to the Corporate Governance Committee.

- Chair: Head of Management Strategy Planning Headquarters (from April 2025)
- Meeting frequency: twice a year in principle

Selection criteria for candidate directors

1. They should have excel in management sense, and possess expertise in various management issues.
2. They should excel in the ability to analyze and judge objectively from the perspective of the whole company.
3. They should excel in foresight and insight.
4. They should be capable of accurately grasping the trends of the time, business conditions, and changes in the market.
5. They should be highly motivated to improve their own abilities.
6. They should be capable of actively stating the opinion from the perspective of the whole company.
7. They should have personality and insight appropriate for a director.
8. They should not fall under the grounds for disqualification of directors stipulated in Article 331, paragraph 1 of the Companies Act.

Procedures for candidate directors selections



Criteria for director dismissal

1. In case the director has committed an act that violates public order and morality.
2. In case the director is unable to continue the execution of duties in the cause of health problems.
3. In case the director has caused tremendous corporate value damage by its laziness.
4. In case the director has fallen under the grounds for disqualification of Directors stipulated in Article 331, paragraph 1 of the Companies Act.
5. In case the director is considered to be lack of motivations and abilities stipulated in Selection criteria.

Audit and Supervisory Board

The Audit and Supervisory Board operates independently of the Board of Directors. It consists of standing Audit & Supervisory Board members well versed in the operations and management structure of the company, as well as outside Audit & Supervisory Board members who are experts in particular fields such as accounting, law, or management. In order to ensure the independence and neutrality of the audit system, the Audit and Supervisory Board is composed of six members, of whom three are Standing Audit & Supervisory Board members and three are outside Audit & Supervisory Board members.

The Audit and Supervisory Board receives in a timely and appropriate manner reports from Directors, employees and accounting auditors on items necessary for auditing the execution of duties by directors and executive officers. It also shares necessary information with accounting auditors, the internal audit office, and outside directors to improve the quality of audits and realize more efficient audits.

Audit system by Audit & Supervisory Board members

The Audit and Supervisory Board, as an independent body entrusted by shareholders, audits the execution of duties by directors and executive officers, in order to ensure sound and sustainable growth of the company and establish a quality corporate governance system that meets the trust of society.

In addition, the Audit & Supervisory Board members attend not only meetings of the Board of Directors but also other important meetings, including meetings of the Corporate Governance Committee, Internal Control Committee and the Business Investments Committee, and regularly exchange opinions with representative directors as well as accounting auditors. They also visit business branches and other business sites to conduct on-site inspections and ascertain the status of business execution. Furthermore, the implementation status of internal audits is reported from the Internal Audit Department to the Audit & Supervisory Board members. These initiatives systemically ensure that important information relating to the Company's execution of operations is reported in detail to Audit & Supervisory Board members.

Committees concerning operational execution (Management Committees)

Joint Management Council

The Joint Management Council, consisting of directors, executive officers and Audit & Supervisory Board Members, is established for appropriately executing the decisions made by the Board of Directors through having the Board of Directors and executive officers fulfill their respective duties and communicate each other. Deliberates and reports on important matters relating to business execution. Met four times in fiscal 2024.

- Chair: CEO

Internal Control Committee

The Internal Control Committee is established as a body whose mission is to verify that the internal control system is properly established and operated, and to promote corrective actions if any flaws or deficiencies are found.

In fiscal 2024, the Committee met four times.

- Chair: Representative Director, Chairman (from April 2025)

Risk Management Committees

Under the supervision of the risk management officer (the Head of Management Administration), Risk Management Committees are established for each business division (Business Division Risk Management Committees) as bodies tasked with preventing potential risks in advance faced by each of the company's businesses and relevant Group companies, and addressing these risks if they materialize. These Business Division Risk Management Committees are positioned as a function of the internal control system.

- Chair: Business division heads
- Committee members: Department managers of Business divisions

Business Investments Committee

The Company's Business Investments Committee is responsible for deliberating on and assessing the feasibility and risks of important potential investments in the real estate development business and other businesses to ensure that decision-making about the deployment of capital is reasonable and effective. In fiscal 2024, the Committee met 24 times.

- Chair: Head of Housing Solutions Headquarters and Head of Business Solutions Headquarters (from April 2025)

Information Disclosure Committee

To build long-term relations built on trust with all shareholders, investors, and other stakeholders, we have established the committee tasked with announcing information pursuant to the basic policy for information disclosure. Information that is useful for investment decisions and matters that could significantly affect the company's performance and credibility outside of the timely disclosure rules are deliberated on by members across departments from different viewpoints for information to be disclosed.

- Chair: Head of Management Administration Headquarters

Overview of effectiveness evaluation of Board of Directors

Based on the Corporate Governance Guidelines, the Company has, since 2015, conducted evaluations of the effectiveness of the Board of Directors with the aim of improving the functions and effectiveness of the Board of Directors. Questionnaire-based surveys of directors and Audit & Supervisory Board members are conducted, and the effectiveness evaluations are made on the basis of the results of these together with the evaluation of the Board of Directors made by the Audit & Supervisory Board. As in the past, an external agency was engaged to conduct the 2024 survey, with responses being provided directly to the external agency to ensure anonymity.

Evaluation process

Questionnaire by all directors and Audit & Supervisory Board members

Evaluation items

- Composition of Board of Directors
- The ideal state of Board of Directors
- Operation of Board of Directors
- Operation of the Nomination and Remuneration Advisory Committees
- Monitoring function of Board of Directors
- Support structures for directors and Audit & Supervisory Board members
- Performance of directors
- Training
- Dialogue with shareholders (investors)
- Your own efforts

↓

Evaluation by the Audit & Supervisory Board based on the questionnaire results

↓

Self-review by the Board of Directors based on the questionnaire results and the evaluation by the Audit & Supervisory Board

↓

Review of initiatives for the next fiscal year based on results of evaluation

Evaluation results for FY 2024

Based on the status of each evaluation item, the effectiveness of the Board of Directors was evaluated as being satisfactory. However, issues were also highlighted, and the Company will continue to work to improve the effectiveness of the Board of Directors through a variety of initiatives.

Results of the 2023 evaluation of effectiveness and status of efforts to address the identified issues

Theme 1 Composition of the Board of Directors

Evaluation by the Board of Directors (issue)

In order to further enhance monitoring functions, the composition of the Board of Directors and the ratio of the number of internal directors to outside directors should be reviewed on a continuous basis.

Evaluation by the Audit & Supervisory Board (issue)

The number of directors and other factors should also be reviewed to further enhance monitoring functions.

Initiatives through FY2024

- Following the General Meeting of Shareholders in June 2024, the Company increased the number of outside directors by one (ratio of outside directors: from 38.5% to 42.9%).We will continue to discuss the composition of the Board of Directors to further strengthen monitoring.
- Following discussions with the Nomination Advisory Committee, we partially revised the skills matrix to ensure greater effectiveness of the Board of Directors.

Evaluation by the Audit and Supervisory Board (from the 2024 evaluation of effectiveness)

The Company's Board of Directors now includes a greater ratio of outside directors, allowing for a free and vigorous exchange of opinions from a broader range of perspectives.

Most recent initiatives

- Following the General Meeting of Shareholders in June 2025, the Company increased the number of outside directors by one (ratio of outside directors: from 42.9% to 50.0%).

Theme 2 Improving the effectiveness of the Board of Directors

Evaluation by the Board of Directors (issue)

The Board of Directors needs to further enhance discussions on medium- to long-term management issues, including management strategy and human capital.

Evaluation by the Audit & Supervisory Board (issue)

Further discussion is needed on the review of medium- to long-term management strategies and Group-wide portfolio strategies.

Initiatives through FY2024

- The Company has reviewed the criteria for the submission of proposals to the Board of Directors and transferred authority to the executive side, thereby ensuring more time for discussion on medium- to long-term management issues.
- In order to deepen discussions on management strategies, etc. at the Board of Directors meetings, the Company will consider establishing a new meeting body to make resolutions on the executive side.

Most recent initiatives

- Discussions are ongoing regarding a new decision-making body at the Board of Directors to further transfer authority.

Theme 3 Further deepening discussions on ESG and other non-financial issues

Evaluation by the Board of Directors (issue)

Discussion on non-financial issues such as ESG needs to be enhanced further.

Evaluation by the Audit & Supervisory Board (issue)

Discussions on non-financial information should be further deepened through such measures as providing opportunities for the free exchange of opinions among external executive officers and between external officers and internal directors to enhance mutual communication.

Initiatives through FY2024

- The Company is continuing to consider initiatives to further deepen discussions on ESG, utilizing forums other than meetings of the Board of Directors, such as meetings of the Sustainability Committee and the Corporate Governance Committee.

Most recent initiatives

- The Company has reviewed the role of the Sustainability Committee for FY2025 and beyond to further enhance discussions on ESG.

News release: Notice Concerning Outline of the Results of the Evaluation of the Effectiveness of Board of Directors

Results of the 2024 evaluation of effectiveness and status of efforts to address the identified issues

Theme 1 Composition of the Board of Directors

Evaluation by the Board of Directors (issue)

In order to further enhance monitoring functions, it is necessary to continue to consider how the Board of Directors should function in response to changes in the environment.

Evaluation by the Audit & Supervisory Board

It is necessary to continue considering the Board of Directors' institutional design and how to ensure the diversity of constituent members.

Policy for initiatives in FY2025

- Consider appointing individuals with greater diversity and the knowledge necessary for the future of the Company while maintaining an awareness of the separation of supervisory and executive functions.
- Continue considering the Company's management structure, including its institutional design.

Theme 2 Enhancing discussion of management strategies, non-financial information, etc.

Evaluation by the Board of Directors (issue)

Continue to work on agenda setting and ensuring time for discussion.

Evaluation by the Audit & Supervisory Board

It is also necessary for the Board of Directors to deepen discussions on the Group's medium- to long-term management strategy, business portfolio review, and sustainability information.

Policy for initiatives in FY2025

- Enhance discussion of management strategies and non-financial information, etc., by sharing and reporting the deliberations of the Management Strategy Committee, Sustainability Committee, and other bodies.

Theme 3 Internal controls

Evaluation by the Board of Directors (issue)

Enhance discussions on risk management and compliance from a risk-averse approach to governance.

Evaluation by the Audit & Supervisory Board

Monitoring of the status of internal controls for the entire Group needs to be strengthened to improve oversight.

Policy for initiatives in FY2025

- Enhance discussions on the status of internal controls, including those of Group companies, and the improvement and monitoring of risk issues, while further strengthening oversight.

Policy on cross-shareholdings

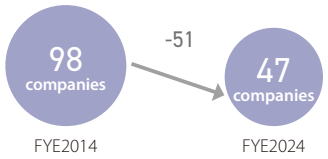
Each year, the Board of Directors reviews the medium-to-long-term economic rationality of the company's various cross-shareholdings and presents the results. An effort is being made to reduce cross-shareholdings by selling those shareholdings that are deemed to be no longer necessary. At the end of fiscal 2024, the market value of the Company's holdings was ¥64.2 billion (listed stocks: ¥60.2 billion, unlisted stocks: ¥4 billion), accounting for 2.4% of consolidated net assets (excluding listed REIT of the Daiwa House Group). We intend to further reduce cross-shareholdings in order to slim the balance sheet and boost efficiency. Moreover, in the event that one of our cross-shareholding partners expresses an intention to divest their Daiwa House Industry shares, we will not engage in any actions intended to impede such sales, such as threatening to reduce our business with the company concerned.

Criteria for sale of cross-shareholdings

The Company owns cross-shareholdings to strengthen its relationships and collaboration with partner companies. The Board of Directors conducts an annual comprehensive review of each cross-shareholding in terms of the risks and benefits of maintaining it, based on conditions of trade, financial statements, external ratings and the required profit figure for cross-shareholding calculated from the WACC (weighted average cost of capital).

The number of cross-shareholdings has fallen from 98 at the end of fiscal 2014 to 47 at the end of fiscal 2024. We will continue to review and reduce our cross-shareholdings on an ongoing basis.

Actual reduction of cross-shareholdings



We appreciate that the Company is steadily reducing its cross-shareholdings. We hope that cross-shareholdings will eventually be reduced to zero.



Main opinions from institutional investors

Remuneration policy

Our remuneration system for directors is designed to compensate those who share the Daiwa House Group's Purpose and contribute to the creation of medium and long-term business and social value toward the realization of "a world where we live together in harmony embracing the Joys of Life," according to their roles and contributions.

In the short term, in addition to achieving short-term financial targets to create business value, the system is designed to stimulate efforts to improve the value of human capital and strengthen organizational capabilities that should be promoted in the immediate future to achieve sustainable growth.

Over the medium to long term, in addition to sustainable enhancement of corporate value, the system is designed to motivate efforts aimed at creating social value toward "a world where we live together in harmony embracing the Joys of Life."

The company's remuneration for directors consists of "fixed remuneration" and "Annual incentive bonus" as monetary remuneration, and "restricted stock compensation with subsequent delivery-type transfer restrictions" and "performance-linked remuneration of transfer-restricted stocks" as stock-linked remuneration, and is designed to balance the responsibilities of directors toward the sustainable enhancement of the company's corporate value. Outside directors receive only "fixed remuneration" in the form of monetary remuneration.

Details

The remuneration shall be as follows.

(i) Fixed remuneration

In compensation for "fulfilling their duties" in supervision of management and execution of operations, monetary fixed remuneration (supervising remuneration and executive remuneration) is paid to all of our directors and Audit & Supervisory Board members, according to their roles and responsibilities. Based on the resolution at the General Meeting of Shareholders, the limitation of remuneration for directors shall be 70 million yen monthly and that for Audit & Supervisory Board members shall be 18 million yen monthly. The company does not provide retirement benefits for directors and Audit & Supervisory Board members.

(ii) Annual incentive bonus

Directors (excluding outside directors) are eligible for payment of performance-linked monetary remuneration, based on the achievement of short-term financial and non-financial targets set by the company, as an incentive for achieving short-term financial targets (operating income and ROIC) and short term non-financial targets, such as improving the value of human capital and strengthening organizational capabilities.

(iii) Stock compensation

The following two types of stock-based compensation will be paid to directors (excluding outside directors) in order to provide them with incentives for their efforts to create medium- to long-term social value with the aim of continuously improving the company's corporate value and realizing "a world where we live together in harmony embracing the Joys of Life" and to further share the value with shareholders.

The Company will endeavor to ensure that the stock-based compensation accounts for approximately 20% of the total compensation paid to directors (excluding outside directors).

(1) Restricted stock compensation with subsequent delivery-type transfer restrictions

We provide this payment to encourage commitment to management with an awareness of the stock price. Under this system, shares of the company's common stock are delivered to directors on the condition that they have held the position of director of the company continuously during each fiscal year of the Medium-Term Management Plan period.

(2) Performance-linked compensation of transfer-restricted stocks

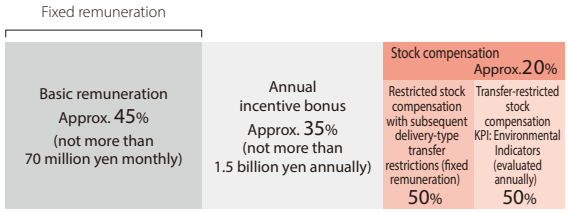
We provide this payment to encourage commitment to ESG management. Under this system, shares of the company's stock are delivered in accordance with the degree of achievement of environmental indices set forth by the company for each fiscal year during the period of the Medium-Term Management Plan. (KPI: environmental indices in the Seventh Medium-Term Management Plan)

Determination process

To ensure that these decisions are made autonomously and from an objective standpoint, the decisions are made by the Board of Directors following deliberation by the Remuneration Advisory Committee, which is chaired by an independent outside director and has outside directors making up more than half of its members.

Directors' remuneration structure (excluding outside directors)

In the 7th Plan, the ratio of stock-based compensation was increased to 20% (from the previous 12%), and environmental indicators were introduced as KPIs to promote ESG management. In order to further accelerate ESG management, the scope of recipients will be expanded in fiscal 2023 to include executive officers.



Note 1: The percentage indicates the ratio of each type of remuneration to the whole remuneration for directors. (Calculated based on past results, etc., and may be subject to change in the future.)
Note 2: Stock-based compensation is based on the assumption that all performance indicators related to such compensation have been achieved.

Environmental KPIs for performance-linked compensation of transfer-restricted stocks

The "CO_2 emissions reductions (vs. 2015)" and "CDP Climate Change score" environmental indicators specified in the 7th Plan will be used as the performance targets. These are defined in (1) to (3) below and the degree of target achievement will be calculated using the following formula based on data obtained for the performance assessment period.

Calculation formula

Performance goal achievement coefficient*4 = [(1) CO_2 emissions reductions (business activities*1) + (2) CO_2 emissions reductions (building use*2)] × (3) CDP Climate Change score*3

*1 CO_2 emissions at Group offices, plants, construction sites, and business facilities. (Scopes 1 and 2)
*2 CO_2 emissions resulting from the use of residential houses and buildings sold and developed by Daiwa House Group. (Scope 3, Category 11)
*3 CDP, an international NGO, surveys more than 14,000 companies and other organizations from around the world and rates them on an eight-point scale according to their actions and strategies for climate change.
*4 The performance goal achievement coefficient is set to 1 if it exceeds 1.

	Management Indicators	FY2024 (Targets)	FY2024 (Results)
(1)	Reduction of greenhouse gas emissions in business activities (vs FY2015)	-52%	-58.1%
(2)	Reduction of greenhouse gas emissions in building use (vs FY2015)	-54%	-59.8%

Performance goal achievement	Coefficient for calculating the performance goal achievement coefficient
100% or more	0.5
80% to less than 100%	0.4
60% to less than 80%	0.3
40% to less than 60%	0.2
20% to less than 40%	0.1
less than 20%	0

(3) CDP Climate Change score

CDP Climate Change score	Coefficient for calculating the performance goal achievement coefficient
A	1.20
A-	1.10
B	1.00
B-	0.95
C	0.90
C-	0.85
D	0.80
D-	0.75

In FY2024, the achievement level of the performance targets for (1) and (2) was more than 100%, and the respective coefficients for calculating the performance goal achievement coefficient were 0.5. In addition, the CDP Climate Change score for (3) was A, with a coefficient of 1.2. In light of these factors, the performance goal achievement coefficient for FY2024 was set at 1.

Calculation method

Achievement of (1): -58.1% (FY2024 result) / -52% (FY2024 target) = 112%
Achievement of (2): -59.8% (FY2024 result) / -54% (FY2024 target) = 111%
2024 CDP Climate Change score of (3): A
FY2024 performance goal achievement coefficient: (0.5+ 0.5) × 1.2 = 1.2
The performance goal achievement coefficient was set at 1 because the coefficient exceeded 1.

Initiatives to further share value with our shareholders

The Company recommends to its executives and employees to own company shares through employee stock ownership program and so forth, to encourage a sense of shared profit awareness with shareholders and behavior respecting shareholder value.

The Shareholding Guidelines below in principle require the holding of a certain number of company shares at the minimum by members (or future members) of management, in recognition of the important role they play in sustainable growth and greater corporate value over the medium and long term for the Company.

Shareholding Guidelines

Directors*1: In principle to own 6,000 or more company shares within 3 years of appointment
Executive Officers: In principle to own 3,000 or more company shares within 3 years of appointment
Directors of Group companies*2:
In principle to own 2,000 or more company shares within 3 years of appointment

*1 Excluding outside directors *2 Only for Directors of 100% subsidiaries

3 Improve system of business execution

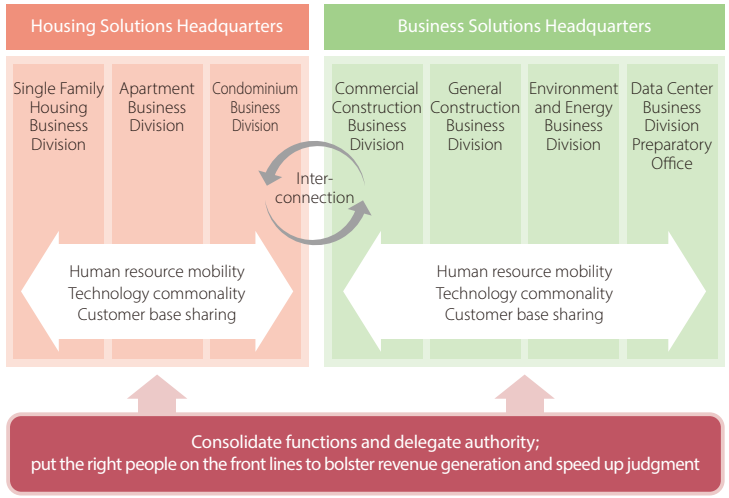
Reinforced organizational functions by switching to a system of two business headquarters

In order to further strengthen our earning capability, we consolidated the resources that had been dispersed among our seven business divisions into two newly established business headquarters in fiscal 2025: the Housing Solutions Headquarters, which oversees the B2C such as Single Family Housing Business and Apartment Business, and the Business Solutions Headquarters, which oversees the B2B such as Commercial Construction Business and General Construction Business. We have revamped our organizational structure to be able to respond flexibly and quickly to both the shrinking domestic market and the expanding overseas market. The Corporate Departments aims to create a smaller but more effective Head Office by increasing efficiency and enhancing expertise. Meanwhile, the Overseas Division will strengthen the foundation of its overseas business while continuing to improve RC functions. Through this organizational restructuring, we will streamline the shared functions across each business division. Simultaneously, we will enhance our marketing capabilities, facilitate cross-business sharing of customer information, and accelerate decision-making processes. Through these collective measures, we will drive further growth in sales and operating income. We will continue to consider the optimal management structure for the Company in order to respond to the changing management environment in a timely and appropriate manner.

Seven business division-based system
(until FY2024)



Two business headquarters system
(starting in FY2025)

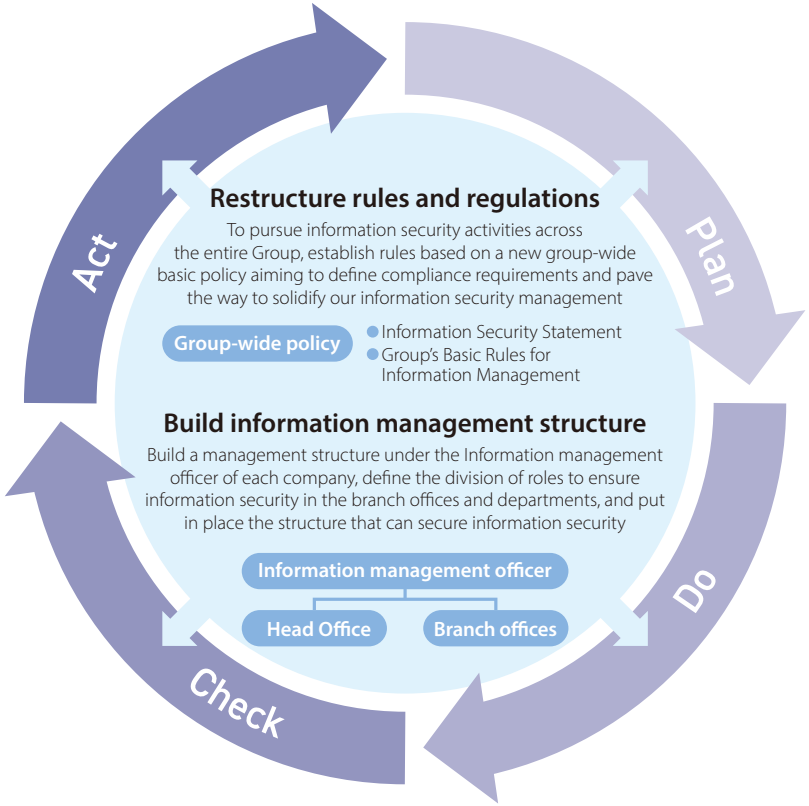


Expected effects of the new structure

Human Resource Mobility	● In anticipation of increasingly severe competition to secure human resources, we aim to maximize productivity and enhance proposal capabilities by utilizing and training human resources across businesses ● Cross-departmental human resources allocation and development to expand overseas operations
Technology Commonality	● Strengthen appeal of high quality and high value-added products and solution-formulation capabilities through cross-functional utilization of technology and expertise ● Strengthen new assets, large-scale built-for-sale projects, and large-scale development projects by leveraging our specialized knowledge and through collaboration between our human resources
Customer base sharing	● By making maximum use of our customer base across all business units, we provide building value and lifelong fulfilling lifestyles through value propositions tailored to each life stage. Maximize lifetime value (LTV) for customers and buildings ● Improve customer satisfaction and capture business opportunities through centralized management of customer information

Information security

To continue to be a company that earns the trust of our customers, stakeholders, and society, we are working on various initiatives to appropriately handle, manage, protect, and maintain the information held by our Group. To achieve the annual company-wide targets and annual targets set by each organization, each branch office, business division, and Head Office division has formulated a one-year information security action plan and is engaged in initiatives in service of this. As part of the planning process, we require that a report is made containing a review of the previous year's initiatives and results, ensuring that planning does not end with the creation of the plan and enabling the Group to proactively promote information security activities.



P

Formulate annual plans

Plan for the current year's information security activities based on the previous year's activity results and improvements

D

IT security measures

To response to information leakage and other risks due to external attacks and internal fraud, continue taking measures, such as internal fraud prevention, IT asset management, monitoring and support for terminals, and security measures for cloud use, and expand these measures to the Group companies. At the same time, add IT security personnel and continue professional training to improve their skills

Employee training

Regular training sessions to equip employees with general knowledge on information security. New employees are required to complete an e-learning program on information security basics when they join the Company

C

Activities to secure information security (assessment, audits, and improvements)

To secure and enhance information security, introduce a self-assessment system for employees to check their own compliance with rules and regulations, and conduct regular information security audits

A

Review and improve our activities

Review information security activities every year, reexamine the rules, regulations and information management structures, and optimize them regularly to match our actual situation

Chapter 7

Financial Results, Corporate Information

In this chapter, we analyze the current status of business and management to communicate corporate value from both financial and non-financial aspects We also organize investment strategy, shareholder-returns policy, and stock price trends, in addition to indicators such as net sales and ROE.
We clarify our commitment to achieving both capital efficiency and stable returns and communicate sustainability management through human capital and environmental KPIs.

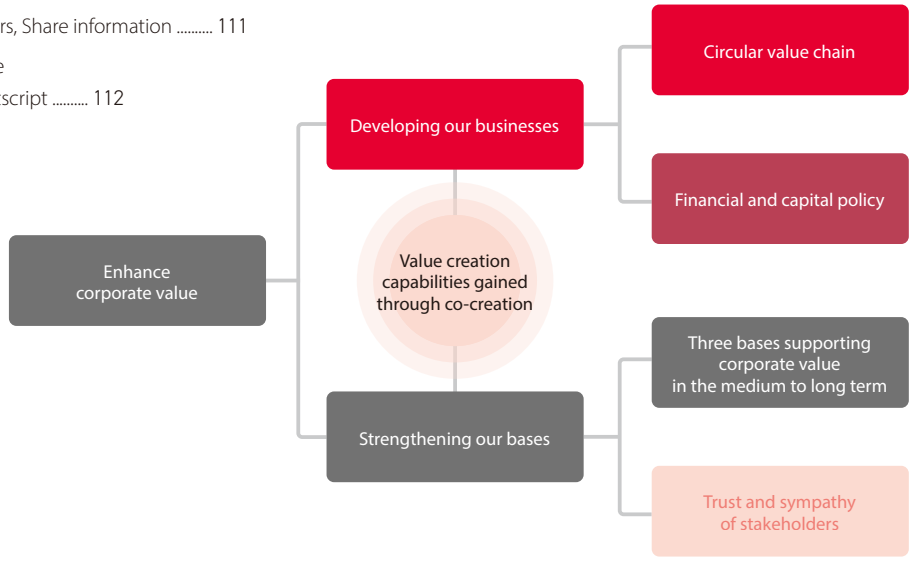
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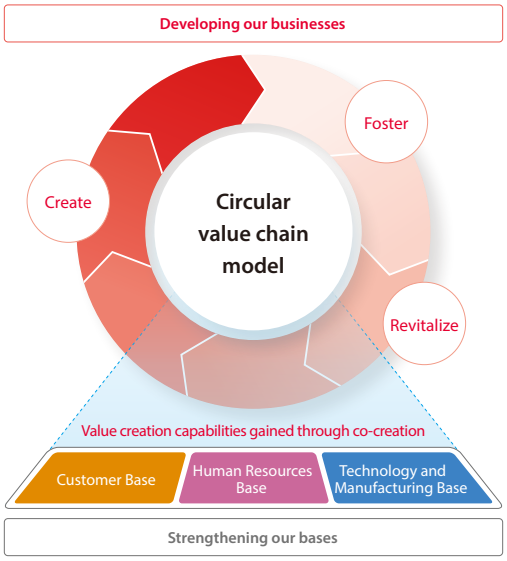
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Chapter 7 Financial Results, Corporate Information

Management's discussion and analysis of financial position and results of operations

[MD&A summary]

I Assets increased due to expanding business in the US housing market, strengthening built-for-sale business, and investing in the development of logistics facilities, thereby exceeding the financial benchmark. Financial position ▶ P.100

II Free cash flows were negative due to strong investment opportunities. We are frontloading investments for growth but have tightened our investment benchmark and are striking a balance between growth investments and financial soundness. Cash flows ▶ P.101

III ROE is trailing our target of 13% or higher in our 7th Plan, but we are working to improve capital efficiency, including through optimization of the business portfolio. Profits and losses ▶ P.102

IV We are advancing investments aimed at optimizing our business portfolio from the perspectives of growth potential and profitability. Business results by segment ▶ P.105

V We are actively working to invest in human capital and in Digital transformation (DX) and IT, in an effort to expand our revenue opportunities and to strengthen the business foundation. Investments ▶ P.106

VI We strive to maintain stable dividends, achieving dividend increases for 15 consecutive periods. We continue to realize management conscious of cost of capital and share prices as well as maximize corporate value by conducting dialogue with investors through IR activities. Shareholder returns and stock prices ▶ P.107

Note: This section analyzes the financial position and results of operations during the seven fiscal years from fiscal 2018 to fiscal 2024. For the list of financial data, see "Financial highlights" on pages 108 and 109.

Financial position

Financial condition

Total assets as of the end of fiscal 2024 increased by ¥515.6 billion from the end of fiscal 2023 to ¥7,049.3 billion. This was mainly due to strengthened purchases of real estate for sales to promote built-for-sale business in each of the businesses and the increase in inventories, in particular for the Single-Family Houses and Commercial Facilities Businesses.

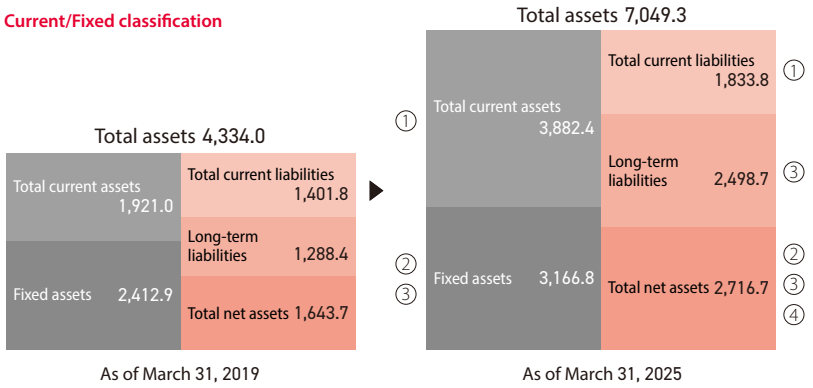
Total liabilities increased by ¥322.6 billion from the end of fiscal 2023 to ¥4,332.5 billion. This was mainly due to fund raising through borrowing for the purpose of acquiring real estate for sale and investment properties. Total net assets increased by ¥192.9 billion from the end of fiscal 2023 to ¥2,716.7 billion. This was mainly because of recording net income attributable to owners of the parent of ¥325.0 billion, despite ¥95.6 billion in dividends paid to shareholders and ¥100.0 billion in share buybacks. The balance of interest-bearing debt (excluding lease obligations) increased by ¥221.2 billion from the end of fiscal 2023 to ¥2,309.0 billion.

The debt-equity (D/E) ratio came to 0.80*1 times, higher than the target of around 0.6 times for financial discipline. However, this owes to active investments in growth, and we are considering capital policies so as to adhere to financial discipline set out for fiscal 2026*2, which had been scheduled to be the final fiscal year of the 7th Plan. At ¥2,571.6 billion, inventories account for the largest proportion of assets. As assets are expected to grow in the future due to the acquisition of inventories and investment properties, we will strive to maintain financial health by verifying the optimal capital structure.

*1 Calculated by taking into account the 50% equity credit for a total of ¥250.0 billion in publicly offered hybrid bonds (subordinated bonds) and hybrid loans (subordinated loans).
*2 The 7th Plan had initially been slated to be a five-year plan with fiscal 2026 as its final year. However, it will now conclude a year early, and the 8th Plan, with its first fiscal year being fiscal 2026, is set to be announced in May 2026.

Figure 1 **Comparison of balance sheets** (¥ billion)

Current/Fixed classification



Figures are compared with the final year of our Fifth Medium-Term Management Plan (fiscal 2018).

①The current ratio increased from 137% to 212%.

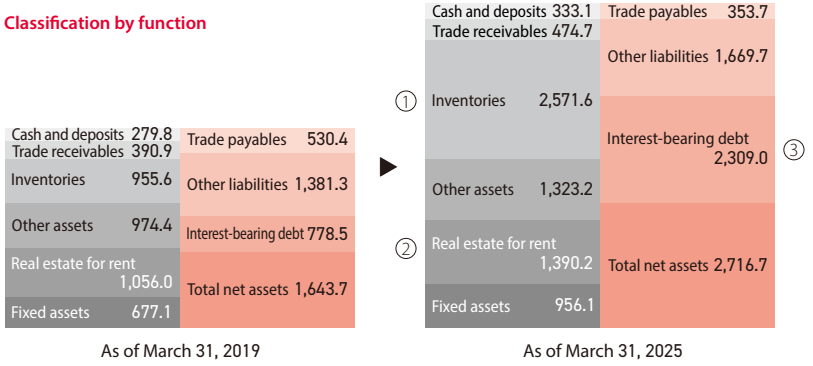
②The fixed ratio dropped from 151% to 121%.

③The ratio of fixed assets to long-term capital dropped from 84% to 62%.

④Net assets excluding non-controlling interests grew from ¥1,595.9 billion to ¥2,614.2 billion.

Figure 2

Classification by function



①Inventories increased from ¥955.6 billion to ¥2,571.6 billion (see **Figure 3**).

②Real estate for rent increased from ¥1,056.0 billion to ¥1,390.2 billion.

③Interest-bearing debt (excluding lease obligations) increased from ¥778.5 billion to ¥2,309.0 billion. As a result, the debt-equity ratio increased from 0.49 to 0.80 (after taking the hybrid financing into account).

I Financial position

Analysis of asset increases

Inventories as of the end of fiscal 2024 amounted to ¥2,571.6 billion, an increase of 169% compared to fiscal 2018. Major contributing factors include an increase in purchases of real estate for sale for customers considering buying investment properties in each business. The purchases increased, especially in the Rental Housing and Commercial Facilities Businesses, as we strengthened our "capacity to offer comprehensive business ideas on optimally leveraging a land property," one of our strengths. The rise in inventories is also the result of steady expansion of areas in the US housing market where our three US single-family housing companies (Stanley Martin, Trumark, and CastleRock) operate.

Investment properties totaled ¥1,572.0 billion, an increase of 46% over fiscal 2018. This includes ¥1,220.0 billion in real estate available for sale*3, up 66%, and ¥352.0 billion in profit-earning real estate*4, up 3%, indicating that the increase in real estate available for sale led to a rise in investment properties. This increase was chiefly due to our expanded investment in the development of logistics facilities, which is a profit driver.

The increase in assets is largely attributable to an increase in inventories and investment properties, which is a result of our aggressive investments for growth. Investment decisions are made based on the internal rate of return (IRR) as an important indicator; thus, we believe these properties should help us recoup funds and yield profits when sold. In an effort to improve capital efficiency, we intend to continue selling properties at optimal times based on market conditions and other factors.

*3 Real estate available for sale refers to real estate that becomes readily salable after investment to earn profit from price rise.
*4 Profit-earning real estate means real estate that we developed to earn rental income.

Figure 3 Inventories

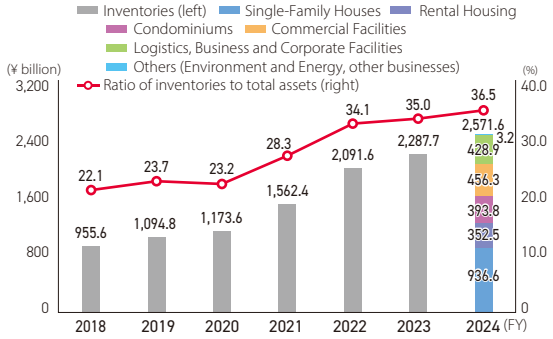
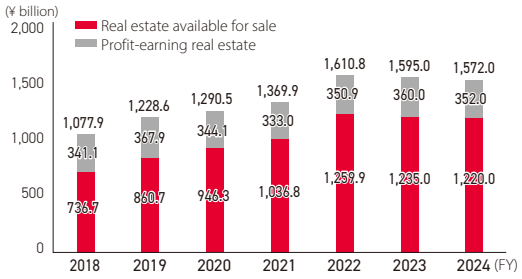


Figure 4 Balance of investment properties



II Cash flows

Basic approach

The basic approach to cash management is to invest in line with the amount of cash generated by business operations. While our 7th Plan sets a D/E ratio of about 0.6 as a criterion for financial discipline, we may exceed it temporarily due to frontloaded investment in growth as we must actively invest in attractive opportunities. To control the level of interest-bearing debt at around 0.6 in the medium to long term, we have set internal investment benchmark and apply them strictly, thereby balancing investment in growth with financial soundness.

Cash flow condition

Cash flows from operating activities during fiscal 2024 (adjusted for bank holidays) increased by ¥137.2 billion from fiscal 2023 to ¥430.0 billion. The ratio of cash flows from operating activities to net assets excluding non-controlling interests, assuming equity capital to be 1.0, was 0.16, up 0.04 of a percentage point from 0.12 in fiscal 2023. This was mainly due to ¥488.7 billion recorded in income before income taxes, despite payment of corporate income tax and the purchase of real estate for sale.

Cash flows from investing activities were -¥493.3 billion, due to the acquisition of real estate for rent, etc. and the implementation of the ¥311.7 billion investment into the real estate development business based on the investment plan under the 7th Plan. As a result, free cash flows (cash flows from operating activities + cash flows from investing activities) were -¥63.3 billion.

II Cash flows

Cash flows from financing activities were -¥44.6 billion due to activities such as share buybacks, redemption of corporate bonds, and dividend payments to shareholders, despite fund raising primarily through borrowing.

As a result of the above, the balance of cash and cash equivalents at the end of fiscal 2024 was ¥326.9 billion, a decrease of ¥112.6 billion from the end of the previous fiscal year.

Figure 5 Cash flows

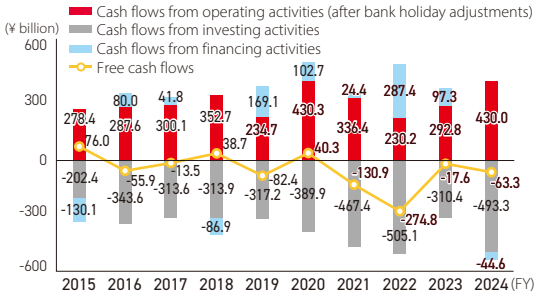
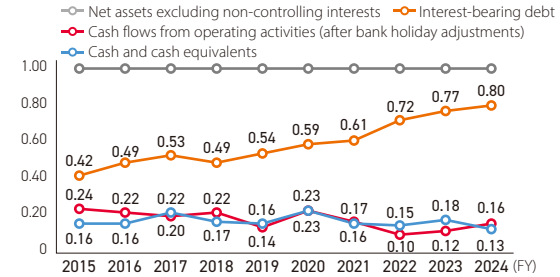


Figure 6 Indices to net assets excluding non-controlling interests (as a ratio where net assets excluding non-controlling interests is equal to 1)



Note: Since FY 2019, interest-bearing debt has been shown as an index after taking the equity of hybrid financing into account.

III Profits and losses

Return on equity (ROE)

Return on equity (ROE) for the period came to 12.9%. In fiscal 2026*5, initially what had been the final year of the 7th Plan, we set a management target for ROE of 13% or higher. We believe it is important to expand our business performance while improving profitability, and will work to improve capital efficiency from various perspectives, including investments in growth areas through optimization of the business portfolio and reductions in inefficient assets. We will also flexibly execute share buybacks to achieve our target ROE.

(Breakdown of ROE) Ratio of net income to net sales

Net income attributable to owners of the parent amounted to ¥325.0 billion and the average annual growth rate for the period of seven years starting from fiscal 2018 was 5.4%. Although impacted by amortization of actuarial differences in retirement benefits, the net income margin was 6.0%.

Despite escalating material prices and labor costs still having an impact, we proceeded to pass along prices and make other efforts in each business, and this is leading to an improved profit margin.

*5 The 7th Plan had initially been slated to be a five-year plan with fiscal 2026 as its final year. However, it will now conclude a year early, and the 8th Plan, with its first fiscal year being fiscal 2026, is set to be announced in May 2026.

Figure 7 ROE

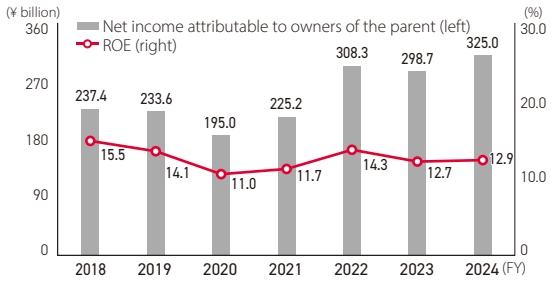
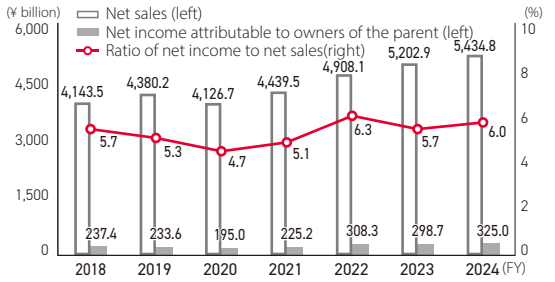


Figure 8 Ratio of net income to net sales



Cost of shareholders' equity < Return on equity (ROE) = Ratio of net income to net sales × Total asset turnover ratio × Financial leverage

(Our shareholders' equity cost: around 7.0%)

Profits and losses

(Breakdown of ROE) Total asset turnover ratio

Net sales amounted to ¥5,434.8 billion and the average annual growth rate for the period of seven years starting from fiscal 2018 was 4.6%. Total asset turnover ratio*6 was 0.80 times, declining 0.02 times from 0.82 times in the previous fiscal year. The Group's business has, from the construction contracting business that requires no investment, seen an increasing proportion of areas requiring upfront investment, such as real estate development. In line with this, the proportion of sales from investment properties in net sales is rising (see **Figure 10**). We are also strengthening our built-for-sale business selling land and buildings. The total asset turnover ratio is likely to fall due to the change in our business model, but we will continuously seek to ensure and improve the effective utilization of assets through measures that may include encouraging the sale of inventories and also selling investment properties and cross-shareholdings while maintaining a balance between the recurring-revenue business and the transactional-revenue business.

*6 Average during the fiscal year.

Figure 9 Total asset turnover ratio

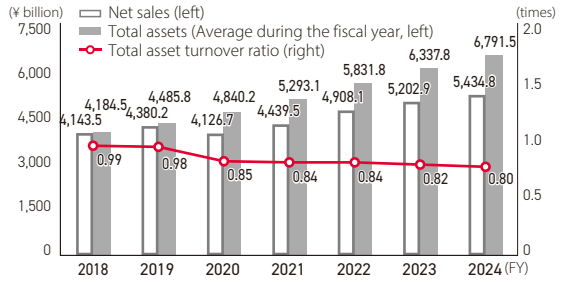
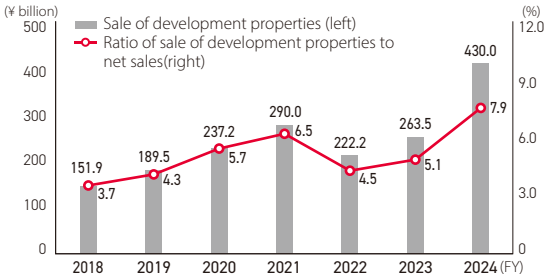


Figure 10 Sale of development properties

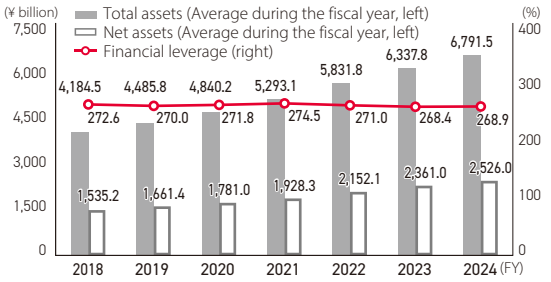


(Breakdown of ROE) Financial leverage

Net assets excluding non-controlling interests amounted to ¥2,614.2 billion and the average annual growth rate for the period of seven years starting from fiscal 2018 was 8.6%. Our financial leverage*7 was 268.9%, up 0.5 of a percentage point from the previous fiscal year. By setting a D/E ratio as a financial benchmark, we strive to secure funds for growth investments and solidify our financial base while controlling the financial leverage.

*7 Total assets and net assets excluding non-controlling interests are calculated as averages during the fiscal year.

Figure 11 Financial leverage

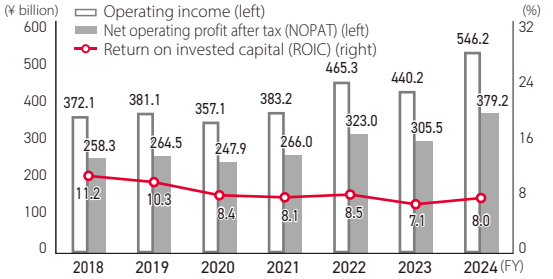


Return on invested capital (ROIC)

Net operating profit after tax (NOPAT)*8 was ¥379.2 billion and return on invested capital (ROIC), a ratio of NOPAT to the invested capital (= Net assets excluding non-controlling interests + Interest-bearing debt)*9 of ¥4,724.5 billion, was 8.0%. To realize return on invested capital with capital efficiency that exceeds the cost of shareholders' equity, we strive to improve ROIC at the frontline of business, with an attitude of "being complete in small things" as illustrated in **Figure 13**.

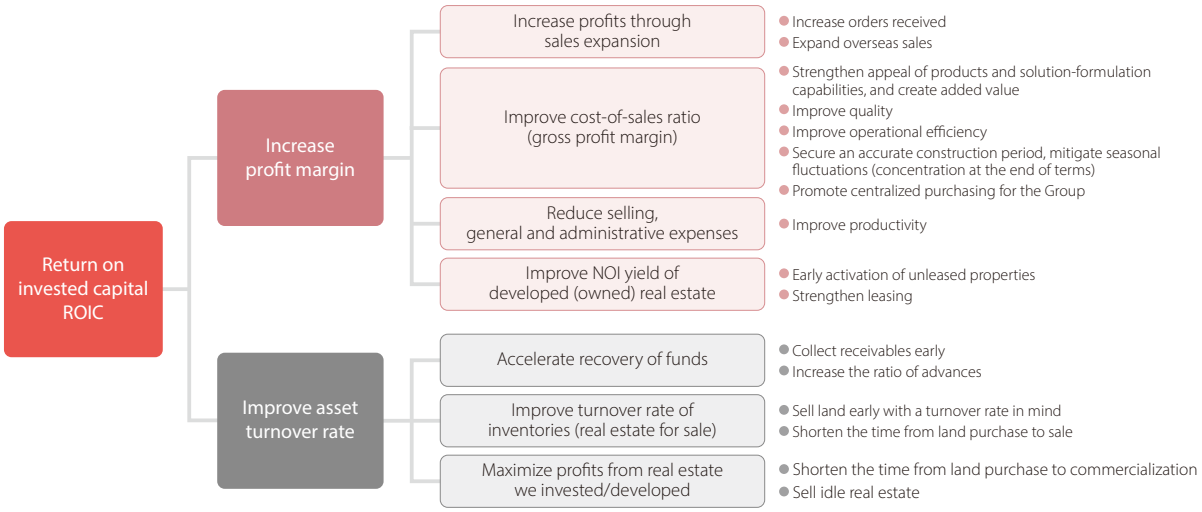
*8 Net operating profit after tax (NOPAT):
Operating income × (1 - Effective corporate income tax rate)
*9 Invested capital is calculated as average during the fiscal year.

Figure 12 Return on invested capital (ROIC)



Profits and losses

Figure 13 Efforts to improve return on invested capital (ROIC) at operational frontline



Overseas business performance

Net sales and operating income from the overseas business amounted to ¥905.0 billion and ¥51.7 billion, respectively. The average annual growth rate for the period of seven years starting from fiscal 2018 was 21.7% for net sales and 26.0% for operating income. The proportion of overseas operations in our earnings is also on an upward trend, with net sales of 16.7% in fiscal 2024, a 10-point increase from fiscal 2018. The Company is actively engaged in businesses overseas such as M&A of housing companies in the US and overseas real estate development. In the 7th Plan, we have set accelerating growth of community-based overseas business as one of the focal themes, and in fiscal 2026*10, which had been scheduled to be the final year of the 7th Plan, we are targeting overseas net sales of ¥1 trillion and operating income of ¥100 billion.

*10 The 7th Plan had initially been slated to be a five-year plan with fiscal 2026 as its final year. However, it will now conclude a year early, and the 8th Plan, with its first fiscal year being fiscal 2026, is set to be announced in May 2026.

Figure 14 Sales

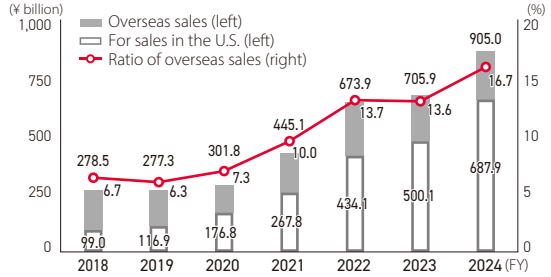
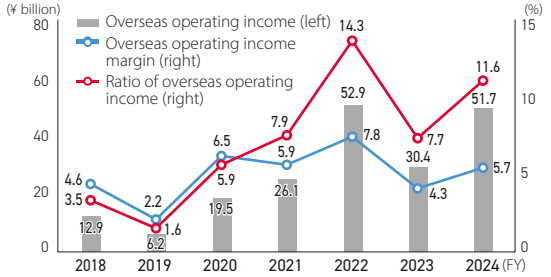


Figure 15 Operating income



Ⅳ Business results by segment

Profitability analysis

Nearly 80% of total operating income is accounted for by the three segments of Rental Housing, Commercial Facilities, and Logistics, Business and Corporate Facilities.

For the Single-Family Houses Business, the number of homes delivered in the US has been steadily rising, and profitability has also improved. We expect a decline in the number of new housing starts in Japan, although we are promoting sales that leverage the respective characteristics of both custom-built houses and built-for-sale houses in our efforts to improve profit margins.

Operating income margin to segment assets

Inventory balance is increasing due to the promotion of built-for-sale business, but the Rental Housing Business showed notably higher operating income margins to segment-specific assets, thanks to contribution from the contracting business and rental management business.

In the Logistics, Business and Corporate Facilities Business, we are aggressively investing in long-term, large-scale developments to address the growing markets of logistics facilities and data centers. The current return on assets is at a low level because construction investment is currently underway in the land we acquired, but is expected to significantly contribute to cash flows at the time of payback in the future.

Investments in businesses

With regard to investments in businesses, we are working to maintain aggressive investment with a view to sustainable growth. Our investment is expanding in the Logistics, Business and Corporate Facilities Business centered on logistics facilities as a profit driver, and in the Commercial Facilities Business which brings out the potential of regions and contribute to job creation and prosperity. In addition, investments in new businesses and overseas businesses, etc. will be made to develop new revenue streams through the use of funds generated by the above-mentioned segments.

[Business segments]
Single-Family Houses | Rental Housing | Condominiums | Commercial Facilities | Logistics, Business and Corporate Facilities | Environment and Energy | Other

Figure 16 [Business segments] Operating income margin/ Net sales ratio by segment (FY2024)

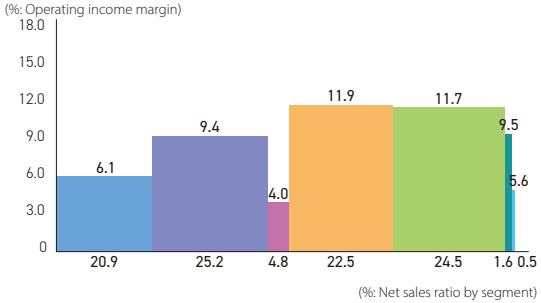
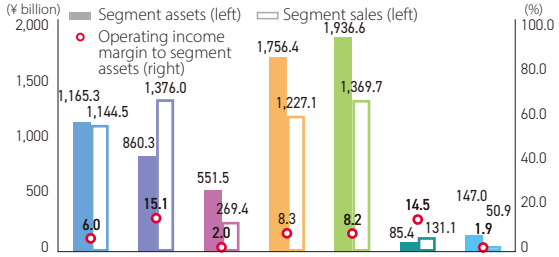
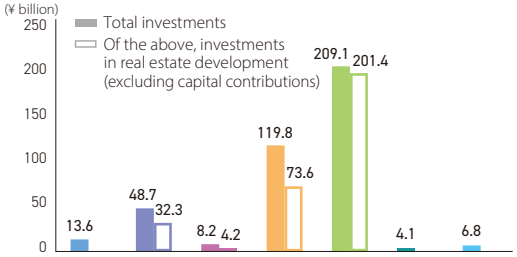


Figure 17 Operating income margin to segment assets (FY2024)



Note: Segment assets are averages during the fiscal year.

Figure 18 [Business segments] Total investments (FY2024)



V Investments

Returns to employees

One of the essential elements for sustaining corporate growth is to maintain and improve the living environment of employees. Employee salaries in fiscal 2024 on a non-consolidated basis increased by ¥16.3 billion from fiscal 2018 (an average increase of 9.3% or ¥844,000 per employee).

The ratio of employee salaries to operating income*11 was 36%, showing no significant change in fiscal 2024. Regarding wage increases, we revised salary levels starting April 2025, raising average annual income by 10% while also increasing the starting monthly salary for new graduates from ¥250,000 to ¥350,000. We will continue to actively promote investments in human resources, which are an important source for corporate growth.

*11 Employee salaries/(Operating income + Employee salaries)
Employee salaries include bonuses and non-standard wages.

IT-related investments and research and development (R&D)

IT-related investments in fiscal 2024 were ¥28.5 billion, an increase of 135% over fiscal 2018. IT-related investments are positioned as key for promoting new value proposals and business model changes by improving the quality of services for customers, strengthening supply chains, and back office digitalization. Therefore, we will continue actively investing funds in this area.

R&D expenditures in fiscal 2024 were ¥10.8 billion, of which ¥4.6 billion was for the residential field, and ¥6.1 billion for the non-residential field and other businesses. Our research and development activities range from basic and applied research to the development of new technologies and new products, and further, to utilization and verification of these new technologies in architectural structures and community development.

Capital investments

Capital investments (excluding investments in real estate development) were ¥104.8 billion. We are working to upgrade factories, improve production lines and take environmental measures. To address the shortage of engineers and technicians in the construction industry, we actively promote the digitalization of construction processes to enhance on-site operational efficiency and productivity, and also aggressively invest in digital transformation (DX). In our hotel business we are advancing the construction of distinctive new hotels and the renovation of existing properties in order to meet diverse needs, not only for robust demand from overseas visitors, but also from domestic guests staying for business or leisure.

Figure 19 Ratio of employee salaries to operating income (non-consolidated)

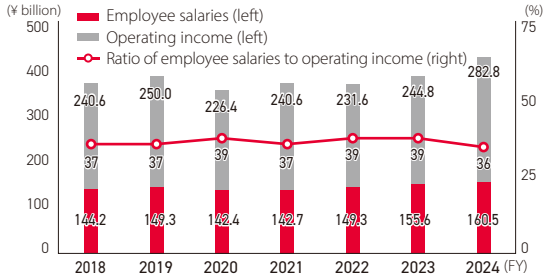


Figure 20 IT-related investments/ Research and development expenditures

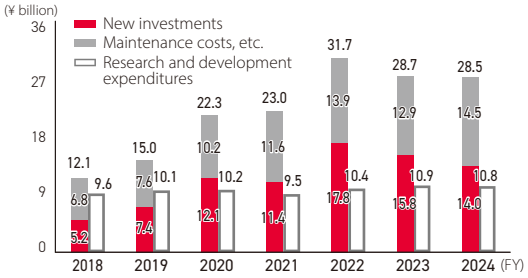
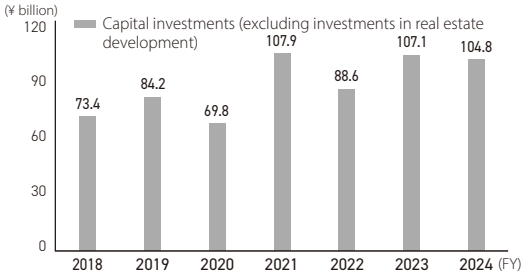


Figure 21 Capital investments (excluding investments in real estate development)



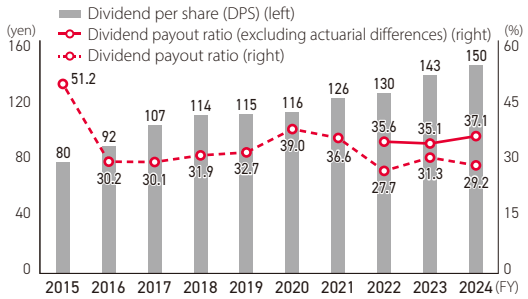
VI Shareholder returns and stock prices

Shareholder returns

Under the 7th Plan, we return profits linked to performance with a dividend payout ratio of 35% or higher. In fiscal 2024, our annual dividend was ¥150 per share, for a dividend payout ratio of 29.2%, achieving dividend increases for 15 consecutive periods. The dividend payout ratio was 29.2%, which would be 37.1% when excluding amortization of actuarial differences in retirement benefits. In addition, we carried out a share buyback of 21 million shares (at a total acquisition cost of ¥100.0 billion).

Additionally, in February 2025, as part of an expansion of the shareholder benefit program, we decided to increase the number of shareholder benefit vouchers issued and to introduce new long-term retention incentives. We will continue to strive to maintain stable dividends while considering flexible share buybacks.

Figure 22 Shareholder returns



Note: The dividend amount is determined excluding amortization of the actuarial differences in retirement benefit accounting.

Price to book-value ratio (PBR)

Book value per share (BPS) amounted to ¥4,226.17 and the average annual growth rate for the period of seven years starting from fiscal 2018 was 9.9%, while the price to book-value ratio (PBR) came to 1.17 times.

We are not satisfied with the current share price and will work to improve capital efficiency through continuous ROE improvement and optimization of the business portfolio. Furthermore, we work to enhance our financial soundness and governance and will continue to maximize corporate value through dialogue with investors through our IR activities.

Figure 23 BPS/ PBR

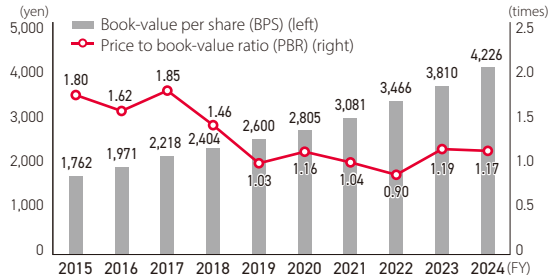
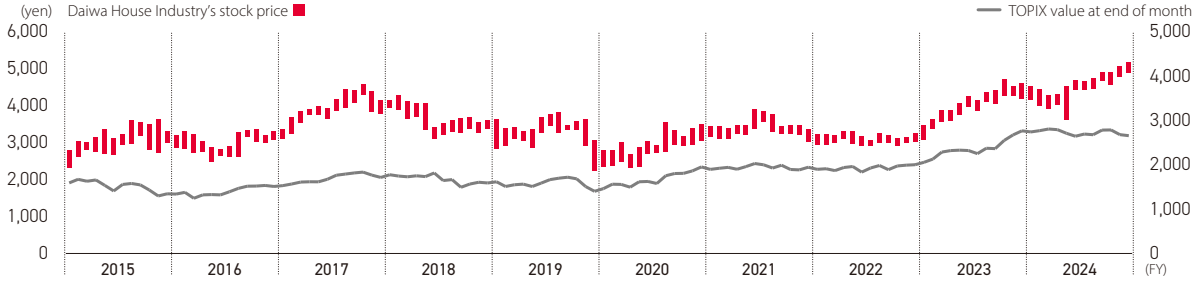


Figure 24 Trends in stock price of Daiwa House Industry and TOPIX



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Market capitalization (¥ billion)	2,101.6	2,120.6	2,725.4	2,335.9	1,777.9	2,120.3	2,098.7	2,051.7	2,897.1	3,054.5
Highest stock price (yen)	3,654	3,367	4,594	4,293	3,819	3,552	3,900	3,320	4,718	5,175
Lowest stock price (yen)	2,326.0	2,500.5	3,096	3,119	2,230.5	2,332.0	3,037	2,907.5	3,080	3,633

Note: The highest and lowest stock prices are those quoted on the First Section of the Tokyo Stock Exchange before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange after April 4, 2022.
Market capitalization is calculated as end-fiscal year close price x end-fiscal year total issued shares (excluding treasury shares).

Financial highlights

(¥ million)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net sales	3,512,909	3,795,992	4,143,505	4,380,209	4,126,769	4,439,536	4,908,199	5,202,919	5,434,819
Gross profit	721,312	793,832	842,767	870,206	826,883	864,682	955,194	992,407	1,101,065
Selling, general and administrative expenses	411,220	446,690	470,571	489,091	469,761	481,425	489,824	552,197	554,785
Operating income	310,092	347,141	372,195	381,114	357,121	383,256	465,370	440,210	546,279
Operating income excluded amortization of actuarial differences	293,573	336,264	369,178	378,245	329,472	332,267	368,714	393,694	445,041
Operating income margin (%)	8.8	9.1	9.0	8.7	8.7	8.6	9.5	8.5	10.1
Net income attributable to owners of the parent	201,700	236,357	237,439	233,603	195,076	225,272	308,399	298,752	325,058
Return on equity (ROE) (%)	16.3	17.0	15.5	14.1	11.0	11.7	14.3	12.7	12.9
Total assets	3,555,885	4,035,059	4,334,037	4,627,388	5,053,052	5,521,662	6,142,067	6,533,721	7,049,323
Net assets	1,329,901	1,513,585	1,643,717	1,773,388	1,893,504	2,111,385	2,388,914	2,523,762	2,716,745
Net assets ratio (%)	36.8	36.5	36.8	37.3	36.3	36.6	37.2	37.3	37.1
Interest-bearing debt	640,671	780,574	778,546	1,043,478	1,274,886	1,425,407	1,849,481	2,087,838	2,309,077
Debt-equity ratio*1 (times)	0.49	0.53	0.49	0.54	0.59	0.61	0.72	0.77	0.80
Net cash provided by operating activities	287,691	382,365	355,599	149,651	430,314	336,436	230,298	302,294	420,561
Net cash used in investing activities	(343,643)	(313,664)	(313,989)	(317,273)	(389,980)	(467,423)	(505,181)	(310,419)	(493,370)
Net cash provided by (used in) financing activities	80,086	41,804	(86,979)	169,128	102,731	24,427	287,452	97,399	(44,682)
Market capitalization (¥100 million)	21,206	27,254	23,359	17,779	21,203	20,987	20,517	28,971	30,545
Stock prices (FYE) (yen)	3,196	4,100	3,519	2,677	3,241	3,201	3,114	4,528	4,938
Per share of common stock (yen):									
Earnings per share (EPS)	304.14	355.87	357.29	351.84	297.18	343.82	469.12	457.16	514.00
Book-value per share (BPS)	1,971	2,218	2,404	2,600	2,805	3,081	3,466	3,810	4,226
Cash dividends*2	92	107	114	115	116	126	130	143	150
Dividend payout ratio (%)	30.2	30.1	31.9	32.7	39.0	36.6	27.7	31.3	29.2
Price earnings ratio (PER) (times)	10.51	11.52	9.85	7.61	10.91	9.31	6.64	9.90	9.61
Price to book-value ratio (PBR) (times)	1.62	1.85	1.46	1.03	1.16	1.04	0.90	1.19	1.17
Number of employees*3 (FYE)	39,770	42,460	44,947	47,133	48,807	48,831	49,768	48,483	50,390
Number of group companies	196	317	387	360	444	480	488	497	667

*1 Since fiscal 2019, debt-equity ratio has been shown after taking the hybrid financing into account.
*2 Cash dividends for fiscal 2015 include a commemorative dividend of ¥10 to mark the 60th anniversary of the Company's foundation. Cash dividends of ¥126 for fiscal 2021 include a commemorative dividend of ¥10 to mark the 100th birthday of founder Nobuo Ishibashi. *3 Regular employees only.
Note: The total number of issued shares excludes treasury shares.

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales by segments (consolidated)*4 (¥100 million)									
Single-Family Houses	3,903	3,853	3,838	4,978	5,161	7,848	9,100	9,510	11,445
Rental Housing	9,772	10,308	10,613	10,059	9,827	10,525	11,494	12,502	13,760
Condominiums	2,628	2,850	2,805	3,727	3,397	3,799	4,843	4,418	2,694
Existing Homes	1,055	1,121	1,145	1,456	1,247	—	—	—	—
Commercial Facilities	5,697	6,208	6,939	8,067	8,083	10,385	10,921	11,815	12,271
Logistics, Business and Corporate Facilities	8,284	8,502	10,223	11,523	9,899	10,792	11,302	12,944	13,697
Environment and Energy	—	—	—	—	—	1,610	1,886	1,394	1,311
Other Businesses	5,135	6,371	7,161	5,300	5,073	630	818	680	509
Adjustment	(1,349)	(1,256)	(1,293)	(1,311)	(1,423)	(1,197)	(1,285)	(1,238)	(1,341)
Total	35,129	37,959	41,435	43,802	41,267	44,395	49,081	52,029	54,348
Operating income by segments (consolidated)*4 (¥100 million)									
Single-Family Houses	192	215	199	180	218	383	466	351	698
Rental Housing	942	1,066	1,022	985	908	966	1,097	1,157	1,299
Condominiums	134	133	135	158	53	97	408	373	109
Existing Homes	130	132	159	167	104	—	—	—	—
Commercial Facilities	1,007	1,141	1,377	1,406	1,228	1,241	1,329	1,436	1,459
Logistics, Business and Corporate Facilities	789	889	989	1,206	1,159	1,255	996	1,232	1,596
Environment and Energy	—	—	—	—	—	52	62	91	124
Other Businesses	168	230	325	192	107	(59)	54	24	28
Adjustment	(265)	(337)	(486)	(487)	(209)	(105)	237	(265)	147
Total	3,100	3,471	3,721	3,811	3,571	3,832	4,653	4,402	5,462
Housing starts*5 (thousands of units)									
Housing starts	974	946	952	883	812	865	860	800	816
Number of houses sold in Japan (non-consolidated) (units)									
Number of houses sold	54,925	51,641	48,410	43,703	38,991	40,758	40,562	37,453	32,239
Custom-built houses	7,106	6,907	6,524	5,917	5,178	5,164	4,191	3,424	2,810
Built-for-sale houses	2,180	2,320	2,192	2,066	1,841	1,596	1,571	1,760	2,257
Reference: Sales of houses (overseas)	—	973	2,621	2,875	4,184	4,857	6,332	6,971	7,469
Rental housing	43,428	40,254	37,905	33,502	29,488	31,202	32,224	29,841	25,668
Condominiums	2,211	2,160	1,789	2,218	2,484	2,796	2,576	2,428	1,504
Average sales per unit (¥ million)									
Custom-built houses	34.3	35.9	37.3	39.6	39.6	41.0	45.1	49.0	54.8
Built-for-sale houses	25.3	24.0	24.3	22.4	23.1	24.2	24.6	24.7	25.2
Rental Housing Business									
Rental housing units managed	510,208	543,124	572,238	595,182	611,874	630,555	649,891	684,460	702,859
Occupancy rates (%)	97.1	97.3	96.9	97.6	98.2	98.2	97.8	97.2	97.4
Commercial Facilities Business									
Average orders received per building (¥ million)	281	324	381	466	512	513	563	736	824
Subleasing floor space of commercial facilities									
Total leasing floor space (m^2)	5,736,312	6,157,287	6,375,278	6,765,150	6,871,560	6,964,194	7,163,733	7,159,607	7,333,590
Occupancy rates*6 (%)	99.1	99.1	99.0	98.8	98.5	98.6	98.9	98.9	98.9

*4 Including intersegment transactions. *5 Statistics for housing starts are from Housing Starts Survey by Ministry of Land, Infrastructure, Transport and Tourism. *6 Leasing floor space occupied/ Total leasing floor space.

Non-financial highlights

Carbon neutral indicators

Key indicators			Achievements (FY)		Targets (FY)		
			2023	2024	2025	2026*9	2030
Achieving carbon neutrality	Entire value chain	GHG emissions reduction rate (%)*1	35.6	46.2	—	35	40
	Business Activities: Scope 1 + 2	GHG emissions reduction rate (%)*1	-26.3	58.1	54	55	70
		Renewable energy utilization rate (%)	81.8	98.9	100	100	100
	Building use: Scope 3 (Category 11)	GHG emissions reduction rate (%)*1	52.2	59.8	56	58	63
		ZEH rate (%)*2	97	99	95	90	100
		Rental housing ZEH-M rate (%)*3	48.7	73.1	75	50	100
		Condominiums ZEH-M rate (%)*4	100	100	100	100	100
		ZEB rate (%)*5	68.5	66.2	70	80	100
	Renewable energy supply facilities constructed	Renewable energy generation equipment constructed (EPC) (MW)*6	3,075	3,311	3,750	4,200	5,000
		Renewable energy power plants developed and operated (IPP) (MW)*7	700	877	1,100	1,550	2,500
	Solar panel installation rate (non-residential)*8	Commercial Facilities Business (non-consolidated) (%)	40.1	56.7	Principles 100		
		Logistics, Business & Corporate Facilities Business (non-consolidated) (%)	62.2	76.7			
		Fujita	36.0	50.0			
		Daiwa Lease	23.7	30.3			

*1 vs FY2015
*2 Contracting and the subdivision development (built-for-sale) operated by Daiwa House Industry (non-consolidated) (in Japan excluding Hokkaido). Construction start basis.
*3 Contracting and the subdivision development (built-for-sale) and development real estate operated by Daiwa House Industry (non-consolidated) (domestic only). Construction start basis.
*4 Total of Daiwa House Industry (non-consolidated). Construction start basis.
*5 Total of Daiwa House Industry, Daiwa Lease, and Fujita. Only in Japan, construction start basis, percentage of land area.
*6 Cumulative total since FY2011
*7 In-house consumption is excluded
*8 Construction start basis, percentage of facilities.
*9 The Environmental Action Plan will conclude in FY2025, one year ahead of schedule and in conjunction with that of the 7th Medium-Term Management Plan. Therefore, FY2026 targets have not been revised.

Human capital indicators

Key indicators			Achievements (FY)			Targets
			2022	2023	2024	
Increase the value of our human capital	Recruitment	Ratio of newly employed females to total new employees (%)	24.9 (April 1, 2023)	27.6 (April 1, 2024)	24.7 (April 1, 2025)	30
		Number of career hires	145	182	185	—
	Diversity	Ratio of female employees in management (%)	5.2 (April 1, 2023)	5.8 (April 1, 2024)	6.1 (April 1, 2025)	8 (April 1, 2027)
		Ratio of female section chiefs (%)	21.3 (April 1, 2023)	23.4 (April 1, 2024)	24.0 (April 1, 2025)	25 (April 1, 2027)
		Ratio of employment of persons with disabilities (%)	2.50 (April 1, 2023)	2.48 (April 1, 2024)	2.51 (April 1, 2025)	2.70 (April 1, 2026)
		Ratio of retention of young employees (three years after joining the Company) (%)*1	76.6 (April 1, 2023)	77.6 (April 1, 2024)	81.4 (April 1, 2025)	85
		Ratio of seniors who continue to be employed at age 65 (%)	49.4 (April 1, 2023)	55.2 (April 1, 2024)	57.6 (April 1, 2025)	—
	Health management	Percentage of employees receiving periodic medical examinations (%)	100	100	100	Early achievement of 100%
		Percentage of follow-up testing of patients who were required to receive detailed tests or medical treatment (%)	95.3	89.5	96.1	Early achievement of 100%
	Childbirth and childcare	Ratio of male employees taking childcare leave (%)*2	62.2	66.5	68.9	80
		Lump-sum payment program for fostering the next generation (number of recipients/ amounts: ¥ million.)*3	643/643	609/609	556/556	—
	Employment	Percentage of paid leave taken (%)	56.4	65.5	66.5	—
	Equity	Gender wage gap (ratio of average income of female to male employees) (%)*4	61.5	61.6	61.8	—
	Career support	Number of Multi-Experiential Career Support Program users*5	58	82	73	—

Note: The figures in human capital indicators are for Daiwa House Industry (non-consolidated) only.

*1 Retention rate of regular recruits three years after joining the Company in each fiscal year
*2 In an in-house questionnaire conducted in 2020 and 2024, 80% of male employees said that they wanted to take childcare leave. Therefore, the target for the end of the 7th Medium-Term Management Plan (FY 2026) was set at 80%.
*3 Cumulative total since the introduction of the system Payments in 2005 : ¥13,026 million
*4 Percentage of regular employees
*5 Career support program focusing on internal and external side jobs

Corporate data (as of June 27, 2025)

Corporate name	Daiwa House Industry Co., Ltd.
Foundation	April 5, 1955 (Established: March 4, 1947)
Paid-in capital	¥162,216,840,212
Employees (consolidated)	50,390 (as of March 31, 2025)
Securities traded	Prime Market of the Tokyo Stock Exchange
Securities code	1925
Head office	3-3-5 Umeda, Kita-ku, Osaka 530-8241, Japan Phone: +81-6-6346-2111
Tokyo Head office	3-13-1 Iidabashi, Chiyoda-ku, Tokyo 102-8112, Japan Phone: +81-3-5214-2111
Offices (9)	Kita-Nihon, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Hokuriku, Chubu, Chugoku, Shikoku, Kyushu
Branches	43
Factories	9
Research center	Central Research Laboratory (Nara)
Training center	Daiwa House Group MIRAI KACHI KYOSO Center (Nara)
Countries and regions with overseas operations	26 countries, 55 cities
Contact	Daiwa House Industry Co., Ltd. Finance and IR Department, Management Administration Headquarters Phone: +81-6-6225-7804 e-mail: dh.ir.communications@daiwahouse.jp
Website	https://www.daiwahouse.com/English/

Board of Directors, Audit & Supervisory Board and Executive Officers (as of June 27, 2025)

Board of Directors (14)

Representative Director and Chairman, CEO	Keiichi Yoshii
Representative Director and President, COO	Hirotsugu Otomo
Representative Director and Executive Vice President, CFO	Takeshi Kosokabe
Representative Director and Executive Vice President	Yoshiyuki Murata
Representative Director and Senior Managing Executive Officer	Keisuke Shimonishi
Director and Senior Managing Executive Officer	Toshiya Nagase
Director and Managing Executive Officer	Eiichi Shibata
Outside Directors	Yukinori Kuwano, Miwa Seki, Kazuhiro Yoshizawa, Yujiro Ito, Toshikazu Nambu, Tomomi Fukumoto, Yuichiro Kondo

Audit & Supervisory Board (6)

Audit & Supervisory Board Members	Yoshinori Hashimoto, Ryuichi Oyaide, Yoshihiro Takashige
Outside Audit & Supervisory Board Members	Akihisa Watanabe, Tatsuji Kishimoto, Takashi Maruyama

Managing Executive Officers (9)

Tatsuya Urakawa, Moritaka Noumura, Yuji Yamada, Junko Ishizaki, Tetsuya Tamura, Takafumi Nakao, Koji Harano, Hiroaki Murata, Yukikazu Kataoka

Senior Executive Officers (16)

Nobuhito Ishibashi, Kazumi Suwa, Tetsuro Wada, Hideto Tamiya, Hiroshi Kono, Yoshimune Morizumi, Hirotaka Najima, Keitaro Takebayashi, Shigeki Ochiai, Yoshinori Iwabuchi, Katsuyuki Murai, Keisuke Izumoto, Masafumi Sugimoto, Katsunori Nobe, Norio Togashi, Masatoshi Sarashina

Executive Officers (30)

Taro Kawamura, Naoya Honda, Masataka Kanai, Noboru Higuchi, Masatoshi Hatta, Yoshimitsu Kojima, Masao Kita, Shinji Tanioku, Tadahiro Takayoshi, Takeshi Wakita, Akira Matsuba, Yoichi Shimoyama, Tetsuo Hatta, Takahiro Zaitsu, Akira Kitamura, Masayuki Kanda, Masao Noshi, Soei Iwamoto, Masaaki Kikuchi, Shigeo Fujisawa, Shingo Suzuki, Masaki Kawaguchi, Akihiko Wada, Shinji Ishino, Toshiyuki Suminaga, Tomoaki Kodaka, Toshiki Tanaka, Katsuhiro Koyama, Shinichi Yamazaki, Atsuo Suzuki

Share information (as of March 31, 2025)

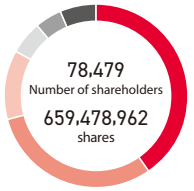
Authorized ..... 1,900,000,000 shares
Issued ..... 659,478,962 shares
Number of shareholders 78,479

Principal shareholders

Name of shareholders	Thousands of shares	Equity stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	107,888	17.44
Custody Bank of Japan, Ltd. (trust account)	40,610	6.57
STATE STREET BANK AND TRUST COMPANY 505001	15,688	2.54
Daiwa House Industry Employee Shareholders Association	14,787	2.39
STATE STREET BANK WEST CLIENT - TREATY 505234	13,160	2.13
Sumitomo Mitsui Banking Corporation	12,087	1.95
Nippon Life Insurance Company	11,944	1.93
JPMorgan Securities Japan Co., Ltd.	9,482	1.53
JP MORGAN CHASE BANK 385781	8,516	1.38
Barclays Securities Japan Limited	7,783	1.26

Note1: The Company holds 40,895 thousand shares as treasury stock, but it is not included in the above list.
Note 2: The ratio of the number of shares held to the total number of issued shares (excluding treasury shares) is rounded down to the three decimal places.

Shareholdings by shareholders



	Number of shareholders	Shares	Equity stake (%)
Financial institutions	163	266,077,466	40.3
Foreign investors	1,167	201,565,911	30.5
Individuals and others	75,670	81,059,506	12.2
Other corporations	1,442	38,530,979	5.8
Securities companies	36	31,350,053	4.7
Treasury stock	1	40,895,047	6.2

Note: Equity stake shows the percentages of the total outstanding shares.

Sustainable growth and greater corporate value over the medium and long term

Main dialogue (engagement) themes

- Business models, strategies, and performance for the domestic built-for-sale and custom-build businesses, as well as the rental management business
- Progress on real estate development investments, exit strategies, and sales plans
- Initiatives on data centers, hotels, and a wide variety of other asset types
- Business environment, performance, future outlook, and risks in overseas markets such as the US and Europe
- Financial targets of our medium-term management plans, shareholder return policy, ESG initiatives, and long-term vision, etc.

Results of IR activities in FY2024 (all figures are total numbers of people)

Institutional investors and analysts

- Individual interviews 350 people
- Conferences sponsored by securities companies 136 people
- Overseas IR 2 times (US and UK)
- Business briefings and guided tours 4 times

Others

Individual investors

- Online company information sessions 3 times
  The CFO and Manager, IR Department took the stage to explain the Company's strengths, ESG initiatives, and shareholder benefits program

Employees

- IR briefing for employees 1 time 1,759 people
  Senior management took the stage to explain the 7th Plan's progress and strategies for the single-family houses business and other areas.
  In the Q&A session, a wide range of responses were provided to the questions posed by employees.

Feedback system

We provide timely and appropriate feedback to management regarding opinions received from shareholders and investors through IR activities, thereby sharing in the recognition of issues. Starting in FY2025, as part of strengthening the feedback system to realize management mindful of capital costs and stock prices, the frequency of reports to the Board of Directors—previously once a year—was, based on the CFO's proposal, changed to twice a year. In tandem with reporting at the Board that are independent of the Board of Directors, we will share information on stock prices, consensus, comments from shareholders and investors, and other information four times a year to deepen discussions that serve to enhance corporate value.

Editorial postscript

Our Hopes for the Future through sustainable growth and maximum corporate value

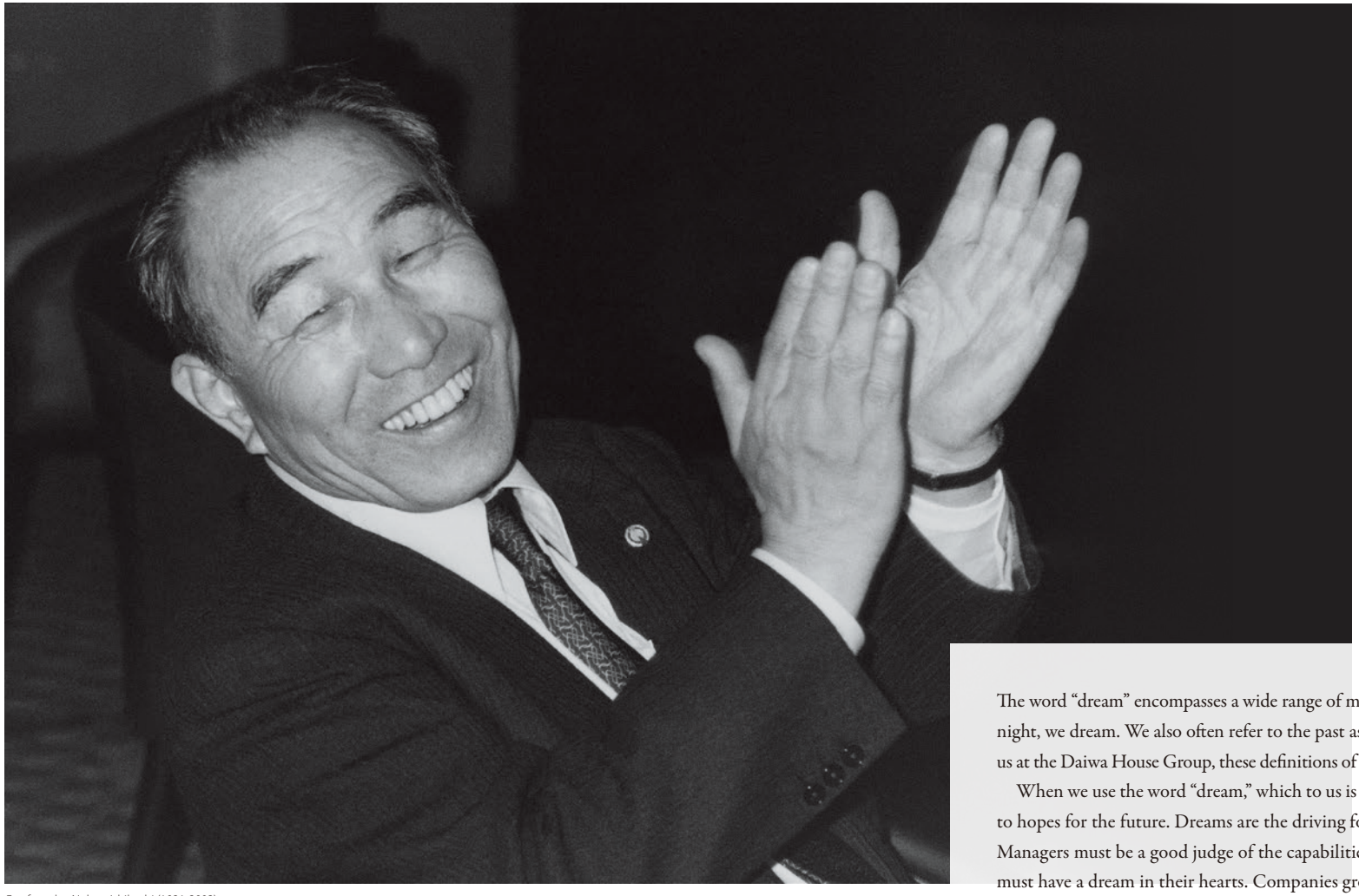


Yuji Yamada
Managing Executive Officer
In charge of Finance and IR

Having reached our 70th anniversary, we would like to express our deepest gratitude to all our stakeholders, from private and institutional investors on down, for standing by us through thick and thin.

Over these seven decades we have grown by picking up on society's needs, developing new businesses to answer them, leveraging the strengths we honed in the process, and—most recently—driving growth forward by proactively investing in real estate development and expanding our interests into the US and other new territories, all in the spirit of our founder as embodied in our corporate ideals of advancing the industrialization of construction, engaging in businesses that benefit society, and fostering employees' personal growth through business. Sights firmly set on achieving sales of ¥10 trillion by the Company's centennial in 2055, since the 2022 launch of our Seventh Medium-Term Management Plan we have been moving ahead with a restructuring of our business foundations under the Plan's slogan, completing a sustainable growth model. Though progress has been and is steady, forecast-busting cost increases and rising uncertainty over the global economy have prompted us to wrap up the Plan a year ahead of schedule, a move we announced during FY2025. Now, under the banner of Our Future Landscape—Celebrating the Joys of Life as laid out in the Group's purpose, Our Hopes for the Future, we are working feverishly to finalize our next medium-term management plan in time for a May 2026 unveiling. We see plenty of scope to fulfill a role creating fundamental societal infrastructure and lifestyle culture rooted in regeneration. Thus we are committed to continue providing economic and social value in equal measure, whether in Japan through our Livness and regional-revitalization interests or overseas helping resolve housing shortages and building infrastructure. Making the most of Daiwa House Industry's aspirations and strengths, we are running our businesses with a watchful eye on cost of capital and share price. And, as we move steadily onward into our next growth stage, we are strategizing to optimize the Group's business portfolio and value chains for sustainable growth and maximum corporate value.

In closing, we would like to thank you for taking the time to read through this report, as well as all those without whose contributions it would never have seen the light of day. We hope you will continue to deepen your understanding of the Group's business activities and stand by us as we move forward.



Our founder, Nobuo Ishibashi (1921-2003)

The word “dream” encompasses a wide range of meanings. When we go to sleep at night, we dream. We also often refer to the past as “seeming like a dream.” But for us at the Daiwa House Group, these definitions of the word can be put to one side.

When we use the word “dream,” which to us is very important, we are referring to hopes for the future. Dreams are the driving force behind great achievements. Managers must be a good judge of the capabilities of their staff. Employees, too, must have a dream in their hearts. Companies grow along with the realization of such dreams. A company’s management and staff must all keep on trying to make their dream reality, and must never give up.

Our founder, Nobuo Ishibashi



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