

One

On



Daiwa House Industry Co., Ltd.

Takeo Higuchi (left)
Chairman & CEO

Kenji Murakami (center)
President & COO

Tetsuji Ogawa (right)
Executive Vice President & CFO



Dear Stakeholders

Building a New Era with Heart

At the Daiwa House Group, we have been striving to expand our operations as a group that co-creates value for individuals, communities, and people's lifestyles, with the basic stance of "Creating Dreams, Building Hearts," and under our "Endless Heart" Group symbol. Aiming for further growth, in April 2008 we formulated our Second Medium-Term Management Plan "Challenge 2010." This plan contains two priority issues as our main management themes: 1) improve the profit structure, and 2) nurture new future earnings drivers. Unfortunately, the global recession dealt a heavy blow to the Japanese economy, with the Nikkei Stock Average declining by 35.3% year-on-year at the end of fiscal 2008. The Japanese economy recorded negative GDP growth in fiscal 2008. As our businesses rely primarily on domestic demand, the business environment for the reporting period was extremely tough and challenging.

On a consolidated basis, sales were down 1.1% year-on-year, at ¥1,691.0 billion, and operating income was down 17.4% at ¥73.6 billion. This is partly attributable to our decision to postpone the planned listing of the stock of Daiwa House REIT Investment, and partly to the sluggish new housing starts due to weakening home-buyer sentiment amid the uncertainty stemming from the economic recession and against the backdrop of severe employment and income conditions. The ordinary income of the Group came to ¥39.9 billion (down 35.0% year-on-year), due partially to the amortization of actuarial loss on employees' retirement benefits posted under non-operating expenses. Net income was ¥4.2 billion (down 68.1% year-on-year), due primarily to posting an impairment loss. The Company's ROE stood at a mere 0.7%, compared with our target of 9.0%, and we recorded poor financial results against the backdrop of sharp declines in share prices worldwide. However, we have kept our annual dividend for fiscal 2008 at ¥24 per share, as originally planned.

Corresponding to rapid changes in our operating circumstances, we have always worked to develop new markets by creating value for each new age through a "Construction Revolution," a "Housing Revolution," and a "Lifestyle Revolution." We are determined to once again boost our strength and utilize the lessons we have learned in the management of the Group in the immediate future.

We will reexamine the conditions of the Japanese economy, which is undergoing significant changes. In fiscal 2009, to successfully address two management issues, we will fully develop our marketing systems for the existing home business and environment and energy business — for both of which the market scale is expected to grow to between ¥7 trillion and ¥9 trillion by 2020 — so as to expand our sales in these new markets. We will also deploy the know-how in the field of cost-cutting measures that we have acquired from our experiences amid the current economic downturn to improve our profit structure and make it strong enough to absorb the impact of changes in the market.

Our goal is to achieve sales of ¥10 trillion in 2055, the year when we will celebrate our centennial anniversary. We at the Daiwa House Group will renew our commitment to realizing this ambitious vision and boldly take up challenges amid ever-changing business conditions, fully leveraging the Group's strengths.



Takeo Higuchi, *Chairman and CEO*

Group Performance

As of March 31, 2009

Consolidated financial highlights

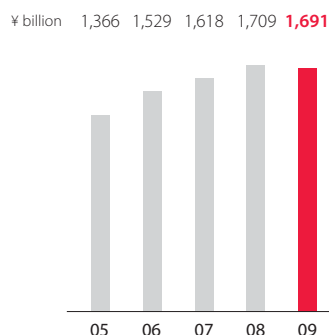
Daiwa House Industry Co., Ltd. and Subsidiaries
Years Ended March 31,

	Millions of Yen			YoY increase (decrease)	Thousands of U.S. Dollars
	2009	2008	2007	2009/2008	2009
Net sales	1,690,956	1,709,254	1,618,450	(1.1%)	17,254,653
Operating income	73,580	89,121	85,679	(17.4%)	750,816
Net other expenses	(59,859)	(64,259)	(9,230)	6.8%	(610,806)
Net income	4,170	13,080	46,394	(68.1%)	42,551
Total assets	1,810,573	1,791,052	1,630,022	1.1%	18,475,235
Equity	607,428	649,441	661,145	(6.5%)	6,198,245
Per share of common stock (in yen and dollars)					
Basic net income	7.20	22.46	81.15	(67.9%)	0.07
Equity	1,047.50	1,092.04	1,122.88	(4.1%)	10.69
Cash dividends applicable to the year	24.00	24.00	20.00	0.0%	0.24
Dividend payout ratio (%)	333.4	106.8	24.6	226.6 points	
Return on equity (%)	0.7	2.0	7.5	(1.3 points)	
Return on assets (%)	0.2	0.8	3.0	(0.6 point)	
Equity to total assets (%)	33.5	35.3	40.4	(1.8 points)	

Note: The U.S. dollar amounts represent translations of Japanese yen for convenience only at the approximate exchange rate on March 31, 2009 of ¥98 = U.S.\$1.

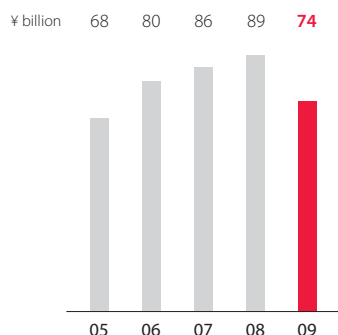
Net sales

¥1,691.0 billion



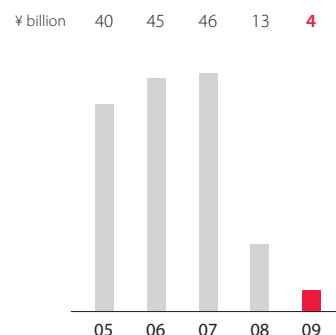
Operating income

¥73.6 billion



Net income

¥4.2 billion



Net sales — down **1.1%**

Net sales declined, albeit slightly, for the first time in six terms. While sales from the commercial construction business were up 6.3% year-on-year, sales from our residential business were down 4.5% due to worsened buying sentiment, attributable to the severe employment and income conditions.

Operating income — down **17.4%**

Operating income declined for the first time in six terms. While operating income of the commercial construction business rose 31.0% year-on-year, that of the residential business posted a significant decline, down 46.9% year-on-year, due to weak sales of single-family houses and condominiums.

ROE — down **1.3** percentage points

Net income was down 68.1% year-on-year. This is primarily attributable to the following factors: losses on valuation of investments in securities, impairment losses on property, plant and equipment, and losses resulting from an accident, in addition to a decrease in operating income.

Total assets — up **¥19.5** billion

Total property, plant and equipment increased by 1.1% year-on-year. We acquired land for development purposes, mainly for distribution facilities. In addition, construction of three large-scale commercial complexes for our direct operations was completed.

In JAPAN

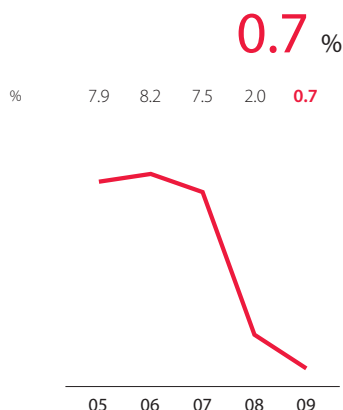
Negative factors in fiscal 2008

- The gross domestic product (GDP) was down 3.2% year-on-year in real terms and down 3.5% in nominal terms, both of which mark the largest decline during the whole post-war period. It was the first negative growth in seven years in real GDP, and in six years in nominal GDP.
- Exports decreased by 16.4%, mainly due to declines in exports of automobiles, semiconductors, and other electronic components. It was the first decline in exports in seven years, attributable to the global recession and rapid appreciation of the yen against the other major currencies.
- The national average for land prices was down 3.5%, which was the first year-on-year decline in three years. A decline in price was seen in all categories of land use. The price of land for residential use was down 3.2%, and that of land for commercial use was down 4.7%.
- The number of new housing starts was 1,039,180, up 0.3% from the previous year, when the corresponding number significantly declined due to the changes in the Building Standards Law. Except for an exceptional figure for the previous term, however, it would be the lowest figure in 41 years.

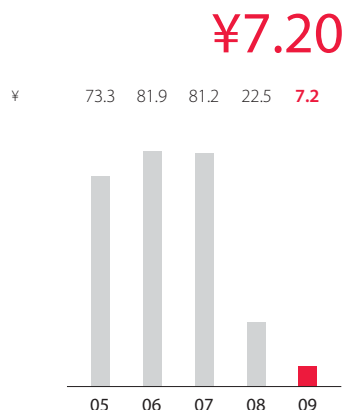
Positive factors in fiscal 2008

- The government compiled the first supplementary budget (economic stimulus package) focusing on measures to prevent rising prices in line with a steep rise in crude oil prices, and the second supplementary budget (measures for living) with the fixed-sum cash handouts as the pillar.

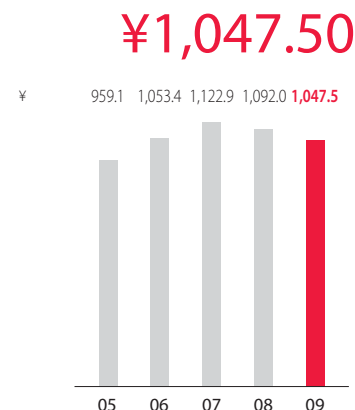
ROE (Return on equity)



Net income per share



Equity per share

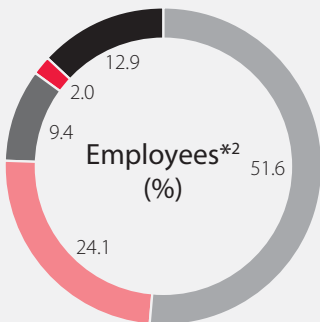
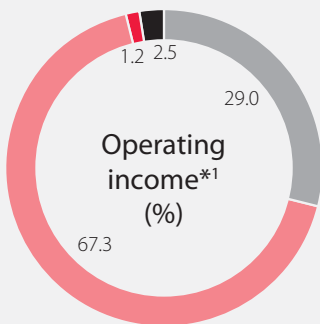
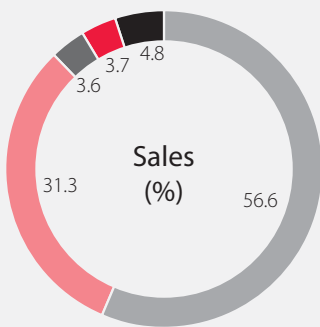


Business Outline

As of March 31, 2009

Sales, operating income and employees by business segment

- Residential
- Commercial Construction
- Resort Hotels and Sports Life
- Home Center
- Other



*1 The graph shows the breakdown of each business segment as a percentage of the total amount of the four business segments excluding the operating losses (¥1.1 billion) posted by the Resort Hotels and Sports Life Business.

*2 The number of employees not allocable to each segment and the number of employees working on a fixed-term contracts have not been included.



Residential Business

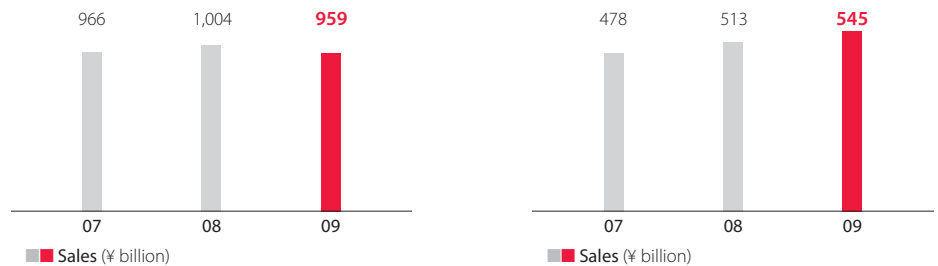
The Daiwa House Group continued to develop housing as its core business, a comprehensive range of enterprises related to residences, from construction and lot-subdivision for sale of single-family houses, condominiums, and rental housing, to renovations, real estate agency and property management operations. These businesses accounted for 56.6% of total sales for the reporting period. Sales declined by 4.5% year-on-year, to ¥959.0 billion. Operating income fell, by a significant 46.9%, to ¥28.5 billion. The operating income margin was 3.0%, a decrease of 2.4 percentage points.



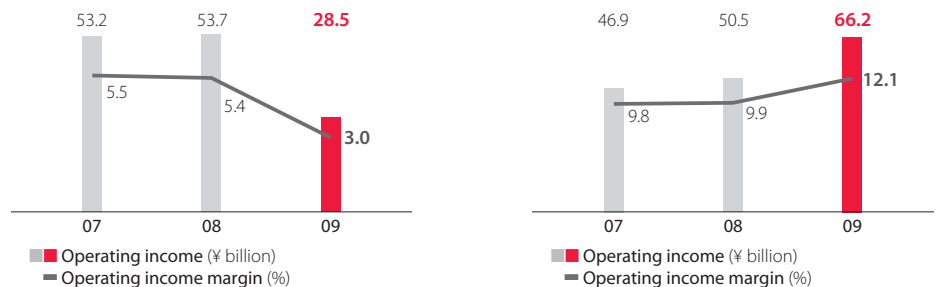
Commercial Construction Business

The Group's No. 2 leading business is divided into two subdivisions. One is the construction and management of commercial facilities, and the other comprises the planning, design and construction of distribution, medical and nursing care facilities and miscellaneous corporate facilities. Sales in this segment, which accounted for 31.3% of total sales, rose 6.3% to ¥545.1 billion. Operating income significantly increased by 31.0%, to ¥66.2 billion. The operating income margin was up by 2.2 percentage points, to 12.1%. The growth is mainly due to an increase in sales of properties, primarily to real estate funds.

Sales



Operating income (loss)/Operating income margin





Resort Hotels and Sports Life Business

This business operates resort hotels, golf courses and sports facilities throughout Japan, proposing healthy and fulfilled life through enjoyment of leisure time. Sales in this segment, which accounted for 3.6% of total sales, were down 5.6% from the previous period, to ¥60.1 billion. Operating losses were ¥1.1 billion (operating income for the previous fiscal year was ¥40 million). These deteriorations are attributable to the significant decrease in the number of tourists from overseas due to the rapid appreciation of the yen and the increase of operational costs due to the opening of new sports facilities.



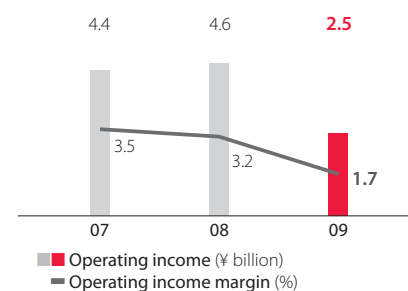
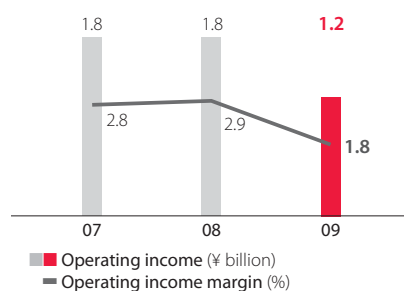
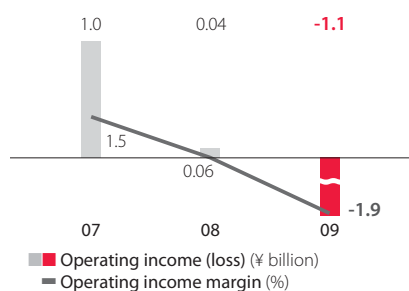
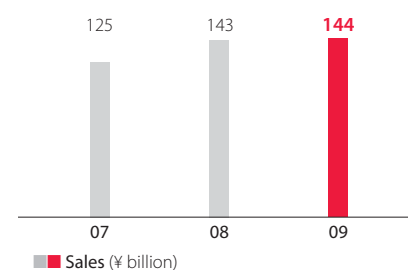
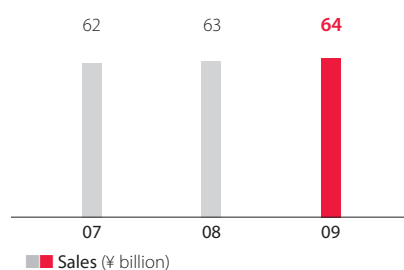
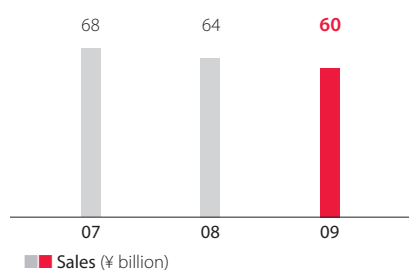
Home Center Business

The Group operates Royal Home Centers nationwide that carry high-quality products centering on home-related items, responding to the needs of various customers, ranging from contractors and other professionals to general consumers. Sales in this segment, which accounted for 3.7% of the total sales for the reporting period, were up 1.4% from the previous term, at ¥63.5 billion. Operating income decreased by 36.2% year-on-year, to ¥1.2 billion. The operating income margin is 1.8%, down 1.1 percentage points.



Other Businesses

Other businesses offer a wide range of activities in such fields as the manufacture and sale of housing construction materials, distribution and related logistics services, automobile leasing, credit cards, city hotels, and others, expanding and strengthening the Group's overall performance. These businesses accounted for 4.8% of the total sales for the reporting period. Sales rose 0.4% year-on-year, to ¥144.0 billion. Operating income decreased by 45.1% year-on-year, to ¥2.5 billion. The operating income margin was 1.7%, down 1.5 percentage points from the previous fiscal year.



Share Information

As of March 31, 2009

Common stock

¥110,120 million
(US\$1,123,674 thousand)

Shares

Authorized	1,900,000,000
Issued	599,921,851
Number of shareholders	35,998

Term-end

March 31 every year

Ordinary general meeting of shareholders

Held in Osaka by the end of June, which is within 3 months from the day following the balance sheet date for each year

Administrator of shareholders' register

The Chuo Mitsui Trust and Banking Company, Limited
3-33-1 Shiba, Minato-ku, Tokyo

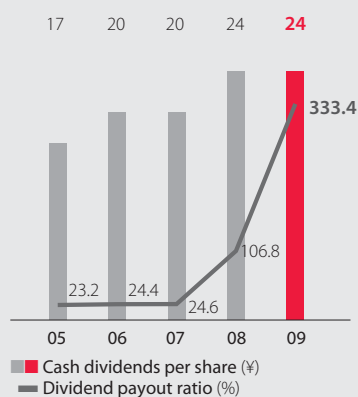
Securities traded

Tokyo and Osaka stock exchanges

Securities code

1925

Cash dividends per share and dividend payout ratio

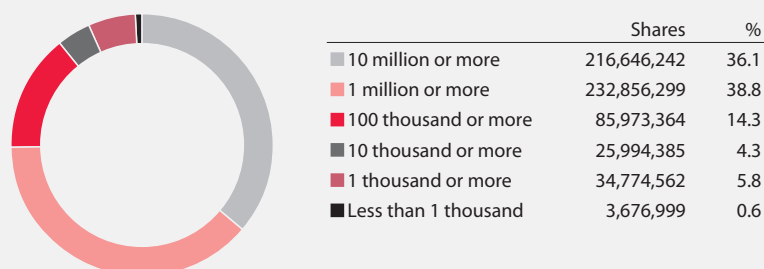


Principal shareholders

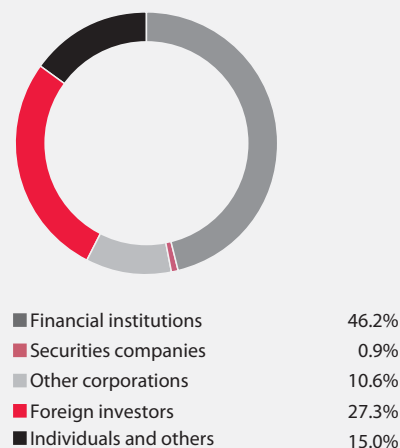
	Thousands of shares	Equity stake*1 (%)
Japan Trustee Services Bank, Ltd. (trust account)	36,977	6.2
The Master Trust Bank of Japan, Ltd. (trust account)	34,663	5.8
Japan Trustee Services Bank, Ltd. (trust account 4G)	29,457	4.9
Moxley & Co.	18,935	3.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,470	2.6
Nippon Life Insurance Company	14,930	2.5
Sumitomo Mitsui Banking Corporation	12,117	2.0
The Dai-ichi Mutual Life Insurance Company	11,501	1.9
Mizuho Corporate Bank, Ltd.	11,261	1.9
The Chuo Mitsui Trust and Banking Company, Limited	9,521	1.6

*1 % of issued shares.

Shareholdings by scale

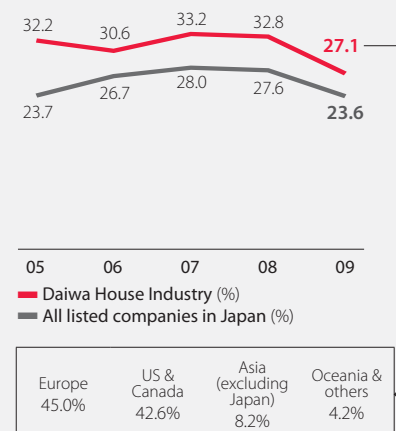


Shareholdings by shareholders*2

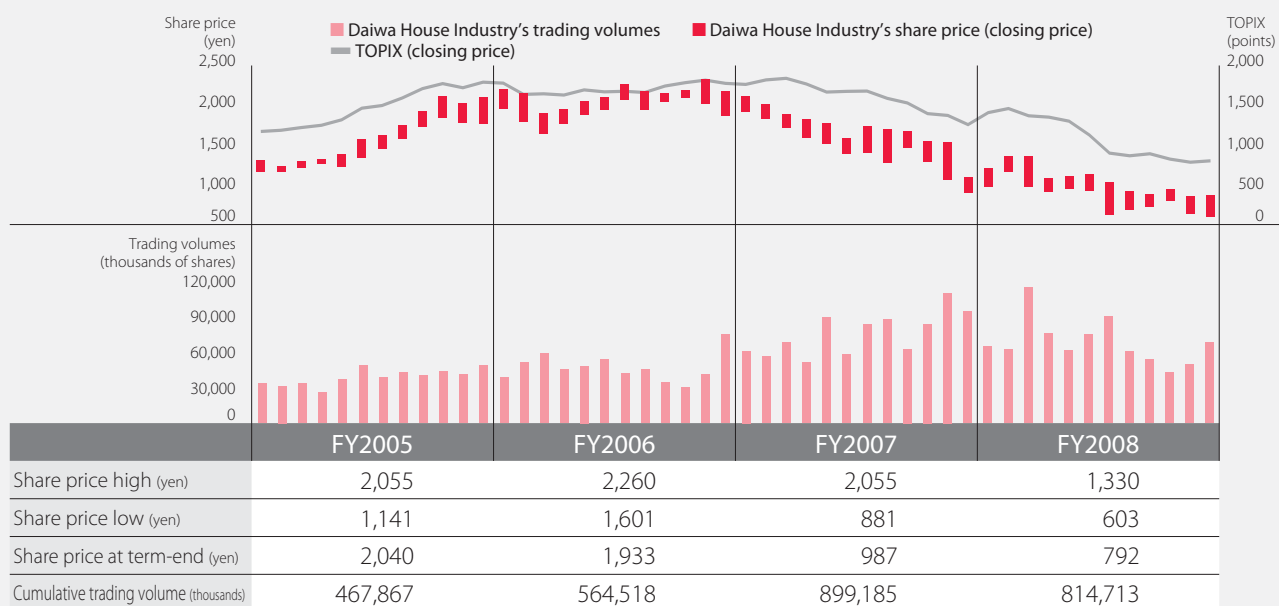


*2 Numbers of shares less than one unit are excluded.

Foreign shareholdings



Daiwa House Industry's share price and trading volumes and TOPIX on the Tokyo Stock Exchange



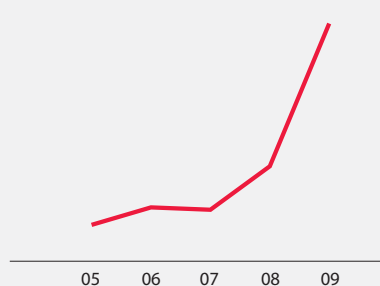
Share price movements in fiscal 2008

At the beginning of fiscal 2008, the Japanese stock market enjoyed a positive response to the firm US stock market and continuous depreciation of the yen. The TOPIX (Tokyo Stock Exchange Stock Price Index) rose to 1,449.14 points in June, up 236.18 from the previous term-end. In the same period, the Company's share price rose to ¥1,330. This was a ¥343 increase from the end of the previous fiscal year.

From the summer, however, the market turned soft due to the turmoil in the global financial markets triggered by the US subprime mortgage crisis. The bankruptcy of Lehman Brothers in September led to a bigger point loss. The TOPIX slid below 1,000 in October for the first time since December 2003. After this, the global recession and rapid appreciation of the yen became negative factors, and in March 2009 the TOPIX dropped to 698.46 — a record low since the collapse of the Japan's bubble economy. At the end of fiscal 2008, the TOPIX ended at 773.66 points, down 439.30 from the figure at the end of the previous fiscal year. The Company's share price at the end of fiscal 2008 was ¥792, which was ¥195 lower than at the end of the previous fiscal year.

Price earnings ratio

(times) 16.82 24.91 23.82 43.94 **110.01**



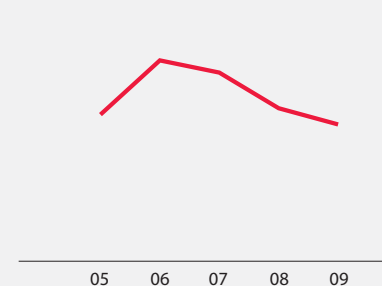
Price to book value ratio

(times) 1.28 1.94 1.72 0.90 **0.76**



Price cash-flow ratio

(times) 11.31 15.49 14.55 11.80 **10.55**



Heart Makes All the Difference

The world is at a turning point, facing a global economic recession and difficult environmental issues. In Japan, we are facing challenges posed by rapid changes in the nation's social structure, including a declining population, low birthrates, and an overall aging population. The demands of the new age are forcing us to change our approach to how we live.

At Daiwa House, we are forging a new future together with our customers, business partners, and other stakeholders. We have incorporated this idea of co-creating a brighter future into our "Endless Heart" Group symbol, always tackling social issues head on. The role of "heart" (sincerity) has always been an important one in every age. No matter how the times may change, the unchanging truth is that a true heart and a willingness to help enrich our society, building a brighter future. "People" are the true rebuilders of society; the desire of the "heart" is to make society a better place. Since our inception, we have fully embraced the "heart" handed down to us from prior generations. In the spirit that we have cultivated through a Construction Revolution, a Housing Revolution, and a Lifestyle Revolution, we have done our utmost to help bring about a new society that enriches the lives of all.



Putting the focus back on people

The breakdown of hyper-capitalism and the rise of protectionism have shaken the econocentric value system that has emphasized money and goods above all. The impact has had repercussions on the economy of Japan, causing a deterioration in the employment environment and acting as a drag on consumer spending. The number of new housing starts, a leading indicator of consumer purchasing power, will likely fall below the current 1 million annual unit level and eventually fall below the 900,000-level, as Japan's society experiences declining birth rates and the population ages further. Our society is in a maturation phase, experiencing negative population growth since 2005. We have become the most elderly population in the world. We have seen a huge shift in our society, the likes of which no other country has ever experienced. With the global economic recession, we have learned that the economic growth of capitalist societies that rely heavily on financial engineering and limited natural resources will fail sooner or later. Rather than cling to money and goods, we must create a new set of values, breaking through the current obstructions, and forging our way into a new era.

Major world events 2007 – 2009

2007

Oct. Economic slowdown in the U.S. triggered by the subprime mortgage crisis.

2008

June First "Food Summit" held in response to the food crisis. Approximately 150 countries participated.

July Crude oil hits a record high of \$147.27 per barrel in New York.








At the Hokkaido Toyako Summit, specific long-term targets set for reducing greenhouse gas emissions.

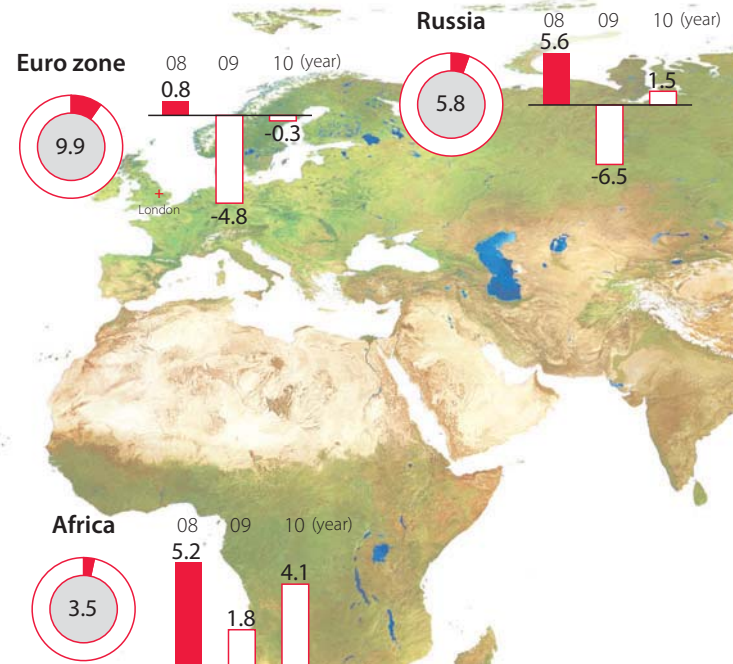
Sep. Lehman Brothers declares bankruptcy, and the U.S. financial crisis spreads to world markets.

2009

Jan. Barack Obama takes office as U.S. President.

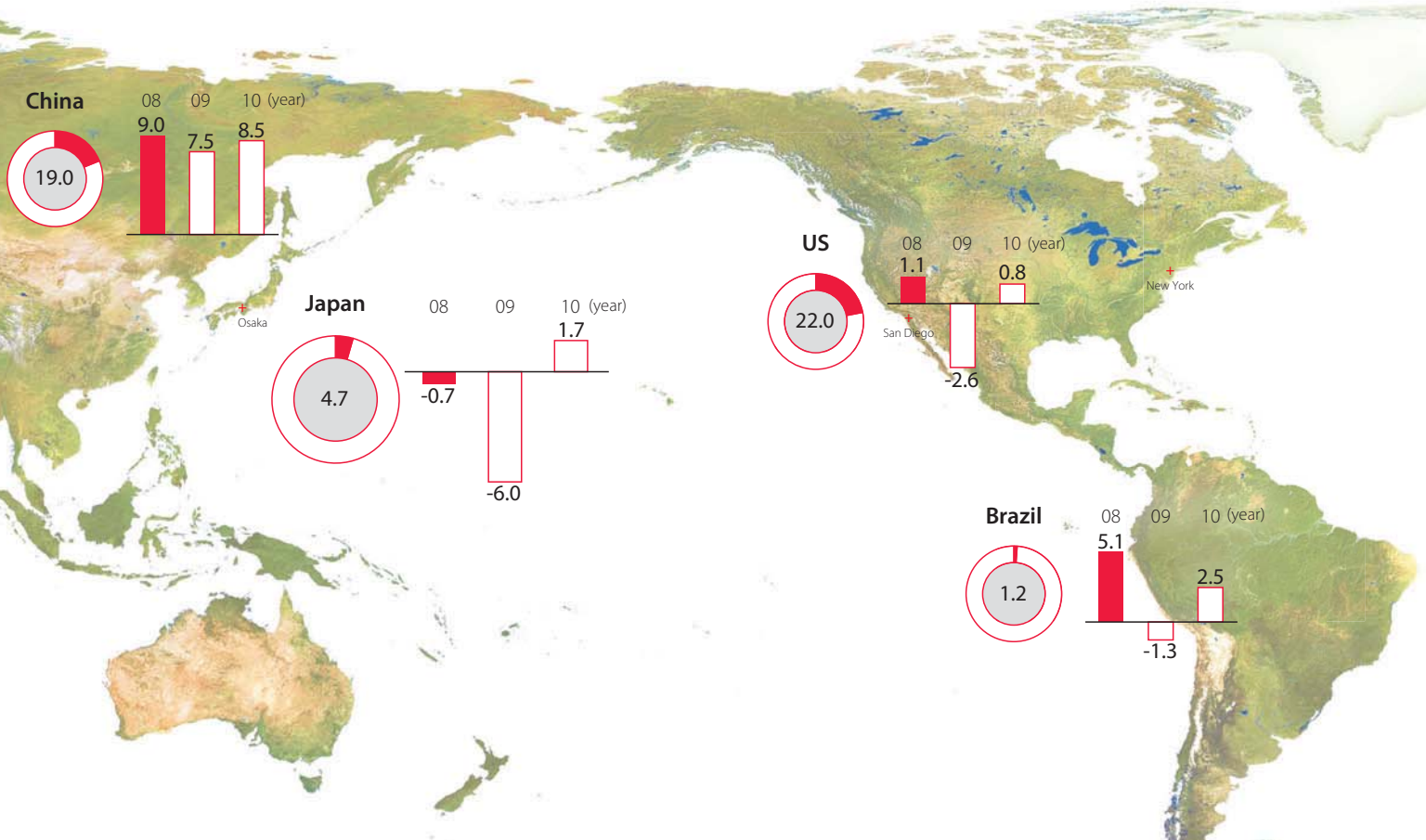
Year-on-year stock price declines as of March 31, 2009

	Daiwa House Industry	Down 19.8%	↘
	TOPIX	Down 36.2%	↓
	DJIA	Down 38.0%	↓
	FTSE	Down 27.0%	↓
	DAX	Down 30.4%	↓
	CAC 40	Down 44.0%	↓
	SSEC	Down 30.9%	↓



Based on the concept of the industrialization of construction, the Daiwa House Group has grown into a collection of 70 companies (as of August 1, 2009) with consolidated sales of ¥1.7 trillion. We fulfill our responsibilities to society through the provision of construction services, and we serve our customers and business partners through the act of providing lifestyle services. The spirit underlying this concept of co-creating a brighter future has been the foundation for growth that has allowed the Daiwa House Group to survive the 1973 oil crisis, as well as the collapse of the Japanese economic bubble in the early 1990s. At the same time, it is this exact spirit that we believe to be the compass that guides us toward a community-oriented value set, and away from an econocentric mindset. Japan is in a significant time of transition. We must return to the basics under the concept of co-creating a brighter future and putting the social focus back on people. This is where the Daiwa House Group will demonstrate its true core strengths.

Economic growth rate forecasts and CO₂ emissions for major countries and regions



Notes: 1. Economic growth rates: YoY changes in GDP (2009 and 2010 are forecasts), compiled from the revised forecasts included in the IMF World Economic Outlook issued in July 2009.
 2. The breakdown of CO₂ emissions by country and region shows the proportion of CO₂ emissions worldwide in 2005, and was compiled from Ministry of the Environment statistics.

Housing

The home is the basis of modern living; it is also the foundation of our business. The Daiwa House Group is proud to be the creator of an industry, having introduced the prefabricated house that made the mass production of industrialized housing possible in Japan. We believe the residential business will always be the core business of our Group, enabling us to carry out our social mission. However, the decline in housing starts associated with changes in demographics means that the market in Japan for new houses will continue to contract, likely falling to 800,000 units annually. At the same time, the national stock of existing houses in Japan is nearly 57.6 million units, with an average lifespan of 30 years for a house in Japan. To reach a level on par with the West (44 years in the U.S., 75 years in the U.K.), the industry has proposed measures to emphasize higher quality. The Law Concerning the Promotion of High-Quality, Long-Term Housing came into effect in 2009, reflecting a housing policy that emphasizes the maintenance of high-quality stock (existing housing) in society. In addition to the development of technologies to support longer-lived house construction, we are putting a system into place that will establish the renovation business as a growth market leader, looking toward the expansion of the existing home market in the future. We are creating systems for the development of a high-quality existing home resale market, as well as for the long-term support of our customers. We are creating a new business model that links the new house and existing house markets to cover all aspects — from new construction to maintenance and reutilization — taking the lead in the revolution toward a housing industry that supports residents from the long-term perspective.

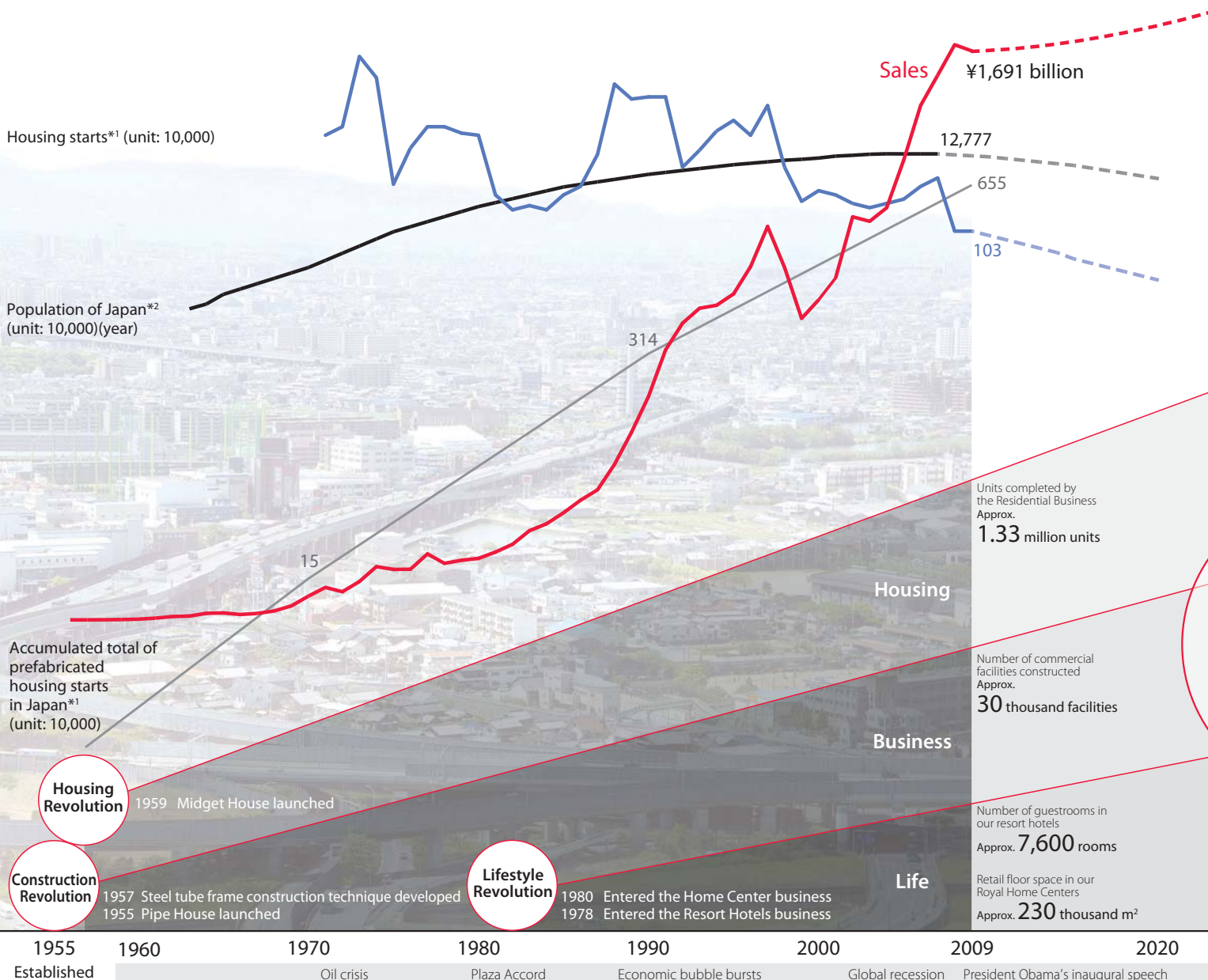
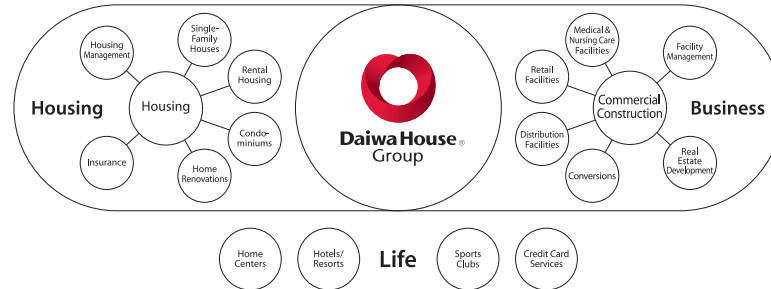
Business

Together with our Residential Business, our efforts in this segment form a central part of our management strategy. Beginning with the “Pipe House” that we produced at our inception as a company, we were the first in Japan to incorporate steel pipe construction into general construction projects. We have continued in this approach to consolidating an unassailable position through innovative business practices. We contribute to the growth of our clients’ businesses by making the most of our extensive experience and high value-added consulting services for the construction of commercial facilities and logistics facilities to support their corporate strategies. We have also developed facilities for the elderly, utilizing ideas primarily developed by our Silver Age Research Center. The total floorspace of our commercial buildings for rental use now exceeds 3.6 million square meters, with an occupancy rate of 98% on a Groupwide basis. As a commercial facilities developer, we are unrivaled in the market. We are involved in the development of large-scale commercial complexes and logistics centers which are operated by ourselves, differentiating us from general contractors and real estate developers. As a unified group, we have successfully solidified our position in the market, building an asset management chain linking potential customers and businesses, from facilities management and operations to solutions that meet the needs of the market, as that marketing continues to become more complex, more diversified, and more specialized.

Life

The Daiwa House Group was one of the first in Japan to introduce a members-only resort hotel, and we have built this business segment into a major line within our Group growth strategy. We will produce greater profitability in this segment by improving services in our Health & Leisure Business (resort hotels, golf courses and our fitness club management business), and our Home Center Business, in which we are having success at integrating into local communities. We are opening new properties under the banner of our City Hotels Business (upscale urban hotels), proactively serving the needs of the market, and cultivating new revenue sources. As a multi-faceted business entity capable of supporting all aspects of personal living — including insurance and financial services (mainly credit card services) — the Daiwa House Group practices close coordination among our various segments in the housing and business services fields. By creating new value in these businesses, we can enrich our customers’ lives and achieve further growth as a corporate group.

Daiwa House Group —
working to co-create value for individuals, communities and people's lifestyles



*1 Taken from Housing Starts Statistics, the Ministry of Land, Infrastructure, Transport and Tourism, Medium and Long-Term Forecast for Construction Investments — Outlook for the Period FY2010 – FY2020, the Research Institute of Construction and Economy.
*2 Compiled from official national statistics for 2009 issued by the Ministry of Internal Affairs and Communications.



Daiwa House
Group

Radical change is needed to create a truly caring society

Since the establishment of Daiwa House Industry during the reconstruction period following World War II, Japanese society has continued to face difficult hurdles, including the Oil Crisis of the 1970s, the Plaza Accord of the 1980s, the collapse of the economic bubble during the 1990s, and now the global economic recession of the 2000s. How has the Daiwa House Group been able to continue expanding through such turbulent times? The driving force has been nothing more than our spirit of innovation — to accept the challenge to create new value for society, no matter what the circumstances or times. In 1955, we developed the Pipe House, setting the stage for the industrialization of construction in the Japanese market. In 1959, we introduced the Midget House, which served as the prototype for the subsequent prefabricated houses, as we led the way toward the mass production of housing units. In 1978, we introduced a members-only resort hotel in Japan, taking the lead in the Japanese resort industry. These three innovations served as a driver behind the advancement of new lifestyle options for people in Japan.

The Baby Boomer generation was the catalyst for our launching of the Midget House on the market. Now this generation is on the verge of senior citizenship status. In 2013, Japan will become a “super-aging” society in which one out of four people is a senior citizen. The obstacle before us appeared in 2009 in the form of global economic stagnation, and this came against an already unprecedentedly low birth rate and advanced aging of the population in Japan. We are at the forefront of the next wave of innovation in our businesses. We must review the issues associated with the conventional economic system, and the need to create true abundance. We are doing more than engaging in the process of innovation in existing business fields: we are taking on the challenge to create a new direction for social values, to create new markets through new technologies.

**New Value
Creation**

Arrival of the co-creation age

2055
The 100th anniversary



Calligraphy by Takeo Higuchi

The Chinese character shown above means “dream,” and is pronounced “yume” in Japanese.

One such example is our work in the field of robotics. We have entered into a cooperative venture with CYBERDYNE Inc. to contribute to a solution for the critical shortage of caregivers for senior citizens through the wider adoption of the Robot Suit HAL™. We are making our mark in environmental energy technologies with further advancements in energy conservation and power generation technologies. We are developing practical applications in energy storage technologies and energy management, positioning these areas as new business segments as we maximize the benefits to society.

The Daiwa House Group is also carrying out research into the industrialization of agriculture to introduce a transformation in the current agricultural structure of Japan, wherein the food self-sufficiency ratio has fallen below 40% (as of fiscal 2007). We are anticipating changes in economic methods and lifestyles and creating value demanded by the times. It is this spirit that has been a major motivating force behind the Daiwa House Group for the past half-century. Having added new value to Japan in the form of buildings, we are now creating new value in robotics, green energy, and agricultural technology, among other fields on which the hopes of people around the world rest. The Daiwa House Group will continue to boldly undertake new challenges.

Building the foundation of the future — our people

For his entire life, our founder Nobuo Ishibashi dreamed of developing businesses that contributed to the betterment of society. Guided by our Company Philosophy (“the cultivation of people through our businesses”), and in response to the demands of the individuals who make up the community, he devoted himself to developing employees capable of fulfilling their social responsibilities.

Fifty years later, we look back on the road we have travelled, discovering therein hope for the future. To always be a company that exists for the benefit of its customers, business partners, and other stakeholders, we continue to extend our roots into fields that are intimately connected to our customers’ lifestyles, helping develop human resources who will become important assets for the future. It is this dream that we have inherited from our founder. This is both the pride and the foundation of the Daiwa House Group — past, present and future. To realize our dream of a better future for society, we continue to create new value through our business operations. In the spirit of co-creating a brighter future, the Daiwa House Group joins you in pursuit of the dream that unites individuals, communities and lifestyles in shared values.



Takeo Higuchi

Takeo Higuchi, *Chairman and CEO*

One



Let's Move Hearts!

— our three priority initiatives



Against the backdrop of the global economic recession that originated with the slowdown of the U.S. economy during fiscal 2008, the management of the Daiwa House Group put their full efforts into coping with the severe market realities of soaring oil and materials prices as well as the steep drop in Japanese share prices. Still, this was a very challenging year for us. Our new three-year plan (Second Medium-Term Management Plan “Challenge 2010”) reflects the major changes in Japan as we face a declining and aging population. The two pillars of this plan are (1) improvement of profit structure, and (2) development of new future earnings drivers. I believe that we have accurately identified the two essential issues in this tumultuous period. Now is our best opportunity to reinvent ourselves in preparation for major growth in the future. We will be pursuing three new priorities as we use this continuing harsh business environment to our maximum advantage. It is my desire to take a leadership role in these initiatives, restructuring the foundation underpinning our Group management. Without further ado, please allow me to discuss our three priorities for this fiscal year.

Second Medium-Term Management Plan "Challenge 2010"

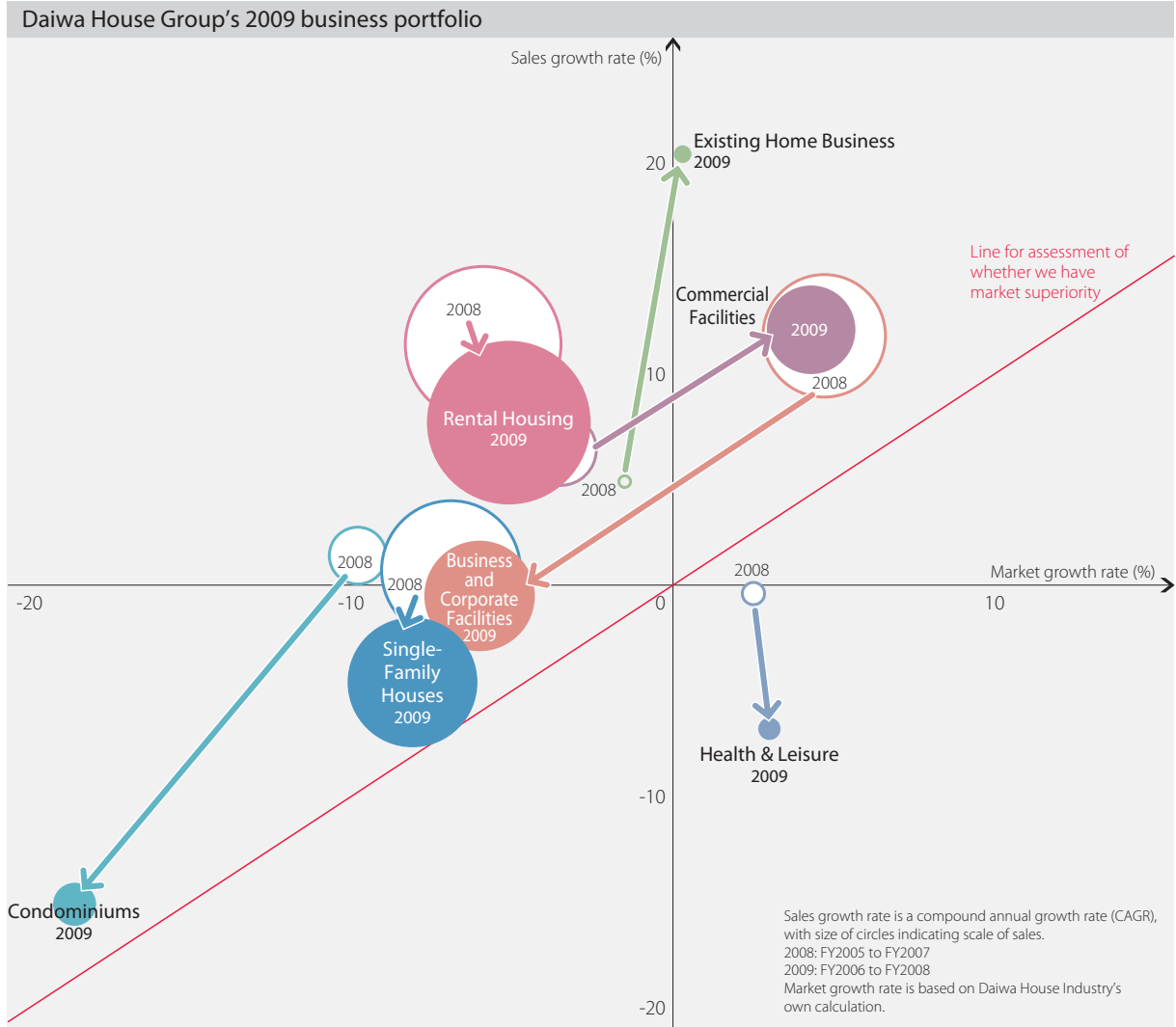
Main themes
 Improvement of profit structure
 Development of new future earnings drivers

Basic policies

- Realize further growth through closer collaboration within the Group
- Nurture new future earnings drivers
- Conduct R&D into growing renovation market and nursing care business, and take steps to help prevent global warming
- Reinforcing our business base

Priority initiatives in FY2009

- 1 Greater business productivity in our single-family house and condominium businesses
- 2 Full-scale entry into new growth businesses: renovation and environment/energy businesses
- 3 Revised real estate investment plans and Groupwide cost/expense restructuring

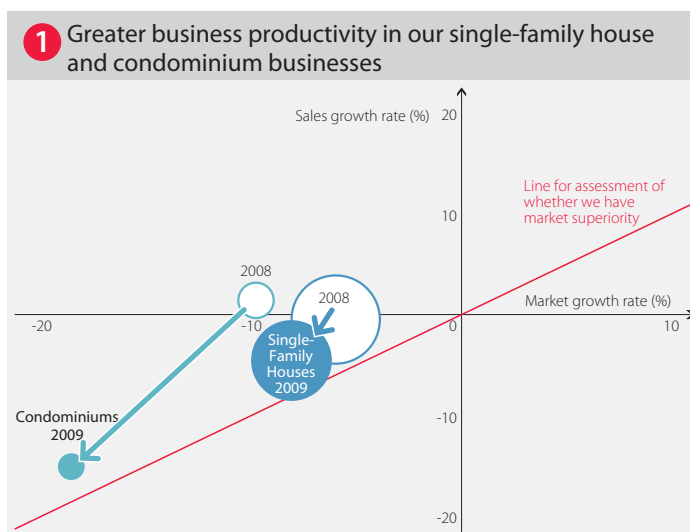


1 Priority initiative

Greater business productivity in our single-family house and condominium businesses

The Japanese economy has fallen into a vicious cycle in a relatively short period, affected by the global recession that has resulted in deteriorating corporate earnings (45 listed companies declared bankruptcy during the reporting period, the largest number in the post-war era) and stagnant share prices (the Nikkei average fell 35.3% year-on-year). The housing market has seen a significant decline in demand for newly constructed homes. Further changes are predicted to occur in the Japanese social structure as the population contracts (a decrease to fewer than 120 million people by 2025) and ages (by 2013, 25% of the population will be elderly). The number of housing starts during the reporting period was 1.03 million, representing a 45% decrease from the all-time high. In response to this market environment, we have acted in our position as the leader in the housing industry to successfully lobby for two housing stimulus programs to be officially codified. One program is the expansion of tax reductions related to mortgage loans (from a maximum of ¥1.6 million to a maximum of ¥5.0 million). The other is a tax break for high-quality, long-term housing (reduction in tax rates on fixed assets). These programs will be favorable factors in bringing greater activity to the new home construction market, and we expect them to lead to an upturn in home-buying demand.

In light of these developments, we will be implementing the following measures toward the improvement of total business efficiency in our single-family house and condominium businesses. Cost restructuring is the key to improved business productivity in our single-family house business. The average price of a newly constructed house in Japan is greater than five times the purchaser's average annual income. As the company that introduced the concept of industrialized housing to Japan, we believe that it is our mission to bring about a revolution in housing prices. Beginning this fiscal year, we will reexamine all of our assumptions, with a structural overhaul including overseas materials procurement, joint materials deliveries, and the expansion of construction project territories, and a cut of 10% in sales expenses, seeking business productivity improvements in total business efficiency that meet the new pricing expectations in the market. The driver of total business efficiency improvement in our condominium business is operational efficiency. Japan's population continues to concentrate in the three largest metropolitan regions, as well as in other leading regional cities with a population of over one million, such as Sapporo, Sendai and Fukuoka. The Daiwa House Group has traditionally operated businesses throughout the entire country, allocating personnel, materials and funding resources accordingly. However, we have reviewed this approach, instituting a structure of focus and specialization that prioritizes market needs. By focusing management resources on priority areas and specializing in large-scale development projects representing highly valuable market assets, we hope to generate a ratio of large-scale projects of 75% or greater by the end of fiscal 2011. In pursuit of greater efficiencies from a flexible, opportunistic approach dictated by the shape of the market, the Daiwa House Group will continue to strive for highly profitable business productivity.



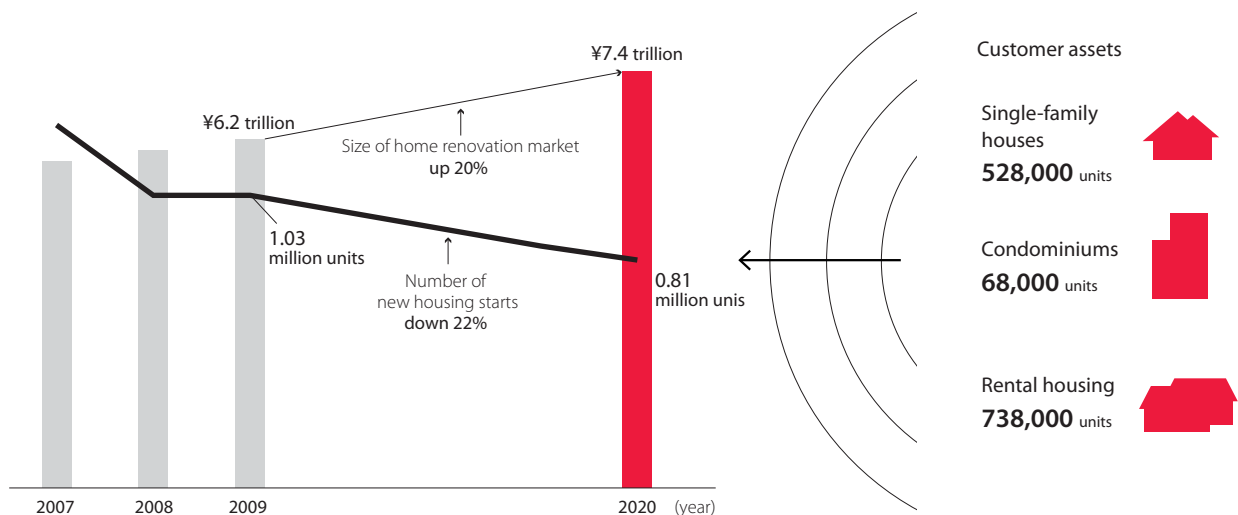
Priority initiative 2

Full-scale entry into new growth businesses: the renovation and environment/energy businesses

As the mature Japanese market experiences major changes, the Daiwa House Group has identified two significant advantages in new growth markets. One is the renovation business, which is estimated to grow into a ¥7.4 trillion industry by 2020. The other is the environment and energy business, expected to become a market worth ¥9.4 trillion by 2020.

As I am sure you know, the Daiwa House Group has grown over the past half-century into a business with customer assets approaching 1.3 million units in single-family houses, rental housing and condominiums, as well as 30,000 commercial property-holdings. As a group of companies boasting many customer assets and expertise in meeting diverse customer needs, the Daiwa House Group can be expected to take the lead in the full-scale development of these two markets, which require new business models for the creation of market value. The renovation business is a lead-in business developed from the existing home market, while the environment and energy business is a value-creation model with the aim of “green” construction in the pursuit of energy conservation and high levels of CO₂ reduction in commercial construction. We intend to focus on the expansion of these two areas as new growth fields that will serve as core business segments supporting ongoing growth in Group revenues.

Home renovation market size*¹, and number of new housing starts*²



*¹ Taken from: “Survey of Home Renovation Market, 2008” published by Yano Economics Research Institute, Ltd.

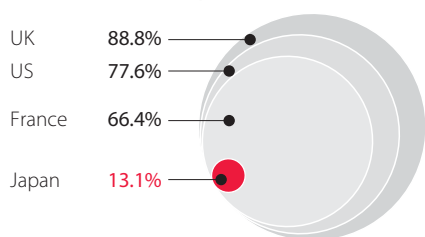
*² Taken from Housing Starts Statistics, the Ministry of Land, Infrastructure, Transport and Tourism, Medium and Long-Term Forecast for Construction Investments — Outlook for the Period FY2010 – FY2020, the Research Institute of Construction and Economy.

The renovation business

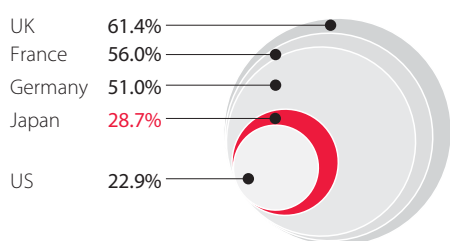
Next, I will address the strategy behind approaching the renovation business as a new growth business for the Daiwa House Group. The central role in Japan's housing market is shifting from new house providers to the existing home renovation business. According to an international market comparison of sales of existing homes, the percentage of existing homes put on the market each year is 77.6% in the U.S., but only 13.1% in Japan. In Japan, the existing home market is still undeveloped. As stated previously, laws and tax provisions have been amended to favor high-quality, long-term housing. The times are calling for the incorporation of durable technologies in the construction of new houses, as well as for a new framework encompassing long-term residency (from maintenance/management to recycling/repurposing). The utilization of existing homes is a new priority from the perspective of protection of the global environment, where consumers want to see the reutilization of resources and a contribution to the creation of a zero-waste society.

Making the most of this trend in the market environment, as well as our tremendous advantage in terms of customer assets, we have made the decision that the current fiscal year is the time to commit to a full-scale investment of Group management resources into the renovation business as a new growth business. One of our strengths is that we have customer assets located throughout Japan in the form of single-family houses, rental housing and condominiums. This gives us the opportunity to integrate our renovation business closely with the local community, regardless of the type of residence in question. Another strength is the fact that our renovation business can respond to the housing needs of any resident, whether they own their home, are renting or subleasing, or whether they are moving into a new residence. Armed with these two strengths, we see our renovation business as a "lifetime housing value creation business," accepting the challenge to develop this new growth business in order to build a future society that makes the most of the existing homes in the community.

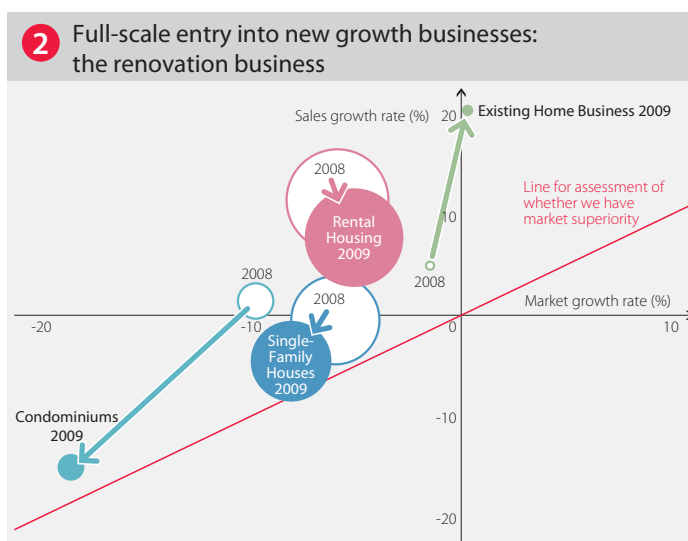
Percentage of existing houses on the market (international comparison)*3



Renovation work as percentage of total housing investment (international comparison)*3



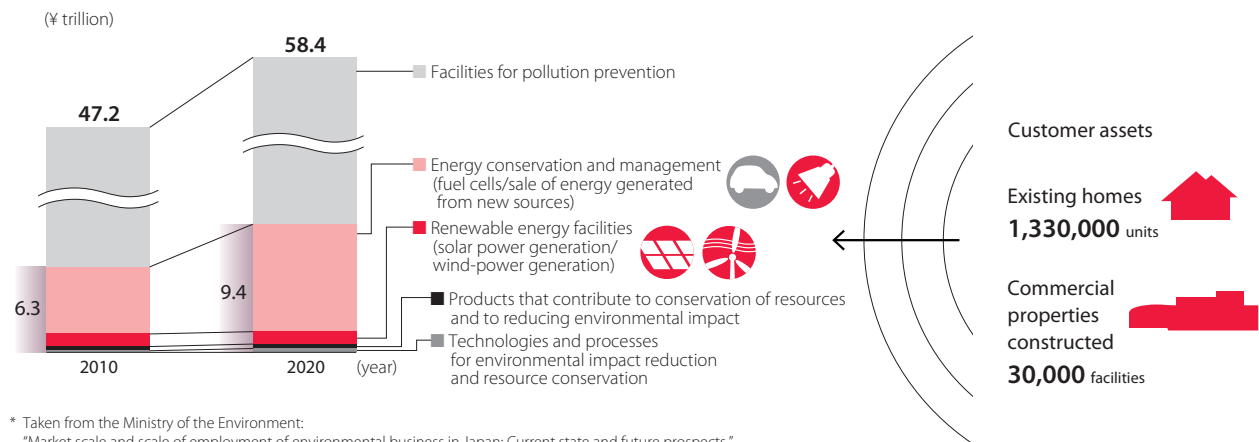
*3 Taken from the Ministry of Land, Infrastructure, Transport and Tourism: Report by the Council for Overseeing Creation of Social Capital, the Subcommittee on Existing Homes and Renovation.



The environment and energy business

Next, let's take a look at the strategy behind identifying the environment and energy business as a new growth business. As indicated by the *Green New Deal* policy proposals recently unveiled in the United States, the world is beginning the transition from a society heavily dependent on fossil fuels to one using clean and green energy sources. In Japan, the automotive industry has already embraced hybrid cars and other new technological developments, and a Japanese version of the *Green New Deal* proposals has been published, which incorporate the idea of concentrated investment in the effective utilization of new energy sources, demonstrating an increasing social awareness. The enforcement of amendments to the Energy Saving Law has led to initiatives for the greater reduction of CO₂ emissions in businesses and homes. Up to now, we have addressed individual needs through the individual efforts of group companies or business divisions, such as with the development of large-scale wind power generation, lithium-ion batteries, and LED lights for commercial applications, as well as the development of insulation technologies and the incorporation of solar power generation systems into houses. Beginning with the current fiscal year, however, you will see a major expansion in the global environmental market. Now is the time for us to consolidate individual technologies and expertise, investing our management resources into a full-scale commitment behind the creation of an environment and energy business under the banner of "green construction." Our goal is to grow this segment into a business that helps preserve the environment for future generations, as we create new value for the construction business in which we excel, keeping a close watch on trends in the global markets.

Forecasts of scale of Japanese environmental business market*



3 Priority initiative

Revised real estate investment plans and Groupwide cost/expense restructuring

In Japan, the number of large-scale real estate development projects had been continuously increasing up to last autumn. The Daiwa House Group has made deliberate and considered investments in large-scale development projects in the three areas of our expertise: large-scale commercial facilities, logistics facilities, and high-rise rental apartments. Our real estate development business has differentiated itself from that of general contractors and construction companies, backed by the strength of our land information network, our asset management capacity, and our technological capacity for industrialized construction. Our business was highly competitive and our unique strategies were highly regarded in the market year-by-year. However, the degree of stagnation of the real estate market caused by the global recession has been worse than we could have imagined,

forcing us to review our second medium-term management plan. Since our inception, we have always valued the practice of debt-free management, and therefore carefully examined the details of our investment plans. We have thus made the decision to reduce our initial three-year plan of ¥460 billion in investments to ¥340 billion. We will maintain the highest priority on sound cash flow management, making an effort in collection of investment funds, and limiting increases in interest-bearing debt during the current fiscal year. Meanwhile, we will make progress as planned with real estate development investment, primarily in the Chinese market, which continues to be strong, including investment in the development of a multi-purpose complex project in Dalian, the largest ever undertaken by a Japanese company in China.

Groupwide cost/expense restructuring is a priority management issue. It is precisely because of the difficulty of the current management environment that we have the opportunity to challenge all of our assumptions in efforts to (1) reduce costs, (2) change business operation systems, and (3) consolidate functions, as we work to reduce costs by ¥20 billion overall for the current period. We are restructuring our management finances into a revenue structure that will be immune to the fluctuations in the market, reinforcing our Group management foundation to help all our business segments to become more competitive in their respective markets.

Stronger bonds, limitless growth

I hope now that you have a better understanding of our strategic initiatives in our three priority areas. One of the basic policies defined in the Second Medium-Term Management Plan “Challenge 2010” that we inaugurated in fiscal 2008 is greater growth through stronger Groupwide collaboration. During fiscal 2009, the second year of this plan, we will be engaged in three priority initiatives: 1) greater business productivity in our single-family home and condominium businesses; 2) full-scale entry into the renovation and environment/energy businesses; and 3) redesigning our real estate development business through new planning and cost reform. The customer base and cost competitiveness that we have established and nurtured as a complex business entity are indispensable for the Daiwa House Group to quickly and surely accomplish these goals. At the Daiwa House Group, we believe that times of crisis offer true opportunities for growth. From the long-term perspective on Japan’s future, we have continued the pursuit of the betterment of society to enrich the life of the individual. Once again, we have come to a crossroads in which we can offer new value to society, bringing to bear the synergistic effects to be found in our Group companies and business divisions. We have already made our strategic opening gambit toward the future. Now, as a group working to co-create value for individuals, communities and lifestyles, it is our job to connect hearts, create stronger bonds, and work toward limitless growth for society.



A handwritten signature in blue ink that reads "Kenji Murakami". The signature is fluid and cursive, with a long horizontal stroke underneath.

Kenji Murakami, *President and COO*

Our Sources of Strength

In fiscal 2008, the first fiscal year of the second medium-term management plan, the Daiwa House Group reported disappointing operating results. Sales and operating income fell year-on-year for the first time in six years, largely owing to the sudden deterioration in the domestic economy from the second half. Meanwhile, the steep slump in the real estate market and other factors made it difficult to recover investments as planned, and in response we took out long-term loans amounting to around ¥130 billion. Through this, we procured the funds necessary to nurture new future earnings drivers, one of the main themes of the medium-term management plan, while at the same time achieving stable funding.



One

Operating results for fiscal 2008

Curbed rise in debt-to-equity ratio by reducing inventories

At the end of fiscal 2008, interest-bearing debt stood at ¥344.5 billion, up 50.9% from the end of the preceding fiscal year due to the execution of long-term borrowing of around ¥130 billion. As a result, the debt-to-equity ratio rose from 0.36 at the previous term-end to 0.57, which was above our target of 0.5 under the second medium-term management plan. However, in its medium-term management plan, the Daiwa House Group positions investment in real estate development operations

Cash flow in fiscal 2008

Summary of consolidated statements of income	Millions of yen	YoY change
Net sales	1,690,956	(18,298)
Cost of sales	1,357,821	(2,527)
Gross profit	333,135	(15,771)
Selling, general and administrative expenses	259,555	(230)
Operating income	73,580	(15,541)
Other expenses — net	(59,859)	4,400
Net income	4,170	(8,910)

Summary of consolidated balance sheets	Millions of yen	YoY change
Assets:		
Current assets	661,188	(100,689)
Property, plant and equipment	728,953	86,137
Investments and other assets	420,432	34,073
Total assets	1,810,573	19,521
Liabilities and Equity:		
Current liabilities	372,636	(111,687)
Long-term liabilities	830,509	173,221
Equity	607,428	(42,013)
Total liabilities and equity	1,810,573	19,521

Other expenses — net	Millions of yen	YoY change
Impairment loss on property, plant and equipment	(14,892)	(13,237)
Long-lived assets:		
Hotels	(4,880)	
Golf courses	(3,497)	
Assets used under sublease agreements	(5,391)	
Idle assets	(48)	
Home centers	(83)	
Fitness clubs	(609)	
Offices, factories and others	(384)	
Write-down of investment securities	(7,534)	325
Loss on disaster	(2,015)	(2,015)
Other — net	(35,418)	19,327
Other expenses — net	(59,859)	4,400

Inventories	Millions of yen	YoY change
Finished residential homes and condominiums	41,645	3,325
Construction projects in progress	57,445	(15,157)
Residential homes and condominiums in process	43,660	(16,204)
Land held:		
For resale	221,800	(65,772)
Under development	12,032	(4,611)
Undeveloped	3,789	(53)
Merchandise, construction materials and others	16,073	(697)
Total	396,444	(99,169)

Property, plant and equipment	Millions of yen	YoY change
Land	356,002	14,594
Buildings and structures	315,674	78,218
Other — net	57,277	(6,675)
Net property, plant and equipment	728,953	86,137

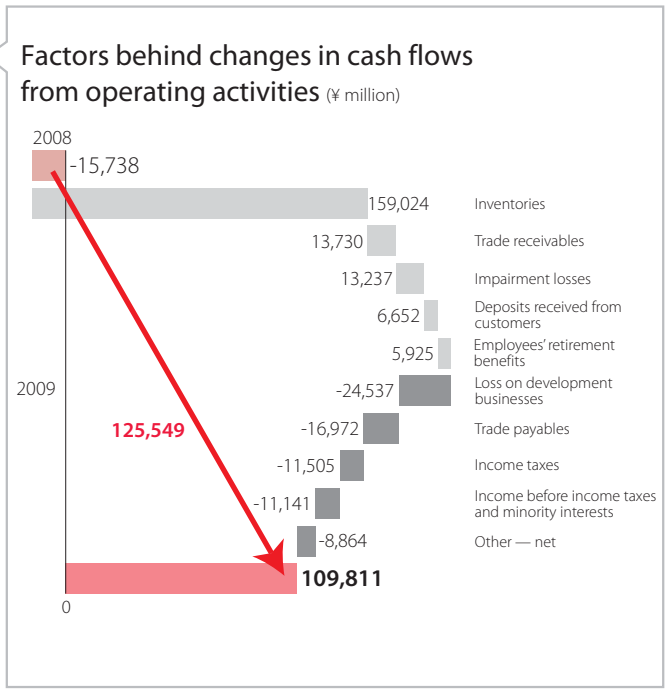
Interest-bearing debt	Millions of yen	YoY change
Short-term bank loans	16,408	4,490
Commercial paper	—	(20,000)
Current portion of long-term debt	5,610	4,015
Current portion of long-term lease obligations	432	432
Long-term debt	319,957	126,580
Long-term lease obligations	2,128	2,128
Other	—	(1,500)
Total interest-bearing debt	344,535	116,145

- 1 We posted one-time expenses totaling ¥59.9 billion, consisting mainly of a ¥14.9 billion loss on the impairment of property, plant and equipment due to declines in real estate prices and aggravated profitability, and a ¥7.5 billion valuation loss on investment securities, resulting from a sharp fall in the value of our equity holdings.
- 2 Net cash provided by operating activities exceeded ¥100 billion for the first time in two years, due to a reduction in inventories, primarily through the sale of single-family houses and condominiums under "land, buildings and structures."
- 3 An increase in property, plant and equipment is attributable to the acquisition of high-rise rental housing and commercial facilities. The funds required for these purposes were raised mainly through long-term loans and the sale of inventories.
- 4 Total interest-bearing debt increased ¥116.1 billion year-on-year in line with our fund procurement through long-term borrowing, with the aim of procuring stable funds in response to the deterioration in financial markets and to secure investment funds for real estate development operations.

as a new growth driver. Accordingly, a debt-to-equity ratio that temporarily exceeded the 0.5 mark is within the scope of our expectations. Due to the postponement of the listing of Daiwa House REIT Investment Corporation, we believe, the interest-bearing debt amount reached a peak slightly earlier than we had initially anticipated.

It is our understanding that we succeeded, to some extent, in curbing the rise of the debt-to-equity ratio by focusing on the sale of properties with the aim of investment recovery as our top priority, in anticipation of a deterioration in real estate market conditions. This led to a reduction in inventories of around ¥100 billion. At the same time, we took measures to curtail borrowing by using recovered funds for reinvestment.

Summary of consolidated statements of cash flows		
	Millions of yen	YoY change
Net cash provided by operating activities	109,811	125,549
Income before income taxes and minority interests	13,721	(11,141)
Depreciation	39,318	3,696
Write-down of investment securities	7,534	(325)
Impairment loss on property, plant and equipment	14,892	13,237
Provision for employees' retirement benefits, net of payments	36,033	5,925
Loss on development businesses	—	(24,537)
Decrease in inventories	71,622	159,024
Increase in deposits received from customers	2,410	6,652
Decrease in payables — trade	(65,520)	(16,972)
Net cash used in investing activities	(199,679)	(76,382)
Purchases of property, plant and equipment	(153,737)	(60,699)
Purchases of marketable and investment securities	(20,271)	(5,653)
Purchases of investments in subsidiaries	(12,443)	(12,054)
Net cash provided by financing activities	96,503	(39,294)
Net increase in short-term bank loans	3,740	2,755
Proceeds from long-term debt	132,850	(20,841)
Net decrease in commercial paper	(20,000)	(40,000)
Cash and cash equivalents, end of year	105,381	6,492



Revision of medium-term management plan for fiscal 2009

Taking a cautious stance on full-year business forecasts

In our full-year business forecasts for fiscal 2009, in light of the challenging business environment, we have taken a cautious stance on sales, operating income and net income. We will work to improve profitability and maintain the financial soundness of the Group by concentrating our efforts on the structural reform of core businesses, the concentration of management resources on growth markets, and the adoption of stringent investment criteria and further cost reductions.

Also, as part of measures to improve profitability in response to the deteriorating business environment, we aim to reduce costs by ¥20 billion over the one-year period by eliminating business function duplication, cutting costs and improving business efficiency.

Aiming to reduce interest-bearing debt to zero in fiscal 2012

The debt-to-equity ratio of 0.5 targeted under the medium-term plan is extremely low compared with other companies in the real estate industry. Nevertheless, to maintain the financial soundness of the Group, we have no intention of expanding investment in real estate development operations to the point where the debt-to-equity ratio is considerably higher than 0.5. Moving forward, we intend to formulate investment plans on the basis of funds recovered through the sale or securitization of property holdings. We will also strictly manage cash flows, with the aim of reducing interest-bearing debt to zero by the end of fiscal 2012.

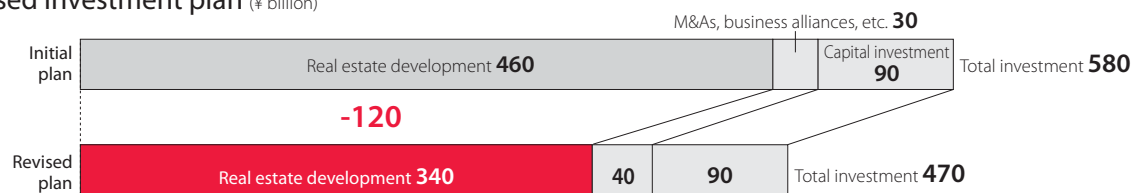
Meanwhile, although we have procured stable funding for the time being through the execution of long-term borrowing in fiscal 2008, we are still examining the diversification of procurement methods as one means of developing a funding structure that will enable flexible fundraising.

Reducing investments earmarked for real estate development operations to curb rise in interest-bearing debt

Initially, we planned capital investment of ¥580 billion over the three-year plan period to March 2011, but in light of the real estate market slump and the increase in interest-bearing debt, we revised our initial plan, reducing total capital investment to ¥470 billion.

We plan to reduce investment in real estate development operations to ¥340 billion from an initially planned sum of ¥460 billion. Moving forward, we will emphasize investment recovery and carefully select projects, focusing on projects where investments can reasonably be expected to be recovered by the end of fiscal 2012. We are also revising our plans for projects in process, including aborting unprofitable projects and those where there is little possibility of the recovery of investment. In addition, we will adopt stringent investment criteria, making it a condition that projects meet the internal criteria of generating a yield of at least 7.0% on a net operating income (NOI) basis and at least 8.5% on an internal rate of return (IRR) basis. At the same time, we will make it a general rule to pursue development within the scope of the current level of borrowing. Conversely, we increased investment in new business development, primarily in the form of M&As and business alliances, to ¥40 billion from the initially planned amount of ¥30 billion, in the light of actual investment of around ¥20 billion from our internal cash flow in fiscal 2008.

Revised investment plan (¥ billion)



Our REIT strategy

Planning listing of three J-REITs — one specializing in distribution facilities, one focusing on residential facilities, and one for investments in commercial facilities

Although our plan for the listing of Daiwa House REIT Investment Corporation was postponed, the J-REIT market is an indispensable element of the social infrastructure in the real estate market, and we still intend to aim for listing. We are currently planning the listing of three J-REITs, one specializing in distribution facilities, one focusing on residential facilities, and one specializing in investment in commercial facilities.

The Daiwa House Group currently holds ten of the 15 properties which Daiwa House REIT Investment Corporation planned to acquire, and has sold the remaining five. Recently we established an investment fund through private placement with the intention of selling our distribution facilities to the fund. We are examining the possibility of establishing another fund through private placement for distribution facilities in fiscal 2009. In the future we plan to use these properties as a basis for the listing of a J-REIT that invests in distribution facilities. In December 2008 we made Morimoto Asset Management Co., Ltd. into a consolidated subsidiary with the aim of strengthening relations with BLife Investment Corporation, a company with which we have had cooperative relations for some time. On February 1, 2009 Morimoto Asset Management changed its name to Daiwa House Morimoto Asset Management. The subsidiary will invest primarily in residential properties as a J-REIT, and will not take on the role expected of the Daiwa House REIT Investment Corporation. In addition, we aim to list a J-REIT that specializes in commercial facilities by exploring business alliances with other companies that own and operate commercial facilities or by acquiring (including through merger) listed J-REITs.

Initiatives to maximize Group enterprise value

Acceleration of business selection and concentration with nothing off-limits

Since its foundation, the Daiwa House Group has expanded its operations, branching out from the housing industry into commercial facilities, hotels, home centers and distribution, and has achieved growth into a business conglomerate that currently boasts consolidated sales of ¥1.7 trillion. However, looking at the Group's operations as a whole, there are still several aspects of our operations that overlap and are inefficient. Further structural reform is therefore a crucial management issue.

The business environment surrounding the Daiwa House Group is expected to remain challenging for the foreseeable future. While making cost reductions and other adjustments in response to the deteriorating environment, we will also accelerate business selection and concentration in which nothing is off-limits, guided by the demands of the new age with an emphasis on adaptation to Japan's current situation of an aging population with a low birth rate, as well as global environmental issues. In addition, we will trim away any unnecessary elements of our management structure and significantly expand our core businesses to maximize the enterprise value of the Daiwa House Group.



A handwritten signature in blue ink that reads "Tetsuji Ogawa". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tetsuji Ogawa, Executive Vice President and CFO

Group Companies

As of July 1, 2009



Daiwa House® Group

Single-Family
Houses

Daiwa House Industry
Co., Ltd.

Condominiums

Daiwa House Industry
Co., Ltd.

Daiwa Service Co., Ltd.
100%

Nihon Jyutaku Ryutu
Co., Ltd.
100%

Existing
Home
Business

Daiwa House Industry
Co., Ltd.

Daiwa Service Co., Ltd.
100%

Nihon Jyutaku Ryutu
Co., Ltd.
100%

Daiwa House Renew
Co., Ltd.
100%

Rental
Housing

Daiwa House Industry
Co., Ltd.

Daiwa Living Co., Ltd.
100%

Nihon Jyutaku Ryutu
Co., Ltd.
100%

Daiwa Estate Co., Ltd.
100%

Daiwa Monthly Co., Ltd.
100%

Commercial
Facilities

Daiwa House Industry
Co., Ltd.

Daiwa Lease Co., Ltd.
100%

Daiwa Service Co., Ltd.
100%

Daiwa Information
Service Co., Ltd.
100%

Daiwa Royal Co., Ltd.
100%

Group companies and equity stake
held by the parent company.

During the 50 years since its founding, the Daiwa House Group has built up a strong track record in business involving a wide range of fields and a large number of people. This track record is a major asset underpinning our management. Looking ahead, we intend to leverage synergies among our Group companies and divisions to further develop this strength and pave the way for further ambitious expansion.



Business
and
Corporate
Facilities

Daiwa House Industry
Co., Ltd.

Daiwa Lease Co., Ltd.
100%

Higashi-Fuji Co., Ltd.
75%

Health &
Leisure

Daiwa Resort Co., Ltd.
(Daiwa Royal Hotels)
100%

Daiwa Royal Golf
Co., Ltd.
100%

Jukeikai Co., Ltd.
(Neo Summit Yugawara)
100%

Nippon Athletic Service
Co., Ltd.
(Sports Club NAS)
99.6%

Shinwa Agency Co., Ltd.
100%

Other
Businesses

Daiwa House Industry
Co., Ltd.

Daiwa Lease Co., Ltd.
100%

Daiwa Rakuda Industry
Co., Ltd.
100%

Daiwa Logistics Co., Ltd.
100%

Daiwa Service Co., Ltd.
100%

Daiwa Royal Co., Ltd.
100%

Royal Home Center
Co., Ltd.
100%

Daiwa Energy Co., Ltd.
100%

Daiwa Lantec
Higashinohon Co., Ltd.
100%

Daiwa Lantec
Nishinohon Co., Ltd.
100%

Osaka Marubiru
Co., Ltd.
95.3%

Daiwa House REIT
Management Co., Ltd.
100%

Daiwa House Morimoto
Asset Management
Co., Ltd.
73.5%

Daiwa House Financial
Co., Ltd.
60%

Daiwa House Insurance
Co., Ltd.
100%

Synchroller Co., Ltd.
100%

Shinwa Agency Co., Ltd.
100%

Media Tech Inc.
100%

Eneserve Corporation
100%

Daiwa Odakyu
Construction Co., Ltd.
33%

Presidents of Principal Subsidiaries

As of July 1, 2009



Daiwa Lease[®]
Daiwa House Group

Daiwa Lease Co., Ltd.
Building & vehicle leasing/
Land utilization

Shunsaku Morita

Born in 1955
1979: Joins Daiwa Koshu Lease
2008: President of Daiwa Lease

During the current term, we will celebrate the company's fiftieth anniversary. We will develop solution businesses with high growth potential by creating new business models while adapting our business models for our core building and automobile lease business to respond to the changing environment.



Daiwa Rakuda[®]
Daiwa House Group

Daiwa Rakuda Industry Co., Ltd.
Housing equipment/
Layout for offices and stores/
Leasing

Katsumi Masumura

Born in 1948
1967: Joins Daiwa House Industry
2006: President of Daiwa Rakuda Industry

As a team of interior design professionals with expertise in design for housing, offices and commercial facilities, we contribute to the creation of environments for pleasant and comfortable lifestyles. We aim to further improve our key strengths in planning, design, and technical expertise.



Daiwa Logistics[®]
Daiwa House Group

Daiwa Logistics Co., Ltd.
Transportation/
Warehouse & storage

Katsuyoshi Tateno

Born in 1946
1969: Joins Daiwa House Industry
2001: President of Daiwa Logistics

Since the company was founded fifty years ago we have specialized in logistics for both residential dwellings and for construction and building materials. We aim to be a reliable company that supports customers' business growth from the logistics perspective, working to create logistics services with high value-added, based on extensive expertise and experience.



Daiwa Living[®]
Daiwa House Group

Daiwa Living Co., Ltd.
Management/
Operation of rental housing

Atsushi Kanakubo

Born in 1952
1976: Joins Daiwa House Industry
2006: President of Daiwa Living, Daiwa Estate

Our company contributes to the promotion of Group businesses and the expansion of operations by taking primary responsibility for the management of existing housing stock. We do this by providing tenants with a safe and pleasant environment on an ongoing basis, and by helping owners manage their rental housing properties from a long-term perspective.



Daiwa Service[®]
Daiwa House Group

Daiwa Service Co., Ltd.
Management of buildings & condominiums/
Manpower dispatching/
Moving services

Hiromi Yamane

Born in 1955
1989: Joins Daiwa Total Service
2005: President of Daiwa Service

We pass on valuable assets to the next generation by maintaining and managing condominiums, office buildings and commercial facilities. At the same time, we also aim to be a company that will earn the gratitude of people in a hundred years time, by expanding our new business operations of environmentally-friendly renovations and repairs.



Daiwa Info.Service
Daiwa House Group

Daiwa Information Service Co., Ltd.

Land utilization/
Maintenance & operation of
commercial facilities

Osao Fukushima

Born in 1946
1973: Joins Daiwa House Industry
2008: President of Daiwa
Information Service

We contribute to society via a lease business centering on commercial facilities, and by operating and managing large-scale shopping centers. In the twenty-fifth year since our company was founded, we are working to develop and provide facilities and services based on our motto, "Improvement in quality starts with improving ourselves."



Nihon Jyutaku Ryutu
Daiwa House Group

Nihon Jyutaku Ryutu Co., Ltd.

Real estate agency & property
management services/
Appraisals/Renovation work

Minoru Fujita

Born in 1948
1967: Joins Daiwa House Industry
2004: President of Nihon Jyutaku
Ryutu

We aim to be a comprehensive real estate company that always delivers reliable services and property evaluations. We are actively engaged in purchasing and selling existing properties, in addition to our core businesses of real estate agency services, property management services, and real estate appraisals.



Daiwa Royal
Daiwa House Group

Daiwa Royal Co., Ltd.

Rental of commercial facilities/
Daiwa Roynet Hotels

Tsuyoshi Ochi

Born in 1945
1969: Joins Daiwa House Industry
2003: President of Daiwa Royal

We contribute to regional revitalization through our core businesses of developing, operating and managing commercial facilities and city hotels. We will continue to take advantage of our accumulated expertise and experience to develop and operate lively facilities that are sensitive to the needs of both people and the environment.



Daiwa Renew
Daiwa House Group

Daiwa House Renew Co., Ltd.

Renovation work

Junichi Sugiura

Born in 1950
1973: Joins Daiwa House Industry
2006: President of Daiwa House
Renew

We specialize in home renovations, aiming to satisfy our customers through the design, renovation work, managing and inspection of renovations. We also respond to changes in society by actively working to make renovations that take environmental considerations into account.



Daiwa Energy
Daiwa House Group

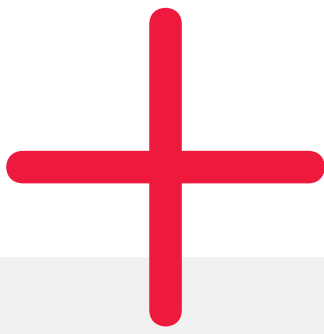
Daiwa Energy Co., Ltd.

ESCO business/
Environmental equipment/
Facility installation

Hidekazu Matsushima

Born in 1949
1973: Joins Daiwa House Industry
2003: President of Daiwa Energy

We use the experience that we have cultivated in a wide range of business areas as an energy service company (in wind power, renewable energy, environmental devices, facilities and products) to provide value-added products and services that deliver three types of savings to our customers: energy savings, resource savings and cost savings.



Daiwa Monthly®
Daiwa House Group

Daiwa Monthly Co., Ltd.
Real estate rental & management

Masaaki Tsuboshima

Born in 1946
1970: Joins Daiwa House Industry
2006: President of Daiwa Monthly

Our company has established a brand by operating furnished rental condominiums that offer a new style of city living, mainly in Tokyo and Osaka. In the future we will stimulate demand through the provision of rental housing with high value-added, meeting new market trends.



Daiwa Lantec®
Daiwa House Group

Daiwa Lantec Higashinohon Co., Ltd.
Foundation assessment & reinforcement

Katsuaki Handa

Born in 1944
1963: Joins Daiwa House Industry
2001: President of Daiwa House Kanto*1

As a technology-driven company, we aim to be the kind of company that our customers trust completely and are glad to have done business with. In business, we aim always to do the right thing, and to create a workplace where everything is transparent.



Daiwa Lantec®
Daiwa House Group

Daiwa Lantec Nishinohon Co., Ltd.
Foundation assessment & reinforcement

Osamu Takimoto

Born in 1948
1967: Joins Daiwa House Industry
2008: President of Daiwa Lantec Nishinohon

As a team of technical professionals in areas such as geological surveys, soil improvement, the exterior structures of buildings, and landscaping, we strive to present proposals with added-value. We are aiming to be a company that earns the trust of its customers by developing products that are environmentally friendly, to meet the needs of the age.



Daiwa REIT®
Daiwa House Group

Daiwa House REIT Management Co., Ltd.
Asset management

Kenjiro Matsutake

Born in 1959
1983: Joins Daiwa House Industry
2009: President of Daiwa House REIT Management

Our company aims to create a more stable revenue base for the Daiwa House REIT Investment Corporation by maximizing collaboration with other companies in the Daiwa House Group.



Daiwa Insurance®
Daiwa House Group

Daiwa House Insurance Co., Ltd.
Non-life insurance agency

Shigeru Sasashita

Born in 1954
1976: Joins Daiwa House Industry
2008: President of Daiwa House Insurance

We aim to be an excellent agency that can contribute to society by delivering insurance solutions that meet the needs of customers who have relationships with the Group, as well as delivering insurance solutions that upgrade the risk management strategies of each Group company and enhance benefit programs for employees.



Royal Home Center Co., Ltd.

DIY/Gardening/Interior items

Daiwa Resort Co., Ltd.
(Daiwa Royal Hotels)
Resort hotels

Daiwa Royal Golf Co., Ltd.
Golf course operation

Jukeikai Co., Ltd.
(Neo Summit Yugawara)
Operator of homes for the aged

Osaka Marubiru Co., Ltd.
Management of hotels/
Rental of commercial facilities

Shinsei Yoshimori

Born in 1947
1972: Joins Daiwa House Industry
2007: President of Royal Home Center

We provide information about home improvements and home solutions by taking advantage of the wealth of knowledge and experience that Daiwa House Group has built up. We aim to be a leader in our industry based on our customer-first management philosophy.

Seiji Kushida

Born in 1949
1972: Joins Daiwa House Industry
2009: President of Daiwa Resort

We aim to be a hotel chain that enjoys a growing number of repeat guests, by paying attention to each and every guest to be fully aware of customers' expectations, and by showing sincerity and sensitivity in providing customers with an emotional experience that goes beyond mere satisfaction.

Seishu Umaoka

Born in 1949
1973: Joins Daiwa Danchi
2007: President of Daiwa Royal Golf

We aim to create golf courses that customers can genuinely enjoy, and we work to provide services that can satisfy our customers – flawless course management, polite reception and high-level caddy services, and delicious food.

Toshinori Inaguchi

Born in 1948
1972: Joins Daiwa Danchi
2004: President of Jukeikai

As a leader in the area of welfare for the aged, we will fulfill our social mission by promoting our care services for senior citizens to meet the needs of a rapidly aging population. In our facility operations, we work to provide high quality service, following our philosophy of improving the satisfaction of our residents.

Haruyuki Yoshimoto

Born in 1949
1978: Joins Osaka Marubiru
1998: President of Osaka Marubiru

Osaka Marubiru is well-known for the landmark circular high-rise building in front of JR Osaka station. Our company is actively working to raise customer satisfaction and reduce energy consumption through our management of the Osaka Dai-ichi Hotel.



余暇の創造を提案します
スポーツクラブNAS
 Daiwa House Group®

**Daiwa Morimoto
 Asset Management**
 Daiwa House Group®

大和ハウスフィナンシャル
 Daiwa House Group®

シンクローラー
 Daiwa House Group®

伸和エージェンシー
 Daiwa House Group®

**Nippon Athletic Service
 Co., Ltd.**
 (Sports Club NAS)
 Fitness clubs

**Daiwa House Morimoto
 Asset Management Co., Ltd.**
 Asset management

**Daiwa House Financial
 Co., Ltd.**
 Credit card operations

Synchroller Co., Ltd.
 Manufacture of housing
 parts & materials

Shinwa Agency Co., Ltd.
 Advertising & travel agency

Yoshinari Shibayama

Born in 1960
 1984: Joins Daiwa Danchi
 2009: President of Nippon
 Athletic Service

Our motto is "paradigm shift," and we try to think outside the box and be open to new ideas of what a fitness club should be as we work together to provide the highest quality fitness clubs in Japan – fitness clubs that reinvigorate people's spirits as well as their bodies.

Takeshi Fujita

Born in 1963
 1986: Joins the Mitsui Trust and
 Banking
 2008: President of Morimoto
 Asset Management*2

We have been entrusted with the task of asset management for the BLife Investment Corporation, which invests in residential and commercial facilities. We take full advantage of the Group's experience in developing and operating real estate properties in order to focus our energies on the growth of funds in trust and the development of the J-REIT market.

Osami Nishikawa

Born in 1945
 1971: Joins Daiwa House Industry
 2006: President of Daiwa House
 Financial

Our company is the Group's first finance and loan subsidiary to be in charge of credit card and lending operations. We seek to expand our business and meet the demands of a new age by connecting customers and the Group, and by contributing to society with our Heart One Card.

Masaru Izuoka

Born in 1949
 1967: Joins Daiwa House Industry
 2007: President of Synchroller

As well as working to cultivate talented human resources through production activities in our factories, we will also continue to respond to our customers' needs by actively manufacturing and delivering parts and materials that support the progress of new technologies, without being stuck in outmoded ways of doing things.

Michio Aritomo

Born in 1946
 1965: Joins Daiwa House Industry
 2005: President of Shinwa Agency

The foundation of our businesses is to view things from the consumer's perspective. We place great value on this consumer perspective to convey messages about companies or products, so that we can create a positive encounter between the product and the end-user, enabling the generation of a deeper emotional response.



Eneserve Corporation
Comprehensive energy services

Higashi-Fuji Co., Ltd.
Real estate development, sale of commercial real estate

Daiwa Odakyu Construction Co., Ltd.
General construction/ Real estate

Yoshio Kinoshita

Born in 1944
1999: Joins Eneserve
2007: President of Eneserve

We contribute to society in many ways, as electricity specialists who provide critical protection to corporations, through solution-oriented comprehensive energy services. We do this by guaranteeing the security of electrical facilities, reducing energy costs, and contributing to the protection of the global environment.

Masafumi Iwami

Born in 1948
1970: Joins Daiwa House Industry
2007: President of Higashi-Fuji

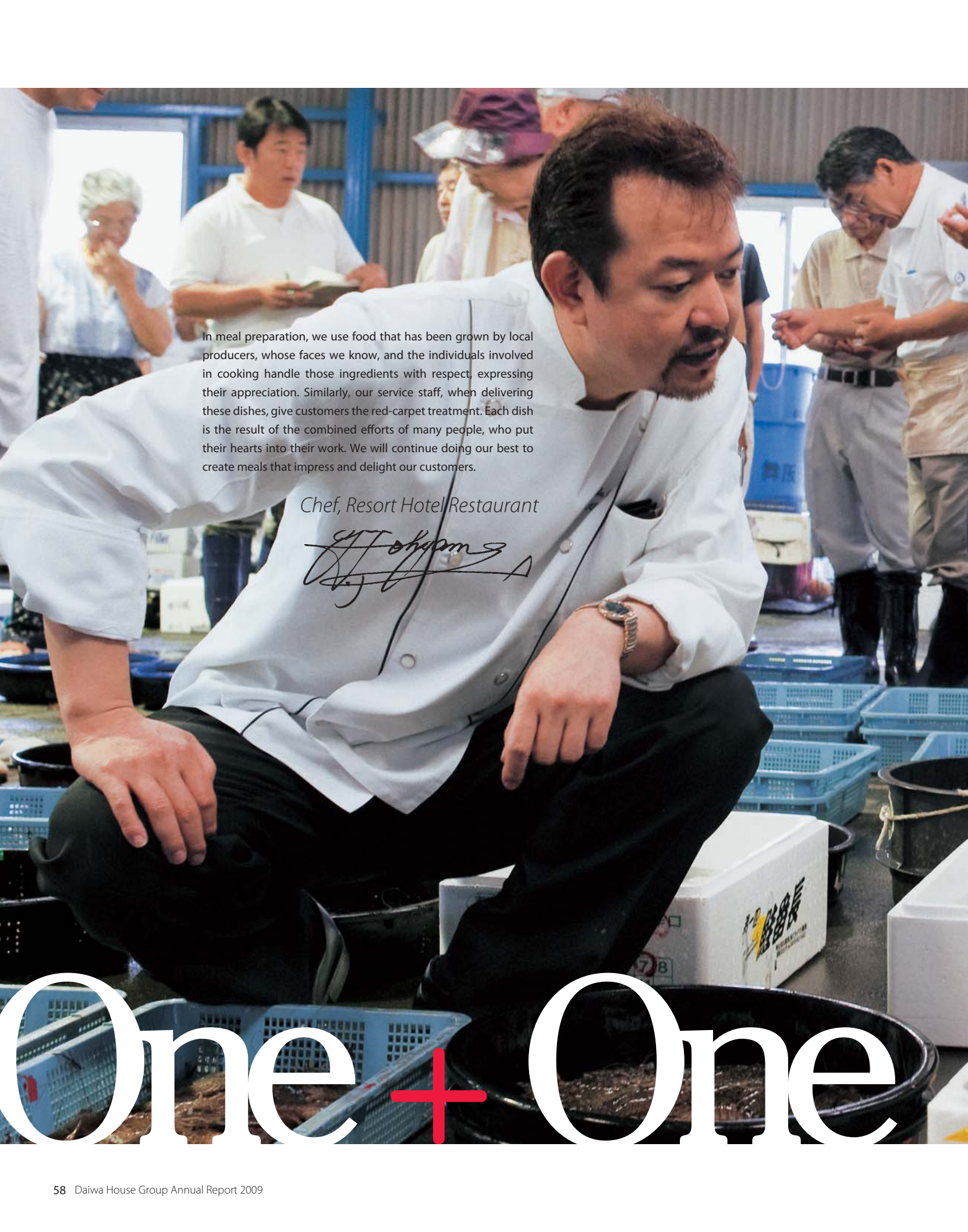
We aim to be a company that is trusted by the local community. It is essential to have marketing skills that can precisely grasp customers' requirements and technical skills that can respond to these requirements, from residential housing to commercial construction and medical and nursing facilities as well as logistics and industrial facilities.

Yoshiaki Takamura

Born in 1942
1965: Joins Daiwa Danchi
2008: President of Odakyu Construction*3

We are working to enhance our enterprise value by transforming into a comprehensive construction business that relies on its own development and proposal capabilities. We hope to raise the brand power of both the Daiwa House Group and the Odakyu Group. Taking the opportunity of our celebration of the company's anniversary, we will contribute to people's rich and fulfilling lives.

*1 Currently Daiwa Lantec Higashinohon
*2 Currently Daiwa House Morimoto Asset Management
*3 Currently Daiwa Odakyu Construction




In meal preparation, we use food that has been grown by local producers, whose faces we know, and the individuals involved in cooking handle those ingredients with respect, expressing their appreciation. Similarly, our service staff, when delivering these dishes, give customers the red-carpet treatment. Each dish is the result of the combined efforts of many people, who put their hearts into their work. We will continue doing our best to create meals that impress and delight our customers.

Chef, Resort Hotel Restaurant

One + One





When a patient puts on a HAL™ robot suit, and is able to move his or her legs for the first time, in that moment the joy shared by the patient, family members, and the nursing home staff is wonderful to see. That moment is when new possibilities for the future start to unfold. This product, which is attached to the user's body, requires delicacy. The user must be able to trust both the product and my explanations of its features. I will continue working to cultivate "heart" (sensitivity), with the hope of giving the joy of mobility to as many people as possible.

Sales

Yukinori Sengoku

One + One



Robot Suit HAL® — for use in nursing homes
and other welfare facilities
Development & production: CYBERDYNE Inc.
Sales agent: Daiwa House Industry Co., Ltd.