

The Year in Review



■ Draws up the Second Medium-Term Management Plan "Challenge 2010" (fiscal 2008 to fiscal 2010). The main themes of the plan are improving the profit structure and nurturing new drivers of future earnings.

■ SumStock is founded by nine major housing companies to boost sales and create a proper market for existing high-quality housing stock.

■ Concludes a sole agency contract on the robot suit business with CYBERDYNE Inc., the world's most advanced company in human assistive Cybernics* technology.

* Cybernics: fusion of human, machine, and information systems

■ Draws up Medium-Term Environmental Action Plan, Endless Green Program 2010, aiming to "help bring about a society in which the lives of more people can be harmonized with the natural environment, enabling them to live truly fulfilling lives."

■ Launches the Séjour OTT's Limited, a semi-fireproof, three-story rental housing product.



■ Eneserve, a listed subsidiary, becomes a wholly owned subsidiary through a takeover bid.

We seek even better synergy within the Group while improving the decision-making process and management efficiency of Eneserve, carrying out comprehensive business strategies through even closer collaboration than in the past.



May

July

2008

April

■ Changes the paper used for product catalogs, business cards, and company envelopes to Forest Cultivation Paper based on own standards, contributing to sustainable development of forest resources.



June

■ Listing of Daiwa House REIT Investment Corporation postponed.

August



■ Becomes overall No.1 in environmentally-friendly houses in fiscal 2007.

This marks the first certification for a large multi-purpose building in the individual supply type. In addition, certification of D'Grafort Senrichuo (Toyonaka City in Osaka Prefecture) marks the first such recognition for a condominium building. This marks the third overall No.1 of the Daiwa House Group, following fiscal 2004 and fiscal 2005.

September



■ Launches the xevo C, in which the family themselves help with architectural design, expanding our single-family housing product lineup.

■ iias Tsukuba, a large commercial complex operated by the Daiwa House Group, opens, becoming one of the largest in the northern Kanto region.

iias Tsukuba is a large commercial complex located in front of Kenkyu Gakuen station on the Tsukuba Express Line (Tsukuba City, Ibaraki Prefecture), housing 10 core tenants and 211 specialty stores in the mall for a total of 221 stores. It also accommodates medical institutions, a bank, an adult education school, and a wedding center. It is equipped with features to function as a semi-autonomous community.



■ Leasing begins for Robot Suit HAL™.

The new company building (Tsukuba City, Ibaraki Prefecture) of CYBERDYNE Inc. was opened in October 2008, becoming an R&D and production base for HAL™, a self-support assistive robotic suit. Production of HAL™ began as its first product for commercial use (for nursing care purposes). Accordingly, Daiwa House Group began leasing of this product as the sole distributor.



■ Launches the xevo WW, which is well-adapted to the Japanese climate, expanding the wooden, single-family housing product lineup.

■ Activities for creating a community in harmony with nature and reducing CO₂ for an entire community win the 18th Global Environmental Award.

Highly praised for activities such as creating a community in harmony with the natural environment, reducing CO₂ for an entire town block for Koshigaya Lake Town and overall activities for the environment related to housing construction, the Daiwa House Group was awarded the 18th Global Environmental Award Grand Prix, hosted by the Fujisankei Communications Group.



Courtesy of The Sankei Shimbun Co., Ltd.

October

February

2009

November



■ Opening of iias Sapporo and Foleo Otsu-Ichiryama; large commercial complexes operated by the Daiwa House Group.

December

■ Morimoto Asset Management Co., Ltd., an asset management company of BLife Investment Corporation, becomes a subsidiary, and changes its name to Daiwa House Morimoto Asset Management (February 2009).

Daiwa Morimoto Asset Management

○ Daiwa House Group®

■ Launches Intelligence Toilet II, an in-home health check system jointly developed with TOTO Ltd.



January



■ Launches Séjour MODERN COURT J, two-story rental housing product — a multi-layered town house with modern design.

April

■ Commences sales of Grace Lumino, a white LED lighting system for commercial facilities, which significantly reduces power consumption and CO₂ emissions.

The Daiwa House Group and Nabesho Corporation, in cooperation with Kyocera Corporation, developed Grace Lumino, a white LED lighting system, which can significantly reduce power consumption and CO₂ emissions, and began sales for commercial facilities, hotels, and offices. Beginning with convenience stores that have a business relationship with the Daiwa House Group, the Group is making proposals for its adoption for new construction or renovation.

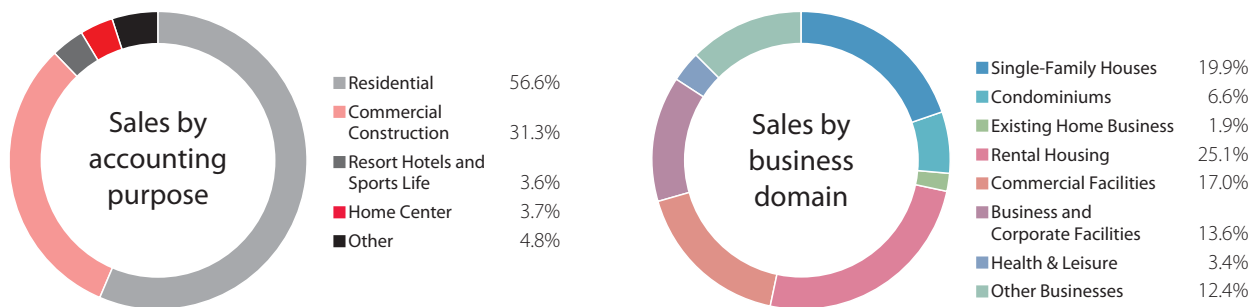


■ Daiwa Lease transfers its management business for rental apartment buildings to Daiwa Living as part of the reorganization of the Group to avoid duplication of business.

Key Data for 2009

As of March 31, 2009

Net sales **¥1,691.0 billion**
down 1.1% ↘



The descriptions of the Daiwa House Group's business activities in this annual report employ two different classifications. For accounting purposes, business operations are divided into five segments, while in non-accounting sections of the report business operations are divided into eight domains to facilitate easier understanding of the Group.

Operating income **¥73.6 billion**
down 17.4% ↘

Net income **¥4.2 billion**
down 68.1% ↘

ROE **0.7%**
down 1.3points ↘

Total assets **¥1,810.6 billion**
up 1.1% ↗

CO₂ savings through products and services

1,087 thousand t-CO₂

Total CO₂ emissions reduction attributable to use of environmentally-friendly residential and commercial facilities built by the Daiwa House Group

Number of new environmentally-friendly houses on the market

1,992 units

House models designed to help preserve the global environment, meeting the certification standards of the Institute for Building Environment and Energy Conservation

How Many Hearts?

How Many Hearts?

Heart.

It all starts here.

By caring enough about someone
you can make that person happy.

By wishing strongly enough for something
you can even create the future.

Have you noticed this?

In your heart, and the hearts around you,
something is starting —
change is underway.





One +











One +

One +

+ One +

One +

One +

A woman wearing a wide-brimmed, textured hat and a patterned jacket stands with her back to the camera, looking out over a cityscape at sunset. A young child in a blue shirt is in the foreground, looking up at the woman. The scene is bathed in the warm, golden light of the setting sun.

One+

One+

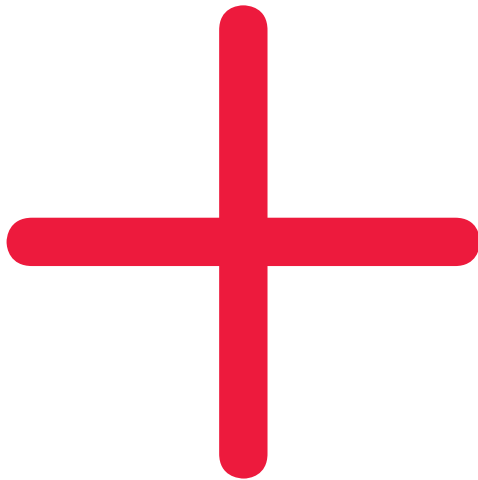
One+

In Housing... in Business... and in Life...
Our role is to connect hearts, as many as there are.

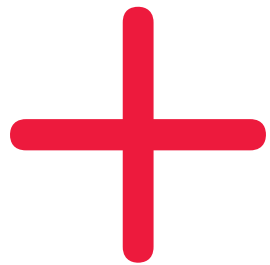
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You



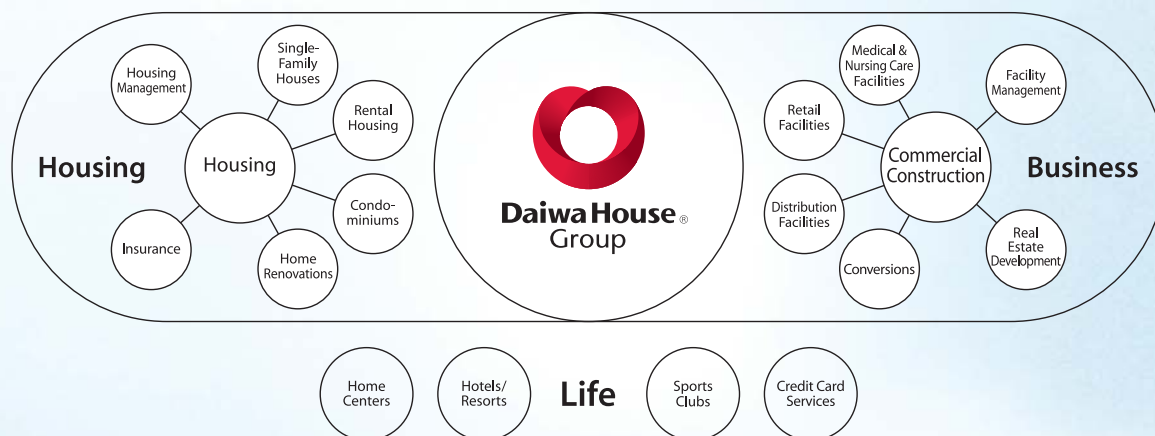
Creating Dreams, Building Hearts

The Daiwa House Group works to create new value.
Under our management vision "Connecting Hearts,"
we cultivate ties with each and every customer in all our business activities.
With the "Endless Heart" as our Group symbol, and in the spirit of
co-creating a brighter future, we foster a sense of community,
while striving constantly to enrich people's lives.



Daiwa House®
Group

The Daiwa House Group, as a group that co-creates value for individuals, communities, and people's lifestyles, is working to create new value for society as a whole through the development of wide-ranging businesses in the three areas of Housing, Business and Life.



Single-Family Houses

The Group leverages its superior development capabilities to design and offer single-family house models across Japan that meet the needs of each customer. We operate a contracting business for construction of made-to-order houses, and a subdivision business for built-for-sale houses that places a strong focus on creating attractive neighborhoods.

Condominiums

We develop safe and comfortable condominiums, carry out subdivision sales, and provide after-sales management services as well as unique asset-enhancement support services. We are leveraging the comprehensive capabilities of the Group to provide services renowned for their high-level reliability.

Existing Home Business

Our home renovation services help make home life even easier and more comfortable. Our real estate agency service, meanwhile, helps house-seekers find the home of their dreams by tapping into our large stock of existing homes. In this way, we facilitate the succession to the next generation of housing stock, which is one of the country's most important social assets.

Rental Housing

We offer a wide range of rental housing products carefully designed to meet the needs and harmonize with the unique characteristics of each type of environment. For the residents we offer a comfortable living environment, and for the owners we offer all-round support to realize a reliable cash flow from rental property operations.

Housing

Units completed by the Residential Business

Approx. **1,330,000** units

Total of single-family houses, rental apartment buildings and condominiums built by the Daiwa House Group. Figures for condominiums refer to the total of subdivisions

Number of facilities operated by the Daiwa House Group

157 facilities

Total of resort hotels, golf courses, city hotels, home centers and fitness clubs operated by the Daiwa House Group

Annual total of guests at our resort hotels

Approx. **3,610,000** guests

Total number of resort hotel guests, including non-stay customers (meetings, weddings etc.)

Our customer base

As of March 31, 2009

Number of households that have moved into our homes

Approx. **1,070,000** households

Total of customers living in single-family houses, rental apartment buildings and condominiums built by the Daiwa House Group

Number of structures completed by the Commercial Construction Business

Approx. **30,000** facilities

Total of commercial facilities, medical and nursing care facilities, and distribution facilities completed by the Daiwa House Group

Commercial Facilities

Our Commercial Facilities business serves as a link between landowners and tenant enterprises in the design, development, and management of shopping malls and specialist retailer facilities. These business operations help to revitalize towns and wider communities by making effective use of land.

Business and Corporate Facilities

The Daiwa House Group acts as a valuable partner for companies in many industrial fields, leveraging its comprehensive database on land for sale or for rent, as well as extensive specialist knowledge in certain target industry fields. We design and construct distribution, medical and nursing care, and corporate welfare facilities.

Health & Leisure

We operate a nationwide network of leisure and sports facilities including resort hotels, golf courses, and sports clubs, catering to people's need to communicate with nature as well as to relax and enjoy their free time. These services are the Group's contribution to helping the citizens of Japan live longer, healthier lives.

Other Businesses

We also effectively utilize the Group's comprehensive expertise to carry out operations in a wide range of other fields, including a home center business, a construction support business, a credit card business, and a chain of city hotels. In this way, we are widening our business scope to better meet our customers' lifestyle needs.

Business

Life

Editorial comments concerning this annual report

At the Daiwa House Group, we regard this annual report as a very important tool for communicating with our stakeholders, and for this reason we have included a considerable amount of contents regarding the Group's management policies as well as its business activities and actions in the field of corporate citizenship.

Under our management vision of Connecting Hearts, symbolized by our Endless Heart design, Daiwa House has become a multi-business enterprise focused on housing and lifestyle-related services as well as the construction and management of commercial facilities. Our mission is to be a group that co-creates value for individuals, communities, and people's lifestyles, and we have created this report principally to convey our activities clearly to our stakeholders.

To enable more detailed explanations of the Group's business activities in this annual report, we employ two different classifications. For accounting purposes, business operations are divided into five segments, while in non-accounting sections of the report, business operations are divided into eight domains to facilitate easier understanding of the Group.

Please note the following points with regard to financial reporting and the presentation of graphs.

1. Unless otherwise specified, annual figures in the graphs are for years ending March 31.
2. Figures for sales, operating income, and operating income margin for each segment in this Annual Report include intersegment transactions.
3. Sales percentages for each segment in this Annual Report refer only to sales to outside customers.

Forward-looking statements

This Annual Report contains future estimates, targets, plans and strategies by the Company and the Daiwa House Group. They are based on judgments made using information available at the time of writing. For various reasons, actual results may differ substantially from these estimates.

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