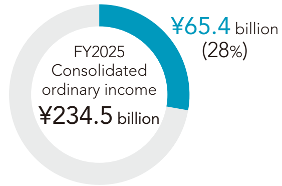
Asset Management Strategy

The Asset Management Division consists of Securities Asset Management, Real Estate Asset Management, and Alternative Asset Management. The Division manages a wide range of assets, including investment trusts, real estate, venture capital, private equity, and renewable energy investments.

AM Division ordinary income



Shinsuke Niizuma
Head of Asset Management

As the era of positive interest rates becomes entrenched and Japan's asset management market reaches a turning point, the Asset Management Division—itself forming the core of Base Income, the Group's stable revenue base—is playing a pivotal role in realizing the aim of Promoting Japan as a Leading Asset Management Center. In FY2025, the AM Division saw steady growth in each business area, including full-scale activities in the investment advisory business within Securities AM, the expansion of the private fund business in Real Estate AM, and steady strides toward shifting Alternative AM to a fund-based business—resulting in the AM Division's total AUM growing to over ¥46 trillion.

In FY2026, the final year of the Medium-Term Management Plan, we will focus on expanding our customer base and enhancing investment capabilities in Securities AM; increasing AUM in Real Estate AM by strengthening property sourcing and expanding investment products, and accelerating the shift toward a fund-based business model in Alternative AM. While strengthening our investment capabilities and pursuing both external alliances and growth investments, we will work diligently to surpass ¥60 trillion in AUM, a FY2030 target, and, ultimately, contribute to **maximizing customer asset value**.

Main Companies

Securities Asset Management
- Daiwa Asset Management Co. Ltd.
- Daiwa Fund Consulting Co. Ltd.

Real Estate Asset Management
- Daiwa Real Estate Asset Management Co. Ltd.
- Daiwa Office Investment Corporation
- Daiwa Securities Realty Co. Ltd.
- Samty Residential Investment Corporation

Alternative Asset Management
- Daiwa Corporate Investment Co., Ltd.
- Daiwa PI Partners Co. Ltd.
- Daiwa Energy & Infrastructure Co. Ltd.

Assets under management by Daiwa Asset Management	¥44.2 trillion
Assets under management by two real estate asset management companies*1	¥1,797.8 billion
Number of investment companies (cumulative)*2	2,382 companies
Investment amount (cumulative)*2	¥477.7 billion
Outstanding principal investment balance*3	¥290.0 billion

*1 Daiwa Real Estate Asset Management and Samty Residential Investment Corporation *2 Daiwa Corporate Investment cumulative value
*3 Total of Daiwa PI Partners and Daiwa Energy & Infrastructure

Business Environment

- ◆ Against the backdrop of Promoting Japan as a Leading Asset Management Center and growing interest in the new NISA system, increasingly fast-paced shift "from savings to investment"
- ◆ Changes in asset management needs against the backdrop of rising interest rates
- ◆ Slowdown in the listed REIT market; steady growth in the private REIT market
- ◆ Growing interest in alternative asset investment

Strengths

- ◆ Product development capabilities that address increasingly diverse customer needs
- ◆ Flexible acquisition of properties by harnessing the Group's warehousing functions
- ◆ Building a portfolio of high-quality investment projects and shift toward management that prioritizes capital efficiency
- ◆ Ability to generate new growth opportunities through external alliances

Business Risks

- ◆ Securities AM: Risk of reduced earnings due to a decrease in the balance of assets under management; risk of being unprofitable in the event of a significant decline in earnings
- ◆ Real Estate AM: Risk of fluctuations in the real estate market; risk of upswing in expenses, including personnel as well as real estate-related costs
- ◆ Alternative AM: Risk of losses on the sale or revaluation of securities and other holdings due to changes in the operating conditions or economic environment of investees

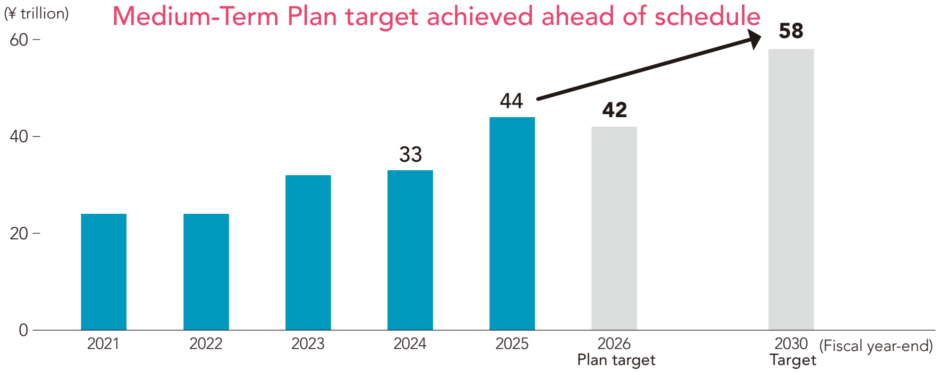
Growth Strategy for Securities Asset Management

Accelerating the pace of AUM expansion and achieving Medium-Term Management Plan targets ahead of schedule

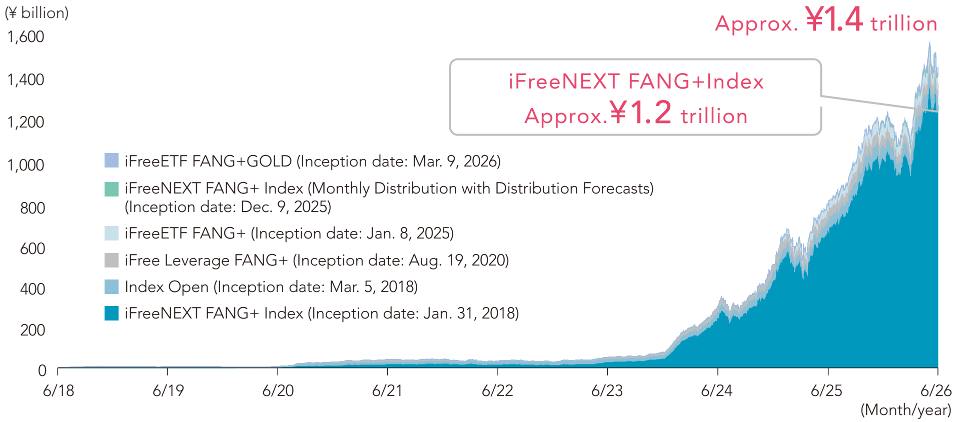
In the Securities Asset Management business, we increased AUM by more than ¥10 trillion over the course of a year, against the backdrop of a favorable market environment and capital inflows stemming from the provision of a distinctive product lineup centered on the iFreeNEXT FANG+ Index. As of March 31, 2026, the balance of AUM stood at ¥44 trillion. As such, we achieved the FY2026 target set under our Medium-Term Management Plan ahead of schedule. As a result, Daiwa Asset Management (Daiwa AM) has achieved ordinary income growth of more than 30% for two consecutive fiscal years.

In the public investment trust sector, we are working to expand unique, high-value-added products like alternative investments, while also improving services for distributors.

Trends in Securities AM total AUM



Trends in FANG+ series total net assets

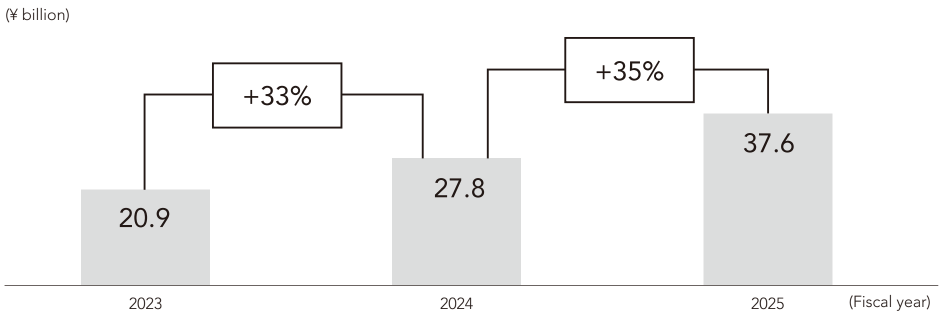


Progress made in the capital and business alliance with JAPAN POST INSURANCE

In October 2024, Daiwa AM welcomed JAPAN POST INSURANCE as a 20% shareholder and made a full-scale entry into the investment advisory business, including alternative investments. We are currently working to reform our investment capabilities and enhance our investment functions by incorporating the perspectives of asset owners through the mutual exchange of investment personnel.

Building on this business alliance, we increased AUM entrusted by JAPAN POST INSURANCE to more than ¥2.5 trillion (based on market value as of March 31, 2026). At the same time, Daiwa AM's industry ranking for investment advisory AUM improved from 67th prior to the partnership to 28th. Looking ahead, we will further strengthen our competitiveness through a process of differentiation and take steps to enhance value-added services in the investment advisory sector.

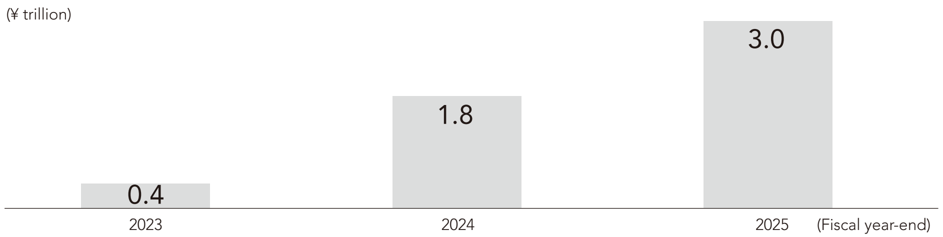
Ordinary income and profit growth rate trends (Securities AM)



Investment advisory balance (Daiwa AM)

Steadily improving presence in the investment advisory business

Investment advisory balance ranking	Before alliance with JAPAN POST INSURANCE: 67th	After alliance: 28th



(Source) R&I Newsletter on Pension & Investment compiled by Daiwa Securities Group Inc.

Growth Strategy for Real Estate Asset Management

Expanding AUM through REITs and private funds

Since entering the real estate asset management business in 2009, this business has steadily grown by expanding the scope of its managed assets, merging with asset management companies and real estate investment trusts (REITs), and strengthening its warehousing functions. These efforts have helped secure stable profits for the Group. Driven by initiatives such as the formation of private placement funds by Daiwa Real Estate Asset Management (Daiwa Real), AUM steadily increased, reaching ¥1,797.8 billion as of March 31, 2026. We are on track to achieve the FY2030 target of ¥1.8–2.0 trillion ahead of schedule, which is also contributing to increased stable earnings for the entire Group. Largely comprising inflation-resistant residential properties and medium-sized offices, the managed assets achieve rent increases even in periods of rising interest rates and are distinguished by their stable operations. Going forward, we will continue to expand AUM through both REITs and private funds.

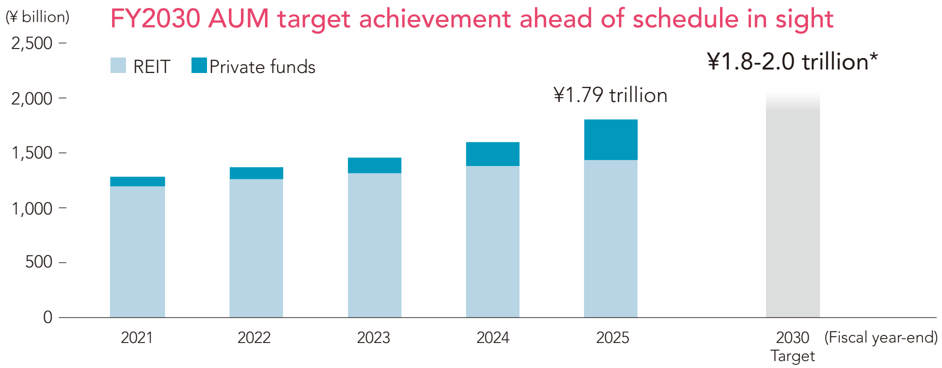
In January 2026, Daiwa Real established a private real estate fund in which Daiichi Life Insurance took an equity interest. Featuring an asset size of approximately ¥15.5 billion, this fund is composed of real estate trust beneficiary interests backed by rental residential properties in Tokyo and Osaka. Looking ahead, we will continue to provide a diverse range of investment products tailored to investor needs, with the aim of delivering attractive investment opportunities.

Value enhancement at Samty Holdings

Turning to Samty Holdings, the real estate developer with whom we entered into a capital and business alliance in 2019, steps have been taken to steadily transform the company's business model following its shift away from public ownership in 2025. Through such initiatives as the establishment of hotel and residential funds, AUM has expanded to approximately ¥540 billion. Furthermore, in partnership with Hillhouse Investment Management, we are driving inorganic growth including the acquisition of UniLodge, the largest student accommodation operator in Australia and New Zealand. In this way, we are working to continuously enhance value through a variety of measures.

Real Estate AM AUM trends

FY2030 AUM target achievement ahead of schedule in sight



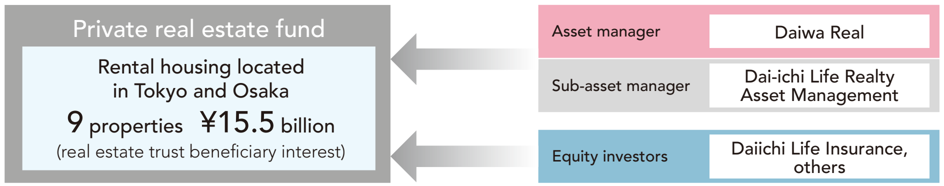
* In order to exceed AUM of ¥1.8 trillion, factors such as favorable acquisition environment, REIT's M&A, funding capacity, etc., among other requirements, must be met.

Rent change rates of listed REITs managed by Daiwa Real

Achieved rent increases in office and rental residential assets, which account for the majority of AUM

	Asset type	Fiscal year-end	Replacement	Renewal
Daiwa Office Investment Corporation	Office	May 2026	+23.3%	+12.0%
Daiwa Securities Living Investment Corporation	Rental housing	Mar. 2026	+13.2%	+4.4%

Establishing private real estate funds with Daiichi Life Insurance



Daiwa Real and Daiichi Life Insurance have signed a memorandum of understanding and will consider establishing private funds, with the aim of continuing collaboration in the private real estate fund field

Value enhancement at Samty Holdings

Advancing business model transformation and accelerating inorganic growth

Nov. 2025 UniLodge acquisition announced
- Agreed to acquire a stake in the largest student accommodation operator in Australia and New Zealand. (45,000 units under management)

Dec. 2025 Multi-family residential asset fund formation announced
- Established a USD 0.5 billion fund with a sovereign wealth fund and acquired USD 0.2 billion in rental residential assets.

Apr. 2026 Formation of hotel-focused fund II and additional acquisitions of residential assets through funds announced
- Formed Hotel-Focused Fund II with domestic investor capital and acquired an additional USD 0.14 billion in rental residential assets.

Growth Strategy for Alternative Asset Management

Shifting to an asset management model

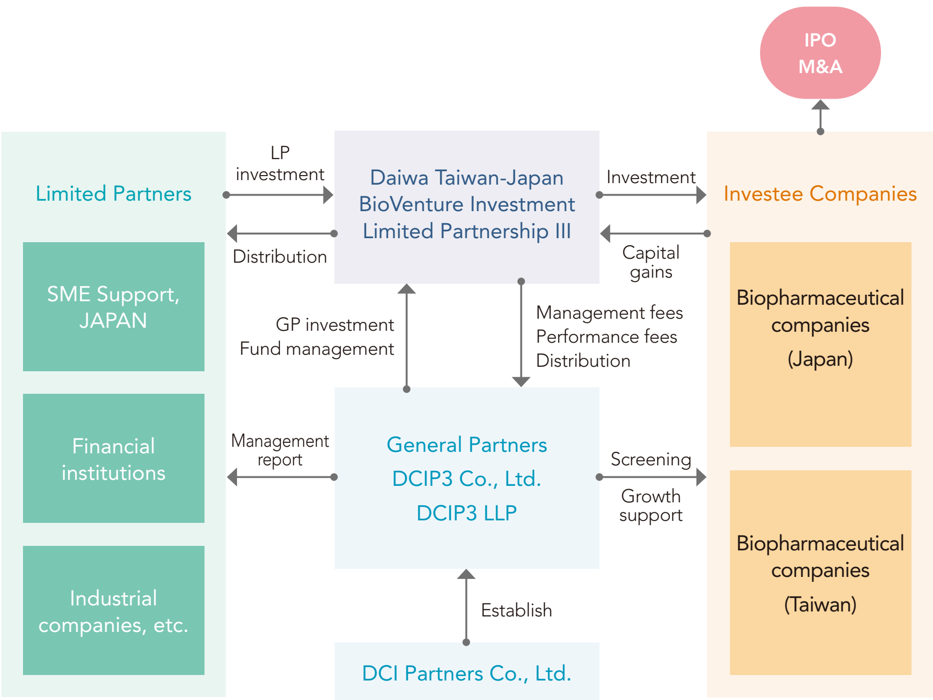
Alternative Asset Management is shifting from an earnings structure primarily driven by capital gains and funded by our own capital to an asset management model that incorporates external funds. In addition to Daiwa Corporate Investment, a long-standing venture capital firm with a 40-year track record in fund management, Daiwa PI Partners and Daiwa Energy & Infrastructure, which had previously been investing their own capital, are leveraging their accumulated investment expertise and track records to accelerate their shift toward fund businesses that prioritize capital efficiency.

Daiwa Corporate Investment has established a fund through its subsidiary, DCI Partners, Daiwa Taiwan-Japan BioVenture Investment Limited Partnership III, which specializes in drug discovery and regenerative medicine, to invest in unlisted biotech ventures, primarily in the drug discovery sectors of Japan and Taiwan. In the private equity sector, Daiwa PI Capital, a Daiwa PI Partners subsidiary, manages private equity funds. The company established a fund with a total value of ¥26 billion in 2024 and to date has made five investments. Going forward, we aim to continue expanding our fund business by establishing series funds on the scale of tens of billions of yen. Daiwa Energy & Infrastructure will also accelerate initiatives to shift toward a fund-based business model, centering on the newly established Fund Strategy Promotion Office.

By continuing to invest in high-quality projects and executing optimal exits, as well as leveraging our robust performance and the network of partners that we have built in Japan and overseas, we will build a strong track record which in turn will lead to a stable asset management business.

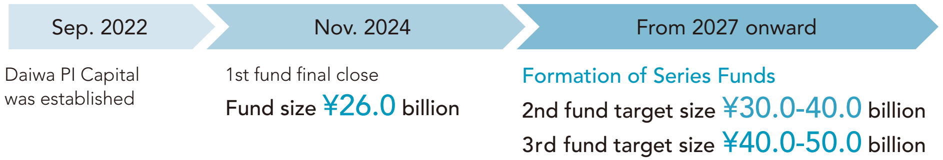
Daiwa Taiwan-Japan BioVenture Investment Limited Partnership III established by DCI Partners

Japan's largest bioventure investment fund



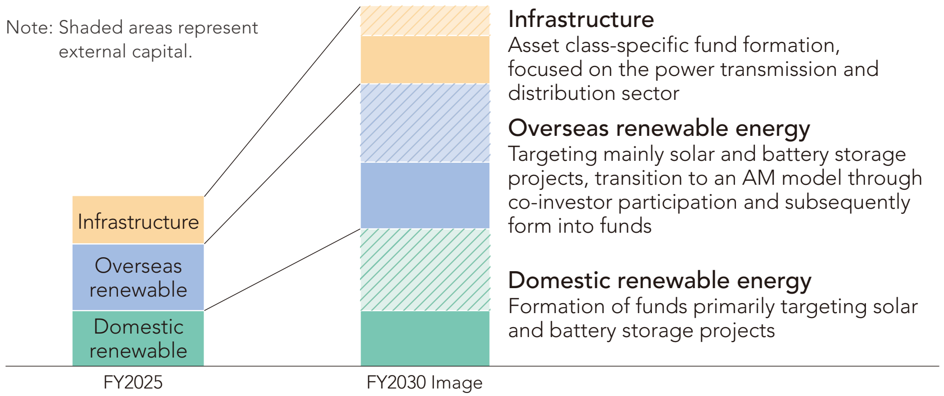
Daiwa PI Partners

Expansion of fund business (Daiwa PI Capital)



Daiwa Energy & Infrastructure's investment balance

Promotion of the asset management business



Asset Management Strategy

Employee comment: Sustainable growth underpinned by the frontline

Through an ESG perspective that supports corporate value, I help investors accumulate wealth over the long term.

Taking into consideration expansion of the NISA system and the shift toward Japan as a Leading Asset Management Center, the long-term accumulation of wealth has become increasingly accessible to individual investors. At Daiwa Asset Management, we work diligently to provide low-cost, highly transparent ESG investment opportunities through funds linked to indices that incorporate ESG ratings. Leveraging the characteristics of index management based on clearly defined rules, we strive to design products that allow investors to seamlessly incorporate ESG investment opportunities into their long-term efforts to accumulate wealth.

While market perceptions of ESG-related indices may at times be influenced by short-term market conditions, I believe that a company's ability to address sustainability issues can become a key factor underpinning its corporate value in the long term. Viewing ESG as a lens through which to assess a company's ability to create medium- to long-term value as well as its risk management capabilities, I will continue to contribute to both the accumulation of wealth and the realization of a sustainable society by providing easy-to-understand and compelling products and information going forward.

Eriko Ono
Senior Fund Manager
Beta Management & Investment Solution Department
Daiwa Asset Management

P65 Supporting wealth creation in the era of 100 years of life

In an environment where diverse talent and expertise converge, I am committed to driving people-centric value creation.

Over my career I have engaged in the appraisal as well as purchase and sale of real estate, strategic consulting, and the revitalization of businesses at government and private funds, transcending real assets, strategy, and finance. Seeking to apply this experience in a new field, I was recruited mid-career and joined Daiwa PI Partners. The deciding factor for joining was the opportunity to immerse myself in an entire process that extended from investment to recovery, hands-on management, and exit. At the same time, I would actively contribute to enhancing business value and revitalizing regions.

Daiwa Securities Group fosters a culture where professionals with diverse backgrounds respect each other's expertise and exercise their own discretion to apply the insights gained from their previous careers. Leveraging the flexibility and speed of decision-making enabled by our proprietary investment capital, my goals are to support the revitalization and growth of investee companies, provide a wide range of investment opportunities to external customers going forward, and strengthen the Group's alternative investment base. Recognizing that behind every investee company are the lives and aspirations of its employees and customers, I am committed to creating sustainable value with people at its core.

Fumiaki Asahiro
Head of Debt and Real Estate Investment Department II
Daiwa PI Partners

Investee company example
(Golf Resort / Kagoshima Prefecture)

P50 Recruiting high-potential talent