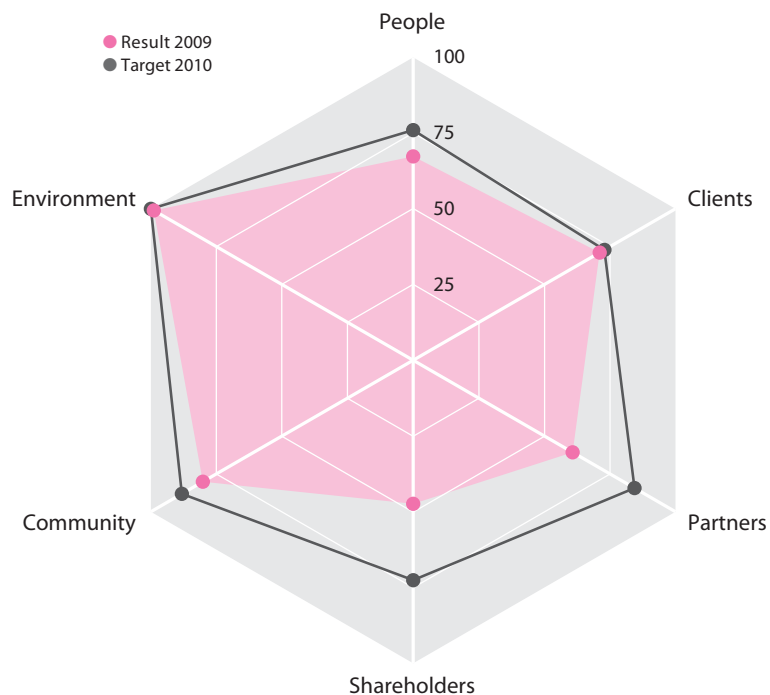


Corporate Citizenship

As a responsible corporate citizen the Daiwa House Group fully recognizes its social mission to provide solutions to social issues through its business activities. We will take up the challenge of creating new social value, which we believe to be indispensable for business development.

Self-assessment of CSR activities by stakeholder category*

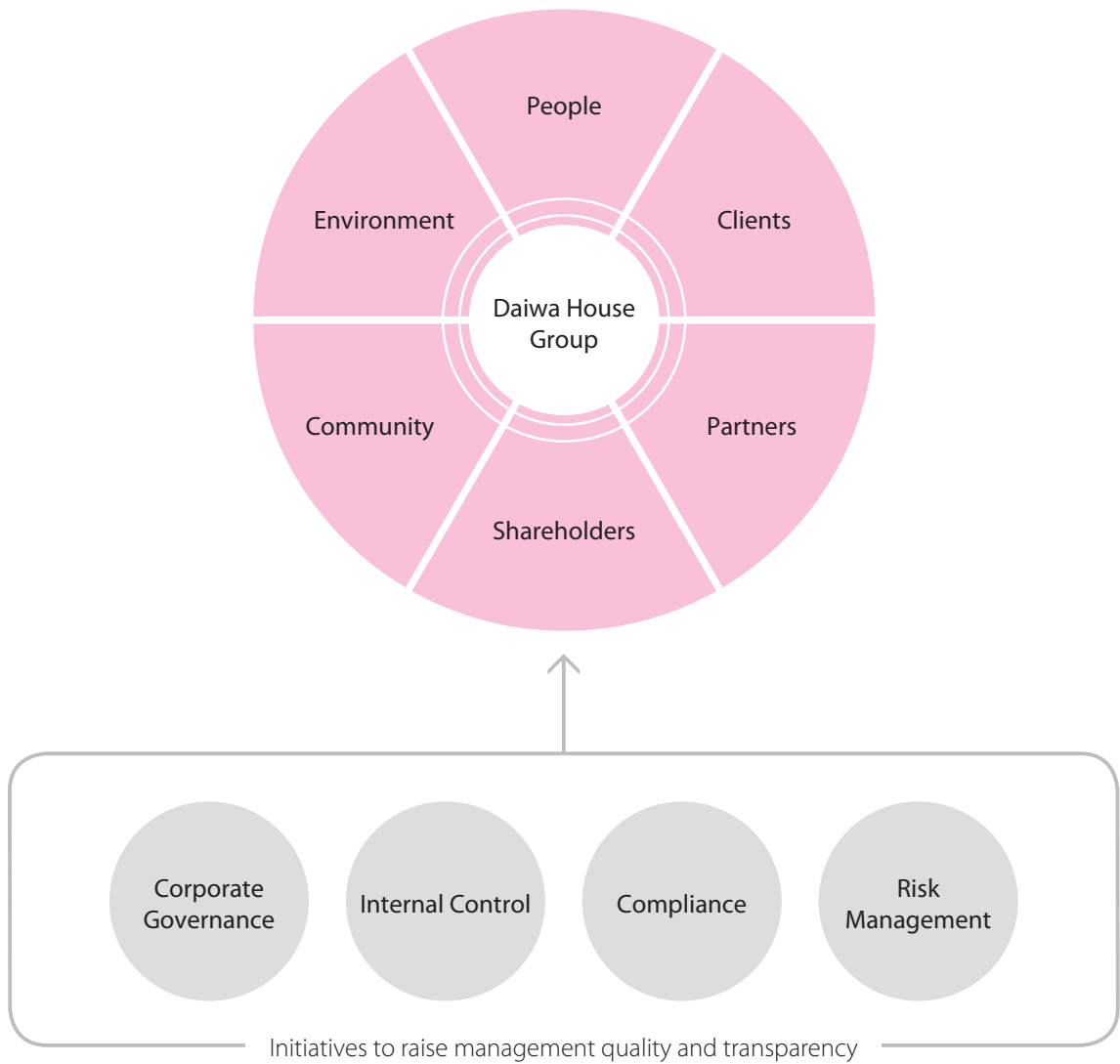


Indicators for self-assessment of CSR activities

From fiscal 2006, we conducted self-assessment of our CSR activities to measure our results on a quantitative basis. We set specific numerical targets for each stakeholder category, which enabled us to evaluate our CSR activities in terms of our progress in meeting social issues from an objective perspective. We do not aim to achieve full marks for each indicator. Instead, we intend to make effective use of these scores to obtain a more accurate grasp of current status, identify issues, and upgrade our activities.

* Full mark = 100 points

Initiatives to address social issues



Creating Dreams, Building Hearts

Scores and targets by stakeholder

People

P94

Social Issues	Specific Indicators (★: Core Performance Indicators)	Full Score	Result (Score) 2009	Target 2010
Promotion of diversity	Percentage of physically disabled people hired*1★	100	1.84% (20)	1.80% (20)
Human resource training	Percentage of attendance at employee human rights training	60	96.3% (58)	100.0% (60)
	Number of employees holding certifications* (first-class architects and similarly qualified persons)*2	100	a) 1,820 b) 2,245 c) 4,584 (85)	a) 1,900 b) 2,300 c) 4,700 (85)
Promotion of work-life balance	Percentage of paid vacation days taken*	100	34.3% (60)	38.0% (80)
Improved benefits (Support for employees' home acquisition)	Percentage of employees over age 30 who own homes	60	55.4% (50)	56.0% (60)
Objective evaluations of business activities	Surveys on employees' satisfaction with the workplace*3	60	78.8% (50)	80.0% (60)

*1 We have set the legally mandated rate of 1.80% as the minimum standard for physically disabled employees in our workforce.

*2 Allocate points in the proportion of actual qualified workers to required qualified workers (full mark of 30 points each for a) first-class architect, b) first-class building operation and management engineer, c) real-estate transaction specialist). In the case of full-mark scores for all three qualifications, an additional 10 points are given (100 points).

*3 Result compiled from survey on employees' CSR awareness.

Clients

P96

Social Issues	Specific Indicators (★: Core Performance Indicators)	Full Score	Result (Score) 2009	Target 2010
Improved home quality	Number of units sold*1 (Residential/Rental Housing/ Condominiums)* (YoY % change)	100	-1.8% (40)	-8.4% (20)
	Owner (tenant) satisfaction* (Based on questionnaire analysis)	100	95.6% (96)	100% (100)
	Percentage of referral sales from owners (tenants) (Residential/Rental Housing) (YoY % change)	60	+4.3% (40)	+4.2% (40)
Safe/Worry-free homes	Earthquake resistance (Residential)*2 (ratio of highest class certification)	60	90.4% (54)	95.0% (57)
Long-term home occupancy	Renovation business orders (YoY % change)	60	+2.2% (40)	+57.9% (60)

*1 Due to earthquake resistance and other superior features of our mainstay housing products.

*2 Depending on requirements of residents, equipment for the highest class certification may not be installed.

Partners

P97

Social Issues	Specific Indicators (★: Core Performance Indicators)	Full Score	Result (Score) 2009	Target 2010
Supply chain (Improved occupational health and safety)	Number of work-related accidents (construction sites)* (YoY % change)	100	-12.1% (40)	-20% (80)
	Number of work-related accidents (factories)* (YoY % change)	100	-58.1% (80)	-20% (80)
Supply chain (Environmental initiatives)	Percentage of environmental management system adoption in factories	60	100% (60)	100% (60)
Fair business practices	Response to "Partners Hotline" reports*1 (resolution rate)	60	(36)	more than 80% (60)
Business continuity in times of emergency	BCM (business continuity management) initiatives*1 (Use of a system for confirming the survival)	60	(36)	100% (60)
Objective evaluation of business activities	Partner surveys regarding company employee actions* (Assign points to survey results)*2	100	a) 42.0% b) 62.5% (40)	a) 50% b) 70% (65)

*1 Due to actual data being unavailable for the year ended March 31, 2009, a theoretical score (60% of the full mark) is provisionally given.

*2 a) Response rates, b) Answers of "no problem" as a percentage of total partner surveys.

Shareholders

P98

Social Issues	Specific Indicators (★: Core Performance Indicators)	Full Score	Result (Score) 2009	Target 2010
Financial profitability	Profitability* (Assign points to operating income margin calculations)	100	60 (60)	70 (70)
Financial growth	Growth* (Assign points to net sales and growth rate of operating cash flow)	100	45 (45)	55 (55)
Financial soundness	Stability or safety* (Assign points to interest burden capacity)	100	60 (60)	65 (65)
Financial soundness/efficiency	ROE** (Return on equity)	100	0.7% (10)	9.0% (100)
Objective evaluations of business activities	Assign points to the scores of surveys conducted by external organizations	60	72.0/100 (43)	73.0/100 (44)

* The ROE goal for the last fiscal year (FY2010) of the Daiwa House Group second medium-term management plan is 9.0%.

Community

P99

Social Issues	Specific Indicators (★: Core Performance Indicators)	Full Score	Result (Score) 2009	Target 2010
Contribute to the local/ international community	Community service activities, cooperation with NPOs/NGOs, community service expenses*1*	100	a) head: 37 cases, other: 79.2% b) head 13 cases, other: 3.1% c) 1.3% (93)	a) head: 40 cases, other: 80% b) head 15 cases, other: 5% c) 1.0% (96)
	Percentage of paid leave taken for volunteer activities	60	16.2% (45)	17% (45)
	Donation, collection activities (employee participation rate)	60	37.2% (30)	50% (60)
Information security (Protect personal information)	Year-on-year percentage change in number of incidents of possible leakage of customer information (theft/lost)*	100	-40.7% (80)	75% or less (80)
Response to risk	Response to company ethics helpline reports (resolution rate)	60	80% or more (60)	80% or more (60)
More information disclosure/ opportunities for interchange	Stakeholder meetings (satisfaction as measured through survey evaluations)*2	60	a) 66.7% b) 83.3% (45)	a) 70% b) 85% (47)

*1 a) Community service activities: head office activities/ other activities carried out by other offices/ plants (as a percentage of total offices/ plants), b) Cooperation with NPO/NGO: head office activities/ other activities carried out by other offices/ plants (as a percentage of total offices/ plants), c) Community service expenses: as a percentage of recurring income (5-year average up to the previous period).

*2 Questionnaire survey results a) As a percentage of "atmosphere encouraging active discussion" to total participants b) As a percentage of "easy-to-understand explanation" to total participants.

Environment

P100

Social Issues	Specific Indicators (★: Core Performance Indicators)	Full Score	Result (Score) 2009	Target 2010
Prevention of global warming	Contribution to CO ₂ emissions reduction*	100	117.1% (100)	100% (100)
Reduction in waste output	Construction materials waste output*	100	349.9% (100)	100% (100)
Reduction in harmful substance use	Volume of PRTR harmful chemical substances used	60	284.3% (60)	100% (60)
Harmony with natural environment	Ratio of certification for environmentally-friendly houses (subdivisions)	60	92.7% (56)	100% (60)
Widening the scope of environmental protection	Green purchasing ratio (major six items)	60	100.7% (60)	100% (60)

Basic policies on setting indicators for self-assessment of CSR activities

To meet current social needs*, indicators and measurement methods are revised when necessary. In selecting indicators, we bear in mind the following four points. 1. To choose well-known indicators. 2. Results are available on a yearly basis. 3. Indicators will be improved through our efforts. 4. Economic performance is incorporated in addition to social or environmental performance.

A full mark of 60 points is, in principle, given to each indicator. An exceptional 100-point full mark is given to priority indicators.

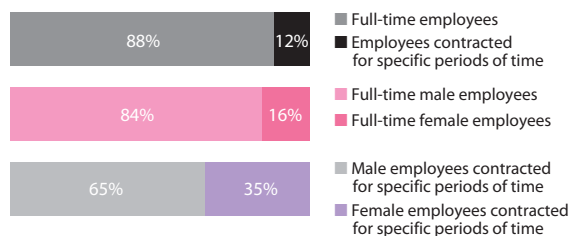
* To reflect social needs appropriately, we discussed the selection of indicators at meetings with outside experts and other stakeholders. Accordingly, for the fiscal 2008 report, indicators were substantially revised after close negotiations with related departments of the Company.

People

We continue to build a framework underpinning respect for employee individuality, personnel training and support for a better balanced work and home life.



Employee breakdown (As of April 1, 2009)



Developing future leaders

As the labor force in Japan continues to decline due to an aging population combined with a low birthrate, Daiwa House Industry has set goals of fostering human resources development, promoting a good work-life balance, and supporting career design options for each of our employees. Under the heading of human resource development, Daiwa House Industry has created three training programs for employees to gain a thorough understanding of corporate ethics, further their professional skill development and enhance their management capabilities. The first stage of this training program provides an education in corporate ethics to new hires. The second stage offers professional development for experienced employees to further enhance their job skills. And in the third stage of this program, managers and future managers are provided with training and tools in management. The Daiwa House Juku (management skills development course) has been designed to foster the next generation of Daiwa House managers. Launched in 2008 with 58 participants from the Daiwa House Group, 24

employees received recommendations to participate in the course during FY2009. These individuals have been cultivating polishing the resources and skills they require as future managers, researching, discussing and proposing strategic initiatives. Several graduates of the first Daiwa House Juku course have been promoted as new business division heads and Group company executives, demonstrating superior skills that translate immediately to an ability to contribute to the success of their respective organizations. We have also established several other human resources development programs for ambitious employees. Manager development programs include our Management Skills Development Training and the recently introduced New Manager Training programs. We have developed other programs that employees can take advantage of for their own motivation and growth, such as Team Leader Training (self-directed learning) and the Di-Q Examination certification (practical skills development) program for younger employees.

Employee training programs

Three themes	Candidates	Main programs
Enhancement of management capabilities	Managers (including junior section chief-level managers)	<ul style="list-style-type: none"> Daiwa House Juku Management skills development training New manager training
Professional skill development	Experienced employees	<ul style="list-style-type: none"> Team leader training Di-Q examination (sales)
Through understanding of corporate ethics	Newly hired employees	<ul style="list-style-type: none"> New hire training

Status of human rights education

Education program	Candidates	Number of times	Total number of participants
Education at each business location	All employees	423	25,424
Education by rank/objective	Manager/Senior staff/ Assistant managers/ New hires	28	1,211
Promotion leader training	Promotion staff	8	344
Group companies (support)	Group company employees	16	595

Three-pronged effort for women to flourish

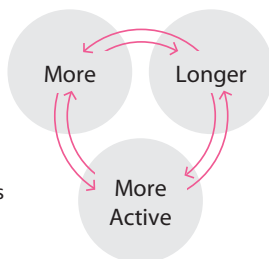
Goals for female employees

Proactive/Strategic recruitment plan

- Increase ratio of female hires to 30%
- Increase ratio of female employees to 30% by 2015 (full-time staff)

More promotions of female employees

- Increase percentage of female leaders to 5%*1 by 2010 (full-time staff)



*1 Female employees as a percentage of total middle management staff

Promoting work-life balance

The Company introduced several work-life balance programs in 2007, coordinated through the Wave Heart Promotion Office. Since then, the number of employees taking advantage of child care leave options for fathers, nursing care leave, and other programs has continued to increase. In April 2009 we adjusted working time-bands by job type and division to make better use of statutory working hours and begin to reduce overall working hours. To maximize the benefits of a diverse workforce, Daiwa House Industry began a program in FY2005 to increase the number of female employees assigned to traditionally male-dominated areas (sales, design, construction), while continuing to promote a female-friendly work environment. As a result of these various efforts, a total of 153 individuals took advantage of child care leave during FY2008, representing an increase of 36 individuals compared to the previous fiscal year. We have also seen a notable decrease in the number of female employees who quit work due to marriage or childbirth. Besides child and nursing care programs, we have developed other ways to encourage a better work-life balance for greater numbers of employees. Such programs include Home Holiday*6 and paid leave for employees to participate in volunteer activities.

Utilization of work-life balance programs

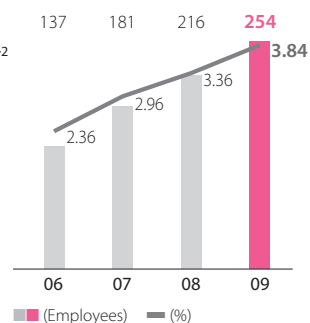
Program	Number of users	Change
Child care leave program	153	+36
Reduced work hours for childbirth/ Child care program	115	+26
Nursing care leave program	555	+70
Hello Papa program*5	191	+21
Home Holiday program*6	13,309	+908
Lump sum payment for development of the next generation	(Number of births) 724	+41

*5 This program allows a male employee whose spouse has given birth to take a leave of five (5) consecutive business days.

*6 This program is part of the work-life balance program and allows an employee to take a planned paid leave of one (1) day each quarter to spend with family or in community activities.

Refers to general manager, manager (section chief), and kakaricho and shunin classes.*2

*2 Figures for April each year. Percentages of female staff at shunin, kakaricho, manager, and general manager levels.



Creating a friendlier workplace

The Daiwa House Group takes the opportunity to periodically gauge employee sentiment and workplace conditions through our CSR Awareness Survey*3 and View Research 100*4 survey. The objective of these surveys is to help the Company provide a friendly work environment for our personnel. Feedback/requests received at our human rights education office and internal reporting desk are also used as a way to improve our systems.

*3 An internal survey consisting of 48 questions, covering topics such as human rights awareness, legal compliance, etc. This survey is conducted on an annual basis.

*4 An internal survey consisting of 100 questions, covering topics such as workplace environment, human resources, labor issues, etc. This survey is conducted once every four years.



Daiwa House Juku

The Daiwa House Juku is a next-generation management development course first held in May 2008. The course consists of basic courses in management skills, including strategic thinking, marketing and finance, as well as research and discussions related to future strategy based on data collected from in-house analyses.

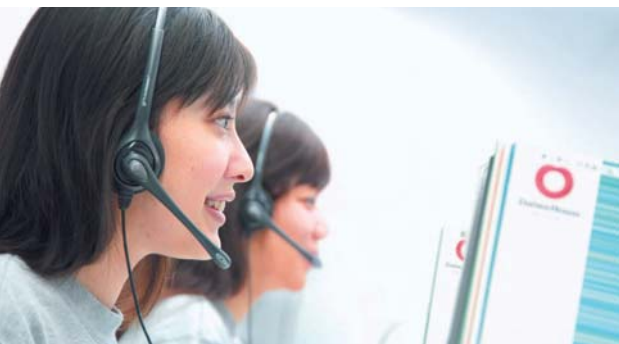


Wave Heart Promotion Office

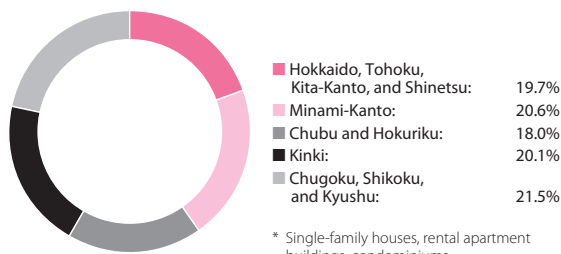
The Wave Heart Promotion Office was established within the human resources department in May 2007 as an organization to promote the activity of our female employees. In addition to expanding the number and workplace assignments of our female employees, the office is tasked with developing the next generation and creating programs to support work-life balance initiatives.

Clients

We always keep the client's perspective foremost in our approach. We work to reflect client feedback in our products and business activities.



Distribution of customers* by Area



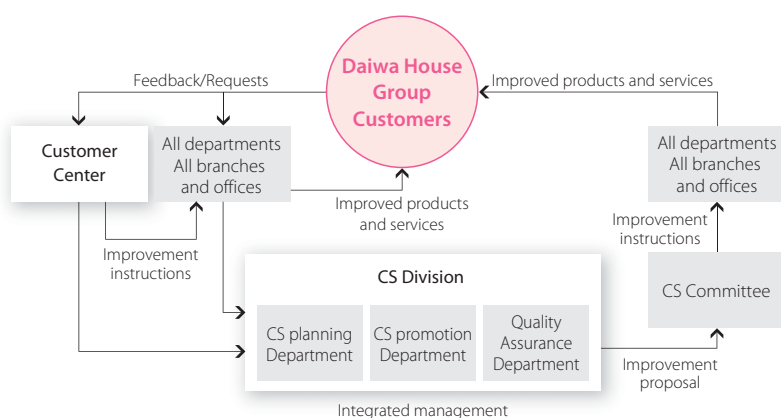
A new aftersales service coordination program

During FY2008, we focused efforts to create even higher levels of customer satisfaction by building stronger long-term relationships. As one such initiative, we reorganized the aftersales service program in our residential business in April 2009. We established a system to enhance coordination between the construction department in each branch and Renovation Business sales offices, with our Customer Center serving as the main contact point. This new program calls for the representatives of the relevant department to conduct client visits based on the date of home construction, performing inspection and repair work. As part of this program, we will analyze customer needs, and use this data to propose future activities. Every Customer Center in Japan has been assigned dedicated staff members to improve product/service quality assurance activities. We believe this will lead directly to stronger long-term enterprise value.

Comprehensive implementation of CS activities based on customer feedback

The CS (customer satisfaction) divisions are responsible for the integrated management of feedback and requests that are received by the Customer Center. During FY2008, we worked to quickly pass on feedback to frontline offices on the same day as it is received. In addition to a mandatory monthly CS Committee meeting at the head office and at each business location, the Company also requires that meeting minutes are submitted to the CS Planning Department as a means to ensure that meetings are effectively conducted at individual business locations. In October 2008, we instituted Groupwide improvement activities within each business location to ensure the involvement of all employees in CS activities based on customer feedback. Owing much to these initiatives, responses in customer questionnaires have indicated a greater than 95% satisfaction level. The Daiwa House Group will continue to focus on improving product and service quality, incorporating the valuable feedback that we receive from our customers.

Improvement activities based on customer feedback

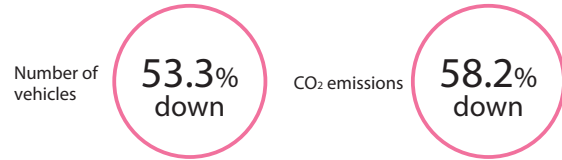


Partners

Our goal is to always approach interactions with our business partners equitably and fairly, working constantly to build stronger partner relations.



Our shared transportation system*1



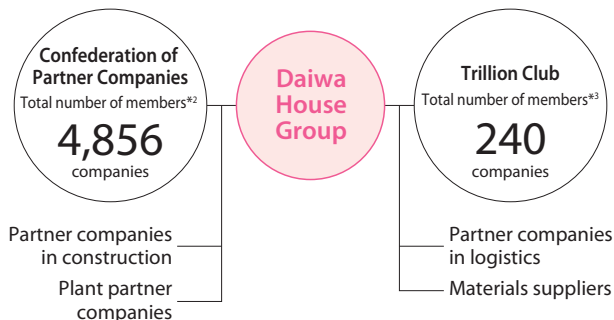
*1 Comparison with pre-introduction of the system (fiscal 1997)

Promoting improvement among partner companies

Daiwa House Industry has created a supply chain network consisting of materials suppliers, partner companies in construction, construction equipment suppliers, and suppliers of office consumables and equipment. We have established a list of priority issues with each partner, and are tackling these issues together with them. The basic direction for our Confederation of Partner Companies during FY2008 was “trust and challenge.” We have established eight task forces to take the lead in addressing separate issues, and have created a list of management control areas to focus on in the pursuit of various goals. To ensure top-notch construction quality, we have engaged in on-site improvement activities, emphasizing the “4Ms” (man, machine, materials, and methods) activities. With respect to physical products in particular, the Company sponsors a conference to report case studies of improvements twice annually. Best practices are adopted into products and systems, and used to promote greater motivation for improvement across our organization. The Trillion Club continues to pursue fuel consumption and CO₂ emission control mainly through our shared transportation system, publicizing the results of measurements, promoting best practices, and engaging in other efforts to reduce our impact on the environment.

Forming better partnerships

The Group has defined respect for human rights, legal compliance, and environmental preservation as the three fundamental principles underlying our Conduct Guidelines for Partner Companies. We set up a Partners Hotline in July 2009, establishing a mechanism to respond promptly to partner feedback as we work to practice fair and highly transparent business transactions. To ensure worker health and safety at the work site, we continue to operate safety patrols and safety training. The number of construction site work-related accidents in FY2008 decreased by 12% from the previous fiscal year, while factory accidents decreased by 58%. As one part of our BCM (Business Continuity Management) program, we have structured a stronger communications system with our partners in the event of a disaster. Meanwhile, we have examined the feasibility of implementing leveling-off in our ordering patterns to facilitate mutual benefits with our partners during this time of severe economic downturn.



*2 As of the end of March 2009

*3 As of the end of May 2009



Health and Safety Conference

The Daiwa House Group ensures that any unsafe conditions or practices discovered as a result of the work of safety patrols are communicated throughout the organization.



Practical application of special training

The Daiwa House Group sponsors special training among partner companies as part of obtaining legal certification.

Shareholders

We value communications with our shareholders and other stakeholders as a means to improve management quality and build long-term relationships of trust.



Rating information (As of July 1, 2009)

Long-term credit ratings **AA-** Rating and Investment Information (R&I)
AA Japan Credit Rating Agency (JCR)

Short-term rating **a-1+** Rating and Investment Information (R&I)

Responding to diverse investor needs

As a new program launched during FY2008, the Daiwa House Group sponsored on-site tours for institutional investors and analysts, to give them a deeper understanding of the breadth of the Group's business portfolio, including housing, commercial facilities, distribution facilities and hotel operations.

After our financial briefing for FY2008, we sponsored a small group meeting with top Daiwa House Group officers for institutional investors. This special meeting was held to meet investor requests, and a subsequent participant survey revealed that investors were satisfied, having been able to "directly confirm ideas on management and business activities and the Company's vision for the future." Through such activities, the Group is planning to continue direct interaction initiatives with investors, and reflect the valuable opinions learnt at such meetings in management policy.

More robust IR activities

We also offer data through our corporate website. In FY2008, in addition to adding financial highlights presenting results information in a visually easy-to-understand way, we included video and supplemental materials for earnings meetings. We also expanded English-language information on orders received and took measures to narrow the update gap between Japan and overseas through measures such as simultaneous reporting of financial and management information in Japanese and English.

We are committed to keeping shareholders and investors informed after accurately evaluating what they want to know and updating them through flexible and prompt disclosure and briefings on changes in the business environment and business diversification. We aim to build up long-term relationships of trust by fostering accurate understanding of the Company's situation.

The Group's investor relations calendar

Events	2009										2010				
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	
Announcement of FY2008 accounts settlement meeting		>													
Annual General Meeting of Shareholders			>												
Announcement of accounts settlement for FY2009 Q1					>										
Publication of Annual Report						>									
Announcement of accounts settlement meeting for FY2009 Q2									>						
Announcement of accounts settlement for FY2009 Q3											>				
Announcement of FY2009 accounts settlement meeting														>	

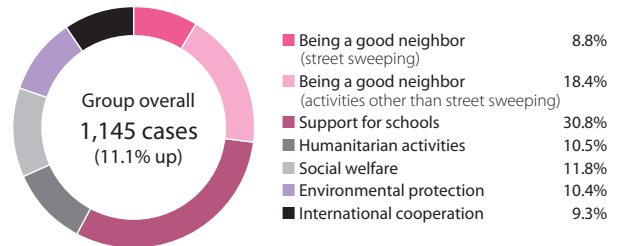
Note: The schedule is subject to change without notice.

Community

As a corporate citizen, we continue to participate in a variety of community service activities, contributing to the greater development and lifestyle environment of society as a whole.



Community support activities



Groupwide programs

At the Daiwa House Group, each employee working at business locations throughout Japan is encouraged to get involved in social contribution activities. Toward this end, Community Service Promotion Committee members from each business location/company are nominated to be part of a local Community Service Promotion Committee. Twice yearly, Community Service Promotion Committee members from around Japan gather together to learn more about Groupwide policies, as well as to report on activities conducted in their respective locations. In FY2007, the President's Award Program for Community Service was established to provide incentives for employees to actively engage in community service activities in each business location.

A total of 1,145 community service activities were conducted during FY2008 Groupwide, and the number is growing every year. The Daiwa House Group is considering further initiatives to broaden the scope of activities in which employees can participate.

Contribution to the environment, to welfare, and to education in local communities

Our community service activities focus on three main areas: the environment, welfare, and education. Our D's School teaching program capitalizes on our main line of expertise, sending employees to local elementary and junior high schools, educating students about our homes, construction and the environment. During FY2008, 20 schools were visited with a total of 1,677 students participating in the lectures. We also contributed to educational support in other forms, in joint initiatives with local schools and not-for-profit organizations to promote educational activities such as work-experience programs. Under the heading of welfare activities, Group employees volunteered to visit senior citizen centers built by the Group. Our support for environmental preservation activities includes volunteer tree thinning and ground-leveling in untended woodland near cities.

The Group has contributed a total of ¥25,710,253 in connection with donations and collections in support of education, welfare and the environment, as well as to areas stricken by natural disasters.



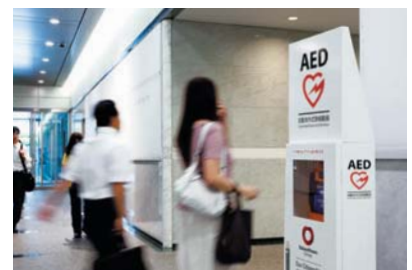
Loggerhead turtle release project

Employees and families of the Hamamatsu branch in Shizuoka Prefecture worked together with cooperating companies and local citizens to conduct a "Loggerhead Turtle Release Project," reintroducing the creatures back into the ocean.



D's school teaching program

The Sendai branch in Miyagi Prefecture conducted classes about the importance of soil quality surveys in building construction titled, "Learn More about the Properties of the Earth's Soil."



AED (automated external defibrillator)

The Group is working to ensure that each branch, sales office, hotel, commercial facility, home center, sports club and other offices/facilities within the Daiwa House Group is equipped with an AED, fostering a stronger corporate culture of respect for human life.

Environment

We are promoting environmental activities throughout the Company by strengthening the foundations of the Group's environmental management.

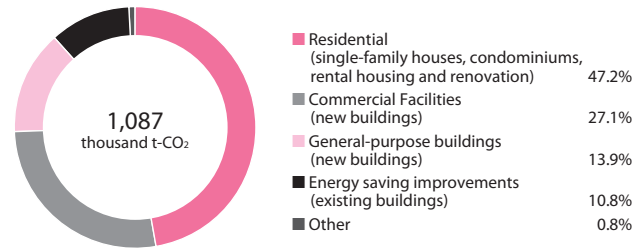


Strengthening the foundations of the Group's environmental management

The Daiwa House Group has strengthened its environmental management foundations by expanding the scope of the "Endless Green Program 2010" medium-term environmental action plan to apply to thirteen principal subsidiaries. This program, which was first established in 2008, originally only applied to some subsidiaries, in addition to the parent company Daiwa House Industry. Specific measures include the establishment of a system for collecting Group environmental data, the appointment of a Chief Environmental Officer for each subsidiary, and the creation of a Group Environmental Management System that will undertake environmental actions throughout the Group. Also, since 2008, eleven specialist subcommittees have been established as subordinate organizations to the committee, to make improvements based on the PDCA cycle. Furthermore, from fiscal 2009 we have started operating a Group Environmental Management Evaluation System, whereby the environmental activities of each subsidiary are monitored as important items in the evaluation of the subsidiary's performance results.



CO₂ savings through products and services



Steady results for the "Endless Green Program 2010"

The most important issue in the "Endless Green Program 2010" is to help in the fight against global warming, and we are working on initiatives to meet the key goal of reducing CO₂ emission intensity to the extent of two units of CO₂ reduced at a cost of an additional one generated through the utilization of an alternative production method. In fiscal 2008, CO₂ savings in the delivery of products and services increased by 23.2% year-on-year to reach 1,087 thousand tons. This result was achieved through such measures as the popularization of high-efficiency hot water heaters in single-family housing, improving the level of energy savings in retail stores, and adopting high-efficiency lighting in factories and warehouses in our construction operations. As a result, CO₂ savings on our operations were 2.53 times CO₂ emissions, and the goal for fiscal 2009 was met ahead of schedule.

Main targets of "Endless Green Program 2010"

Reduction in CO ₂ emissions	
Products/services in all business fields	Decrease CO ₂ emissions resulting from the use of our products more than twice of CO ₂ emissions generated from our business activities
Clerical and construction	Decrease 9%* ¹ (total CO ₂ emissions)
Services	Decrease 12.5%* ¹ (CO ₂ emissions per sales)
Reduction in waste output	
Factories and construction sites	Decrease 13%* ¹ (total construction waste output excluding demolition)
Reduction in volume of PRTR* ⁵ harmful chemical substances used	
Factories	Decrease 13%* ¹ (total volume of PRTR harmful chemical substances used)
Harmony with the natural environment	
Single-Family House (subdivision)	Ratio of our houses certified as environmentally-friendly houses* ⁶ : 100%

*¹ Comparison with FY2007

Environmental preservation: Priority themes



“Green” Paper

In April 2008, Daiwa House Industry switched to Certified Forest Paper*2 for all of its catalogs, business cards and envelopes. Switching to Forest Cultivation Paper from the recycled paper that we had been using previously makes it possible to reduce CO₂ emissions during paper processing. In fiscal 2008, CO₂ emissions per sheet of paper were reduced by 18.1% compared with the paper used previously.

*2 Certified Forest Paper is the name given to printing paper that meets purchasing criteria that the Company has voluntarily established, meeting the criteria for certified forest paper produced from forests that have been certified by independent organizations.

External evaluations

Daiwa House Industry has been highly evaluated for its IR programs and continued involvement in CSR activities. These have been incorporated into our SRI (socially responsible investments)*3 as noted below. (As of August 1, 2009)



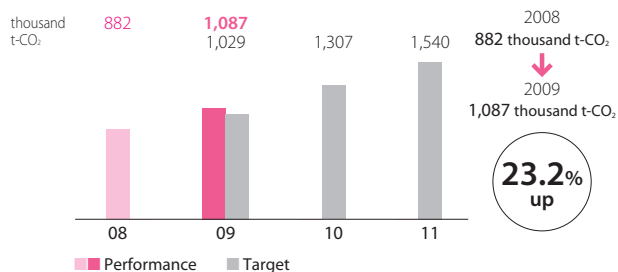
Morningstar Socially Responsible Investment Index



FTSE4Good Index Series

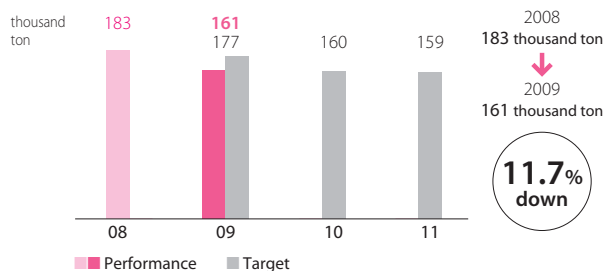
*3 Socially Responsible Investments (SRI): These are investments in which the Company not only pursues profit, but socially responsible activities with environmental considerations as well.

CO₂ savings through products and services*4

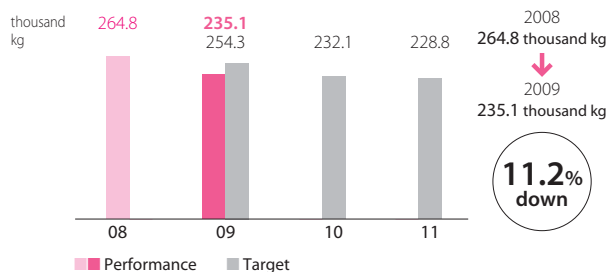


*4 CO₂ reduction volume compared with base year of 1990.

Waste output (construction)

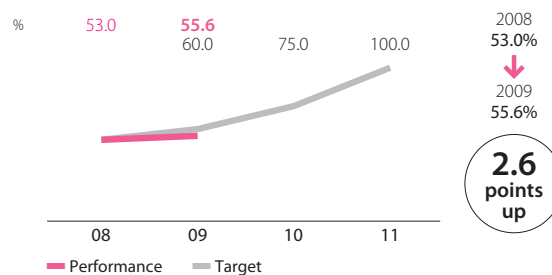


Volume of PRTR*5 harmful chemical substances used



*5 PRTR (Pollutant Release and Transfer Register): Emissions of chemical substances are reported annually by business operators, and national statistics are published based on these data.

Ratio of our houses certified as environmentally-friendly houses*6



*6 Environmentally-friendly houses: Certification program by the Institute of Building Environment and Energy Conservation.

Corporate Governance

Basic policies

The management of the Daiwa House Group put a high priority on corporate governance as a management issue that is vital to the Group's aims of effecting a continuous increase in its enterprise value and of maintaining the trust of its shareholders and other stakeholders. The Group's overriding objective is to establish a management system characterized by efficiency and transparency, through swift and accurate decision-making and execution of decisions made, together with an effective system for overseeing the conduct of management.

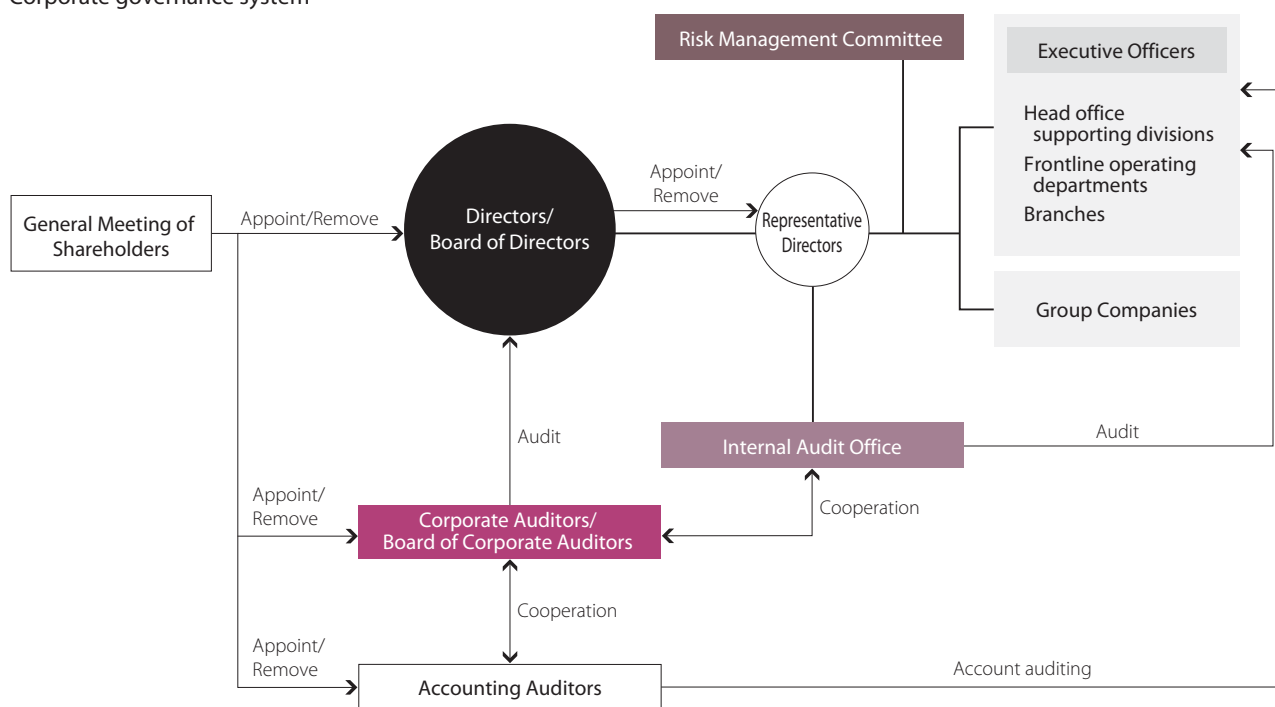
We are also working to reinforce corporate governance through the establishment and implementation of our Basic Policies with Regard to the Creation of an Internal Control System, formulated in May 2006, and rules compiled in 2008 for internal controls with regard to financial reporting.

Basic structure

We employ a corporate auditor system. Our Board of Directors, which consists of 18 members and is headed by the Company's chairman, reports to the General Meeting of Shareholders, the Company's top decision-making body. We also have a Board of Auditors consisting of six members and an Internal Audit Office that reports directly to the Company's representative directors. Together, these bodies form the core of our corporate governance system. In an effort to further reinforce this system, we also hold regular meetings of the Joint Management Council, which is made up of the Company's directors, executive officers and corporate auditors, and the Risk Management Committee, which is chaired by the head of Management Administration.

We do not appoint outside directors. We do however have a number of outside auditors and continue to reinforce the capabilities of all of our corporate auditors in order to improve management transparency. Rather than switching to a committee system for our corporate governance, we intend to continually strengthen and improve our corporate auditor system in the future, in the spirit of the Companies Act, drawing on extensive experience built up over the course of many years.

Corporate governance system



Organizations and committees: their roles and members

(As of the end of June 2009)

Directors/Board of Directors	Members
<p>The Board makes decisions on matters mandated by law, as well as on matters of importance to the management of the Company, and also monitors the execution of business operations by the Company's executive offices. To clarify the management responsibilities of the directors, in June 2001 the term of office of directors was set at one year. In April 2007, the responsibilities, roles and specific duties of directors and executive officers were stipulated, and a new executive officer system was adopted to strengthen the supervisory functions of the directors. The Board of Directors met 21 times during fiscal 2008, with an average rate of attendance at board meetings of 97.2% amongst directors and 97.9% amongst corporate auditors.</p>	<p>Directors: 18 Corporate auditors: 3 Corporate auditors (external): 3</p>
Corporate Auditors/Board of Corporate Auditors	Members
<p>Corporate auditors attend meetings of the Board of Directors and other important management meetings as deemed necessary, and receive reports from the Board of Directors and other high-level management bodies. Auditors peruse documents relating to significant Board decisions. Additionally, the auditors investigate the administrative processes and properties and other assets under the management of the Company's head office divisions and other major branches and offices. They also receive business reports from the management of Company subsidiaries as deemed necessary. Furthermore, the auditors check that directors do not engage in any competitive work or possess conflicts of interest. They also audit the gratis provision of warrants and other rights to directors, request reports on the said matters from the directors, and investigate all details of the matter at hand when deemed necessary. Audits are carried out independently and objectively, with outside opinion solicited where necessary. The Board of Auditors met 17 times during fiscal 2008, with an average rate of attendance of 96.3%.</p> <p>Our external auditors have no special interests in the Company. Their responsibility is simply to audit the Company from an independent, objective perspective and express outside opinions as and when necessary. Our external auditors do, however, hold shares in the Company (Kazuhiro Ida: 13,000 shares, Kiichiro Iwasaki: 7,000 shares, Yukinori Kuwano: 3,000 shares).</p> <p>(Coordination with accounting auditors)</p> <p>Our corporate auditors meet with the Company's accounting auditor on a regular basis for briefings and discussion sessions regarding matters such as financial audit plans for the relevant fiscal year (outline of auditing system and methods) and end of year financial audits (details of offices subject to auditing, audit procedure, etc.). Meetings regarding other specific matters are also held as and when necessary, along with briefings and discussion sessions regarding changes to auditing systems and other alterations.</p> <p>(Coordination with internal audit departments)</p> <p>Our corporate auditors work in close cooperation with internal audit departments and receive additional briefings whenever an audit is carried out, via channels such as written or verbal audit reports. In addition to carefully examining audit report findings and making supplementary suggestions as necessary, our corporate auditors also evaluate audit systems and submit review requests to the Company's directors.</p>	<p>Corporate auditors (internal): 3 Corporate auditors (external): 3 (Support staff for auditors: 4)</p>





Joint Management Council	Members
Reports are made regarding major decisions by a meeting of the Board of Directors on issues relating to the business of the Company, as well as implementation, promotion and follow-up activities. Activity reports are also drafted for each business and discussed once a month based on the main report. During the term, the Joint Management Council met 11 times.	Directors: 18 Executive officers: 37 (total includes 13 executive officers with Director functions) Corporate auditors: 3 Corporate auditors (external): 3
Risk Management Committee	Members
With the head of Management Administration as chair, the Risk Management Committee comprises the heads of other principal divisions of the Head Office responsible for business promotion, management administration, technology, production and purchasing. It meets once a month to advance the creation and maintenance of a risk management system for the Company and takes measures to prevent recurrence of risk. In addition, it assures functional flexibility through means such as appropriate and effective committees and subcommittees, which devise risk management projects. In an effort to reinforce the Risk Management Committee's capabilities, we introduced a new framework in fiscal 2008, including the establishment of a Standing Committee consisting of roughly half of the members of the Risk Management Committee (see p.111 for further details).	Executive vice president (chairman and vice-chairman) Heads of all business units: 57
Internal Audit Office	Members
The Company has set up an internal audit office with the responsibility of checking whether the Company's administrative processes and systems are working correctly, and proposing remedial action when deemed necessary. The office gives instructions to audited divisions or departments for improvements on the basis of the audit results, and requests status reports on measures taken after the audit to ensure that the auditing process is conducted correctly and efficiently.	Regular employees: 12

Major initiatives undertaken during fiscal 2008

- J-SOX Law Project Department upgraded into J-SOX Department
- IR Department established within Management Administration Headquarters
- Recruitment of one external auditor
- Promotion of employee education in areas such as risk management, compliance and internal control (J-SOX Act)
- Establishment of legal affairs sections at Group companies and promotion of risk management activities (in fiscal 2008, Daiwa Logistics, Daiwa Living)

Compensation for directors and corporate auditors and remuneration for auditing services

Directors are paid in accordance with compensation standards approved by the Board of Directors, up to a maximum limit agreed by the General Meeting of Shareholders. Compensation paid out to directors of group companies for fiscal 2008 is outlined below. We have already abolished our retirement benefit scheme for executives, which focused heavily on seniority and deferred payments, and are currently looking into switching to a comprehensive performance-linked policy. Directors are not provided with incentive bonuses.

Payments made to directors and corporate auditors

Compensation (including bonuses but excluding lump-sum retirement payments)

19 Directors: ¥793 million (previous year: 21 Directors, ¥873 million)

7 Corporate Auditors: ¥144 million (previous year: 6 Corporate Auditors, ¥151 million)

Notes: 1. As of June 26, 2009, the Company employed 18 directors and six corporate auditors.
2. Maximum compensation amounts (not including bonuses paid to directors and auditors, and salaries paid to directors simultaneously serving as employees for their services as employees)
Directors: Total annual amount = ¥840 million
Corporate Auditors: Total annual amount = ¥144 million

Wages paid to salaried directors (including bonuses)

- ¥162 million (previous year ¥165 million)

Accounting auditors

Our appointed accounting auditor is the auditing firm Tohmatsu, which conducts accounting audits as and when necessary in accordance with the law and other regulations. Tohmatsu oversees financial audits via three designated executive staff members, along with a team of 25 assistants (five certified public accountants and 20 assistant accountants and others).

Details of executive staff members and their continuous auditing experience are as follows.

Hirofumi Kawasaki (continuous auditing experience: one year)

Akihisa Watanabe (continuous auditing experience: two years)

Takashige Ikeda (continuous auditing experience: one year)

Breakdown of compensation for auditing services

- Compensation for services in the preparation of the audit report: ¥212 million
- Compensation for non-auditing services: ¥2 million

Disclosure

The Daiwa House Group is committed to disclosing information quickly, appropriately and fairly to all of its shareholders, investors and other stakeholders, both in Japan and overseas, and to promoting improved management transparency. We actively engage in the voluntary disclosure of information, above and beyond statutory disclosure requirements, and make every effort to improve the contents of the information that we disclose so as to give people a better understanding of the Group's business activities and ensure that the Company is appropriately evaluated (see p.98 for further details).

Facilitating the General Meeting of Shareholders

To make it easier for shareholders to exercise their voting rights, we have introduced a system that enables shareholders to vote electronically as well as using a conventional paper ballot system. We have also introduced a voting platform for institutional investors, operated by Investor Communication Japan (ICJ) Inc., so that institutional investors in Japan and overseas have sufficient time to consider matters before exercising their voting rights. In addition to posting notices to convene meetings in both Japanese (full text) and English (abridged version) on our website the same day they are issued, we post similar notices on information sites run by Chuo Mitsui Trust and Banking and Sumitomo Trust and Banking. We also use video technology to add visual elements to business reports during meetings.

Takeover defense measures

We do not have any takeover defense measures in place. Instead, we aim to enhance corporate value through measures such as establishing management practices with a greater emphasis on shareholders and fulfilling our corporate social responsibilities.

Internal Control

We have systems in place to ensure that directors perform their duties in accordance with the law, as stipulated under the Companies Act and the Financial Instruments and Exchange Act (J-SOX Act), and the Company's articles of incorporation and to ensure the legitimacy of other corporate operations. Our Basic Policies with Regard to the Creation of an Internal Control System and Management Guidelines for Internal Controls in Relation to Financial Reporting are both approved by the Board of Directors as part of our ongoing efforts to further reinforce corporate governance and ensure compliance.

Basic policies and developmental status of internal control system

1

System to ensure that the performance of their duties by the directors and employees of the Company conforms to laws and regulations as well as the Company's own Articles of Incorporation

We have established the Code of Ethics of the Daiwa House Group as part of our resolve to ensure that all aspects of our corporate activities comply with laws and regulations. Representative directors convey this resolve to Daiwa House Group management and lead by example. The following system has been established.

- (1) From among the directors, one director is assigned responsibility for overall compliance (the Risk Management Committee Chairperson) to orchestrate the compliance system across the Daiwa House Group and identify problem areas.
- (2) One person from each division is assigned responsibility for the analysis of compliance and risk issues particular to that division. Specific response measures are devised, and the necessary compliance education and training related to enacted and revised laws and regulations is conducted.
- (3) In the event that directors, corporate auditors or those responsible for compliance discover compliance-related problems, the problems are immediately reported to the Risk Management Committee Chairperson.
- (4) In order to gather information related to compliance, a Corporate Ethics Hotline has been set up in the CSR Office. The CSR Office investigates the details of reports, and discusses and decides on recurrence prevention measures in conjunction with the respective division. If it is determined that a director or directors are intimately involved or if there is a serious violation of laws or regulations, the problem is reported to the Risk Management Committee, the Board of Directors or the Board of Auditors, depending on the situation.
- (5) The Internal Audit Office has been established to audit various process and work-related matters, identify as well as prevent misconduct, and improve work-related processes.
- (6) The Company's corporate auditors, CSR Office, Internal Audit Office, Consolidated Management Administration Department, and Legal Department routinely collaborate to identify any problems in the compliance system of the Daiwa House Group.
- (7) Disciplinary Guidelines are established to deal with conduct that violates laws and regulations or our Articles of Incorporation. These matters are handled fairly, based on the respective guidelines.

2

System to store and manage information related to the performance of their duties by the directors of the Company

From among its directors, one director is assigned responsibility for the storage and management of information related to the performance of their duties by directors and employees. The following system has been established.

- (1) Document Management Guidelines have been drawn up and published. Information that relates to director or employee performance of duties is appropriately recorded and stored in written documents or electronic media (hereafter "documents, etc.").
- (2) Directors and corporate auditors may view these documents, etc. at any time.
- (3) Management of information is handled in accordance with guidelines related to information security and the Company's basic policy on the protection of personal information.

3

Crisis management system (for minimization of losses)

From among the Daiwa House Group directors, one director is assigned responsibility for risk management (the Risk Management Committee Chairperson) to orchestrate the risk management organization across the Daiwa House Group, defined as follows, and to take preventive measures against the materialization of risks.

- (1) Risk management for the Daiwa House Group is systematically prescribed in the Risk Management Guidelines.
- (2) Based on the Risk Management Guidelines, the Risk Management Committee Chairperson promptly relays the appropriate information in the event of a contingency corresponding to an assumed risk and organizes the emergency setup. (This includes the establishment of an emergency task force in the event of a large-scale accident, natural disaster or scandal).
- (3) In addition, the Risk Management Committee has been established: the committee regularly checks the status of system development in (2) as well as makes improvements to the overall system by investigating specific cases.
- (4) The Risk Management Committee Administration Office has been set up within the Legal Department as the administrative division of the Risk Management Committee.

- (5) One staff member responsible for risk management is designated in each division, with the responsibility for continuously monitoring risks in his or her division. In addition, serious scandals or accidents occurring within the Daiwa House Group or at other companies are quickly made public, and the necessary education and training conducted.
- (6) In conjunction with the corporate auditors, the Internal Audit Office routinely monitors the status of risk management in each division.
- (7) Items related to risk management in (3) and (6) are regularly reported to the Board of Directors and Board of Auditors.
- (8) The Risk Information Hotline has been set up to enable employees who discover risks or potential risks at the Company to directly contact the Risk Management Committee.

4 System to ensure efficient performance of duties by directors

Through implementation of the following management system, the Daiwa House Group ensures the efficient performance of their duties by the Company's directors.

- (1) Companywide objectives shared among directors and employees are set out and made well known, and a medium-term management plan is formulated based on these objectives.
- (2) To execute the medium-term management plan, the Board of Directors establishes performance objectives and budgets for each business division each term, based on the plan. In principle, the respective priority levels of R&D, investment in facilities and new businesses are determined on the basis of the estimated degree of contribution to achieving the objectives of the medium-term management plan. At the same time, human resources are efficiently allocated to each business division.
- (3) Directors determine the organization to realize efficient performance of duties, including specific measures to be implemented by respective divisions and the division of authority.
- (4) Actively utilizing IT, performance is quickly turned into management accounting data on a monthly basis and reported to the respective director as well as the Board of Directors.
- (5) The Board of Directors assesses results on a monthly basis. The respective director analyzes the factors that resulted in objectives not being attained, and must report on improvement measures designed to reduce and/or eliminate these factors, revising the objectives as necessary.
- (6) On the basis of the results of the analysis carried out in (5), the director makes improvements to the system or procedures to facilitate the efficient performance of duties, including specific measures to be implemented by the respective division and the division of authority.

5 System to ensure fair business practices by the corporate group (Group companies)

From among the directors, one director is assigned responsibility for ensuring that the business practices of the Daiwa House Group are fair. The following system has been established:

- (1) In conjunction with Group companies, related divisions of the Company implement measures to enhance the effectiveness of internal controls at Group companies as well as to give instructions and assistance to Group companies as necessary.
- (2) In conjunction with Group companies, related divisions of the Company ascertain the status of internal controls at Group companies and give instructions to make improvements as necessary.
- (3) The Internal Audit Office conducts internal audits of Group companies.
- (4) The staff member holding overall responsibility reports to the Board of Directors on the status of internal controls at the respective Group company on an as-needed basis.

6 System for the management of employees requested to assist the corporate auditors, and items related to the independence of the said employees from the Company's directors

We have put in place the following systems for employees assigned to assist corporate auditors.

- (1) The Auditors Office has been set up to serve as a department to assist the corporate auditors. Employees are exclusively assigned to it at the request of corporate auditors.
- (2) The Board of Auditors receives a report in advance from the director in charge of human resources regarding transfers of personnel to the Auditors Office. Accompanied by appropriate reasons, the Board of Auditors can also make requests to the director in charge of human resources for personnel changes on an as-needed basis.
- (3) In the case of disciplinary action against an employee or employees assigned to assist the auditors, the director in charge of human resources must obtain the approval of the Board of Auditors in advance.

7 System for the Board of Directors and employees to report to the Board of Auditors and other related systems

1) The Board of Directors reports the following prescribed items to the Board of Auditors.

- (1) Items that may result in significant losses to the Company
- (2) Important items related to monthly management status
- (3) Important items related to status of internal audits and risk management

- (4) Serious violations of laws, regulations and the Articles of Incorporation
- (5) Status and details of Corporate Ethics Hotline and Risk Information Hotline reports
- (6) Other important items related to compliance

2) In the event that an employee discovers incidents related to the aforementioned (1) and (4), they may report directly to corporate auditors.

8 Additional system to ensure effective audits by corporate auditors

The Company has established the following system to ensure that the corporate auditors can conduct audits effectively.

- (1) In the case of a request for an interview by a corporate auditor, directors and employees must comply.
- (2) Corporate auditors receive reports on the status of implementation of internal audits, and may request additional audits, formulation of improvement measures or other matters as necessary.
- (3) Corporate auditors attend important meetings, including those of the Board of Directors, the Risk Management Committee and other management meetings, and may request explanations and the presentation of relevant materials as necessary.
- (4) The Board of Auditors and corporate auditors may exchange views with representative directors and auditing firms at any time.
- (5) The Board of Auditors may hire specialist lawyers and accountants as necessary to receive advice related to auditing duties.

Ensuring accurate accounting

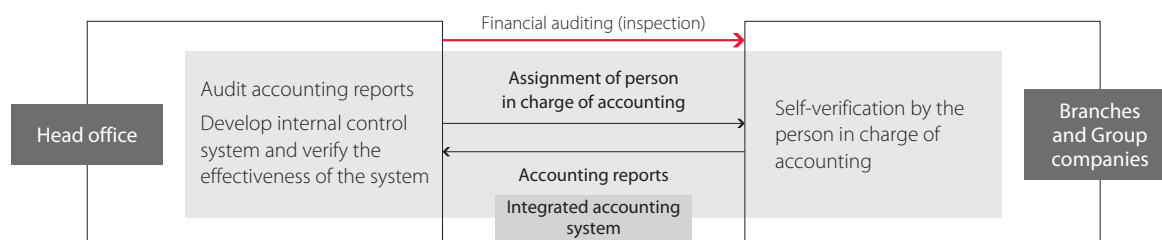
The Company settles its accounts at the end of every fiscal year, under a unified accounting system for its offices and Group companies. In addition to verifying operations at Head Office and conducting financial audits, officers are sent by the accounts department of Head Office under a rigorous system of self-inspection before reports are drafted, with subsequent auditing of all submitted accounting reports. This ensures Companywide integrated system for accounting purposes.

In response to requirements set out in the Financial Instruments and Exchange Act (J-SOX Act), we established the J-SOX Compliance Project Office in October 2006 and have since introduced a set of Internal Control Rules, established a remote auditing network to monitor subsidiary accounts from head office and put in place internal controls as part of financial reporting. Since fiscal 2008, the first year in which the J-SOX Act came into effect, we have been working to rigorously implement such measures via the renamed J-SOX Office.

Over the course of the first year, we stepped up improvement measures aimed at resolving issues identified during each quarter so as to ensure that internal controls function as effectively as possible. As a result, the Internal Control Report compiled at the end of the year was approved by an independent auditor.

We will continue to monitor the implementation of internal controls with regard to key risks in the future and make every effort to respond to changes in accounting standards and carry out improvements quickly and effectively.

Accounting system (summary)





Kiyoshi Arase.

Kiyoshi Arase
Corporate Auditor (standing)

Further enhancing the Group's enterprise value

As a result of the global recession triggered by last year's worldwide financial crisis, the Japanese economy has taken a serious turn for the worse, and conditions are likely to remain difficult for the time being. In addition to consolidating capabilities and increasing operational efficiency in order to cut costs, as one of our top priorities, and reviewing operational processes, we have also been focusing on breaking into new markets and expanding our environmental and energy operations in an effort to create new revenue streams for the future. From my perspective as a corporate auditor, the scope of activities that need to be audited is now broader than ever before. Given the current environment, it is absolutely crucial for companies to ensure sound management and gain the public's trust in order to continually enhance corporate value over the long term. Corporate auditors therefore need to carry out auditing operations with an eye to establishing and improving the effectiveness of corporate governance and internal control systems.

If we notice any major changes in business figures at head office or any of the Company's branch offices, it is our role as corporate auditors to check the relevant business activities from a different angle, independently from the department responsible. For example, we have to make sure that there are no issues that could pose risks to the Company and that there are no aspects of ongoing major projects that could have a detrimental impact on the Company in the future.

We also maintain communication and exchange information with corporate auditors at individual subsidiaries, through channels such as committee meetings, and work in close cooperation with subsidiaries in an effort to reinforce the Group's overall auditing structure, through measures such as establishing a shared awareness of issues faced by individual auditing departments.

We start by identifying the underlying causes of any issues based on negative input, including complaints and letters addressed to management from stakeholders, internal reports and various other incidents. We then give specific advice to the department responsible and instruct them to make the necessary improvements, resulting in positive output. We also follow up on improvements to make sure that they are implemented effectively. I believe that all of our efforts based on this unique auditing policy, revolving around turning negative input into positive output, genuinely help to improve practices on a Groupwide basis and enhance the Group's enterprise value.

Compliance

Reinforcing compliance

We formulated the Daiwa House Group Code of Ethics and a more detailed set of supplementary Behavioral Guidelines with the aim of clearly specifying principles of conduct in order to put our corporate philosophy and policy into practice. In April 2008, we published the third edition of our Daiwa House Group Case Book educational booklet and distributed copies to all Group employees including executives. We also ask all of our employees to sign a pledge stating that they will carry out their duties in accordance with the Code of Ethics whenever we distribute revised copies of the booklet, in an effort to ensure a shared awareness.

We are committed to compliance education for our employees, through training programs set up by the Personnel Division, and seminars on compliance, CSR and corporate ethics centered on training programs organized by individual departments.

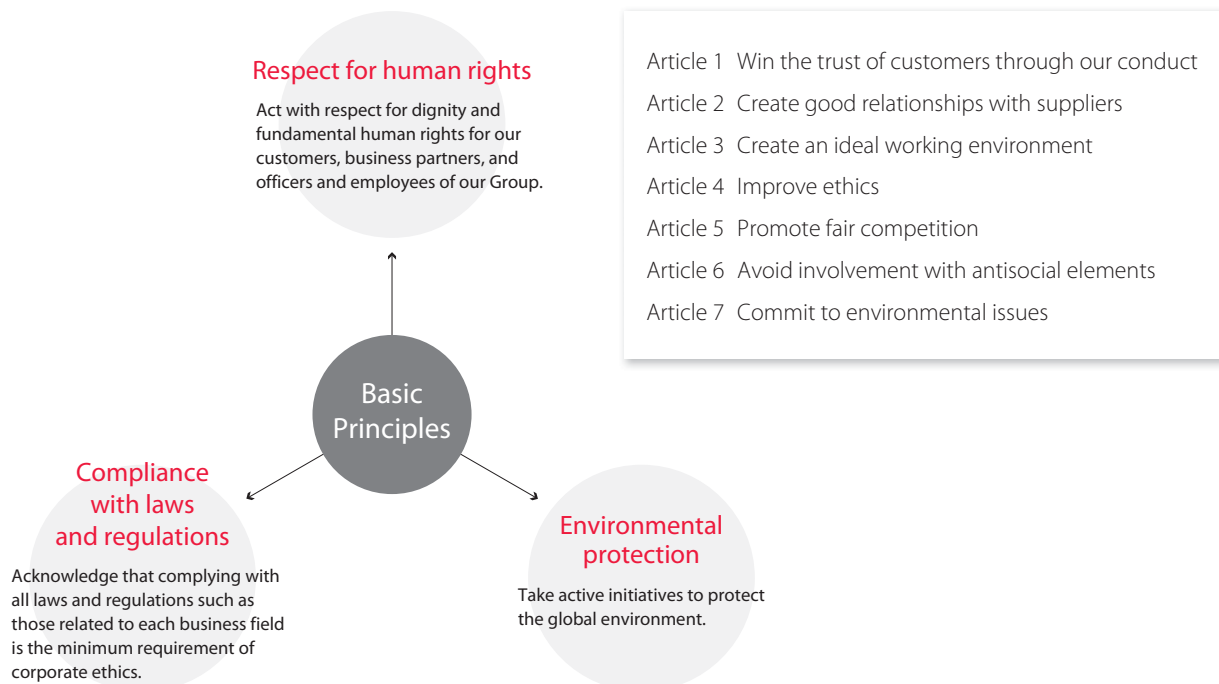
Internal Reporting System

We established the Daiwa House Group Corporate Ethics Hotline in April 2004 to act as an internal reporting system accessible to all Group employees, including part-time and temporary staff. We also devised and operate a set of Corporate Ethics Hotline User Protection Regulations to prevent reporting parties from being disadvantaged in any way as a result of filing a report. We were able to obtain information from a total of 191 inquiries and reports over the course of fiscal 2008, mainly relating to working environments and interpersonal issues.

To respond to reports and make the necessary improvements in the workplace as quickly as possible, we have set ourselves the target of resolving 80% of issues within one month. Thanks to our efforts during fiscal 2008, we achieved a resolution rate of 80.7%. We intend to work on identifying priority issues more quickly in the future by improving the standard of hotline personnel and encouraging cooperation from related departments.

In July 2009 we also set up the Partners Hotline for reports from partner companies, including those belonging to the Confederation of Partner Companies (member companies: approx. 5,000), in an effort to ensure fair and equal relationships between our employees and partner companies.

Daiwa House Group Code of Ethics



Risk Management

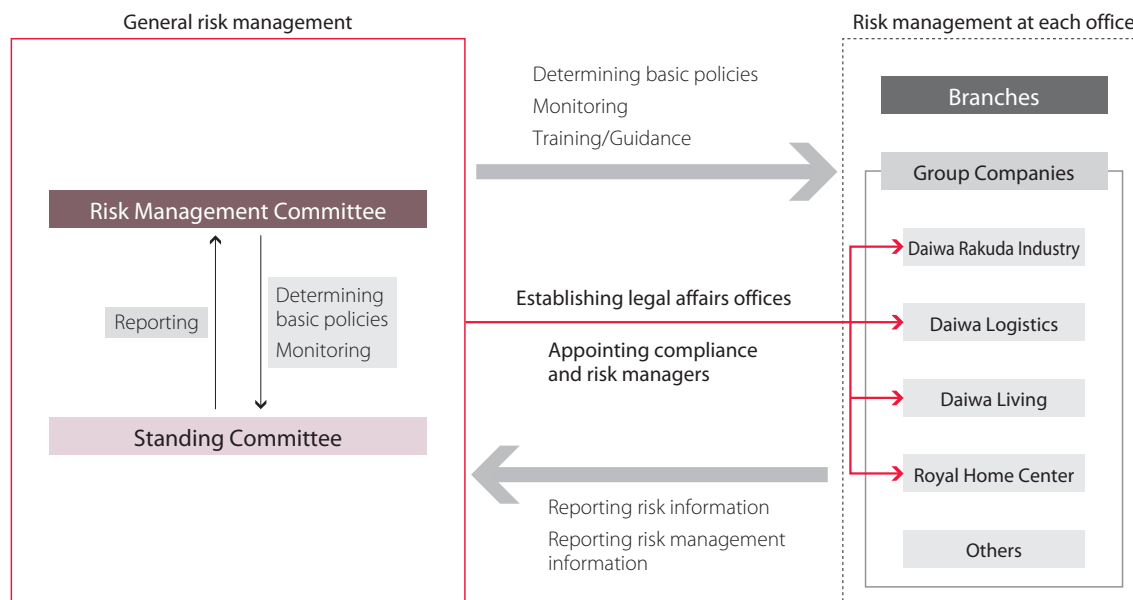
With the aim of swiftly addressing complaints from customers and drawing up plans to improve our business processes and prevent recurrence of problems, the Company set up the Risk Management Committee as an administrative office of the Legal Department in September 1999. In April 2002, this committee released a set of Risk Management Guidelines. Based on these guidelines, the Risk Management Committee, chaired by the head of the Management Administration, is tasked with documenting past cases of risk materialization, devising specific countermeasures and improving the risk situation in problem areas during operations. In April 2007, we enhanced the scope of the risk management guidelines and renamed them the Daiwa House Group Risk Management Guidelines. Through them, we are taking measures to prevent risk through a cross-sectional risk management infrastructure for the entire Daiwa House Group.

As our operations continue to expand, the accompanying risks become increasingly diverse and complex. The second medium-term management plan (for fiscal 2008 to fiscal 2010) positions risk management and compliance as priority matters for management, and we have been creating the necessary infrastructure for Groupwide risk control. One of these measures

was the creation (in fiscal 2008) of an organizational structure as an initiative to expand the scope of authority of the Risk Management Committee.

To stimulate discussion, roughly half of the members of the Risk Management Committee have been made permanent members, and a standing committee has been established as a new core institution. Risks are managed systematically, through measures such as establishing subcommittees as necessary for individual cases that require immediate attention. This means that the Risk Management Committee acts as a supervising body, and meets twice a year to receive activity reports for each six-month period, analyze trends and determine policies for the entire Company that are appropriate to the external business environment and the state of our business processes. In addition, a Real Estate Investment Committee was established in April 2008 as a new deliberative institution for management strategies. For real estate investment projects that exceed a predetermined amount, a thorough discussion relating to risk is conducted with executives from the initiating department, representative directors, corporate auditors, and representatives from departments such as the Environment Department, and other managing departments, such as the Legal Affairs Department.

An overview of the system linking risk management departments (As of August 1, 2009)



Collecting and responding to risk information

Risk information relating to accidents, incidents and major problems arising at the Group are reported to the Risk Management Committee Secretariat (within the Legal Affairs Department) by each department and Group company.

Based on the results of appraisal of the collected risk information, the Secretariat sets risk management targets for the Group, gives its support in risk management activities and monitors progress.

When major risk incidents occur, the Secretariat prevents secondary losses by reporting promptly to the Risk Management Committee chairman and providing appraisals and instructions, and by deciding on emergency measures after analyzing incident causes and notifying departments and Group companies.

Mechanisms for entrenching risk management practices

We organize training programs and other initiatives to ensure that all members of the Group from executives down are aware of the importance and necessity of risk management.

The Company and Group companies present monthly reports on the status of risk management activities, outlining measures to set up a risk management system, proceedings of risk management committee meetings, and training courses for executives and employees.

In addition, we promote risk management activities and ensure a proper response to risk situations by establishing legal affairs departments with risk managers at each major Group company.

Risk information trends

In fiscal 2008, there were a total of 335 risk incidents at the Company's business bases and Group companies (190 cases at the Company and 145 at Group companies). As a result of analysis and appraisal of each case, we were able to identify as primary risk areas facing the Company compliance risk, product risk, risk of natural disasters and accidents, procurement risk, and environmental risk.

Based on these findings, the Company and Group companies are working to manage risk more effectively through establishment of a risk management policy at an early date.

Category*	Some major cases of risk
Compliance risk	Deviation from working standards, violation of law, employee misconduct, etc.
Product risk	Product defects, defective work/design, etc.
Risk of natural disasters and accidents	Natural disasters (earthquakes, flooding), criminal cases such as theft and violence
Procurement risk	Defective parts, raw material flaws (resulting from supplier errors)
Environmental risk	Environmental pollution, soil contamination, health impairment, etc.

* Major risk categories.

BCM*1 (Business Continuity Management)

As part of its risk management activities, the Daiwa House Group has refined its previous disaster prevention plan into a business continuity plan. A Business Continuity Management (BCM) Committee has been set up, comprised of members from all Company departments. The committee meets once a month, and the General Affairs Department at the Company's head office serves as the secretariat for the implementation of BCM. From fiscal 2008 a Group BCM Committee has been established to supervise business continuity management at 15 of the Group's principal member companies. This committee, which meets in May and November of each year, plans and promotes BCM activities Groupwide, and in fiscal 2009 it is monitoring the progress made by individual Group companies in the drafting of business continuity plans.

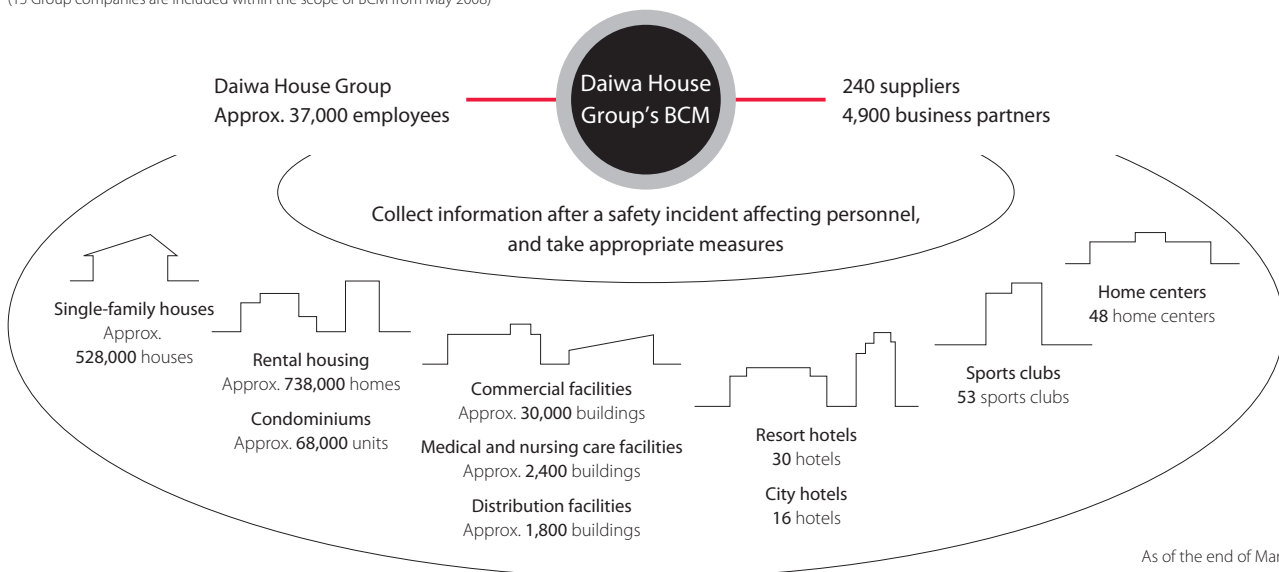
*1 BCM (Business Continuity Management): A management system that drafts, operates and reviews the plan (Business Continuity Plan) that stipulates what actions need to be taken in the event of an emergency in order to sustain core operations or allow early recovery while minimizing damage to business assets when the Company faces an emergency situation such as a natural disaster, major fire or a terrorist attack.

Major activities (Daiwa House Industry)

Fiscal 2008
Create basic rules for a system for confirming the degree of damage to buildings built by the Company (including those under construction) in disaster-hit areas; Switch the Head Office main server network facilities over to an outside facility; Establish an earthquake early warning system; Provide training in safety confirmation systems; Establish a system for dispersing production bases; Stock emergency provisions and items to assist employees to return home; Strengthen collaboration with major Group companies; etc.
From fiscal 2009 and beyond
Finalize (formalize) and distribute manuals for separate business units in the event of a major disaster; Establish measures to combat new strains of pandemic influenza (draft manuals, stockpile masks, etc.); Implement training and education programs.

Outline of Daiwa House Group's BCM

(15 Group companies are included within the scope of BCM from May 2008)



Collect information after a safety incident affecting buildings and other physical properties, and take appropriate measures

Board of Directors

As of July 1, 2009

* Representative Director



Takeo Higuchi*
Chairman and CEO

Born in 1938
1963: Joins Daiwa House Industry
1984: Director of Daiwa House Industry
1993: Becomes President of Daiwa Danchi
2001: President of Daiwa House Industry
2004: Chairman and CEO
2005: Vice Chairman of The Osaka Chamber of
Commerce and Industry
2006: Chairman of The Osaka Symphoniker Society
2009: Chairman of Japan Federation of Housing
Organizations



Kenji Murakami*
President and COO

Born in 1947
1970: Joins Daiwa House Industry
1997: Director
2004: President and COO
2009: President The Machinami Foundation



Tetsuji Ogawa*
*Executive Vice President and CFO
Head of Management Administration*

Born in 1941
1964: Joins Daiwa House Industry
2000: Managing Director
2004: Executive Vice President and CFO



Takuya Ishibashi
*Director and Senior Managing Executive Officer
Head of Osaka Honten Branch*

Born in 1953
1988: Joins Daiwa Danchi
2001: Managing Director of Daiwa House Industry
2007: Director and Senior Managing Executive Officer



Hiroshi Azuma
*Director and Senior Managing Executive Officer
Head of Production and Procurement
Head of Overseas Business*

Born in 1946
1969: Joins Daiwa House Industry
1993: Director
2007: Director and Senior Managing Executive Officer



Takashi Uzui
*Director and Managing Executive Officer
Head of General Housing Operations*

Born in 1947
1970: Joins Daiwa House Industry
2001: Director
2007: Director and Managing Executive Officer





Naotake Ohno*

*Executive Vice President
Head of Marketing Division*

Born in 1948
1971: Joins Daiwa House Industry
2000: Director
2007: Executive Vice President



Tamio Ishibashi*

*Executive Vice President
Head of Information Systems
Head of CSR Office
Head of Marketing Support Department
Head of TKC Promotion Department
Concurrently President of Media Tech Inc.*

Born in 1956
1979: Joins Daiwa House Industry
1989: Director
2000: Executive Managing Director
2001: Executive Vice President



Tatsushi Nishimura*

*Director and Senior Managing Executive Officer
Head of Technology
Deputy Head of Information Systems*

Born in 1949
1972: Joins Daiwa House Industry
2003: Director
2008: Director and Senior Managing Executive Officer



Shigeo Otsuka

*Director and Managing Executive Officer
Head of Tokyo Branch
Head of Rental Apartment Building Operations*

Born in 1947
1971: Joins Daiwa House Industry
2001: Director
2007: Director and Managing Executive Officer



Eiichi Takeda

*Director and Managing Executive Officer
Head of Administration Division,
Management Administration*

Born in 1947
1970: Joins Daiwa House Industry
2006: Managing Director
2007: Director and Managing Executive Officer



Takashi Hama

*Director and Managing Executive Officer
Head of Central Research Laboratory, Technology
Head of Environment and Energy Business*

Born in 1954
1976: Joins Daiwa House Industry
2005: Director
2007: Director and Managing Executive Officer





Chiyohiro Aoyagi

*Director and Senior Executive Officer
Head of Construction Department (Housing/East Japan),
Technology Headquarters*
Born in 1950
1969: Joins Daiwa House Industry
2004: Director
2007: Director and Senior Executive Officer



Yoshiharu Noto

*Director and Senior Executive Officer
General Manager, General Affairs Department,
Tokyo Branch
Deputy Head of Safety*
Born in 1949
1972: Joins Daiwa House Industry
2005: Director
2007: Director and Senior Executive Officer



Katsutomo Kawai

*Director and Senior Executive Officer
General Manager, Personnel Department,
Management Administration
Head of Strategic Division, Management Administration
Deputy Head of CSR Office*
Born in 1948
1972: Joins Daiwa House Industry
2006: Director
2007: Director and Senior Executive Officer



Isamu Ogata

*Director and Senior Executive Officer
Head of Nagoya Branch
Head of Retail and Wholesale Facilities Division*
Born in 1949
1972: Joins Daiwa House Industry
2007: Director and Senior Executive Officer



Shigeru Numata

*Director and Senior Executive Officer
Sendai Branch Manager
Head of Tohoku Region*
Born in 1950
1974: Joins Daiwa House Industry
2007: Director and Senior Executive Officer



Kazuto Tsuchida

*Director and Senior Executive Officer
Head of Construction Department (Buildings),
Technology Headquarters
Head of Safety*
Born in 1952
1976: Joins Daiwa House Industry
2009: Director and Senior Executive Officer



Corporate Auditors

As of July 1, 2009

Corporate Citizenship
Board of Directors
Corporate Auditors



Kiyoshi Arase

Corporate Auditor (standing)

Born in 1949
1972: Joins Daiwa House Industry
2006: Corporate Auditor (standing)
(currently serving)



Ryoza Terada

Corporate Auditor (standing)

Born in 1946
1970: Joins Daiwa House Industry
2008: Director and Senior Executive Officer
2009: Corporate Auditor (standing)
(currently serving)



Kenji Hirata

Corporate Auditor (standing)

Born in 1951
1974: Joins Daiwa House Industry
2009: Corporate Auditor (standing)
(currently serving)



Kazuhiro Iida

Corporate Auditor

Born in 1960
1986: Member attorney of the Osaka Bar Association
(currently serving)
2005: Corporate Auditor (currently serving)



Kiichiro Iwasaki

Corporate Auditor

Born in 1937
1961: Joins Nomura Securities Co., Ltd.
1985: Director of Nomura Securities Co., Ltd.
1987: Managing Director of Nomura Securities Co., Ltd.
1989: Senior Managing Director of Nomura Securities Co., Ltd.
1993: Deputy President of Nomura Securities Co., Ltd.
1997: Corporate Auditor of Nomura Securities Co., Ltd.
Corporate Auditor of Nomura Research Institute, Ltd.
2000: President of Executive Partners Inc.
2003: Chairman of Executive Partners Inc.
2005: Corporate Auditor (currently serving)
Outside Director of the Sankei Building Co., Ltd. (currently serving)
Special Counselor of Executive Partners Inc. (currently serving)
2006: Outside Corporate auditor of Matsumoto Yushi-Seiyaku Co., Ltd. (currently serving)



Yukinori Kuwano

Corporate Auditor

Born in 1941
1963: Joins Sanyo Electric Co., Ltd.
1993: Director of Sanyo Electric Co., Ltd.
Head of R&D Division of Sanyo Electric Co., Ltd.
1994: Outside Corporate Auditor of Optex Co., Ltd.
1996: Managing Director of Sanyo Electric Co., Ltd.
1999: Director and Senior Managing Officer of Sanyo Electric Co., Ltd.
2000: President and COO of Sanyo Electric Co., Ltd.
2004: President & CEO and COO of Sanyo Electric Co., Ltd.
President of Photovoltaic Power Generation Technology Research Association (PVTEC) (currently serving)
2005: Director and Advisor of Sanyo Electric Co., Ltd.
Advisor of Sanyo Electric Co., Ltd.
2006: Outside Director of Optex Co., Ltd. (currently serving)
Senior Counselor of Sanyo Electric Co., Ltd.
2008: Outside Corporate Auditor (currently serving)