



FY2021 Presentation on Management Policies

May 17, 2021

Daiwa House Industry Co., Ltd.

Code No: 1925

(First section of the Tokyo Stock Exchange)

Restructure our management base and develop products and services that respond to the “new normal,” despite the difficulties of COVID-19

Business Activities for FY2020

1 Enhancing governance

- Revise the ratio of outside directors to one-third or more
- Introduction of the Business Division-Based system (full-scale start from April 1, 2021)

2 Initiatives for “New Normal”

- Accelerate the development of products and communities that anticipate changes in society and lifestyles
- Realization of diverse work styles by implementing telework at home or satellite offices, and introducing a flextime system

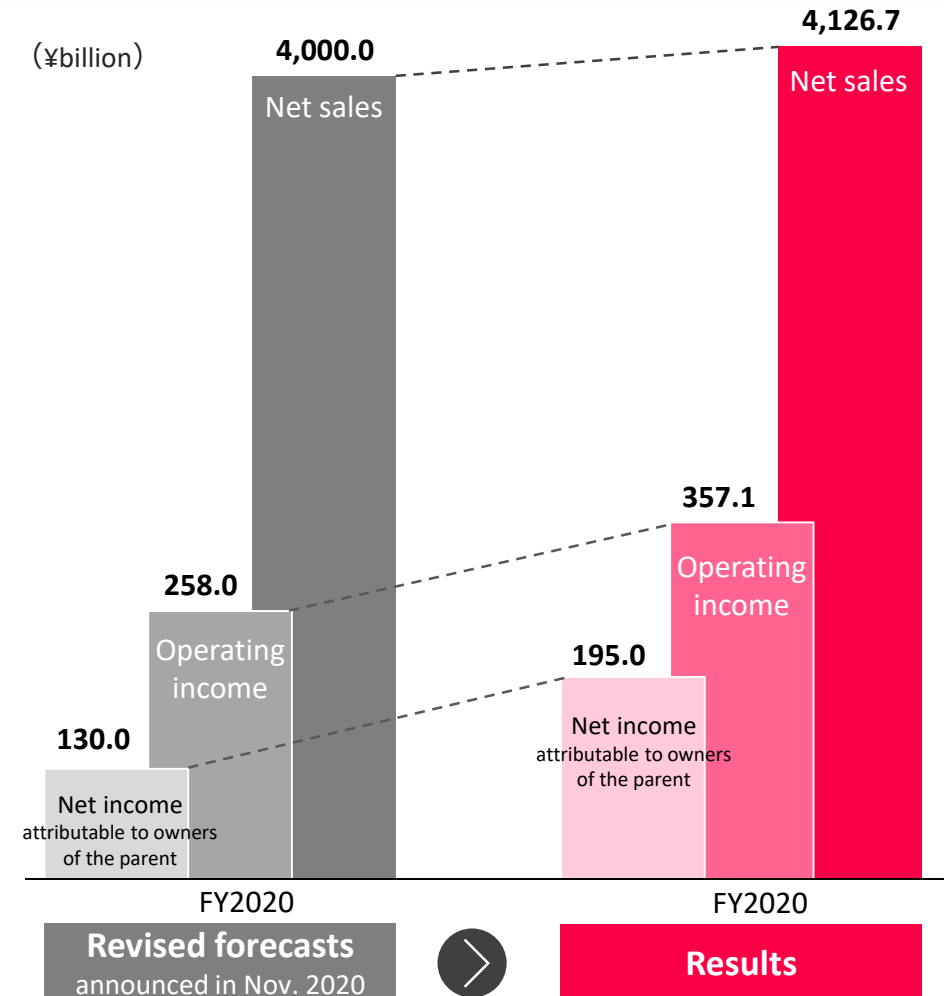
3 Expansion of real estate development

- Upward revision of investment plan to 1 trillion yen
- Active investment and sales centered on logistics facilities

4 Initiatives for SDGs

- Japan’s first community development with 100% renewable energy
*“Funabashi Grand Oasis” completed on March 31, 2021
- Accelerating efforts to energy conservation, new energy creation, reduction CO2 emission
*Full realization of “Net zero greenhouse gas emissions by 2050”
- Full-scale redevelopment of outdated housing developments started
*Newly established Liveness Town Business Promotion Department

Financial Results



Accelerate the development of products and communities that anticipate changes in society and lifestyles

Providing "place to live" tailored to the customers' preferred style

September 2020 "skye3"
Comfortable living even in a small land



January 2021 "Σ(sigma) 21"
High quality and reasonable



April 2021 "Lifegenic W"
2nd house available online



November 2019 "Lifegenic"
House available online



June 2020 "Telework style"
Support customers working from home



April 2021 "Wood Residence MA-RE"
Mixed structure of wood and RC as the first for a house manufacturer
design by leading designers

Further promote the development of logistics facilities increasingly demanded by online shopping
Offering high-value added facilities and strengthening logistics solutions to secure No.1 position in Japan

Build-to-Suit type

Number of development buildings

223 buildings

Development floor area

Approx. **5,040,500 m²**



**No.1 in Japan in terms of
both number of buildings and floor area**

Development total floor area: Approx. 10,136,000m²
(Including under construction as of March 31, 2021)



Multi-tenant type

Number of development buildings

70 buildings

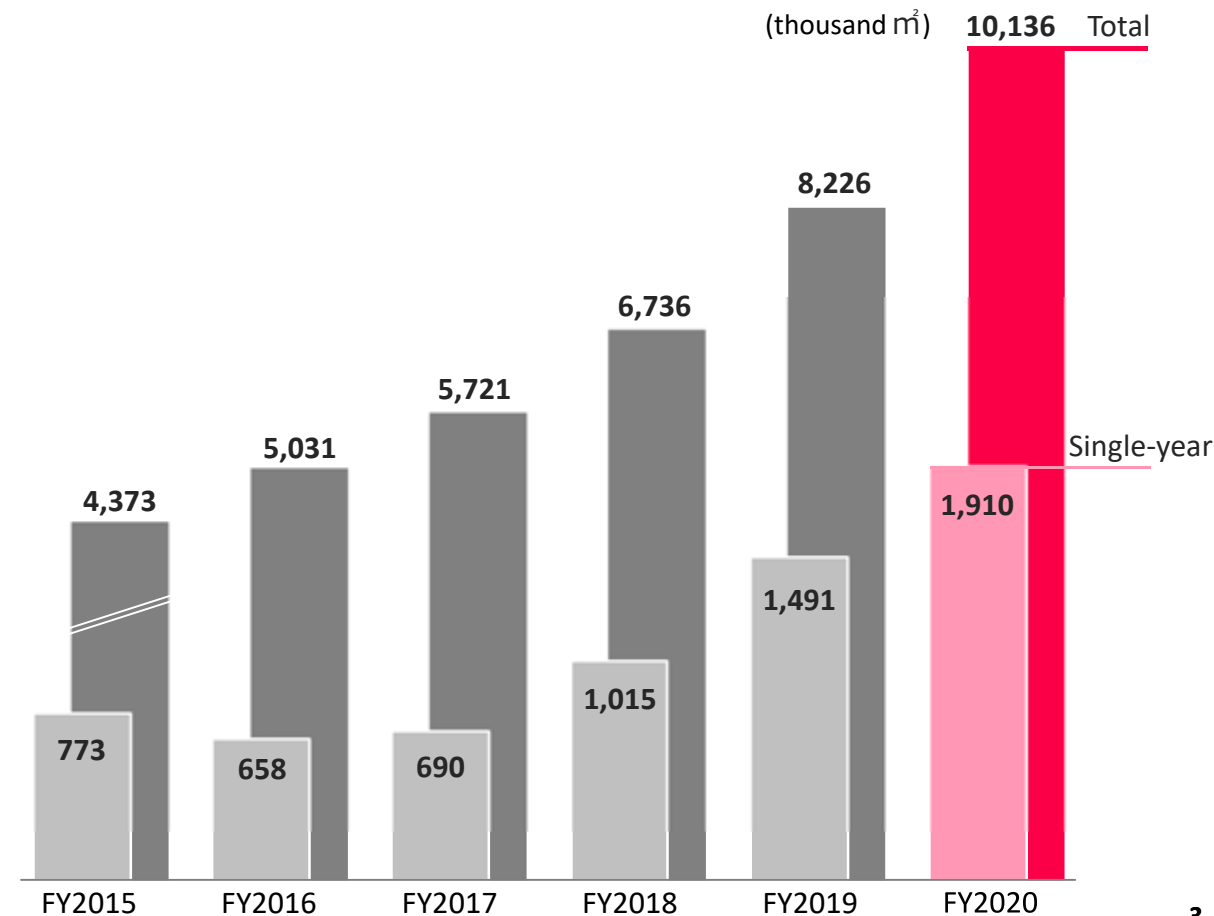
Development floor area

Approx. **5,095,500 m²**

Developed area

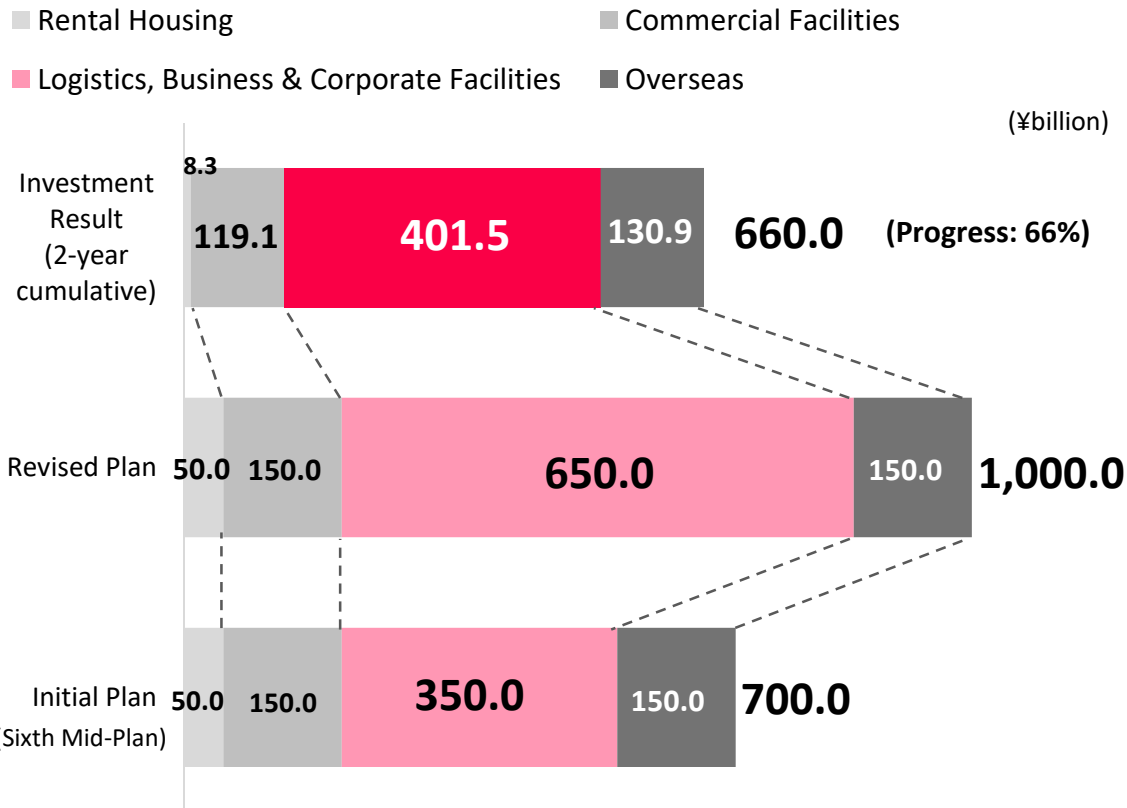
*As of March 31, 2021 (incl. under construction)

* As a results of "D Project" (domestic)

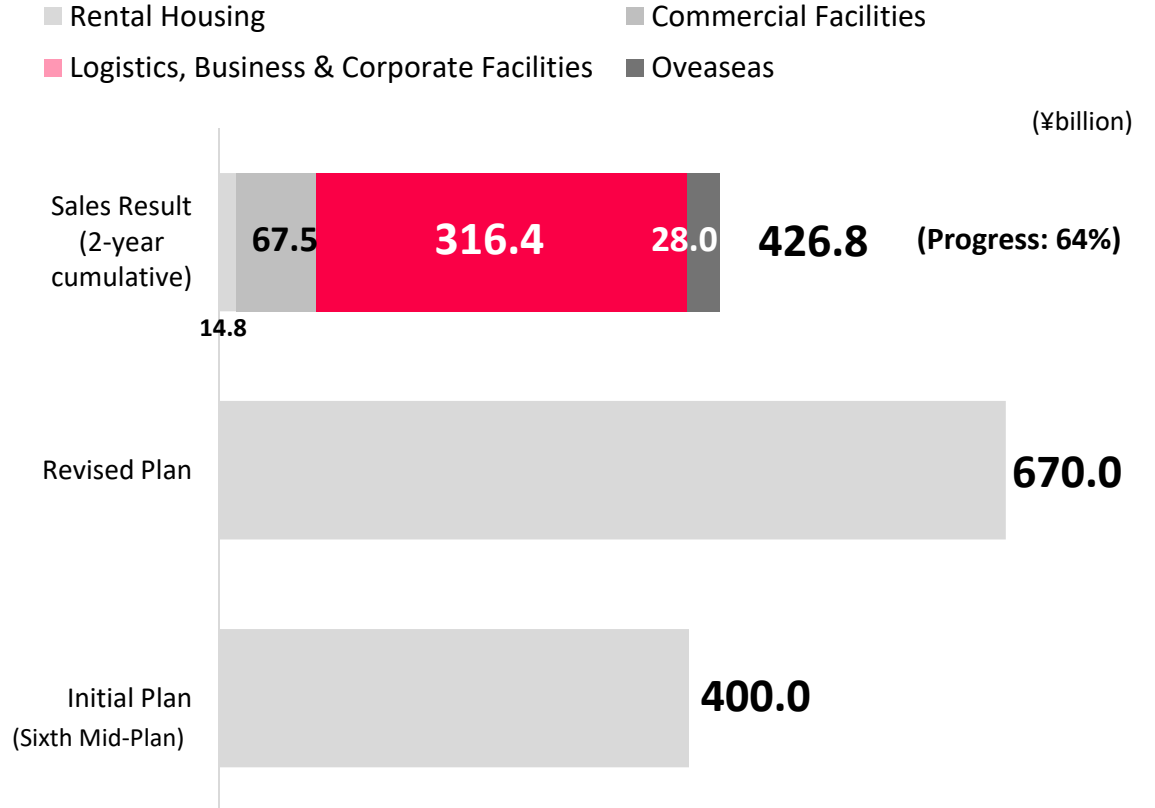


**Aggressive investment in real estate development to expand business opportunities
in the Logistics, Business and Corporate Facilities Business, centered on logistics facilities
At the same time, strengthen exit strategies to maximize profits**

Real estate investment



Sale of development properties



UP to the previous fiscal year, primarily focused on institutional design
and strengthened risk and compliance systems

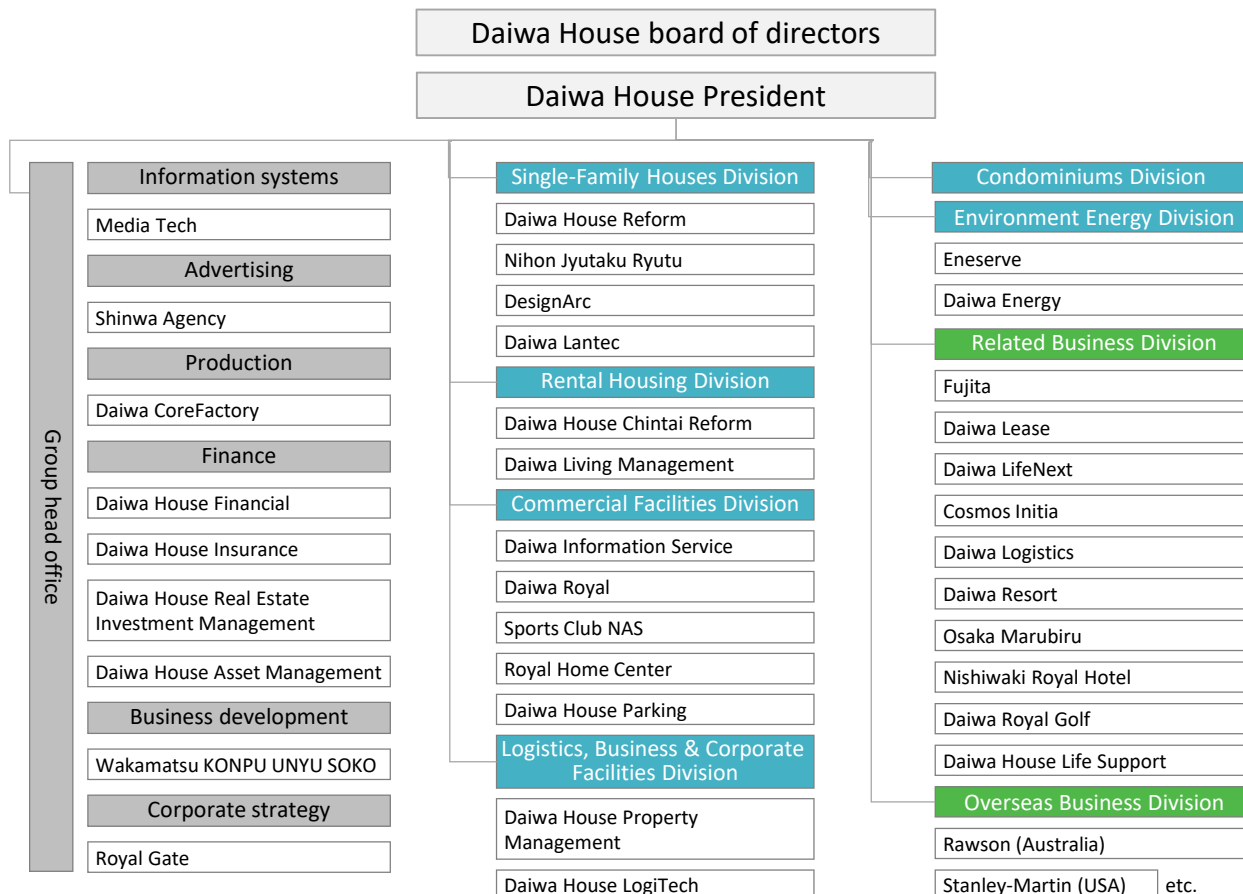
Main actions up to the previous fiscal year	
Basic policies	Main actions
Review management structure and state of management and supervision	<ul style="list-style-type: none"> • Revise <u>the ratio of outside directors to one-third or more</u> • Establish upper age limits on inside directors
Enhance agile business execution and risk response structure	<ul style="list-style-type: none"> • Establish compliance promotion department to promote risk and compliance response and to develop business environment • <u>Business execution system changed to business division-based system</u> (including the Group companies) • Establish the Related Business Division responsible for business growth and risk management of Group companies not allocated to each business divisions • Establish the Overseas Business Division to improve <u>overseas regional management system</u>
Strengthen risk information gathering and sharing	<ul style="list-style-type: none"> • Establish new <u>external whistleblowing hotline</u> • Reorganize incident response management flow
Strengthen environment for supporting sustainability and implementation	<ul style="list-style-type: none"> • Continue risk and compliance training for directors and employees • Strengthening the Group's internal audit system and risk approach

Steadily implement measures to enhance governance and build a management base for sustainable and stable growth

Starting to review overlapping businesses and functions within the Group

Aiming to maximize future value through business division-based management

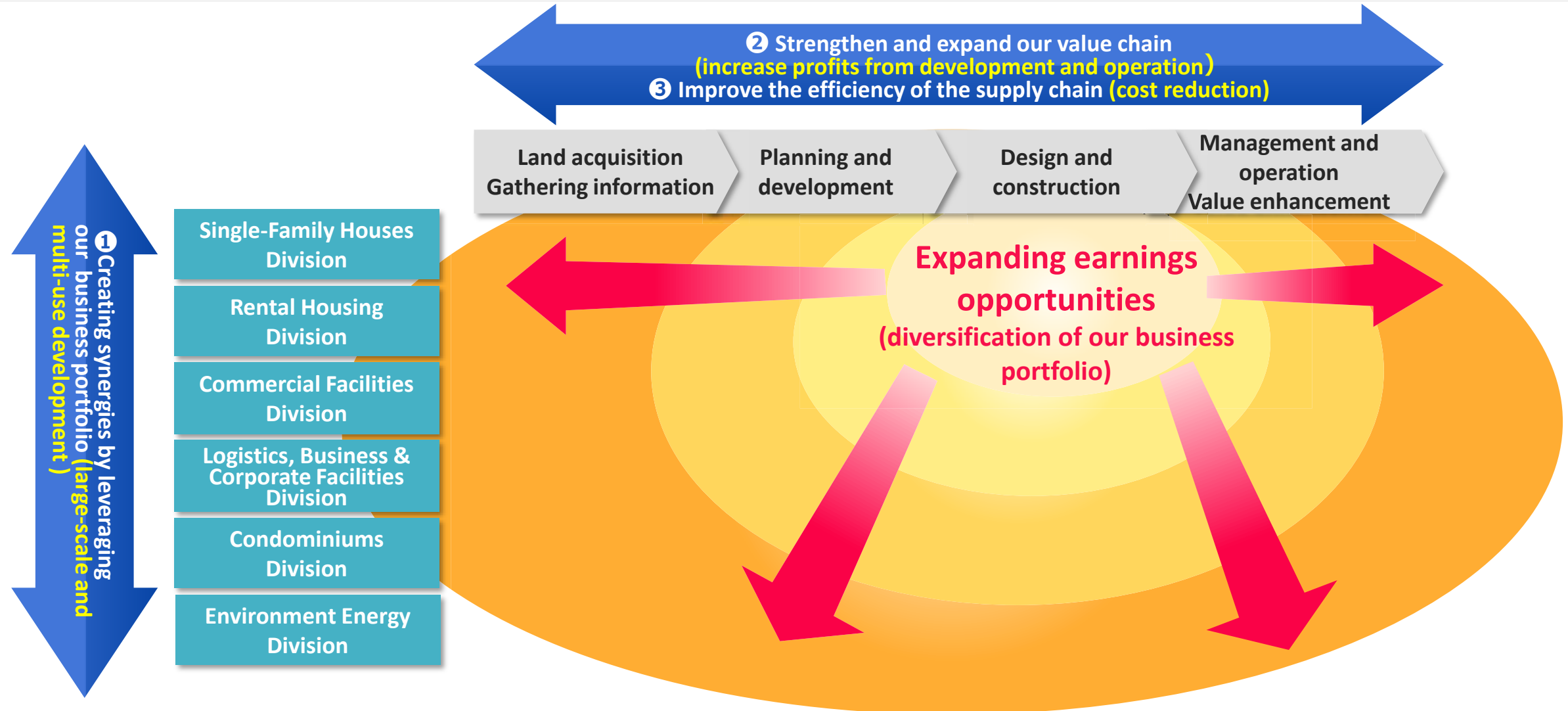
*Started on April 1, 2021



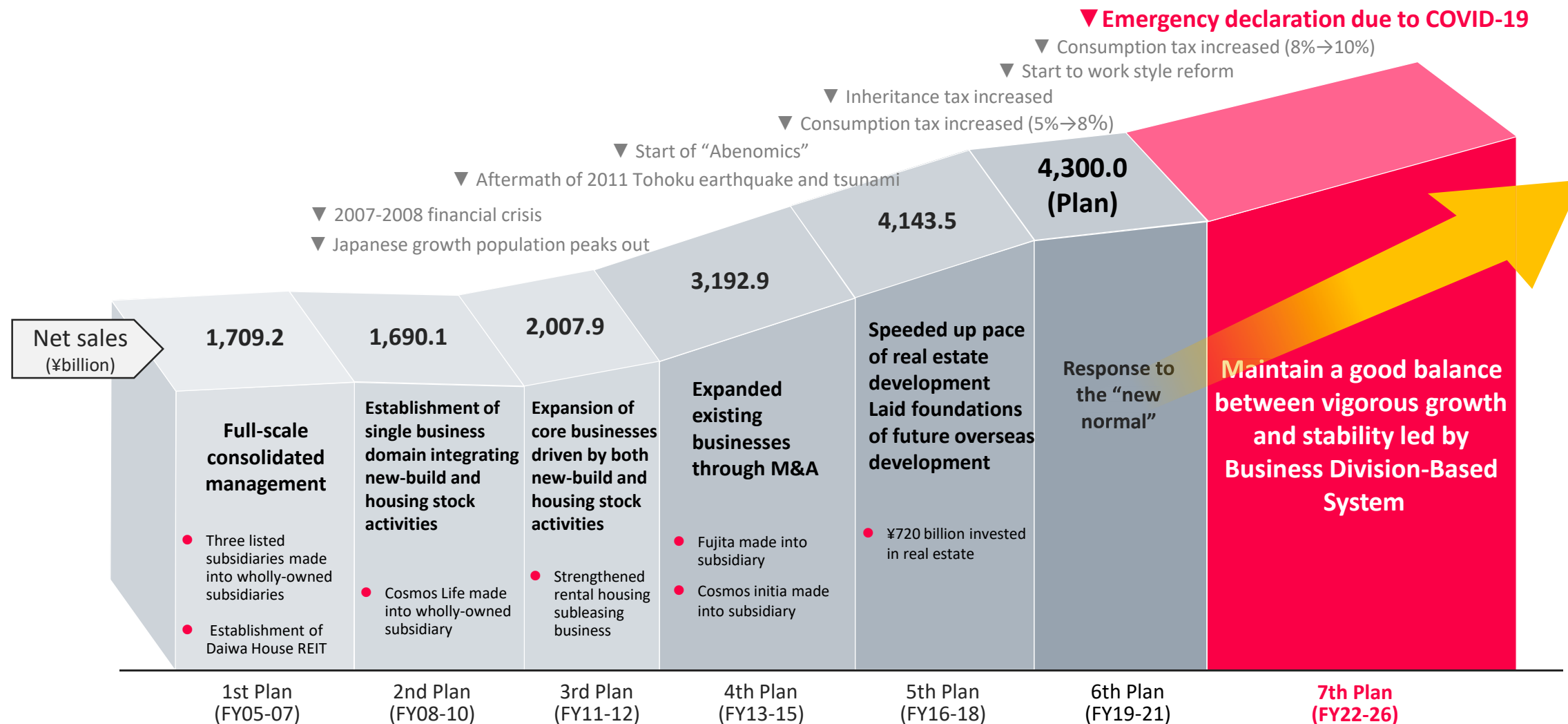
Future initiatives

- **Continuously strengthening and reviewing** medium- and long-term management strategies and supervisory functions to raise the Group's corporate value
- Review and transition of management reporting systems and processes in each business
- **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**
- Operation and continuous improvement of risk information coordination systems and its operation
- Continuously strengthening the efficient business operating base to sustain risk management and compliance activities

Under the business division-based system, we will diversify our earnings portfolio, including stock business, by expanding business spectrum and strengthening and expanding the value chain



Even in a VUCA operating environment, aim for further growth by agile decision-making and flexible response to social issues under the business division-based system



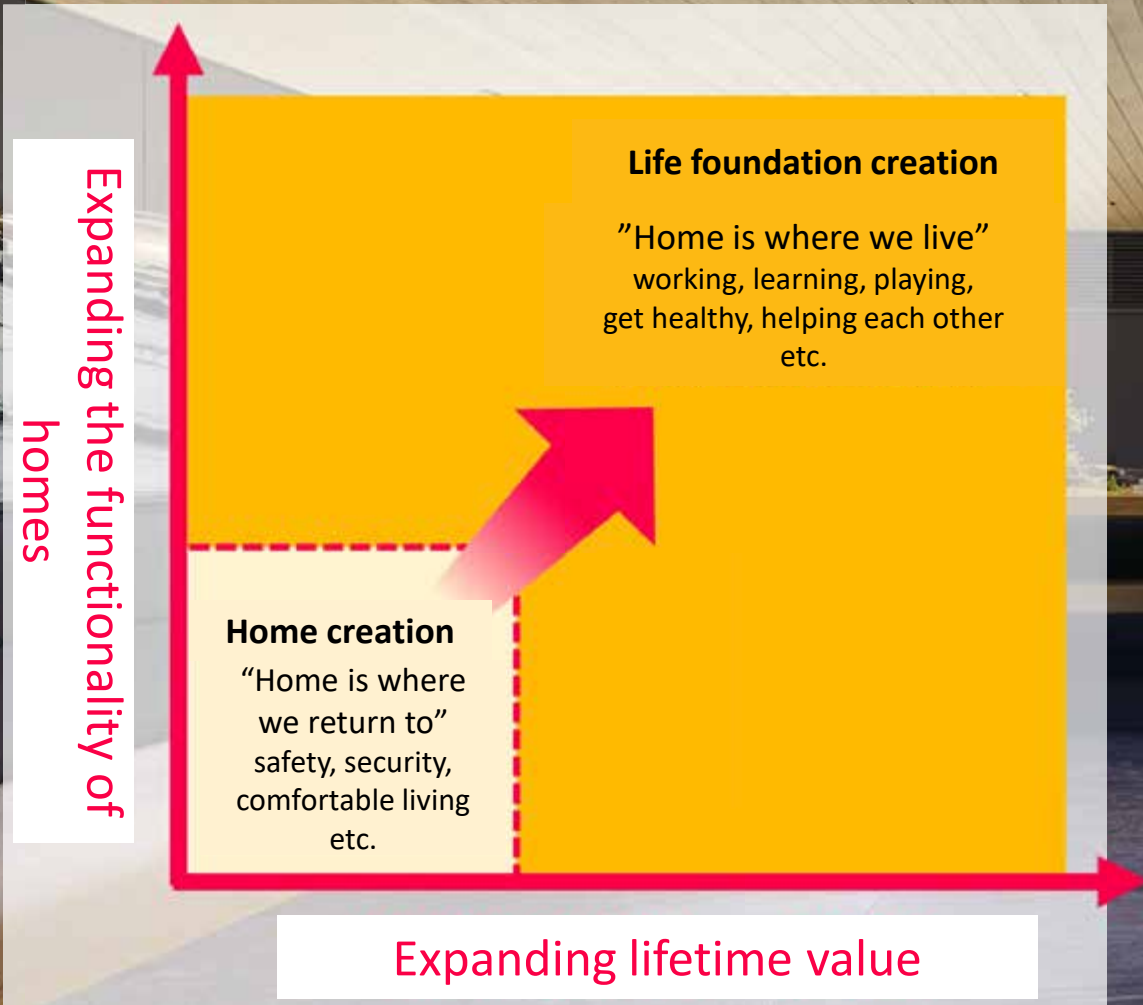
A photograph of a modern, open-plan living and dining area. The space features a dark, low-profile sofa with patterned cushions, a wooden armchair, and a dark coffee table. The ceiling is made of horizontal wooden slats. Large windows on the right side offer a view of lush greenery outside. In the background, a dining area with dark chairs and a kitchen counter are visible. A large, bright red graphic overlay is positioned on the left side of the image, partially obscuring the view.

LiveStyle Design

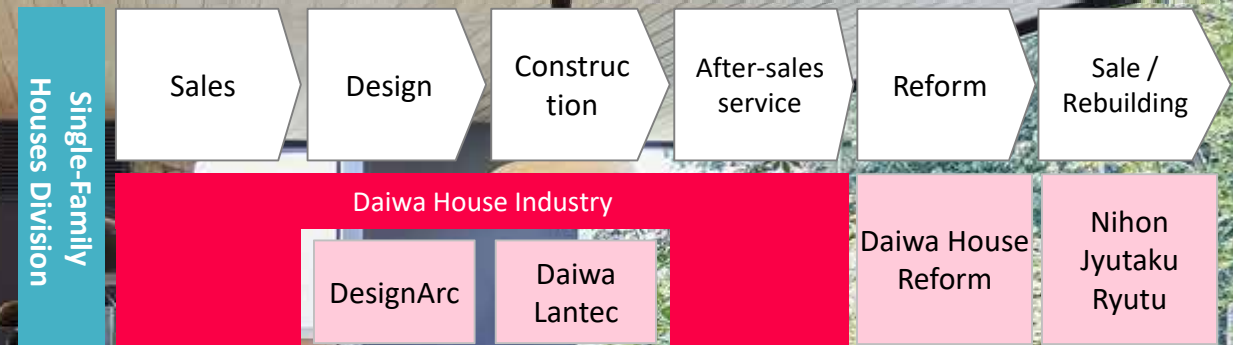
Transforming home
from a place to return
to a place to “live”

Propose diverse lifestyles based on changes in family structures

Provide value to address the challenges we face in life, at home, and in society



Pursuing maximization of profits **by optimizing the entire Group**



Three Key Themes

- 1 Accelerate development of **new products** that serve as the foundation of customers' lives
- 2 Open **lifestyle proposal site**
 - Group joint showrooms, Group shared websites
- 3 Offer follow-up **lifestyle proposal services**
 - Strengthen the Liveness business (stock business)

Promote rental management that helps maximize owner asset value

Become a long-term, stable business partner for rental housing

Three Key Themes

① Increase property management contracts for Daiwa Living

- Aim for 69% to **80%** involvement in rental management of rental housing built by the Company

② Increase rental property reform projects for managed properties

- Daiwa House Chintai Reform started business on April 1

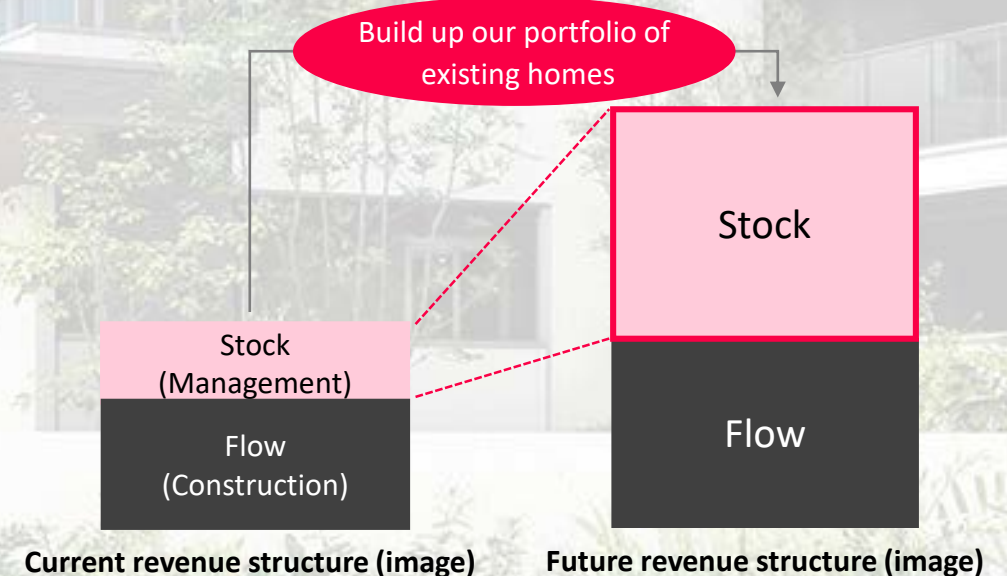
③ Strengthen proposals to increase the value of managed properties

- Maintaining a high occupancy rate by increasing the value of properties
(Occupancy rate as of the end of March 2021: **98.2%**)

Pursuing maximization of Asset Value as a Group



Increase ratio of existing homes to expand revenues



People adopting lifestyle of living close to work, changing in demand for lifestyle-oriented stores
in locations near residential areas

Market needs shifting to nearby small stores
from large stores around stations



Boost operation with 3 types of stores
in line with changes in market

Near residential area
Alongside major roads

Grocery stores Electronics retail stores
Drug stores Convenience stores Fast foods
Household goods Nursing facilities

Suburbs

Cafe General merchandise stores Satellite offices
Large-scale shopping centers

Near the station

Department stores
Hotels Offices

- ① Reinforce **next-generation roadside specialty stores** for existing major tenants and customers
- ② Focus on development of **power centers** assembling category killers (specialty discount stores)
- ③ Develop more **neighborhood shopping centers (NSC)** with supermarket as core tenant

Future growth area in the Logistics, Business & Corporate Facilities Business (1)

Active development of data centers as a new growth area

Focus particularly on those in suburban areas, leveraging our expertise accumulated in logistics facilities development

Data center business market forecasts (Japan)

Source: Fuji Chimera Research Institute, Inc. "Data Center Business Market Survey 2021"

(¥billion)

4,000

3,000

2,000

1,000

0

Approx. 150%

2019

2022
Forecast

2025
Forecast

Chiba New Town Data Center Park Project (tentative)

Total site area	Approx. 235,000㎡
Total floor area	Approx. 330,000㎡
Total construction period	From Oct. 2020 to 2030 (scheduled)

AIRTRUNK

The wholesale market is socially critical infrastructure that supports food and maintaining functionality is a serious social issue

Applying our strengths and working in public-private partnerships to create a next-generation wholesale market

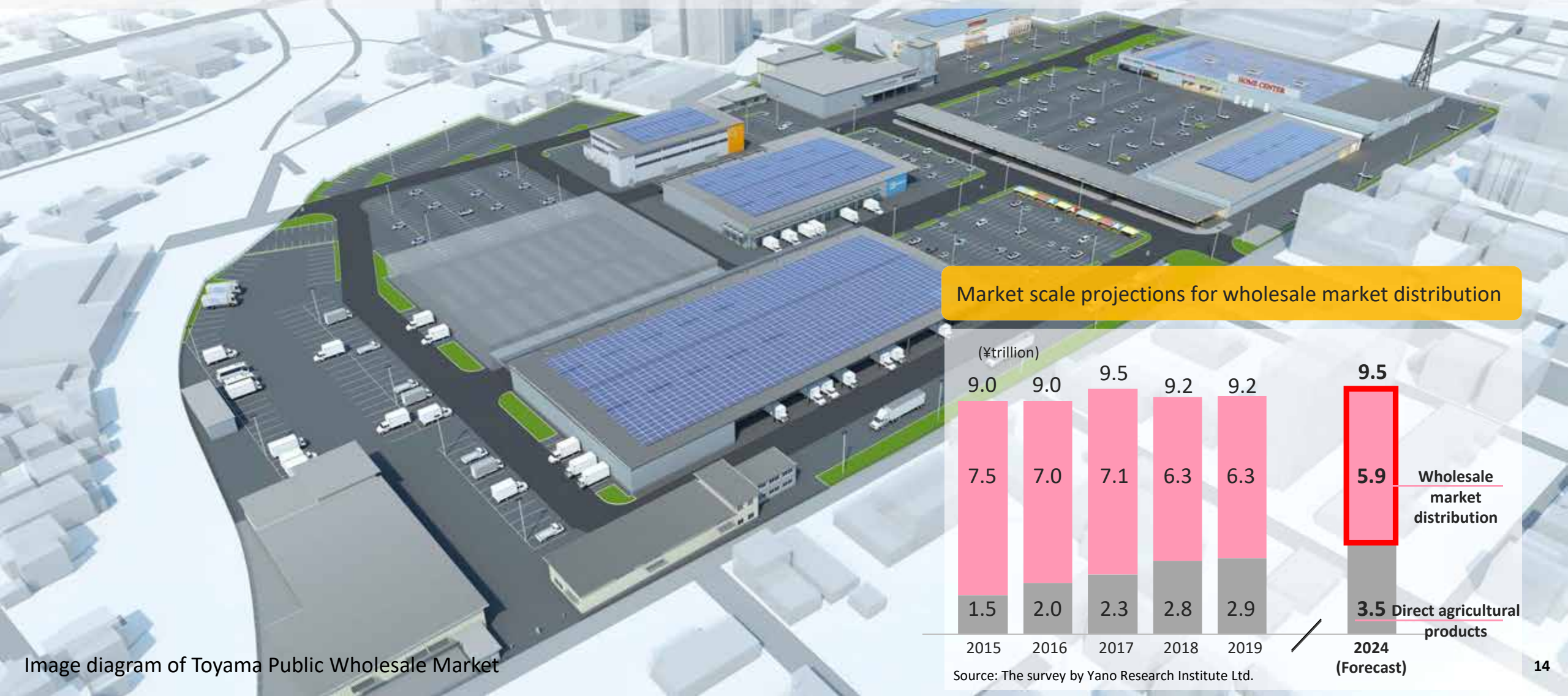
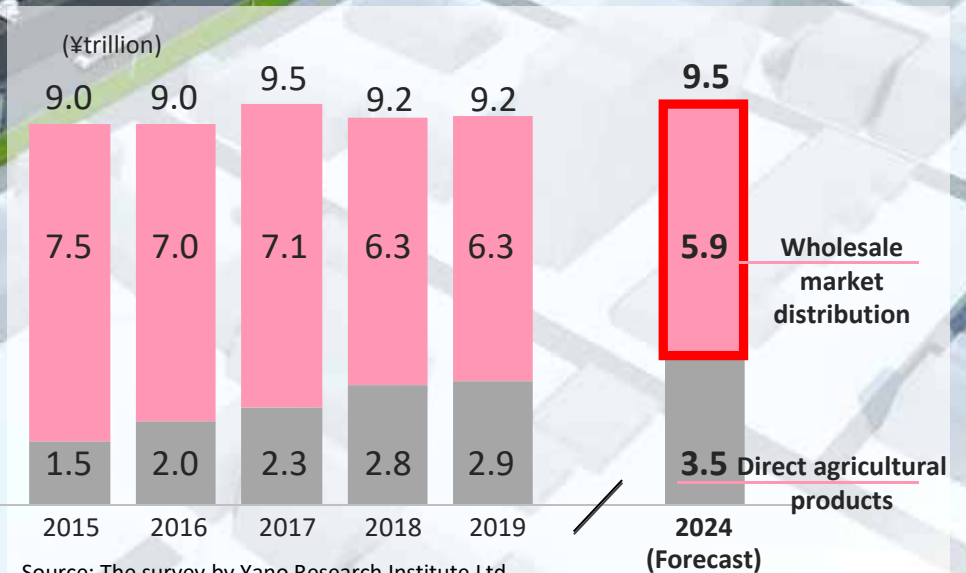


Image diagram of Toyama Public Wholesale Market

Market scale projections for wholesale market distribution



Aiming to expand to a business scale that supports our group's growth, advancing office development by the previous fiscal year and planning for 400 billion in net sales in FY2021

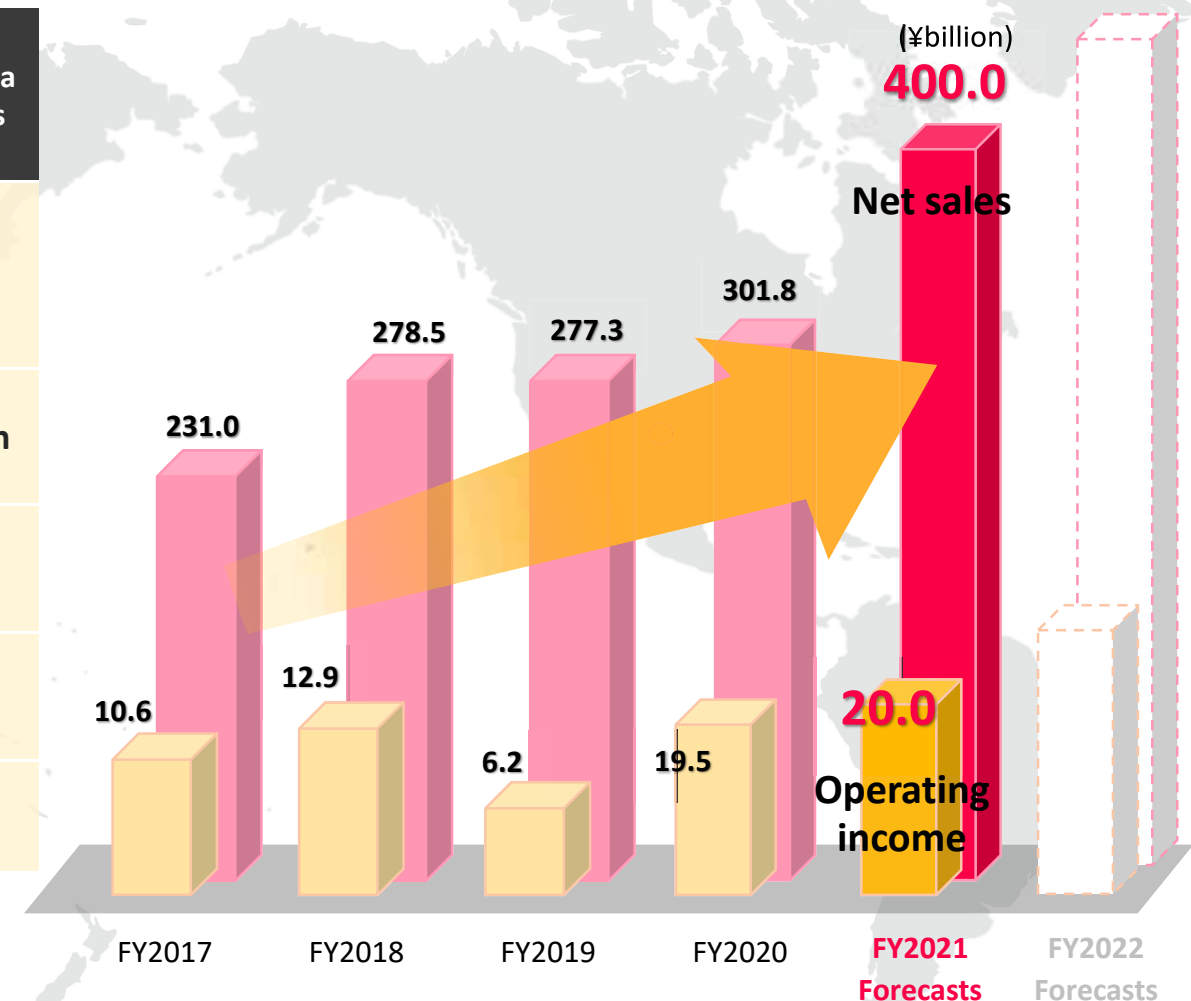
Strengthen area management and governance structure to develop into a part of business portfolio

Area/Segment	Single-Family Houses	Rental Housing	Condo-miniums	Logistics, Business & Corporate Facilities	Commercial Facilities
USA	●	●	○	○	○
ASEAN・South Asia	△	△	●	●	Research
East Asia	△	×	●	Research	○
Australia	●	△	○	Research	×
Europe	Research	Research	Research	○	×

These are current classifications and may change in the future.

<Notes>

● : Focus ○ : Continue △ : Under consideration × : Not considered for the time being



Aggressive business development despite the COVID situation,
sold 3,907 new homes in 2020, with total revenues of \$1.5 billion
Also has been named BUILDER magazine's prestigious 2021 national "Builder of the Year"

Joined the Daiwa
House Group

February 2017

Subsidiary of Daiwa House USA

3,907 units



Stanley-Martin Net Home Sales

Accelerated Growth, Quick Business Pivots and Attention to Customer Needs During Unique Year

"This prestigious award recognizes leaders within the homebuilding industry who exemplify a passion and commitment to excellence in new-home construction."
"Stanley Martin Homes is a premier homebuilder with a dedicated team that designs homes of enduring quality, innovation and the highest standards in building. We are honored to select them as the 2021 Builder of the Year."

Zonda CEO, Jeff Meyers



BUILDER is the No.1 brand
serving the largest, most qualified
audience of builders in the
residential construction industry.

Furthermore accelerate efforts to resolve social issues through urban development

Maintain position as an industry leader by fulfilling our responsibilities as a group that creates places “to live”

The SDGs on which we will focus

Environment



Social

Promotion of Ko"Re"Kara City Project, living with the Environment

*"Funabashi Grand Oasis" completed in March 31, 2021

Rental housing "Royal Parks Funabashi"



Resident electricity and common area lighting supplied through 100% renewable energy

Multi-use commercial facilities "FORTE Funabashi"



Renewable energy used as power source for construction of residential district and commercial facility

Urban development that coexist with the environment using **100% renewable energy** *1

Promotion of Livness Town Project, living with the Society

Kamigo Neopolis "Green Slow Mobility Demonstration Project"



Yokohama City SDGs Certification Program *2



Neopolis Redevelopment

Creating a sustainable city where everyone is a key contributor

*1: Establishing as net renewable energy by adding a non-fossil certificate (with tracking) to FIT electricity.

*2: March 31, 2021, certified Y-SDGs Supreme (highest rating) by the Yokohama City SDGs Certification Program © 2021 Daiwa House Industry Co., Ltd. All rights reserved.

Accelerate further energy conservation, energy creation, and reduction CO₂ emission efforts to achieve EP 100, RE 100, and SBT

Full realization of “Net zero greenhouse gas emissions by 2050”

Progress of the international initiatives

Theme	KGI	2021 targets	2020 forecasts	2030 targets	Long-term goals
Reduction CO ₂ emissions (SBT)	Greenhouse gas emissions	-30% from FY2015 (per sales unit)	-38% from FY2015 (per sales unit)	-50% from FY2015 (total)	2050 year Challenge to achieve Net Zero
Energy conservation (EP100)	Energy efficiency (=Consolidated net sales ÷ Energy consumption)	1.3 times from FY2015	1.45 times from FY2015	2.0 times from FY2015	—
New energy creation (RE100)	Renewable energy generation rate (creation) (=Renewable energy generation volume ÷ energy utilization volume)	100%	138%	(100% or more)	(To consuming internally)
	Renewable energy utilization rate (use) (=Renewable energy utilization volume ÷ energy utilization volume)	7% (25% on a non-consolidated basis)	8.3% (31% on a non-consolidated basis)	70%	2040 year 100%



Further accelerate decarbonization in our corporate operations

Ex.1

Daiwa House Group Future Value Co-Creation Center



<Energy conservation>
pursue ZEB for our newly constructed facilities

Ex.2

Daiwa House Nara factory



<Rate of introduction of renewable energy*>

Office: 81.7%

Housing exhibition: 68.7%

Factory: 44.4%

Construction site: 85.8%

*Based on the number of facilities on a non-consolidated basis as of February 2021

Energy efficiency to **double 10 years ahead of schedule**
Renewable energy generation rate to **achieve target 10 years ahead of schedule**
Renewable energy utilization rate revised upward to **70% in 2030**

Targeting net sales of ¥4,300 billion, operating income of ¥320 billion, and net income of ¥215 billion

Also working to improve capital efficiency and enhance shareholder returns while maintaining financial soundness

Earnings forecasts

(¥billion)	FY2020 Results	FY2021 Forecasts
Net sales	4,126.7	4,300.0
Operating income	357.1	320.0
Ordinary income	337.8	316.0
Net income attributable to owners of the parent	195.0	215.0

Capital policy / Shareholder return

ROE	ROE target: 13% or higher
D/E ratio	Appropriate financial leverage Debt-equity ratio: around 0.5
Dividend payout ratio	Shareholder return: Dividend payout ratio of 30% or higher

An aerial photograph of a densely packed residential neighborhood in Japan, likely during sunset or sunrise. The sky is a mix of soft purple, pink, and blue. The foreground and middle ground are filled with numerous small, traditional Japanese houses with dark tiled roofs. In the background, there are rolling hills and mountains under the colorful sky. The overall mood is peaceful and serene.

Creating Dreams, Building Hearts



Disclaimer regarding business forecasts, etc.

(Notes regarding forward-looking statements)

The above business forecasts are based on information available as of the date of announcement of this material, and are subject to factors of uncertainty that may possibly impact the future results of operations and are not a guarantee of the achievement of those results. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial market trends, economic conditions, competitor situations and fluctuations in land prices.

(End)