

Notes to financial data and graphs

1. Unless otherwise specified, annual figures in the graphs are for years ending March 31.
2. Figures for sales and operating income 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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Key Data for 2011

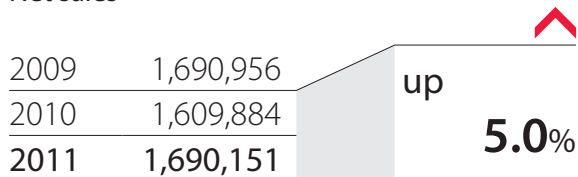
Consolidated financial highlights

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

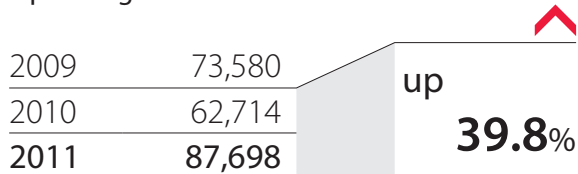
Operating performance

(Millions of Yen)

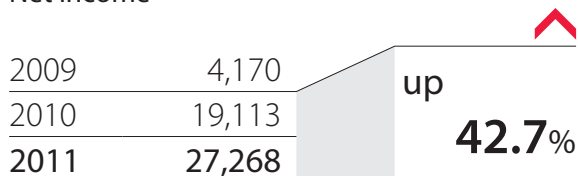
Net sales



Operating income



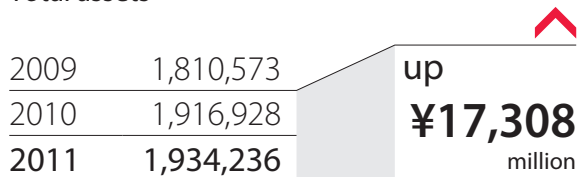
Net income



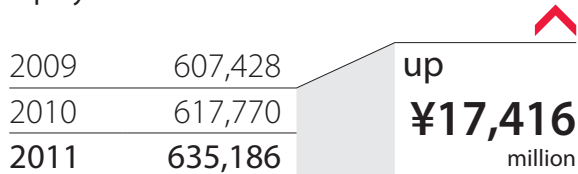
Financial position

(Millions of Yen)

Total assets

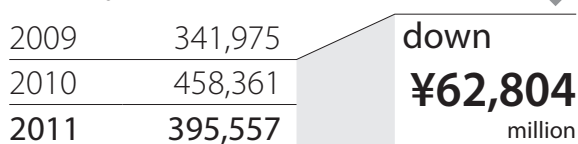


Equity



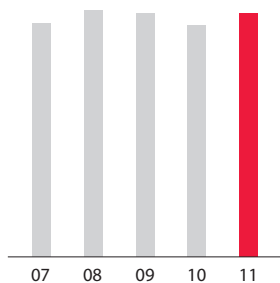
Interest-bearing debt

(excl. lease obligations)



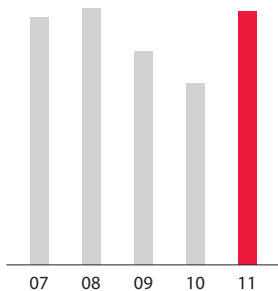
Net sales

¥ billion 1,618 1,709 1,691 1,610 **1,690**



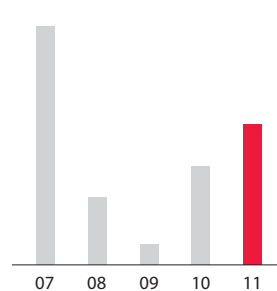
Operating income

¥ billion 86 89 74 63 **88**



Net income

¥ billion 46 13 4 19 **27**



Per share data

(Yen)

Net income per share

2009	7.20	up ¥14.09
2010	33.00	
2011	47.09	

Equity per share

2009	1,047.50	up ¥30.47
2010	1,065.15	
2011	1,095.62	

Cash dividends per share

2009	24.00	up ¥3.00
2010	17.00	
2011	20.00	

Ratios

(%)

ROE (Return on equity)

2009	0.7	up 1.3 point
2010	3.1	
2011	4.4	

ROA (Return on assets)

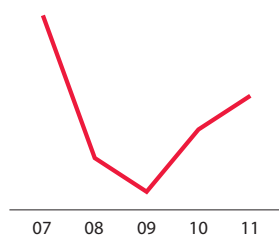
2009	0.2	up 0.4 point
2010	1.0	
2011	1.4	

Equity to total assets

2009	33.5	up 0.6 point
2010	32.2	
2011	32.8	

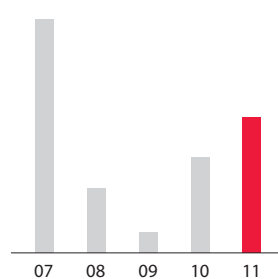
ROE (Return on equity)

% 7.5 2.0 0.7 3.1 **4.4**



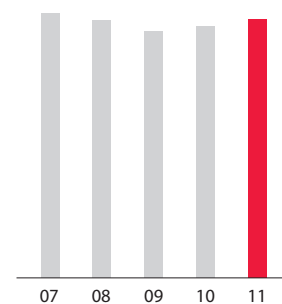
Net income per share

¥ 81.2 22.5 7.2 33.0 **47.1**



Equity per share

¥ 1,122.9 1,092.0 1,047.5 1,065.2 **1,095.6**



Segment Overview

As of March 31, 2011



■ Single-Family Houses

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 that meet the needs of each individual customer.



■ Rental Housing

We offer a wide range of rental housing products. For the residents we offer a comfortable living environment, and for the owners we offer all-round support to achieve a reliable cash flow from rental property operations.



■ Condominiums

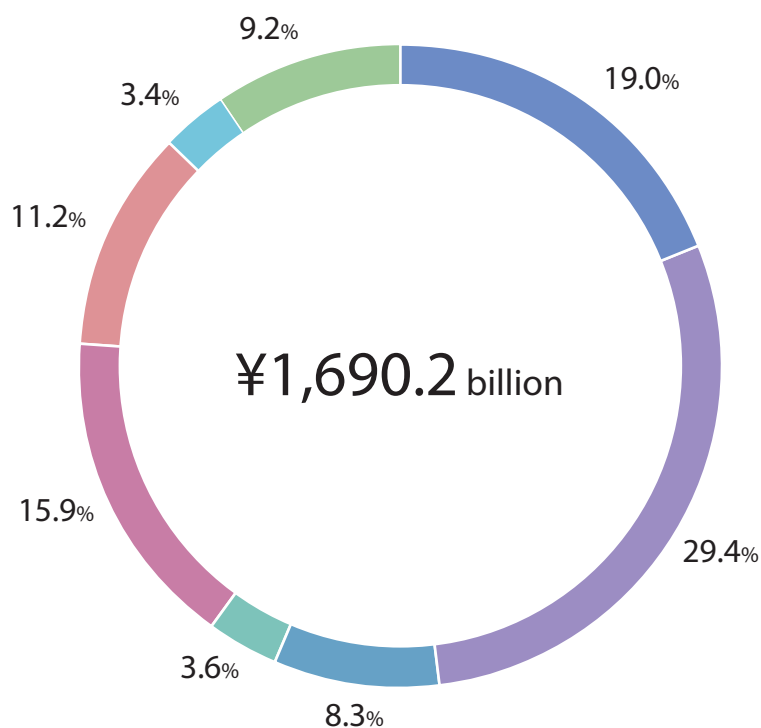
We develop highly safe and secure condominiums, carry out subdivision sales, and provide after-sales management services as well as unique support services to maintain asset value.



■ Existing Home Business

Our home renovation service along with our real estate agency service, which helps house-seekers find comfortable high-quality used homes, facilitate the passing on of housing stock, an important social asset, to the next generation.

Net sales



■ Single-Family Houses	down ▼	322.5 billion	1.1%
■ Rental Housing	up ▲	496.2 billion	10.5%
■ Condominiums	up ▲	140.9 billion	18.1%
■ Existing Home Business	up ▲	60.8 billion	29.4%
■ Commercial Facilities	down ▼	274.1 billion	4.1%
■ Business and Corporate Facilities	down ▼	194.3 billion	1.0%
■ Health & Leisure	up ▲	58.0 billion	1.6%
■ Other Businesses	up ▲	223.7 billion	6.1%



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.



Business and Corporate Facilities

Leveraging its comprehensive database on land for sale or rent, as well as specialized knowledge in certain industry fields, the Daiwa House Group designs and constructs distribution, medical and nursing care, and corporate welfare facilities.



Health & Leisure

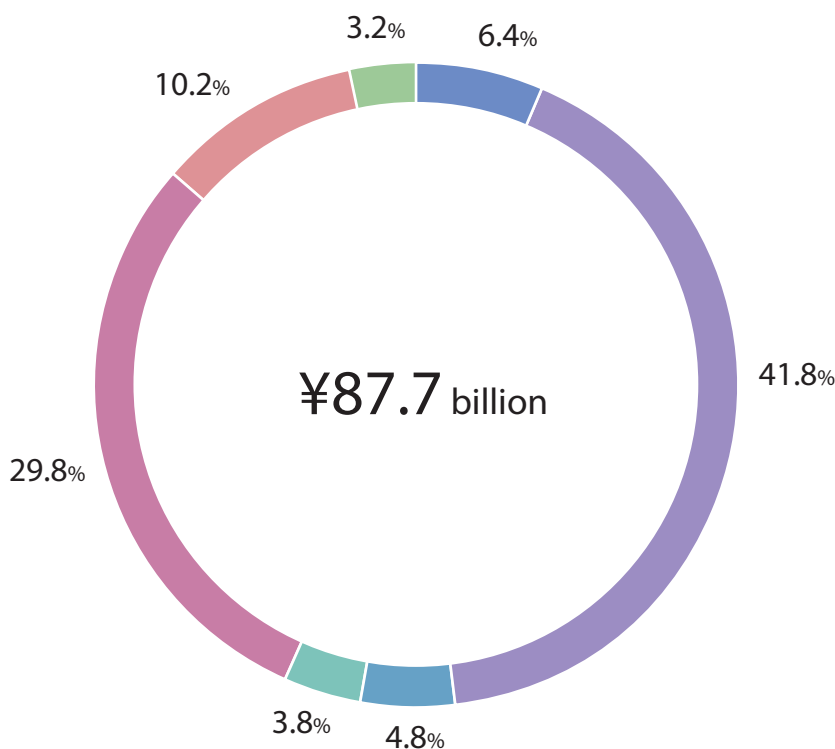
We operate a nationwide network of leisure and sports facilities including resort hotels, golf courses, and sports clubs. These services contribute to helping the citizens live longer, healthier lives.



Other Businesses

We utilize the Group's comprehensive expertise to develop a variety of businesses, including a home center business, a construction support business, a credit card business, and a chain of city hotels.

Operating income*1



Single-Family Houses	up	7.2 billion	16.2%
Rental Housing	up	47.0 billion	21.6%
Condominiums*2		5.4 billion	—
Existing Home Business	up	4.2 billion	143.6%
Commercial Facilities	down	33.6 billion	2.5%
Business and Corporate Facilities	down	11.5 billion	47.1%
Health & Leisure*2		-0.8 billion	—
Other Businesses	up	3.6 billion	250.7%

*1 Operating income percentages include intra-company transactions with regard to totals for seven segments excluding Health & Leisure, which posted loss of ¥0.8 billion.

*2 Since Condominiums and Health & Leisure incurred operating losses in the previous fiscal year, no year-on-year comparison is given.

The Year in Review

4

■ Daiwa House issues “xevo eco-points” to mark 55th anniversary of founding

From April 5 to the end of May in 2010, we issued “xevo eco-points” worth ¥600,000 to each customer purchasing one of our xevo single-family house models.

6

■ We designed and built convenience stores conforming to the requirements of the “Next-Generation CO₂ Model for Convenience Stores” proposed by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as one of its FY2009 model projects (1st Round) for CO₂ emissions reduction in housing and buildings, and this was selected for the project by the MLIT.

For further details ▶ P106 Environmental Energy



■ We opened the SMAxEco HOUSE, a model house fitted with lithium ion storage batteries — the first such in Japan — and commenced testing to demonstrate the effectiveness of this system.

In addition to the use of photovoltaic power generation systems, LED lighting, and lithium ion storage batteries, the SMAxEco HOUSE is a futuristic eco-friendly home featuring HEMS*1 technology, which allows owners to monitor their home’s energy usage for optimally efficient energy management.

*1 HEMS is a home energy management system utilizing ICT.

For further details ▶ P104 The Energy Self-sufficient Home



10



■ We became the first condominium developer in Japan to issue and sell Renewable Energy Certificates (RECs), thanks to the use of a solar thermal power central heating system at our D’Grafort Lake Town development.

To reduce greenhouse gas emissions and partially offset energy use for water heating and air conditioning at 500 homes at D’Grafort Lake Town, we installed solar powered residential central heating systems. The green heat*2 generated by this system has enabled us to issue and market Japan’s first “Green Heat Certificates” for condominium developments.

*2 Naturally sourced heat energy refers to solar and biomass heat energy.

2010

7

■ “Daiwa House Child Allowances” issued

To provide support for the healthy growth of children who will become the driving force of society in the next generation, we began issuing “Daiwa House Child Allowances” to customers who purchased one of our single-family houses and who have children of up to junior high school age.

■ Flexible-design two-generation house xevo YU launched on market

The xevo YU is a two-generation house that incorporates what we call “life cycle planning,” enabling adaptation to future changes in the makeup of the owner’s family and different stages of their life cycle, and making it possible for one family to live in the house for several generations.



■ xevo EDDI wins prize at International Architecture Awards 2010

Our xevo EDDI is a “designer’s eco-friendly house,” combining superior basic functions such as durability and energy conservation with an elegant design by renowned architect Edward Suzuki. This model has won praise for making optimal use of natural breezes and sunlight inside the home, creating a pleasant interior that has the “feel” of the natural world outside.



8



■ Séjour WIT-S and Séjour OTT’s-S rental housing models launched in collaboration with ALSOK, featuring security system as standard

For further details ▶ P125 Rental Housing

11

■ Single-family house and condominium development project commenced in Wuxi, China

This project is the first in Wuxi to be financed by a Japanese enterprise. Daiwa House's fourth real estate development project in China, this large-scale project will consist primarily of single-family houses, plus condominiums, for a total of approximately 400 homes, with completion scheduled for FY2013.

For further details ▶

P96 Future business developments in China



Daiwa House[®]
Group

1

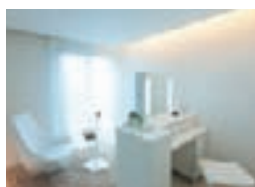
■ xevo SORA launched — 3-story house at same price per square meter as 2-story models

This single-family house model features a loft that can be used as a regular room, maximizing living space and realizing a pleasant home environment that makes best use of window openings.



2011

12



■ xevo CLEVA home launched, targeting double-income households

We launched the xevo CLEVA as a home that helps the woman of the house maintain her beauty while offering an attractive living environment for the whole family. As a standard fitting, this home model features a new type of space with make-up facilities, called the Cocoom Space, specially designed for women. This was developed in collaboration with the premium skin-care brand SK-II.

■ Daiwa House awarded Eco-Ship Mark Certification

The Eco-Ship Mark Certification System (operated by the Committee for Implementation of Eco-Ship Modal Shift Operations) is designed to encourage manufacturers to effect a "modal shift" (change in mode of transportation) from road vehicles or railways to marine vessels, which emit comparatively little CO₂ and can realize major reductions in energy use. The certification is awarded to cargo owners and goods distribution companies that conduct marine transportation operations above a specified scale.

2

■ Daiwa House listed as one of "100 most sustainable corporations"

In the 2011 list of the Global 100 Most Sustainable Corporations, published by the Canadian publishing company Corporate Knights Inc., Daiwa House Industry was the sole company chosen from the Japanese home-building industry, coming in at number 53. The Company was selected on the basis of the wide-ranging environmental protection measures incorporated in its business operations, as well as the safety features boasted by its products, its innovativeness, and the high level of transparency of its information disclosure via CSR reports and other means.



3

■ Support for reconstruction of disaster-hit areas

We are working to make it possible for our customers in the areas devastated by the massive earthquake and tsunami of March 11 to resume normal life as soon as possible, by inspecting buildings that have been damaged, and conducting repairs where needed. We have also begun erecting temporary housing in Rikuzentakata, Iwate Pref., and this work will continue.

Share Information

As of March 31, 2011

Common stock

¥110,120 million
(US\$1,326,747 thousand)

Shares	Authorized	1,900,000,000
	Issued	599,921,851
	Number of shareholders	33,949

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

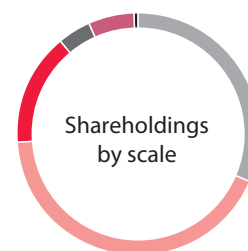
Securities traded Tokyo and Osaka stock exchanges

Securities code 1925

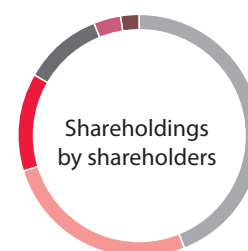
Principal shareholders

	Thousands of shares	Equity stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	38,998	6.7
Japan Trustee Services Bank, Ltd. (trust account)	31,441	5.4
Sumitomo Mitsui Banking Corporation	16,117	2.8
Moxley & Co.	16,093	2.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,470	2.7
Nippon Life Insurance Company	14,930	2.6
Daiwa House Industry Employee Shareholders Association	12,732	2.2
The Dai-ichi Mutual Life Insurance Company, Limited	11,501	2.0
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	10,367	1.8
The Chuo Mitsui Trust and Banking Company, Limited	9,521	1.6

Notes: 1. Number of shares held is rounded down to the nearest thousand.
2. The Company holds 21,115 thousand shares of treasury stock.
3. Shareholding computations exclude treasury stock.

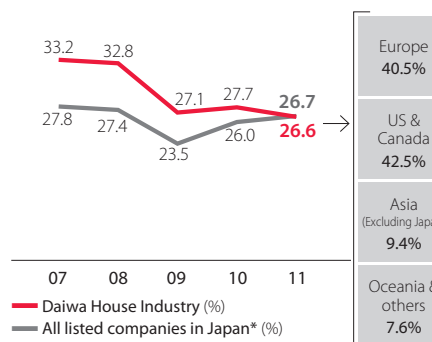


	Shares	%
10 million or more	188,767,399	31.5
1 million or more	255,583,584	42.6
100 thousand or more	90,359,087	15.0
10 thousand or more	26,975,029	4.5
1 thousand or more	35,130,276	5.9
Less than 1 thousand	3,106,476	0.5



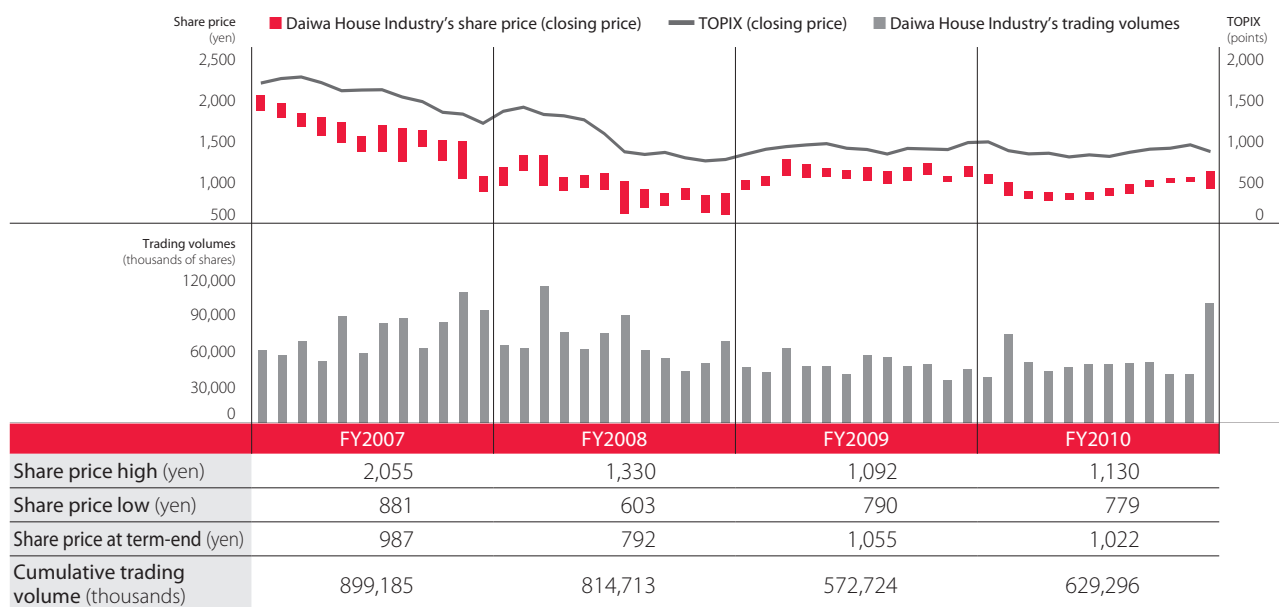
	%
Financial institutions	43.9
Foreign investors	26.6
Individuals and others	12.9
Other corporations	10.7
Treasury stock	3.5
Securities companies	2.4
National and local governments	0.0

Foreign shareholdings



* The JASDAQ and NEO markets were folded into and are operated by the Osaka Stock Exchange as of April 2009. Calculations for companies listed on both defunct markets are simple tallies, including retroactive data.

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



Stock price movements in fiscal 2010

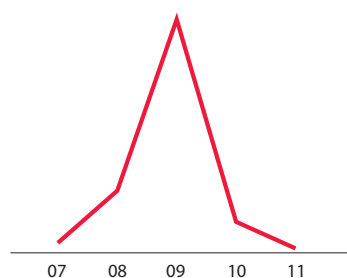
In early 2010 the global economy was carried by the emerging markets, and in April the TOPIX peaked for fiscal 2010, at 998 points, on improved earnings by Japanese corporations. From summer, global economic activity appeared to be slowing down due to sovereign debt instability in Europe and the fact that the U.S. government's economic stimulation measures had run out of steam. The yen began to appreciate, and the Japanese economy's recovery decelerated. The Nikkei Stock Average had ended fiscal 2009 at ¥11,089, but the index temporarily fell below the ¥8,800 mark at the end of August.

Thereafter, in response to intervention in the foreign exchange markets by the Bank of Japan as well as additional monetary easing by the Japanese and U.S. governments, the Nikkei turned upward in the second half of fiscal 2010, hitting ¥10,891 on February 17, 2011.

The Great East Japan Earthquake of March 11 undermined business confidence, with the TOPIX falling temporarily below the 800-point mark but rallying to end the fiscal year at 869 points.

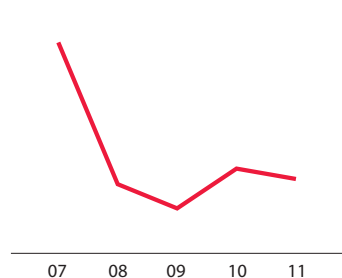
The price of Daiwa House stock followed a recovery path during the second half of fiscal 2010, reaching a high of ¥1,130 per share in March.

Price earnings ratio

23.82 43.94 110.01 31.97 **21.70**

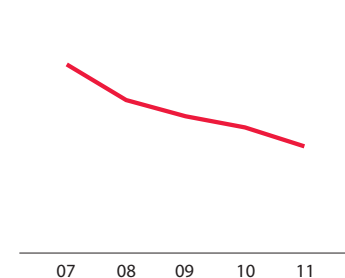
— Price earnings ratio (times)

Price to book value ratio

1.72 0.90 0.76 0.99 **0.93**

— Price to book value ratio (times)

Price cash-flow ratio

14.55 11.80 10.55 9.69 **8.23**

— Price cash-flow ratio (times)



Management Report

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Message from the COO

New value creation starts here

Second Medium-Term Management Plan (2008/4 – 2011/3)

Net sales

down **1.1%** ▼

2011.3/2008.3
¥1,690.2 billion/¥1,709.3 billion

Operating income

down **1.6%** ▼

2011.3/2008.3
¥87.7 billion/¥89.1 billion

ROE

up **2.4 points** ▲

2011.3/2008.3
4.4%/2.0%

Basic strategy self-evaluation

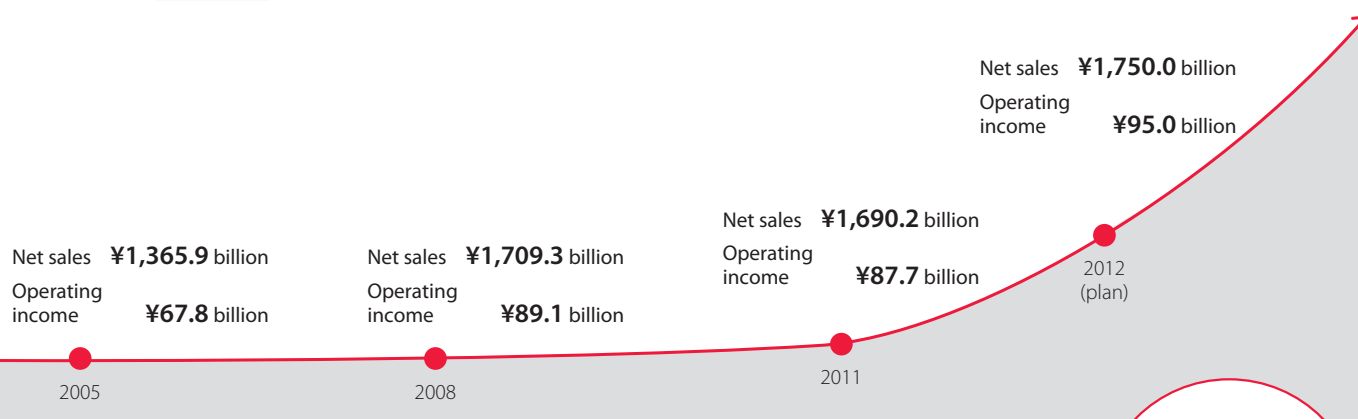
(March 2008 → March 2011)

Results

- Improved operating income margin of single-family house and condominium businesses
 - > Single-family houses: 1.8% → 2.2%
 - > Condominiums: 3.3% → 3.8%
- Proportion of subsidiaries in the black for the full term rose
 - > 37 out of 55 (67.3%) → 51 out of 63 (81.0%)
- Expanded businesses involving existing housing stock
 - > Rental housing units under management rose: 203,000 → 282,000
 - > Condominiums under management rose: 58,000 → 204,000
- Started real estate development projects in Dalian and Suzhou
- Implemented quarterly settlements, leading to leveling-out of operational volume and improved profit structure
 - > Proportion of annual sales posted for 1st and 3rd quarters combined rose: 42.9% → 45.4%
- Continued training of prospective managers
 - > 129 staff have taken Daiwa House Juku course for three quarters, with 23 becoming directors/executive officers

Issues

- Declining productivity
 - > Sales per employee (consolidated basis) down ¥73 million → ¥64 million
- Increased interest-bearing debt
 - > Up from ¥228.4 billion → ¥395.6 billion
- Need to strengthen overseas operations and nurture new core businesses



First Medium-Term Management Plan
(2005/4 – 2008/3)

Expanded scale of sales

Second Medium-Term Management Plan
(2008/4 – 2011/3)

Improved profit structure

Third Medium-Term Management Plan
under preparation



Naotake Ohno
President and COO

I assumed the post of President and COO of Daiwa House Industry in April 2011, and I would like firstly to take this opportunity to express my deepest condolences to all those who lost loved ones and suffered material damage as a result of the earthquake and tsunami of March 11. At the same time, I would like to assure everyone that in my capacity as President of Daiwa House, I shall exert my utmost efforts to mobilize the Company's resources in assisting the early reconstruction of the devastated region.

Fiscal 2010 was the third and final year under the Company's Second Medium-Term Management Plan "Challenge 2010." During this three-year period, we worked to effect management reforms under the twin themes of improving our profit structure and nurturing new future earnings drivers. As a result of our efforts under the plan, we have seen improved profit margins in our business segments involving the construction of new properties, particularly housing, which made a major contribution to the Company's overall profits. We also realized sales growth in business lines related to the home renovation business, which is a growing market, thanks to a restructuring of our marketing system. Thus, we have achieved good results in both the new construction field and services related to existing properties. Results were favorable overseas, too, where we succeeded in laying the foundations for future business expansion.

We believe that fiscal 2011 will turn out to be the start of a new period in which the Daiwa House Group will create new societal value. While working to realize the reconstruction of the earthquake- and tsunami-devastated region as quickly as possible, we are determined to achieve further growth for the Group. To that end, we have assigned top priority to two themes — expanding our share of markets in Japan, and increasing the pace of our global development. I hope to lead the way for all the executives and other employees of the Daiwa House Group — under the Group's Endless Heart symbol — in vigorously and boldly taking up the challenge of attaining our target of ¥2 trillion in annual net sales.

Toward the reconstruction of Japan

On March 11 of this year Japan experienced a disaster of unprecedented magnitude. The northeast of the country was visited with an earthquake and consequent tsunami stronger than anyone could have imagined, and the damage sustained by the Fukushima Daiichi Nuclear Power Station led to extensive secondary and tertiary damage. What Japanese society must now avoid is an economic recession brought on by a slump in consumer confidence, which would make reconstruction very much more difficult. For this purpose, we must do our utmost to rebuild and revive the affected region as soon as possible.

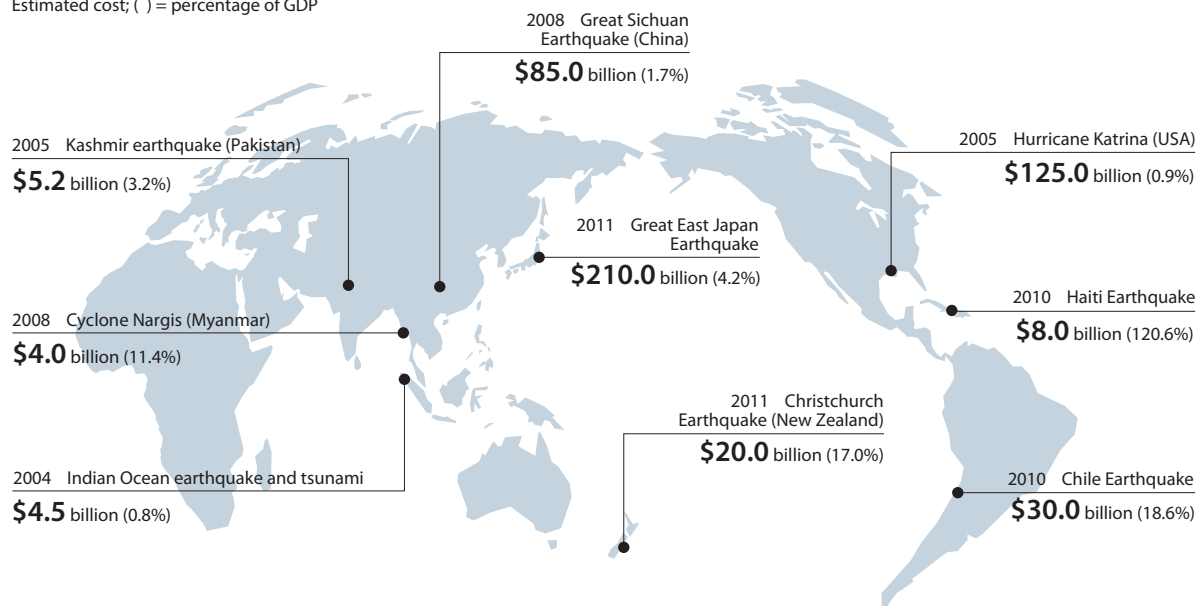
The earthquake and tsunami affected a very wide area of Japan, and as a result, as of August 1, the National Police Agency reports a total of 20,631 people killed or missing as a result of the disaster. The cost of the damage inflicted is estimated at US\$210 billion, or more than 4.2% of the country's GDP. In the face of this unparalleled disaster, we at the Daiwa House Group feel very strongly that it is our social mission to do our best to assist in the reconstruction of the affected areas.

With regard to our customers in the affected areas, in terms of homes and facilities constructed by the Group, these amount to 142,105 residences (single-family houses and rental housing units), 148 condominium buildings, and 14,847 commercial and corporate facilities. Immediately after the earthquake, we conducted checks on the damage sustained by our customers, with our staff at the Disaster Countermeasures Headquarters and our Customer Center maintaining close liaison with staff on the front line in the affected areas to ensure the safety of our customers. The Daiwa House Group has considerable experience in the supply of temporary housing following previous natural disasters, and in keeping with our position as a leading enterprise in Japan's housing industry, we have been working flat out to build temporary housing. Insofar as feasible, we have invested the Group's resources in securing the required lifeline infrastructure for the victims of this terrible disaster.

The road to recovery will certainly not be short, and we shall all have to slog steadily onward through whatever difficulties fate throws in our way. At the Daiwa House Group, we are determined to tackle the rebuilding of individual residences and whole communities, and to help revive the livelihoods of the population in the disaster-hit region. In so doing, we will create new value for society and contribute to the reconstruction of Japan.

Principal natural disasters around the globe in recent years

Estimated cost; () = percentage of GDP



Main damage suffered by Daiwa House Group facilities (As of May 31, 2011)

	Number of facilities
Commercial facilities	303
Home centers	22
Resort hotels	6
Golf courses	2

Number of completed properties in affected area (As of May 31, 2011)

	Number of properties
Single-Family Houses, and Rental housing	142,105
Condominiums	148
Commercial facilities, and Business and corporate facilities	14,847
Total	157,100

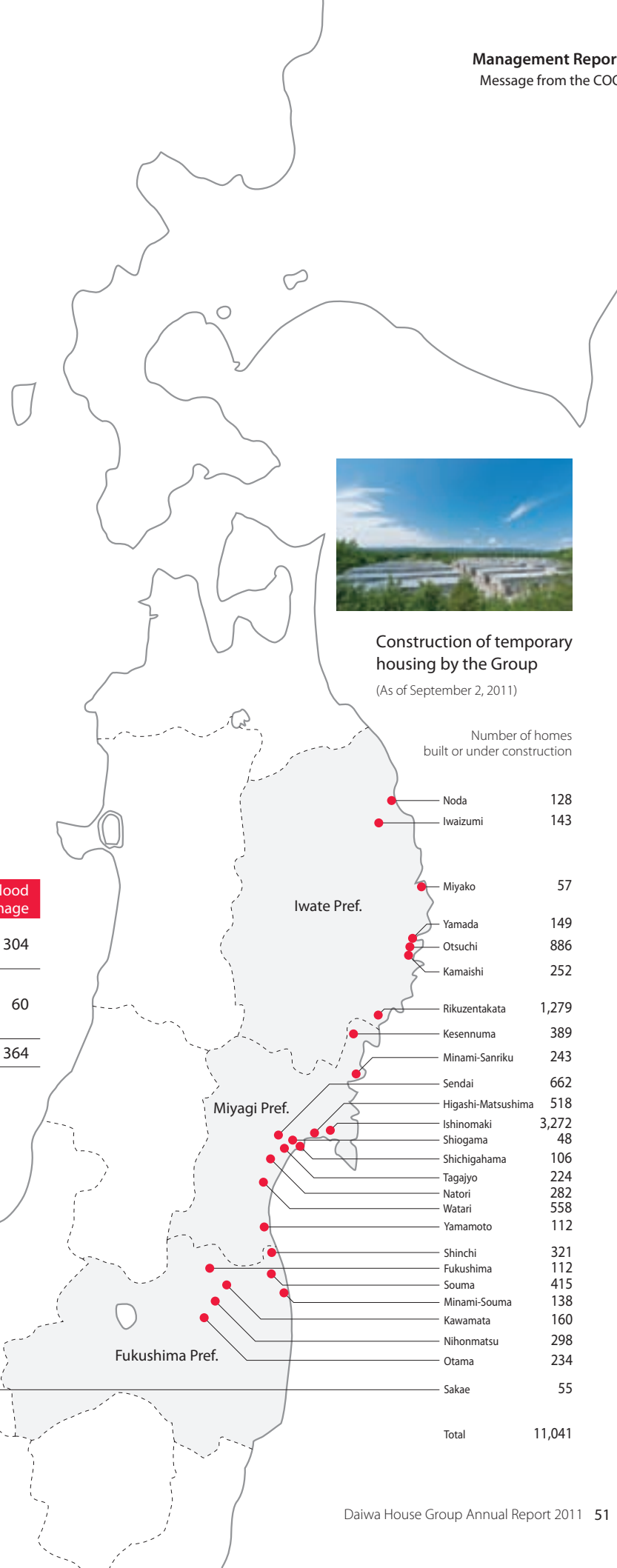
Tsunami-caused damage (As of May 31, 2011)

	Completely destroyed	Partially destroyed	Flood damage
Single-Family Houses, and Rental housing	89	39	304
Commercial facilities, and Business and corporate facilities	13	23	60
Total	102	62	364



Construction of temporary housing by the Group

(As of September 2, 2011)



Nagano Pref.

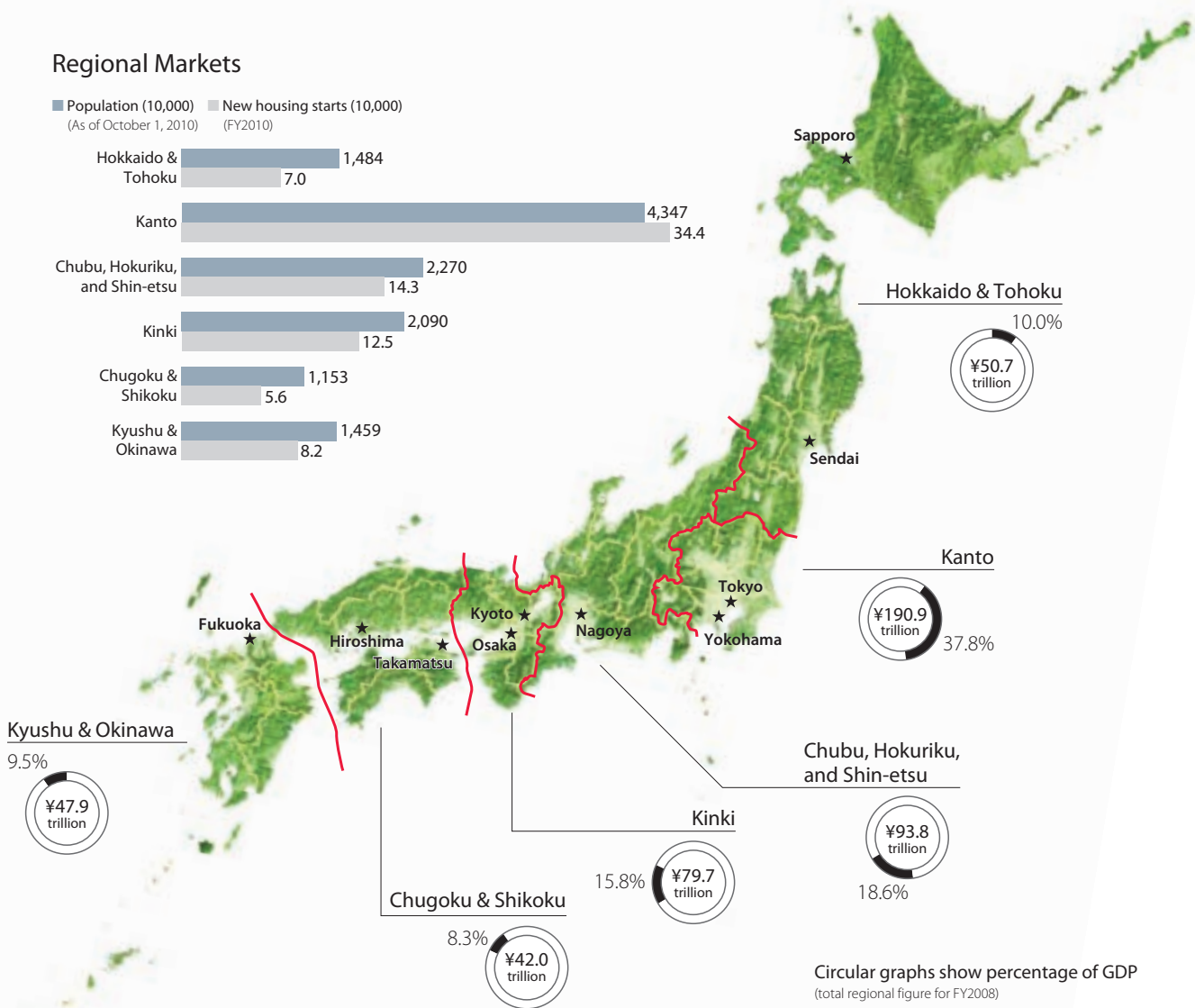
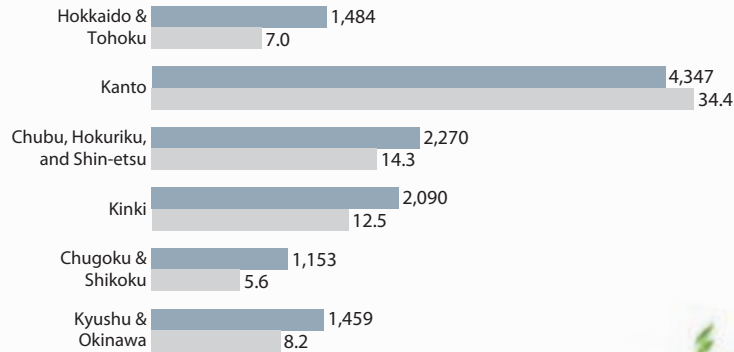
Expanding our share of markets in Japan

Japan is afflicted by various social problems, such as a declining population, a birthrate that is shrinking at a growing pace, a rise in the average age, and a growing population of people living alone — including unmarried younger people and senior citizens — as a result of which the number of single-person households is on the rise. Japanese society thus appears to be on the brink of a major turning point. It seems to us that the key to securing a larger share of domestic markets lies in finding ways to create new value for society. As a priority strategy, we will be putting particular effort into developing housing products predicated on the current major social trends — the aging of the population and the increase in the number of single-person households. These products will include serviced housing for senior citizens, and compact condominium units for people living alone. In addition, we plan to speed up our development, which is already underway, of eco-friendly housing incorporating the “smart house” concept.

We have therefore divided up Japan into six blocks for marketing purposes, each block featuring certain unique regional characteristics. We believe that by developing new products that take advantage of these characteristics, and by drawing up price strategies and strengthening our relationships with our customers, we will be able to win their trust ahead of our competitors and attain the position of No.1 in market share in regional markets, leading to a larger share of the nationwide market.

Regional Markets

■ Population (10,000) (As of October 1, 2010) ■ New housing starts (10,000) (FY2010)

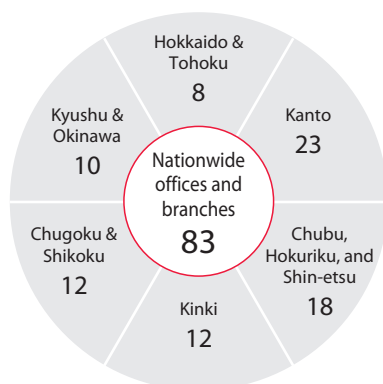


Circular graphs show percentage of GDP (total regional figure for FY2008)

Expanding market shares by strengthening community-based marketing systems

Community-based marketing through block system

- Faster decision-making
- Developing products that target unique regional characteristics
- Strengthening relationships with home owners

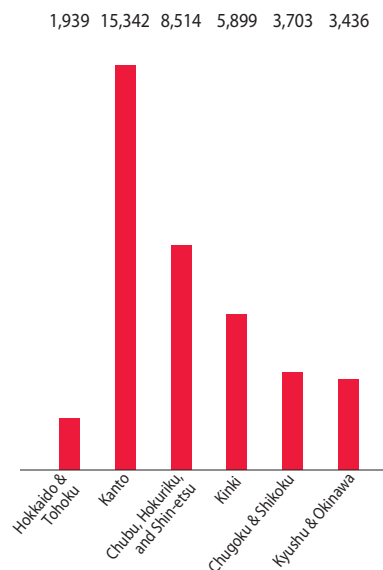


Main measures taken

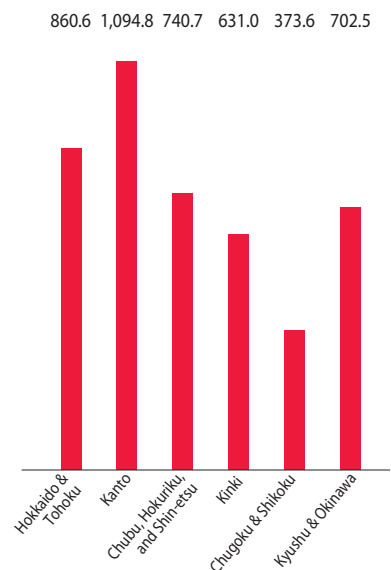
Single-Family Houses	Launched eco-friendly models and products tailored to particular regional needs Achieved higher rate of referrals by satisfied customers, thanks to improved relationships with home owners	▶ P 64
Rental Housing	Strengthened presence in urban markets through medium-rise models Realized higher rate of orders for housing for senior citizens through close collaboration with tenant service companies	▶ P 66
Condominiums	Achieved growth in orders for large-scale repair work Posted increase in contracts for management of buildings of other companies, as well as high-rise buildings	▶ P 68
Existing Home Business	Realized higher rate of orders for renovation work from existing customers Made full-scale entry into market for renovation of traditional wooden houses	▶ P 70
Commercial Facilities	Expanded ownership and rental of profitable small-scale facilities	▶ P 76
Business & Corporate Facilities	Strengthened marketing proposal capabilities for combined medical and nursing care facilities Enjoyed growth in orders for sophisticated logistics facilities	▶ P 78
Environmental Energy	Expanded renovation for energy conservation and renewable energy utilization	▶ P106

Main performance results by Daiwa House Group for fiscal 2010

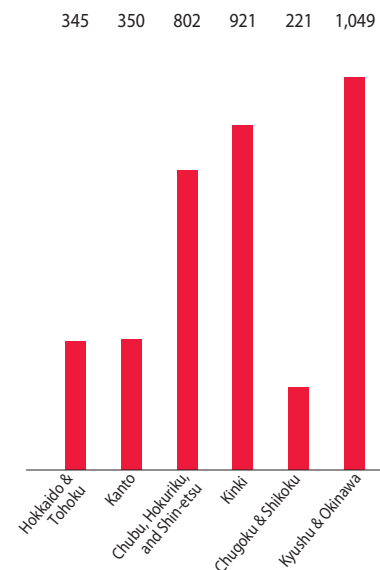
Sale of homes (number of individual homes)
(total of single-family houses, condominiums, and rental housing)



Rentable floorspace of commercial structures
(1,000m²)



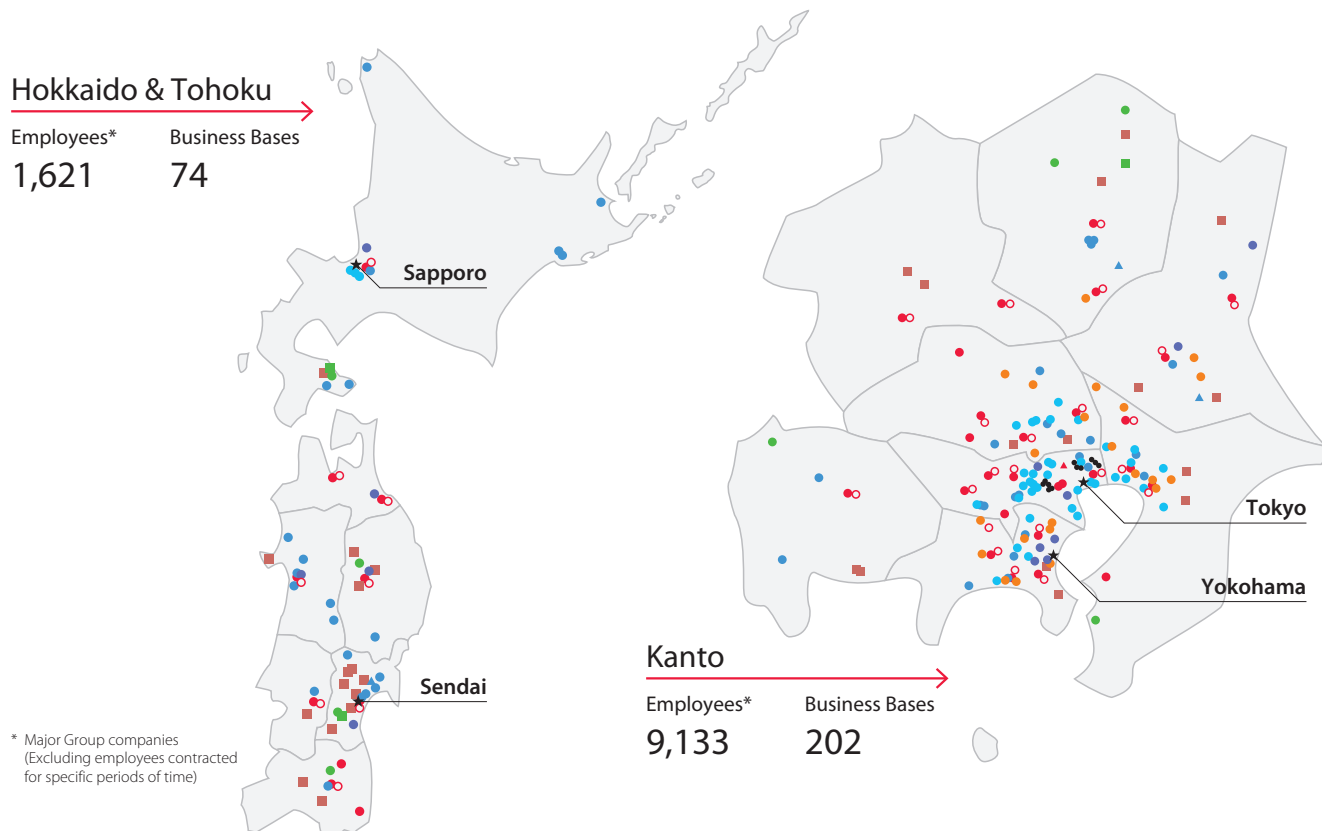
Annual number of guests at resort hotels
(1,000)
(total of day-trippers and overnight-stay guests)



As future new earnings drivers, we are working to nurture new businesses in the fields of welfare, the environment, health, information-communication technology, and agriculture. We have taken the initial syllables on the Japanese terms for these five fields to create our key phrase "Asu Fukaketsuno" (Indispensable for Tomorrow). This catchphrase defines our main theme, which is to devise and develop business operations that address society's future needs. In addition, in our existing business fields we have been assigning a growing number of staff to operations involving existing properties, such as our home renovation business where social needs are on the increase, to strengthen our organization capabilities in these areas. We are working to enhance the Group's functions by generating synergy among the different individual strengths of Group members, as we transform ourselves from a simple home builder to a provider of wide-ranging residential and real estate-related services. Our aim is to build a robust management base by closely adapting our marketing systems to local conditions in every region, by nurturing new businesses into solid earnings sources, and by strengthening our operations in the field of existing real estate properties.

(As of August 1, 2011)

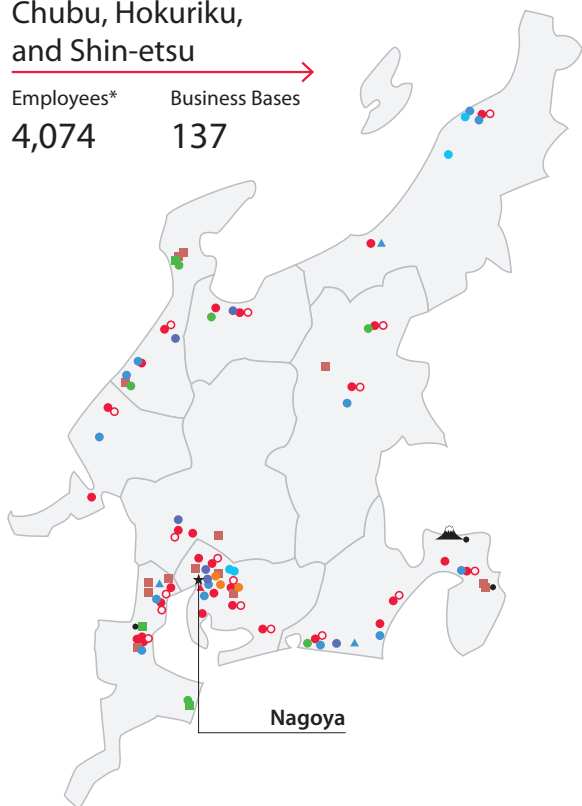
	Hokkaido & Tohoku	Kanto	Chubu, Hokuriku, and Shin-etsu	Kinki	Chugoku & Shikoku	Kyushu & Okinawa	Total
● Living Salons	10	27	29	17	21	13	117
■ Property Developments	15	15	14	19	9	11	83
● Commercial Facilities	21	24	13	11	14	16	99
● Resort Hotels	4	4	6	7	2	6	29
■ Golf Courses	2	1	3	2		2	10
● Sports Clubs	3	37	4	6		4	54
● Home Centers		23	3	18	2	1	47
● City Hotels	5	8	6	7	2	4	32
Daiwa House Industry							
■ Head Office				1			
▲ Offices		4	1				
○ Branches	8	19	17	12	12	10	
▲ Factories	1	2	3	2	1	1	
■ Laboratory				1			
Group Companies							
● Head Offices		11	3	16	1		



(As of August 1, 2011)

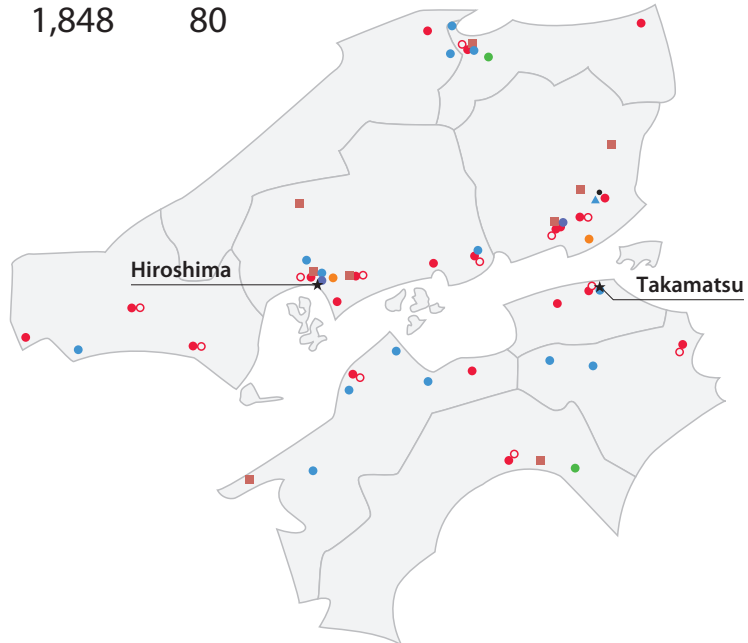
**Chubu, Hokuriku,
and Shin-etsu**

Employees* 4,074
Business Bases 137



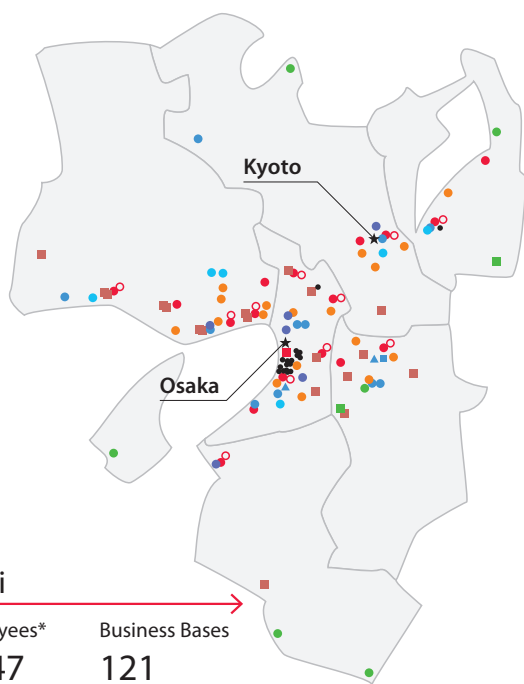
Chugoku & Shikoku

Employees* 1,848
Business Bases 80



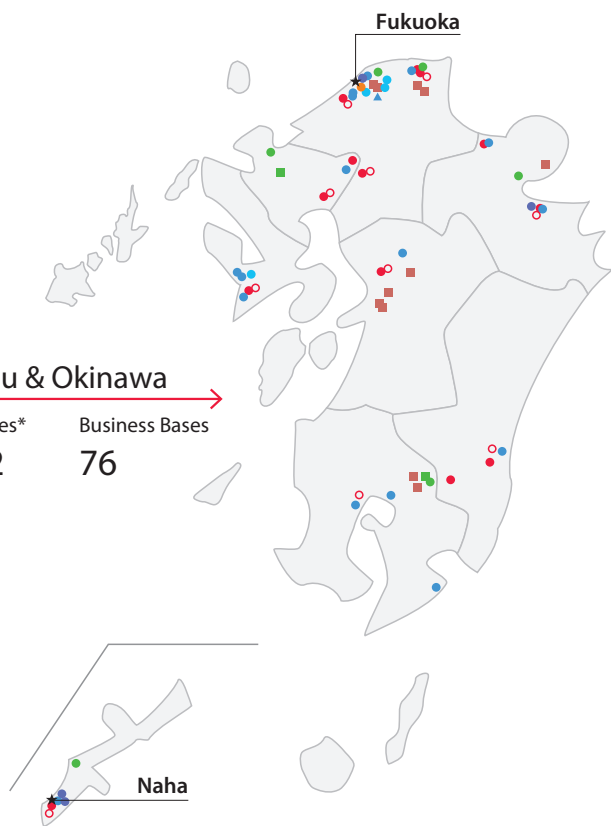
Kinki

Employees* 8,447
Business Bases 121



Kyushu & Okinawa

Employees* 2,342
Business Bases 76



Speeding up the globalization process

Another important theme that we are pursuing is the transformation of the Daiwa House Group into a global enterprise. The ratio of overseas sales to the Group's total sales will be less than 1% for fiscal 2011, and we are committed to raising this ratio. In China, we are aggressively pursuing real estate projects such as condominium developments. Our two development projects in Dalian and our condominium project in Suzhou, which was financed entirely by the Group, have won considerable praise from informed local sources, and have established our "made-in-Japan" products as a trusted standard in China. We have been able to begin projects in the cities of Wuxi and Changzhou, also financed entirely by us, and on the back of this growing reputation we are now working to develop new markets in China.

In the countries of ASEAN, where high economic growth rates and growing populations are forecast for the near future, we hope to effect a technological revolution by importing the anti-seismic technology and quality management techniques we have developed in Japan, and thereby to make a welcome social contribution in those countries.

In the United States we have established three subsidiaries — Daiwa House USA, Daiwa House California, and Daiwa House Guam, and in Australia we have set up Daiwa House Australia. This is part of our initiative to steadily expand our global reach with the aim of creating new earnings drivers for the Group. To establish the Group as an essential element in the global economy, we are promoting the training of employees who will display their capabilities to the full on the global stage, and are also putting our efforts into building a solid management base that will support an accelerated pace of globalization in the future.



For further details ▶ P88 Global Vision

Estimated changes in nominal GDP per person between 2009 and 2016

(US\$)	2009	2016 (est.)	Rate of increase (times)
Japan	39,459	51,861	1.3
USA	45,934	57,320	1.2
Korea	17,074	31,826	1.9
China	3,739	8,117	2.2
Taiwan	16,326	30,497	1.9
Thailand	4,151	7,529	1.8
Vietnam	1,068	2,050	1.9
Singapore	36,112	55,674	1.5
Malaysia	6,917	11,594	1.7
Indonesia	2,327	5,277	2.3
Australia	44,999	70,877	1.6



Working to toward the Group's dream

To realize our dream of ¥10 trillion in annual sales by the year 2055, when the Company will celebrate its 100th anniversary, we must first pass the hurdle of ¥2 trillion in sales. For this purpose, we will be steadily pursuing the two principal themes of expanding our share of markets in Japan and speeding up the pace of globalization of our operations. At the same time, we will put efforts into nurturing new businesses under our catchphrase of *Asu Fukaketsuno* (Indispensable for Tomorrow). We will pursue a management policy that we call "The Three Gs" in order to build a base for further growth. This refers to the initial G of "Group" in the phrase "Growth by the Group," the G of "Global" in "Global Development," and the G of "Great" in "Realizing a Great Company."

The devastating earthquake and tsunami of March 11 wiped out many elements of the infrastructure that makes day-to-day life possible for the people of the communities affected, including homes, workplaces, and even entire towns. What sort of criteria do we have for describing a way of life as "affluent" or "comfortable?" What do people want from a home? Now is the time for us to ask ourselves questions like these — to question our basic assumptions about what it really means to live, and to rethink our views of the future. We must revise our values and put our full efforts into creating the sort of new value that the society of the future will need. The members of the Daiwa House Group are united in their determination to leverage the ties that bind human beings together so as to build a better future for us all. I would like to ask for the support of all our stakeholders in these endeavors.

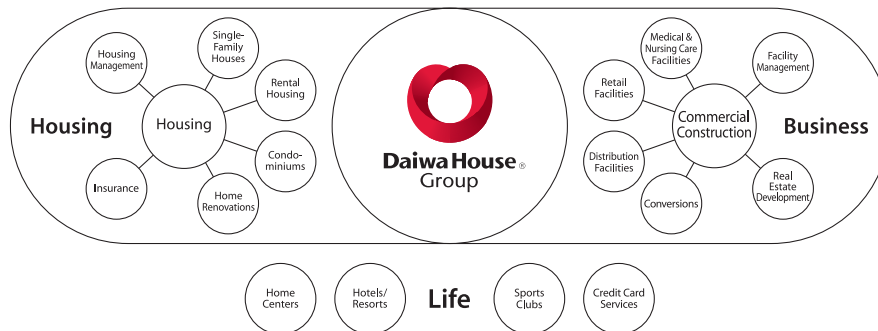
A handwritten signature in blue ink that reads "Naotake Ohno". The signature is written in a cursive, flowing style.

Naotake Ohno
President and COO

Group Strategy

We will endeavor to become a corporate group
that consistently creates new value for the benefit of society.

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

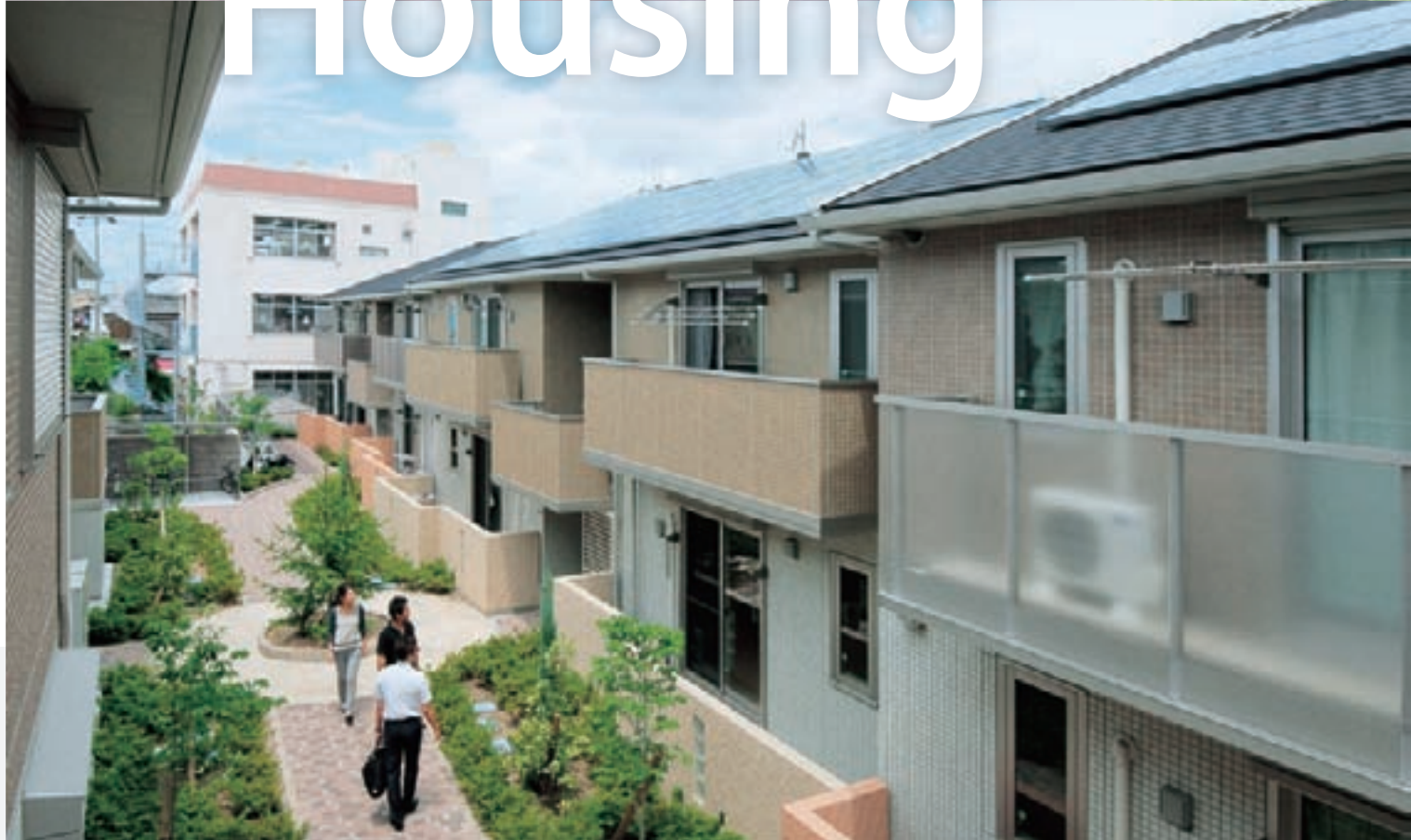




Daiwa House®
Group



Housing





Daiwa House Industry Co., Ltd.



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



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



Daiwa LifeNext Co., Ltd.
Management of condominiums & buildings

Presidents of Group Companies*



Masaru Akashi

Born in 1963
1985: Joins Daiwa House Industry
2011: President of Daiwa Living, Daiwa Estate

Aiming to be Japan's No.1 rental housing management enterprise, Daiwa Living provides customers of all ages and circumstances with housing that offers security and comfort. We also work as a partner for the owners of rental housing, providing them with long-term support and ensuring stable property management.



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 and enhancing disaster prevention capabilities for condominium residents.



Yoshinori Watanabe

Born in 1956
1979: Joins Japan Recruit Center (Currently Recruit)
2005: Becomes President of Cosmos Life (Currently Daiwa LifeNext)

We support individuals, communities, and people's lifestyles through our management services for condominiums, dormitories, company housing, schools, office buildings, and others. We are dedicated to raising the value of our customers' precious assets. Our aim is to go that extra mile to provide customers with an unsurpassed level of product quality and service throughout their lives.

* Presidents of principal subsidiaries and affiliates





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 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 our technologies for renovation design, works and inspections. We also respond to changes in society by actively working to make renovations that take environmental considerations into account, as well as promoting the anti-seismic technologies of our traditional wooden houses.



Daiwa Lantec Co., Ltd.
Foundation assessment & reinforcement



Chiyohiro Aoyagi
Born in 1950
1969: Joins Daiwa House Industry
2010: President of Daiwa Lantec

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.



Synchronroller Co., Ltd.*
Manufacture of housing parts & materials



Syuji Oda
Born in 1953
1990: Joins Daiwa House Industry
2011: President of Synchronroller

As befits a member of the Daiwa House Group, all our employees are thorough professionals committed to the manufacture of high-quality products at a reasonable cost and with no delays. We are creating a strong corporate structure capable of adapting to any and all changes in the business environment.

* Changed name on October 1, 2011 to Daiwa Core Factory Co., Ltd.





Single-Family Houses

Our Group Strategy

Aiming at the top market share in the housing industry



Daiwa House[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.
Housing construction and sales

Launched eco-friendly models and products tailored to particular regional needs

Achieved higher rate of referrals by satisfied customers,
thanks to improved relationships with home owners

Year 2011

Series of popular new products launched

Fiscal 2010 saw a slight recovery in the number of new housing construction starts (excluding rental housing), thanks to the government's continued measures to stimulate the housing market. In our single-family house operations, we enjoyed a strong increase in the number of new home buyers referred to us by satisfied customers, thanks to our continued efforts to reinforce relationships with existing home owners and put down roots in local communities. We were thus successful in creating an efficient marketing structure. Among new product offerings, we launched the xevo CLEVA, which features as standard the Cocoom Space, a special makeup-application corner for the lady of the house. This idea is the fruit of a collaboration with SK-II, a leading brand of high-class skincare products, and has proved very popular with working women in their forties.

We also marketed the xevo YU as a two-generation home that can be flexibly adapted to future changes in family makeup. By fitting this model with a photovoltaic power generation system with a maximum output of 9.6kW, we succeeded in quickly responding to the government's call for realization of a "net zero energy house."^{*1} We also exhibited the SMAxEco HOUSE^{*2} — Japan's first home model fitted with lithium ion storage batteries — at three locations around the country. The advanced technology on display in this model house has drawn considerable praise from both Japanese and overseas visitors.

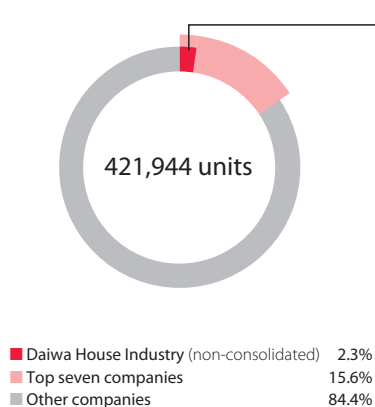
^{*1} They produce at least as much energy as they consume.

^{*2} For further details ▶ P104 The Energy Self-sufficient Home

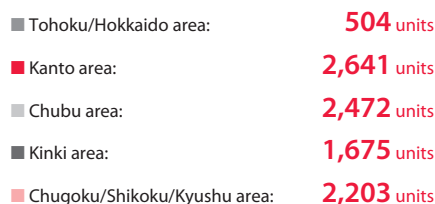


xevo

Share of single-family house market
(FY2010)



Breakdown of single-family houses built



Beyond 2012

Getting closer to the community

As of July 31, 2011, we had established eleven “housing reconstruction consultation centers” in Iwate, Miyagi, and Fukushima prefectures to assist in the reconstruction of housing destroyed by the earthquake and tsunami of March 11. Staff provide visitors with advice on home building, rebuilding or repairs, and we will be setting up more centers in the near future.

We have also launched the xevo K — Kizuna (*kizuna* means emotional bonds or ties), which is a quickly assembled, low-priced, quake-resistant home that meets the urgent needs of the region that was devastated on March 11. Subsequently, we launched the xevo K-II — Kizuna, which offers batteries plus water- and food-storage facilities as an insurance against the severing of essential services in an earthquake, and also features a photovoltaic power generation system as standard. In these ways, we are assisting in the reconstruction of the quake-hit region by providing people with assurance of safety in the event of an emergency.

We also reorganized our marketing system, dividing up our 83 nationwide branches into six blocks and delegating a specified degree of authority to each block. This will allow us to develop and market products tailored to the specific needs of each local area, avoiding the tendency toward heedless nationwide uniformity. It will also enable us to concentrate marketing activities on specific sub-segments of each marketing block, as part of our efforts to become the market leader in each local community by raising the referral rate. We are also working to develop new construction methods to improve our cost-competitiveness, with the additional target of becoming No.1 in terms of new housing construction starts.

We have set up a dedicated unit to conduct market research in other Asian countries as well as North America and Australia, with a view to future expansion into those markets. This unit has already begun collecting data on overseas markets.

Rental Housing

Our Group Strategy

More competitive homes strengthen Daiwa House in the big cities



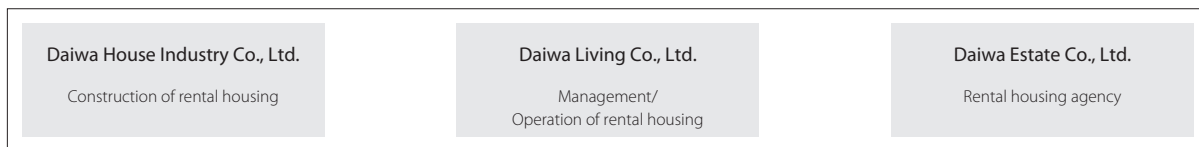
Daiwa House[®]
Daiwa House Group



Daiwa Living[®]
Daiwa House Group



Daiwa Estate[®]
Daiwa House Group



Strengthened presence in urban markets through medium-rise models

Realized higher rate of orders for housing for senior citizens through close collaboration with tenant service companies

Year 2011

Development and sale of rental housing fitted with security system

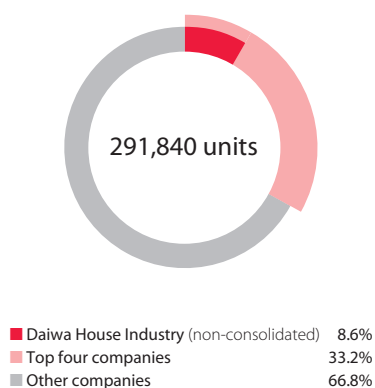
Thanks to the continuation of the government's eco-point system for housing and subsidies to encourage the installation of photovoltaic power generation systems, the rental housing market followed a recovery trend, driven mainly by demand for rebuilding as well as general demand in Japan's three major metropolitan areas — the Tokyo, Kinki, and Chubu regions. Against this backdrop, we strengthened our sales system by increasing our marketing staff, particularly in the Tokyo area.

In collaboration with Sohgo Security Services Co., Ltd. (ALSOK) we launched the rental housing products Séjour WIT-S and Séjour OTT's-S, which come with ALSOK's 24-hour home security service. This is the Japanese housing industry's first rental housing product to address the rising importance of security as a criterion in choosing a residence. Sales have been brisk, especially in urban areas, pushing up the value of orders as a whole.

Additionally, against the background of growing concern with environmental issues among rental housing owners, we have seen a growth in orders for options on existing products, such as photovoltaic power generation systems or high-efficiency water heaters, as well as all-electric rental housing units.

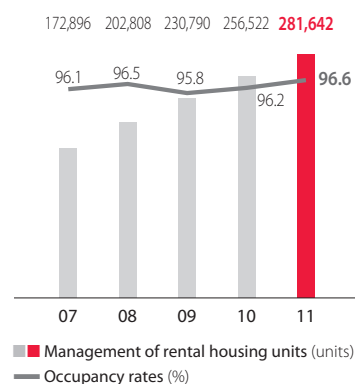


Share of rental housing market
(FY2010)



Note: Total shares based on statistics by the Ministry of Land, Infrastructure, Transport and Tourism. The shares for Daiwa House Industry and top four companies are based on our estimates.

Management of rental housing units and occupancy rates



D-room



D-room is a safe, worry-free, comfortable rental housing format

Beyond 2012

Raising occupancy rates through higher product quality

In Japan's three major metropolitan areas, where demand is expected to continue recovering, we plan to strengthen our marketing capabilities through a continued increase in staff as well as the number of marketing offices. Regarding product strategies, we will focus our development and marketing efforts on product concepts that reflect the current needs of tenants. This will include the launch of rental housing products featuring security services, targeted at female tenants. In these ways, we aim to differentiate Daiwa House from its competitors.

The occupancy rates of rental housing units built by Daiwa House are already the highest in the industry, and we aim to raise them still further by focusing on the sale of high-quality rental housing such as units with special security features or eco-friendly features. Demand for serviced housing for elderly people is growing fast as a result of the aging of Japan's

population, and we are reinforcing our collaboration with companies that provide services for tenants, to develop such housing products. To raise the occupancy rates at existing housing built by Daiwa House, we intend to focus on strengthened collaboration with Daiwa Living, which manages rental housing, and aim to propose renovation plans to the owners, including the reorganization of facilities and room layouts. We will continue to offer seminars on the rental housing management business to owners who are already our customers, to forge still stronger relationships.

Condominiums

Our Group Strategy

Aiming to optimally leverage strengths of Group and brand image for expanded market share



Daiwa House[®]
Daiwa House Group



Daiwa Service[®]
Daiwa House Group



Daiwa LifeNext[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.

Condominium development & sale

Daiwa Service Co., Ltd.

Management of condominiums & buildings/Moving services

Daiwa LifeNext Co., Ltd.

Management of condominiums & buildings

Achieved growth in orders for large-scale repair work
Posted increase in contracts for management of buildings of other companies,
as well as high-rise buildings

Year 2011

Popularizing high value-added condominiums

The reporting term saw signs of a recovery in demand for condominiums, particularly in the Tokyo area, and the number of condominiums put on the market in Japan in fiscal 2010 exceeded the year-before level for the first time in five years.* Against this background, we continued to put efforts into selling our inventory of completed condominiums, and worked to supply high value-added condominiums to the market to meet today's needs for properties fitted with seismic vibration-dampening capabilities and various eco-friendly features.

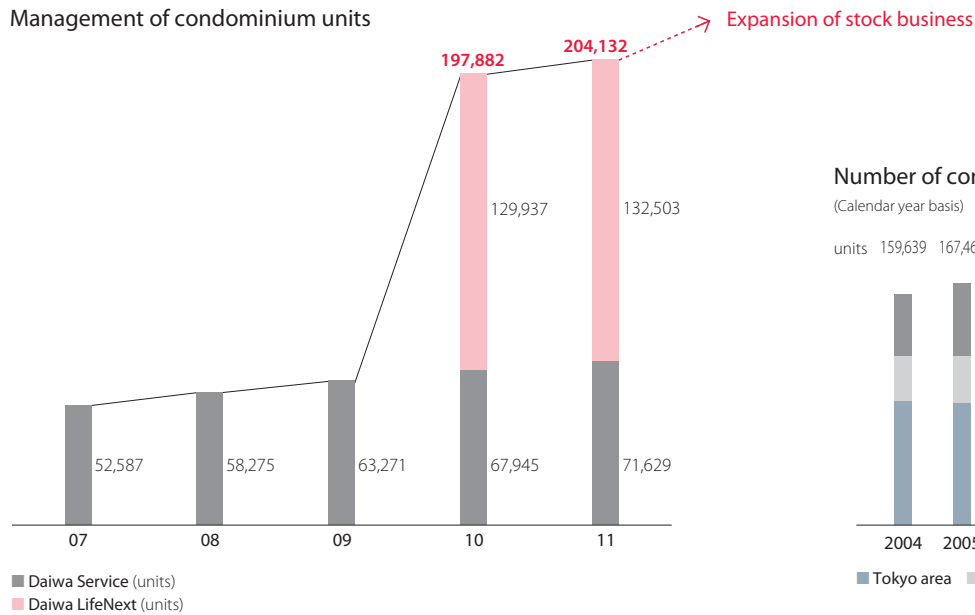
We became the first condominium developer in Japan to issue and sell Renewable Energy Certificates (RECs), thanks to the use of a solar thermal power central heating system at our D'Grafort Lake Town development. This is one of the ways in which Daiwa House is raising the added environmental value of its condominiums. We also made good progress during the term in improving the profitability of our condominium operations, with the inventory of completed units at the end of fiscal 2010 falling to a mere 334, compared with 834 at the end of fiscal 2009.

In the field of condominium management operations, we are not limiting ourselves to buildings constructed by Daiwa House, but are also actively seeking orders for management operations and large-scale repair projects at condominium buildings constructed by other companies. During the reporting term we managed to increase the number of condominium units under management by 3.2% over the previous year. In May 2010 the condominium management company Daiwa Service opened the Knowledge Center, a facility for training condominium concierges. This move is part of the Group's plans to differentiate itself from its rivals.

* Source: *Nationwide Condominium Market Trends for 2010*; Real Estate Economic Institute Co., Ltd.



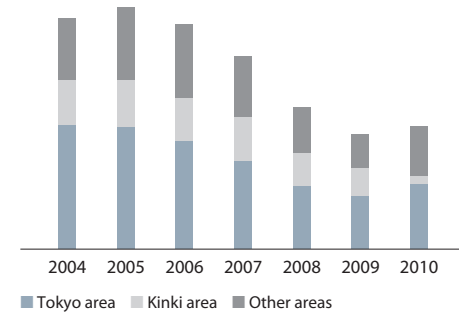
Management of condominium units



Number of condominiums sold in Japan

(Calendar year basis)

units 159,639 167,465 155,866 133,670 98,037 79,720 84,701



Beyond 2012

Expand stock business by increasing total of units under management

Regarding the development of new properties, we plan to strengthen our acquisition of land in the Tokyo area while closely monitoring movements on the land price market, and will be taking a proactive stance on joint development and large-scale projects. In other parts of Japan, we will focus our development efforts on the most attractive projects in each region. We will continue to popularize eco-friendly condominiums, and plan to raise the ratio of development of compact condominiums — 1LDK and 2LDK units with 40 – 60m² floorspace — particularly in urban locations such as the Tokyo area. We also aim to expand the Group's share of the domestic market by strengthening our brand name. This will be done by applying a consistent business philosophy across all operational stages from land procurement through product planning, condominium management and operation, and real estate agency work, and by raising the overall quality of our operations through clarification of our selection criteria.

In condominium management operations, we will optimally leverage our greatest strength — our possession of subsidiaries that specialize in condominium management, real estate agency services, and construction — to expand outward from the condominium management business to offer comprehensive solutions encompassing rebuilding, large-scale repair work, and internal renovation work on individual condominium units. We expect this to be effective in increasing the total number of condominiums under management.

Home Renovation / Real Estate Agency Services

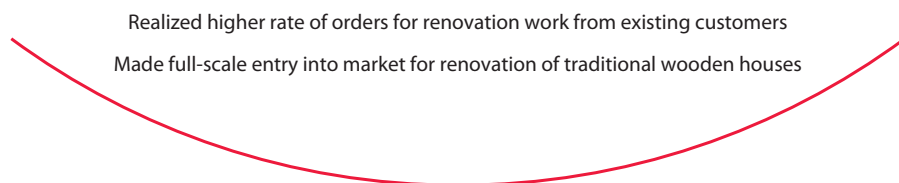
Existing Home Business

Our Group Strategy

Aiming to acquire new customer segments



<p>Daiwa House Industry Co., Ltd.</p> <p>Renovation proposals</p>	<p>Daiwa House Renew Co., Ltd.</p> <p>Renovation work</p>	<p>Nihon Jyutaku Ryutu Co., Ltd.</p> <p>Real estate agency & property management services/Appraisals/Renovation work</p>	<p>Royal Home Center Co., Ltd.</p> <p>DIY/Gardening/Interior items</p>
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Year 2011

Integrated development with Group companies

In the home renovation business we have been reinforcing collaboration between Daiwa House and its subsidiaries, particularly Daiwa House Renew, in pursuit of increased order volume. In renovation work on single-family houses, using the eco-point system for housing, we focused our marketing on renovating properties for improved energy conservation and eco-friendliness, as well as seismic retrofitting. For rental housing, we shared data with subsidiary Daiwa Living to offer renovation proposals for asset value maintenance and improvement through installation of photovoltaic systems and other features.

We also strengthened our relationships with existing customers — home owners (single-family houses), and owners of rental housing constructed by the Company. Thanks to this, we were able to raise the proportion of orders for renovation work from existing customers to 33% for single-family houses (up 3 points from the previous year) and 29% for rental housing (up 13 points). Meanwhile, we took measures to develop new

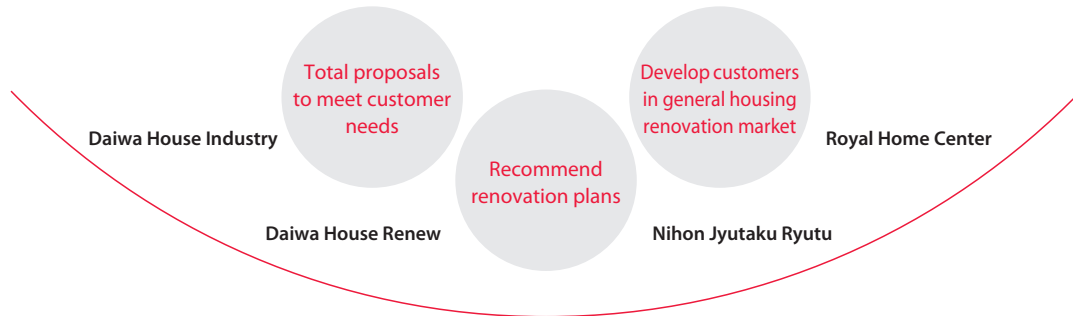
customer relationships, such as setting up more home renovation service counters in our Royal Home Centers and stationing Existing Home Business marketing staff at the counters.

In the real estate agency services business, in the field of single-family houses we made effective use of the AQ Re-Support Agency System*1 (part of our AQ ASSET Service*2) to offer agency services to guarantee peace of mind for home owners. For condominiums, we leveraged the strengths of our D's Bridge*3 asset valuation system to expand our services for existing home owners. We also established businesses for the purchase of real estate and the resale of previously owned homes in a linkage with our real estate agency services.

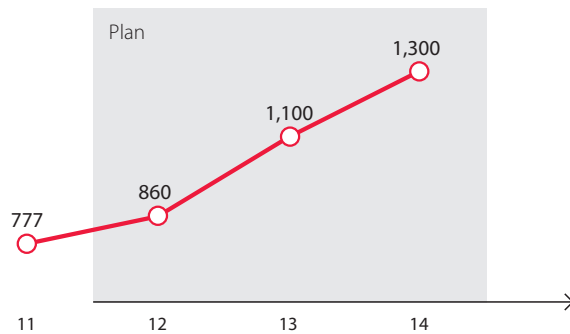
*1 The AQ Re-Support Agency System enables homes whose warranty period has expired to be re-guaranteed for necessary inspection and maintenance work.

*2 The AQ ASSET Service is a lifelong support system that lets owners of single-family houses maintain their home's asset value. We provide home owners with solutions for home asset value maintenance and management.

*3 D's Bridge is an asset value support system developed by Daiwa House Industry and its Group companies Daiwa Service and Nihon Jyutaku Ryutu.



Number of staff in sales



Outlook for home renovation market
(overall size) in Japan (Calendar year basis)



Beyond 2012

Strengthen our brand in renovation market

In home renovation, we aim to build up a lifelong relationship of trust with our customers by rigorously managing our existing customer database in the field of single-family houses and by conducting initial and longer-term inspection programs. Regarding new service products, we plan to meet owners' needs through total packages including retrofitting for energy conservation and barrier-free design, as well as photovoltaic systems. In this way, we expect to raise the average value of orders received for a single home. For rental housing, we will market renovation services that emphasize the benefits to tenants of the Housing Safety Net Project.*⁴ As a strategy to expand the volume of orders, we will make proposals to owners of rental apartment buildings managed by Daiwa Living that have multiple vacancies. These proposals will be based on site location analyses, and will include plans for changes in room arrangements (floor plans) and the upgrading of equipment and facilities.

We also intend a full-scale entry into the general housing renovation market. As a basic strategy, we will employ our

earthquake resistance diagnosis service, targeting wooden-structure houses, advertising our wealth of experience and know-how as a home builder. We will also boost staff at our Royal Home Centers, and reinforce collaboration among Group members. For example, when concluding real estate agency services, Nihon Jyutaku Ryutu will introduce customers to our renovation services.

In our real estate agency business, we aim to expand the number of our staff working in the Tokyo area, and centralize the handling of real estate data within the Group. We will also strengthen liaison between the Existing Home Business and the Condominium Division so as to establish a business model for the previously owned home resale business, including our real estate acquisition business.

*⁴ The MLIT's Housing Safety Net Project: This is a system under which the government provides direct subsidies for a certain percentage of the cost of renovating vacant rental housing for use by senior citizens, persons with disabilities, and low-income earners. The renovation work covered by the system includes retrofitting for seismic resistance, barrier-free use, and energy conservation performance.



Business





Daiwa House Industry Co., Ltd.



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



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



Daiwa Information Service Co., Ltd.
Land utilization/Maintenance &
operation of commercial facilities

Presidents of
Group
Companies*



Shunsaku Morita

Born in 1955
1979: Joins Daiwa Kosho Lease
(currently Daiwa Lease)
2008: President of Daiwa Lease



Katsuyoshi Tateno

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



Osao Fukushima

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

In our principal business areas of the leasing of temporary structures and vehicles and the development of commercial facilities, we are working to adapt the company to a changing market environment while developing new business models for continued growth into the next generation, such as urban greening to help preserve the global environment, and environmental energy services.

Since the company was founded 50 years ago, we have specialized in logistics for both residential dwellings and for construction and building materials. We aim to be a strategic logistics partner that supports customers' business growth from the logistics perspectives, and an integrated logistics company, working to create logistics services with high added value, based on extensive expertise and experience.

We contribute to society via a lease business centering on commercial facilities, and by operating and managing large-scale shopping centers. We are working to develop and provide facilities and services based on our motto, "Improvement in quality starts with improving ourselves," aiming to become a company that fulfills our social responsibility with environmentally friendly efforts.

* Presidents of principal subsidiaries and affiliates.





Daiwa Royal Co., Ltd.
Rental of commercial facilities/
Daiwa Roynet Hotels



Ken Harada
Born in 1953
1982: Joins Daiwa House Industry
2010: President of Daiwa Royal

With a focus on community-building with our customers, we develop and operate commercial facilities that are valued by local people and city hotels with an accent on hospitality. At the same time, we nurture new businesses to meet the needs of changing times.



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, photovoltaic power generation, 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 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 House Asset Management Co., Ltd.
Asset management



Yuji Yamada
Born in 1960
1983: Joins Daiwa House Industry
2011: President of Daiwa House Morimoto Asset Management (Currently Daiwa House Asset Management)

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.





Eneserve Corporation
Comprehensive energy services



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.



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



Masamichi Yagita

Born in 1959
1983: Joins Daiwa House Industry
2010: 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.



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



Yoshiaki Takamura

Born in 1942
1965: Joins Daiwa Danchi
2008: President of Odakyu Construction
(Currently Daiwa Odakyu Construction)

We are working to enhance our enterprise value by evolving into a comprehensive construction business that offers customers solutions based on our own development and proposal capabilities. We hope to raise the brand power of both the Daiwa House Group and the Odakyu Group. We will foster new core competencies and help enrich people's lives.



Commercial Facilities

Our Group Strategy

Reassigning staff to strengthen marketing power in Tokyo area



Daiwa House[®]
Daiwa House Group



Daiwa Lease[®]
Daiwa House Group



Daiwa Info.Service[®]
Daiwa House Group



Daiwa Royal[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.

Construction, management and operation of commercial facilities

Daiwa Lease Co., Ltd.

Building & vehicle leasing/
Land utilization

Daiwa Information Service Co., Ltd.

Land utilization/Maintenance & operation of commercial facilities

Daiwa Royal Co., Ltd.

Rental of commercial facilities

Expanded ownership and rental of profitable small-scale facilities

Year 2011

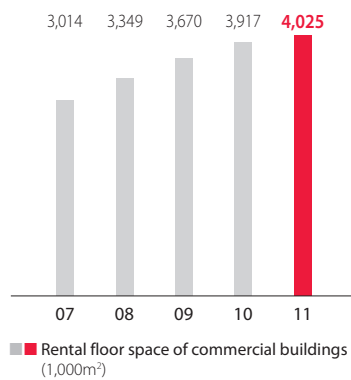
Focus on development of neighborhood shopping centers

Demand for shopping centers as a whole continued to decline during the reporting term against the background of weak consumer confidence, and the operating environment in this business field was difficult. As a result, the number of large-scale commercial facility openings declined, but demand for neighborhood shopping centers (NSCs) with a total floor space of less than 10,000m² remained firm. Among large-scale shopping centers, we undertook a major renovation of the QiZ Mall Hakata (Fukuoka Pref.), welcoming two new core tenant companies and changing the name to Foleo Hakata to reflect the center's new focus on local produce and the unique preferences of local customers.

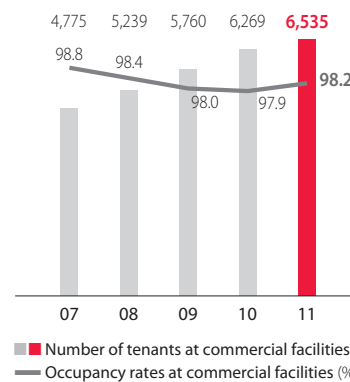
We also opened the Foleo Shobu shopping center (Saitama Pref.). In commercial facilities operated by the Group, we opened shopping centers across the country as part of our focus on operations strongly rooted in the local community. These included Frespo Houki (Tottori Pref.), Frespo Seifushinto (Hiroshima Pref.), Frespo Rokuchonome (Miyagi Pref.), Frespo Yokote II (Akita Pref.), the Isesaki Shopping Center (Gunma Pref.), and the Rinkan Mall (Kanagawa Pref.).



Rental floor space of commercial buildings*



Number of tenants at commercial facilities* and occupancy rates at commercial facilities*



* Total of Daiwa Lease, Daiwa Information Service and Daiwa Royal.

Beyond 2012

Offering unique eco-features as standard

At the moment, there are no clear prospects of a full-scale economic recovery, and in view of current market trends we plan to rethink our area marketing dominance strategies and increase the number of our business centers in Japan's urban areas, particularly Tokyo and the surrounding region. We aim to bolster our proposal capabilities in urban districts by increasing the number of mid-career employees assigned to them.

We will focus on differentiating ourselves from our competitors through the use of low-cost, fast-erection construction systems to build high-quality, cost-competitive commercial facilities with eco-friendly features as standard. In the field of roadside stores, we will leverage our extensive fund of data on land availability and prices, as well as our know-how in the area of support services for tenants opening new outlets. In this way, we hope to raise the ratio of successful contracts, centering on

business sectors where companies are continuing to open new outlets at a brisk pace, such as the convenience store, drugstore, and fast food restaurant chains.

With the aim of expanding orders, we will continue making renovation or rebuilding proposals to tenant companies that are approaching the end of their current leases, and at the same time will take steps to strengthen our relationships with our landowner clients.

Distribution Facilities / Medical and Nursing Care Facilities / Corporate Facilities

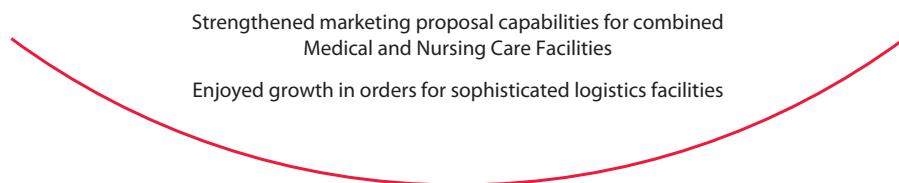
Business and Corporate Facilities

Our Group Strategy

Leveraging specialist know-how in wide range of fields to win more orders



Daiwa House Industry Co., Ltd. Construction of business facilities/ Real estate development	Daiwa Lease Co., Ltd. Building & vehicle leasing/ Land utilization	Higashi-Fuji Co., Ltd. Real estate development/ Sale of commercial real estate	Daiwa Odakyu Construction Co., Ltd. General construction/Real estate
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Year 2011

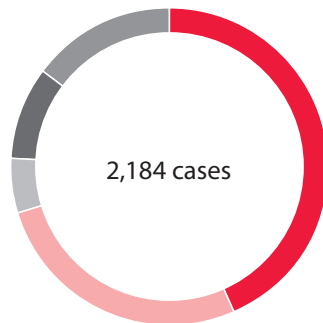
Construction of distribution facilities with eco-friendly features

In our Distribution Facilities operations, the reporting term saw an end to the previous oversupply situation in the distribution sector with the warehouse occupancy rate improving. Conversely, the sector began to suffer from a shortage of warehouse space, and our D Project real estate investment business recorded a steady stream of development projects. Amid growing concern with the protection of the natural environment, we completed construction of the D Project Takashimadaira. This eco-friendly distribution facility features a seismic vibration dampening structure, photovoltaic power generation systems, LED lighting, and a green roof, and is expected to serve as a model case for environmentally friendly distribution facilities in the future.

We have taken steps to acquire data relating to Internet shopping from online service providers and goods suppliers, enabling us to investigate trends in this business, which is posting rapid growth. In our Medical and Nursing Care Facilities operations, against the backdrop of a growing market due to the aging of the population, we took steps to expand our orders for serviced housing for senior citizens, combined medical care and nursing care facilities operated by healthcare corporations, and fee-based homes for the elderly, especially in the Tokyo area. In the field of support services for corporate facilities, we made good use of our accumulated know-how and extensive database to offer consulting services, and commenced work on the construction of Hokusetsu-Sanda Techno Park II, a large-scale industrial park in Hyogo Pref.



Projects by the Silver Age Research Center



■ Group homes, day care, day service facilities, small-scale, highly functional homes	43.6%
■ Hospitals and clinics	26.9%
■ Healthcare facilities for senior citizens, special nursing homes, nursing homes for the elderly	5.6%
■ Fee-based homes for the elderly, serviced housing for senior citizens	9.2%
■ Others	14.7%

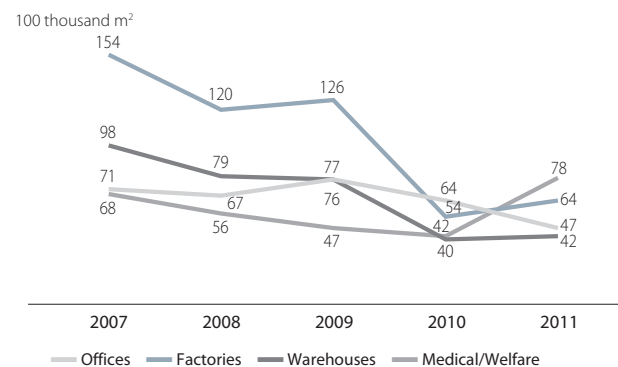
Beyond 2012

Expanding logistics orders through advanced features

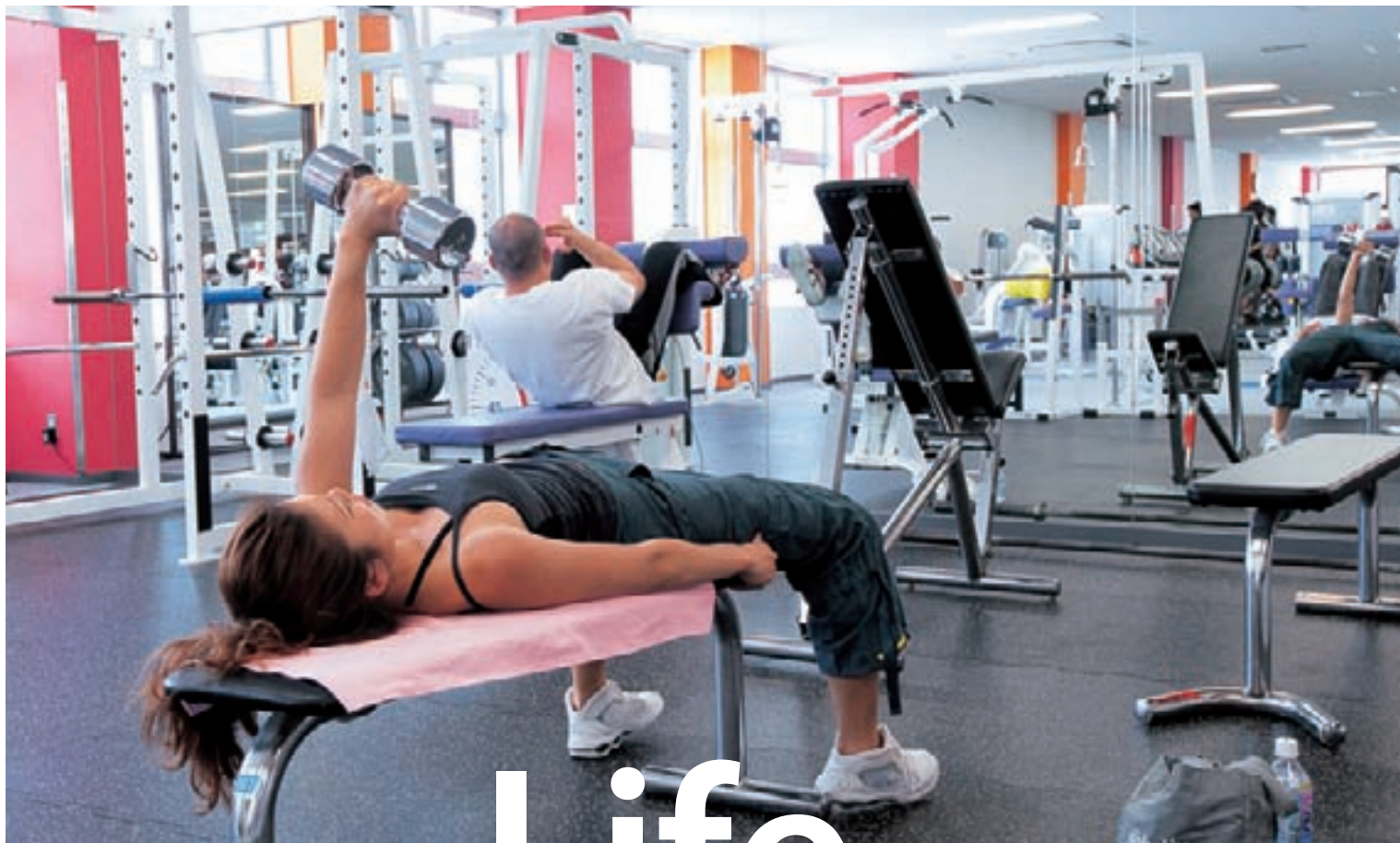
In our Distribution Facilities operations, we will work to enhance our range of products and services in the field of eco-friendly distribution facilities, and will also attempt to win more orders for distribution facilities with advanced or specialized features, such as cold storage centers capable of both refrigerated and chilled storage. In line with the increasing production presence of Japanese corporations in China and other Asian countries, we plan full-scale preparations for entry into those markets to take advantage of their growing distribution facility needs.

In Medical and Nursing Care Facilities operations, we will bolster our marketing activities targeted at healthcare corporations and other private-sector operators, and will focus efforts on gathering data regarding hospital rebuilding needs, and on proposals for new hospital sites. We aim also to expand orders received by leveraging the know-how possessed by our Silver Age

Floor space of construction starts by facility type in Japan



Research Center to enhance our marketing abilities in the field of combined medical care and nursing care facilities, as well as for serviced housing for senior citizens. In the field of support services for corporate facilities, we will boost our order receipts by focusing on information-gathering in relation to demand for new facilities among companies that are integrating and closing existing facilities under mergers or business restructuring, and will also make aggressive efforts to attract companies to the Hokusetsu-Sanda Techno Park II.



Life





Daiwa House Industry Co., Ltd.



Daiwa Rakuda Industry Co., Ltd.
Interior and office items/Leasing



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



Royal Home Center Co., Ltd.
Home center business

Presidents of Group Companies*



Takao Miyakogawa

Born in 1950
1973: Joins Daiwa House Industry
2010: President of Daiwa Rakuda Industry



Shigeru Sasashita

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



Tetsuya Tamura

Born in 1962
1986: Joins Daiwa House Industry
2009: President of Royal Home Center

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.

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.

In addition to selling products that help make houses more functional and comfortable, we also serve as a "home solutions center," proposing and providing a wide range of services to home owners, including advice, and installation or replacement of equipment. Our aim is to become Japan's leading company in this field.

* Presidents of principal subsidiaries and affiliates.





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



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

We are hospitality professionals who value communication with our guests. Treating each guest as an individual, we seek more than mere customer satisfaction. We want each guest to remember their stay with us with real fondness. Daiwa Resort aims to operate community-based hotels that customers will return to again and again.



Daiwa Royal Golf Co., Ltd.
Golf course operation



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.



Jukeikai Co., Ltd.
(Neo Summit Yugawara)
Homes for the aged



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.

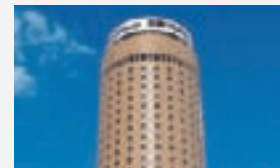


Osaka Marubiru Co., Ltd.
Management of hotels/Rental of commercial facilities



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.





Sports Club NAS Co., Ltd.
Fitness clubs



Yoshinari Shibayama

Born in 1960
1984: Joins Daiwa Danchi
2009: President of Nippon Athletic Service (Currently Sports Club NAS)

Fitness clubs constitute Japan's largest service-sector business. 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, creating clubs that give our customers unparalleled enjoyment. All the executives and employees of Sports Club NAS are working together to bring about a revolution in the world of fitness clubs.



Daiwa House Financial Co., Ltd.
Credit card operations



Hiroshi Osada

Born in 1956
1979: Joins Daiwa House Industry
2011: 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.



Shinwa Agency Co., Ltd.
Advertising & travel agency



Nobuyuki Otsuji

Born in 1954
1986: Joins Shinwa Agency
2010: President of Shinwa Agency

Through our advertising and travel agency businesses we aim to reach our customers' hearts and give them a truly enjoyable time that will remain in their memories forever. Our mission is to help people discover new possibilities in their lives. Shinwa Agency is ready to help.



Media Tech Inc.
Data systems/Data services



Mitsuyoshi Koga

Born in 1950
1972: Joins Daiwa House Industry
2010: President of Media Tech

Media Tech is the sole dedicated IT company in the Daiwa House Group. Our role is to further develop the Group's expertise in information technology to help Group companies serve as valuable partners for our customers.

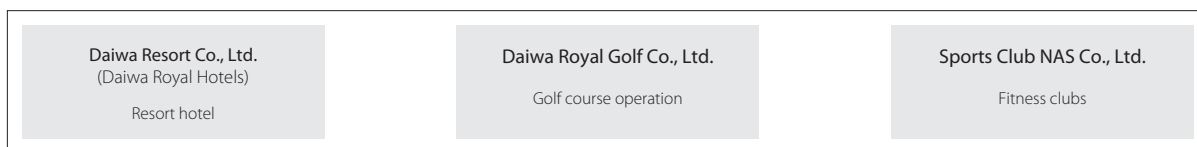


Resort Hotels / Sports Clubs

Health & Leisure

Our Group Strategy

Raising the percentage of repeat hotel guests, and implementing a differentiation strategy for our health clubs



Year 2011

Focus on attracting overseas guests to hotels; opening of new-type health clubs

In our Resort operations, we opened new sales offices to strengthen our direct sales system, bringing the total to 22. In particular, we increased the number of marketing staff involved in international operations to boost our ability to attract foreign tourists, and opened an additional international tourism office in Fukuoka alongside our existing offices in Tokyo and Osaka. We also introduced a new concept in which marketing staff pay visits to members of the Daiwa Royal Members' Club to explain our various sales campaigns and listen directly to members' requests. This lets us further enhance the quality of our services to club members. Regarding online sales, we worked to ensure repeat visits to our hotels by sending out e-mails to customers containing up-to-date information on the various scenic locales in Japan as well as events, seasonal delicacies, and so on.

At the Okinawa-Zanpamisaki Royal Hotel we opened the largest convention hall in Okinawa Pref., capable of holding 600 people. This gives the hotel the facilities to host international conferences, and as a result, we have recently fielded a growing number of inquiries from overseas.

In our Sports Life operations, we worked to design and construct health club facilities that would take maximum advantage of each local market's unique features. In central Tokyo we opened two innovative city-center facilities that diverge from the conventional health club concept — the Premium Sports Club NAS Ginza and the Premium Sports Club NAS Roppongi.



29 hotels



(As of August 1, 2011)

10 golf courses

54 sports clubs



(As of August 1, 2011)

Beyond 2012

Localizing hotels, and opening more sports clubs in cities

In our Resort operations we cannot hope for any significant increase in the number of hotel guests, and we will concentrate our efforts on product development to encourage a greater number of guests to stay with us for a number of days rather than just overnight. The Japanese government is pursuing an initiative to transform resorts from places that most people visit just for an overnight stay to places that guests visit for longer vacations. In line with the main purport of the Tourism Zone Development Act, we will be devising measures to involve our hotels more closely in the life of their local communities, including the development of tourism packages featuring visits to sightseeing destinations in the vicinity of the hotels to encourage more guests to stay for several days.

We will also be putting even more effort into existing customer management, including new services and the timely

dissemination of information to members of the Daiwa Royal Members' Club. We plan to continue taking steps to raise customer satisfaction and encourage a higher rate of repeat visits, such as improving our hotel restaurant menus. We will also be redesigning our website for greater user convenience, and creating a system whereby we can satisfy our customers' diverse needs through Internet services.

In our Sports Life operations, we plan to rigorously analyze the particular requirements of each individual location so as to differentiate our health clubs from those of other operators. We aim to continue opening three to four new health clubs per year, mainly in metropolitan areas.

Home Centers / City Hotels / Others

Other Businesses

Our Group Strategy

Create distinctive businesses in each division



Year 2011

Eight new hotels opened in the Daiwa Roynet Hotel chain

In our Home Center business, we conducted sales promotion campaigns to mark the 30th anniversary of the Company's founding, and developed new products in our RoyValue private brand to meet consumers' needs in the areas of quality and price.

In the Environment & Energy business, we offered comprehensive solutions encompassing energy conservation (such as LEDs and high-efficiency lighting and air-conditioning systems), new energy sources (photovoltaic power generation systems, etc.), and energy storage technologies (lithium ion batteries). We also launched the POWER YILLE portable rechargeable lithium ion storage battery on the market.

In our City Hotel operations, we expanded the benefits offered to individual club members and succeeded in attracting more guests, particularly in the metropolitan areas. We carried out an aggressive new hotel opening strategy, focused on city-center

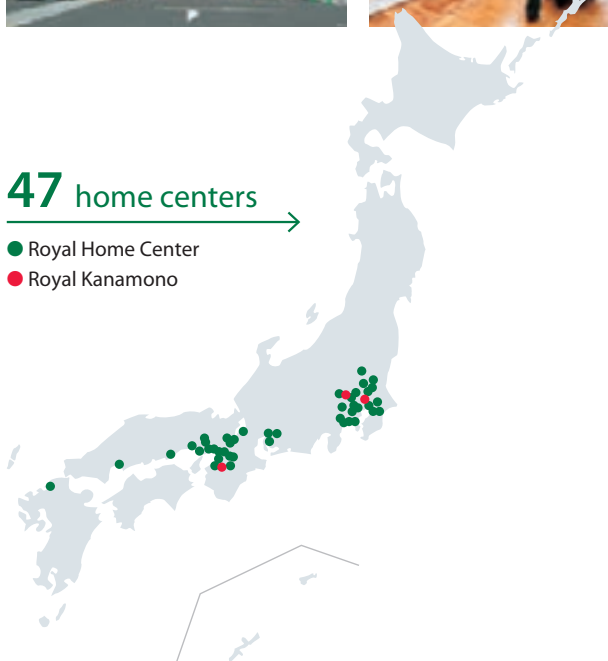
locations, with eight new hotels opened during the reporting term, bringing the total to 30.

In the Asset Management business, we concluded a tie-up with New City Residence Investment Corp., thereby expanding the scale of our portfolio and boosting the business's market capitalization. A major improvement in the quality of the portfolio was seen, thanks to an improved operating rate following the tie-up. This resulted from a reshuffling of real estate assets, as well as investments aimed at raising enterprise value, among other measures.



47 home centers

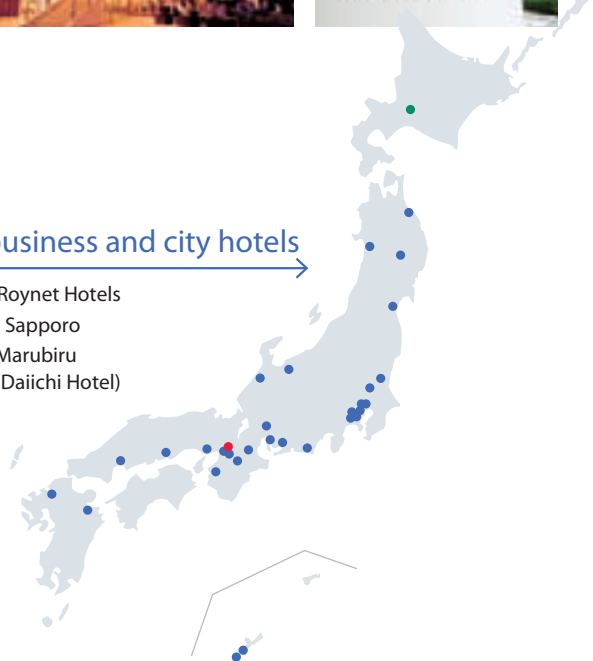
- Royal Home Center
- Royal Kanamono



(As of August 1, 2011)

32 business and city hotels

- Daiwa Roynet Hotels
- Royton Sapporo
- Osaka Marubiru (Osaka Daiichi Hotel)



(As of August 1, 2011)

Beyond 2012

Aiming to create "home solution" centers

In our Home Center business, we will be taking steps to meet growing demand for home repairs and improvements, including extensions and alterations. This demand has been growing over the past few years against the backdrop of the aging population and an increasing number of houses constructed 20 or more years ago. We aim to leverage our reputation for reliability as a leading home builder to expand and enhance our home centers' product lineups in housing equipment, building materials, tools, and general hardware. We plan to transform our home centers into "home solution" centers boasting product and service lineups that meet the needs of both homeowners and builders.

In the Environment & Energy business, in response to the need for repair work as part of the reconstruction of areas devastated by the earthquake and tsunami of March 11, we have dispatched technical staff from our Head Office to the affected

areas. In other parts of Japan, too, we are aggressively marketing POWER YIILE portable lithium ion storage batteries as a solution to corporate needs in the field of business continuity planning, particularly the need to prepare for possible planned power outages, and as a means of supplying extra electricity to get around the constraints of the current restrictions on consumption of power from the power utility companies.

In our City Hotel operations, we will continue opening new hotels in city-center locations, and will be conducting promotional campaigns to attract groups such as businesspeople and people on corporate training courses. We will also offer special services for female guests and families with babies and infants.

Global Vision

We aim to make our “Endless Heart” Group symbol, cultivated in Japan, known throughout the world, and to contribute to the international community.





China



L.A.

Presidents of Group Companies*

* Presidents of principal subsidiaries and affiliates.



DH (Dalian) Administrative Management Consulting Center Co., Ltd.
Provision of outsourced administrative work



Keiichi Yoshii

Born in 1958
1990: Joins Daiwa House Industry
2011: President of DH (Dalian) Administrative Management Consulting Center

We have drawn up and commenced our first medium-term (three-year) management plan, under which our first target is to lower our sales dependency on the Daiwa House Group from the present 95% to 70%. Our second target is to train our talented human resources so that they can display their abilities in a variety of business fields.



Daiwa House (Suzhou) Real Estate Development Co., Ltd.
Real estate development and sales



Hiroaki Okuno

Born in 1965
1991: Joins Daiwa House Industry
2011: President of Daiwa House (Suzhou) Real Estate Development

Our company works on the front line of the Daiwa House Group's overseas operations, and is involved in condominium development projects in China financed entirely by the Group. Our projects offer home buyers safe, comfortable homes with all the basic residential features, and they have already gained a trustworthy reputation among the Chinese public.



Daiwa House (Wuxi) Real Estate Development Co., Ltd.
Real estate development and sales



Kazuya Sawamoto

Born in 1967
2007: Joins Daiwa House Industry
2011: President of Daiwa House (Wuxi) Real Estate Development

Our company is responsible for development of part of the China Wu Culture Expo Park, a historical theme park/industrial zone near the city of Wuxi. This project is extremely important for the future of Wuxi, and it is hoped that state-of-the-art know-how in residential environments and the cultural attractions of this original center of the ancient Wu will bring new value to this area.



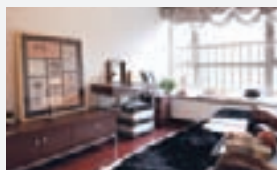
Daiwa House (Changzhou) Real Estate Development Co., Ltd.
Real estate development and sales



Wei Li

Born in 1963
1996: Joins Daiwa House Industry
2009: President of Daiwa House (China) Investment
2011: President of Daiwa House (Changzhou) Real Estate Development

We offer home buyers high-end, safe and comfortable residential environments, and aim to make a contribution to our local region through community-based business operations, while steadily building up the reputation of Daiwa House as a trustworthy brand.





Daiwa Logistics (Shanghai) Co., Ltd.
International transportation agent (exports and imports)



Masanori Chatani
Born in 1969
1991: Joins Daiwa Logistics
2011: President of Daiwa Logistics (Shanghai)

The company was established in January 2011 to act as a strategic logistics partner for companies seeking to enter Asian markets, particularly China, or to expand their activities in the global market. We aim to effectively leverage the more than 50 years of experience and know-how possessed by the Daiwa House Group to support our customers' business development.



Daiwa House Guam Co., Ltd.
Construction



Masao Doi
Born in 1951
1975: Joins Daiwa House Industry
2011: President of Daiwa House Guam

Guam is a United States territory with a population of about 180,000. Around the same size as Japan's Awaji Island, many Japanese tourists are attracted to Guam, which is noted for its low crime rate. The island is expected to enjoy good future development thanks to its geopolitical importance, and our company hopes to make a valuable contribution to the creation of pleasant residential environments.



Daiwa House California
Real estate/Real estate development



Takeshi Wakita
Born in 1972
1995: Joins Daiwa House Industry
2011: President of Daiwa House California

With its motto of "Creating Dreams, Building Hearts," the Daiwa House Group has a dream of transforming itself from the best in Japan to the best in the world, and the first step in this was the establishment of Daiwa House California. We believe that what people here want most of all is "heart," and we are exerting our full efforts to satisfy our customers through wide-ranging products and services centered on the real estate business.

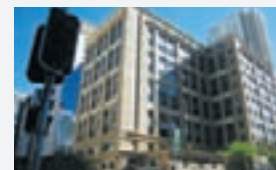


Daiwa House Australia Pty Ltd
Real estate development



Masaomi Yamadaira
Born in 1965
1987: Joins Daiwa House Industry
2011: President of Daiwa House Australia

Australia is a very attractive market thanks to the country's robust economy, its sophisticated and stable business and political environment, and its mature legal system. We are approaching our tasks in an entrepreneurial spirit, confident that our company will play an important role in the global development of the Daiwa House Group.



Global Expansion

Expanding our global operations

The Daiwa House Group's overseas operations began in the 1960s, long before the present age of globalization. Starting in Southeast Asia, we widened our sphere of activities to Brazil, the United States, and Europe. We commenced business operations in China in 1972, the year in which relations between Japan and China were normalized, and in the subsequent four decades we have pursued locally based business activities while expanding the scale of our operations and improving the quality of our products and services. In recent years we have commenced lot-subdivision development projects in China, and our "made-in-Japan" brand of superior-quality housing, offering high asset value, has met with a very favorable reception in local markets, particularly in the fast-growing urban areas. In the near future we hope to leverage our track record in China to further expand operations in other promising markets in the Asia-Pacific region.



The Daiwa House Group — Overseas Business Bases

20 Companies & Offices
Overseas subsidiaries, Affiliates,
Representative offices
(As of July 1, 2011)

866 Employees
Regular employees only
(As of March 31, 2011)

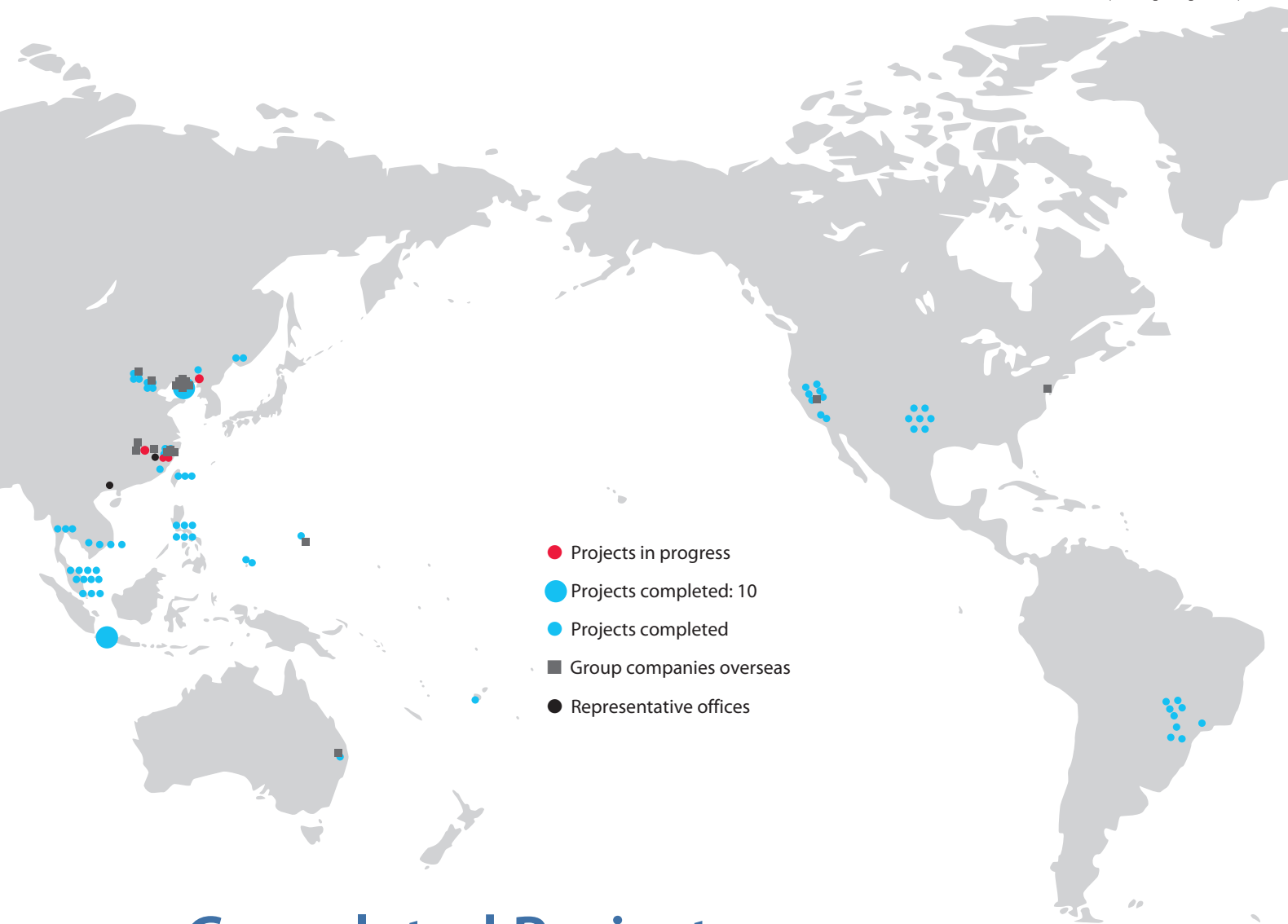
Current Projects

As of August 2011

China	Suzhou	condominiums
	Dalian	condominiums, commercial facilities, hotels
	Wuxi	town houses, condominiums
	Changzhou	condominiums, commercial facilities



The Yihe Xinghai project under construction in Dalian



Completed Projects

Breakdown by region & country; 1962 – 1999

Asia-Pacific

Australia	condominiums
Cambodia	hospitals
China	housing units, restaurants, hotels, offices, airport lounges, factories, warehouses
Fiji	factories
Guam	employee dormitories, warehouses
Indonesia	factories, warehouses, employee dormitories, offices
Malaysia	factories, gymnasiums
Maldives	showrooms
Palau	housing units, warehouses
Philippines	housing units, factories, schools, warehouses, offices
Saudi Arabia	employee dormitories
Singapore	factories
Taiwan	housing units

Thailand	factories, warehouses
Vietnam	housing units, medical clinics
The Americas	
Brazil	housing units, condominiums, factories, retail outlets, hotels
United States	housing units, condominiums
Europe	
Portugal	housing units
Russia	warehouses, port facilities
Serbia	housing units
Turkey	housing units
Africa	
Algeria	factories, employee dormitories
Republic of the Congo	factories
Libya	warehouses

Current state of the Group's business in China

China



Continuing to record steady growth

In 1983 we began exporting houses to China and erecting them on site, and in 1985 we commenced the construction and management of rental housing for expat tenants (mostly Japanese) in the fast-growing cities of Beijing, Shanghai, Dalian, and Tianjin. Currently, we are engaged in the development of condominiums and retail outlets in five locations in the four cities of Dalian, Suzhou, Wuxi, and Changzhou.

In 2009 we established Daiwa House (China) Investment, a wholly owned subsidiary, in Suzhou, for the purpose of streamlining our real estate development operations in China. The company was set up to take charge of the procurement of funds needed for new development projects and existing real estate projects in the Suzhou area, enabling more efficient fund management and expanding the Group's reputation for creditworthiness in the local market. From here on, too, we intend to invest aggressively in the acquisition of ideally located real estate assets in cities that are forecast to post steady economic growth. For China as a whole, we are planning real estate development projects on the scale of ¥300 billion over the next 10 years.

Condominiums continue to sell briskly

Our Yihe Champs-Elysees project in Dalian, a combined condominium and commercial facility, was completed in June 2009. This was the first condominium development in Dalian by a Japanese-owned enterprise, and was accomplished through a 50:50 joint venture with a local company. All the condominium units had been sold by May 2010, and the commercial units (shops, restaurants, etc.) are also selling well. The sale of condominium units in The Grace Residence in Suzhou commenced in May 2010. This is the first development project in China to be financed entirely by a Japanese company. As of the end of March this year, the contract ratio had reached 95.6%.

In October 2010 we began selling units in the Yihe Xinghai development in Dalian, a project now under construction that will consist of 2,145 condominium units plus commercial facilities and a hotel, and sales have been brisk right from the start. The secret of our developments' popularity lies in our adoption of Japanese standards for the construction methods projects. Moreover, in contrast to the standard practice in China, where condominiums are sold without interior decoration or fittings, which are chosen and purchased separately by the owner, all our units are fully fitted with interior furnishings and household equipment made in Japan, which enjoy a high reputation in China for safety and reliability. Our offerings of high-quality, trustworthy housing are receiving strong support from high-income consumers in China.



Yihe Champs-Elysees/Dalian

Completion In June 2009
Developers Dalian Dahezongsheng Estate Co., Ltd.
 * Daiwa House Industry; 50% stake
Facilities Condominiums, commercial facilities
Number of units sold 963
 Condominiums 852
 Commercial facilities 111



The Grace Residence/Suzhou

Completion In 2011
Developers Daiwa House (Suzhou) Real Estate Development Co., Ltd.
 * Daiwa House Industry; 100% stake
Facilities Condominiums
Number of units sold 902



Yihe Xinghai/Dalian

Completion In 2011 & 2014
Developers Dalian Dahezongsheng Estate Co., Ltd.
 * Daiwa House Industry; 50% stake
Facilities Condominiums, retail facilities and hotels
Number of units sold 2,145 (Condominiums)

Future business developments in China

Pursuing two projects in the Yangtze River Delta*1

In the city of Wuxi (Jiangsu Province) in the Yangtze Delta area on China's east coast, we have started construction of a lot-subdivision project, under the tentative name of the Wuxi China Wu Culture Expo Park, consisting of approximately 400 homes, mostly single-family houses in addition to condominiums. In the city of Changzhou, also in the central part of the Yangtze Delta area, we are pursuing our fifth real estate development project in China, tentatively named the Changzhou Tianning District Project. This project will involve approximately 1,260 condominium units and commercial facilities on a site of approximately 75,000m². Both projects will be financed entirely by Daiwa House Industry, and we intend to ensure that they

become showpieces for the superior know-how and technological expertise we have accumulated in our many years of experience in the construction of houses, condominiums, and commercial facilities in Japan. In this way, we are planning to pursue a wide range of real estate development operations in China's eastern coastal belt,*2 particularly the Yangtze Delta area, where steady economic growth is projected for many years to come.

*1 Shanghai, China and the region centered on the Yangtze Delta in Jiangsu Province and Zhejiang Province. The region's population is approximately 140 million and has an area of about 210,000km².

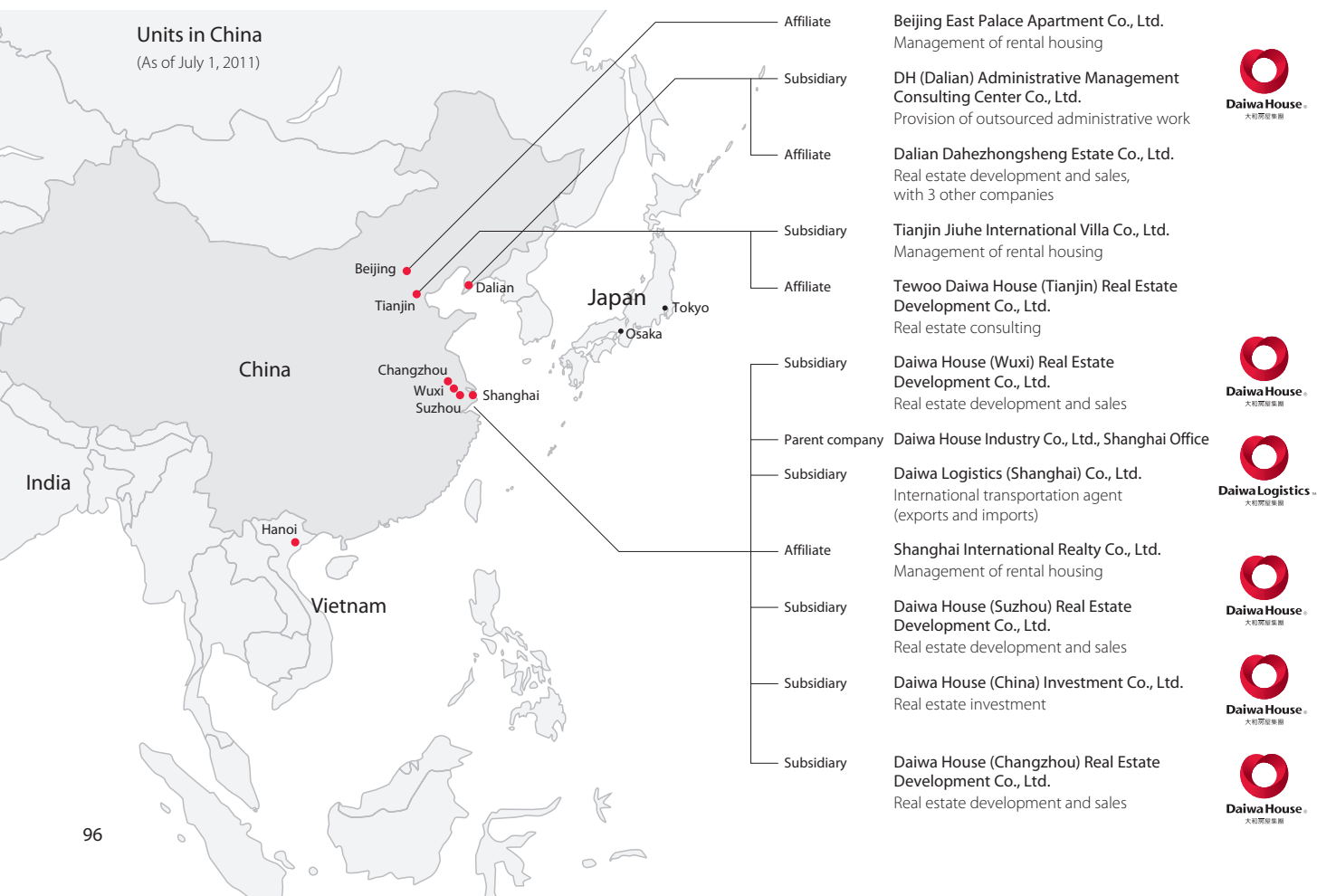
*2 Eastern China area (Shanghai, Jiangsu Province and Zhejiang Province).



Wuxi China Wu Culture Expo Park (tentative name)/Wuxi	
Completion	2013
Developers	Daiwa House (Wuxi) Real Estate Development Co., Ltd. * Wholly owned by Daiwa House Industry
Facilities	Town houses, condominiums
Number of units	approx. 400
	Town houses 150
	Condominiums 250



Changzhou Tianning District Project (tentative name)/Changzhou	
Completion	2014
Developers	Daiwa House (Changzhou) Real Estate Development Co., Ltd. * Wholly owned by Daiwa House Industry
Facilities	Condominiums, commercial facilities
Number of units	approx. 1,260



Daiwa Logistics (Shanghai) Co., Ltd.

In January 2011, Daiwa Logistics, a wholly owned subsidiary of Daiwa House, established a subsidiary in Shanghai (Daiwa Logistics (Shanghai)) as a first step toward full-scale overseas operations. For the time being, the company will engage in research into logistics issues faced by goods owners and the needs of tenants, centered on overseas business bases of Daiwa House. Over the longer term, it will seek to act as a strategic logistics partner for global enterprises setting up in business in Asia.

Continuing surveys and research in Vietnam and other markets

In 2006 Daiwa House set up an office in Hanoi and began collecting information on Vietnam, which is expected to make progress in creating regional economic relationships that transcend national borders. In other Asia-Pacific economies such as India and Indonesia, too, we are conducting fully fledged market surveys and research activities with a view to future real estate developments. In these and other ways, the Group is preparing for further expansion of its overseas operations.



Entry into Pacific Rim markets

Re-entry into US and Australian markets

We have established subsidiaries and have begun conducting full-scale market surveys in the United States and Australia, which are both advanced industrialized countries but also have good prospects of population increase and further economic growth. The Group was initially involved in business operations in the US for nine years — from 1976 to 1984 — when we set up subsidiaries in California and Texas and constructed roughly 10,000 single-family houses.

Subsequently, however, we withdrew from the country due to the real estate slump, but in April 2011 we established two holding companies — Daiwa House USA (Delaware) and Daiwa House California (California). These companies have begun research into the local real estate market, and we plan to resume real estate development operations in the US in the near future. In Australia, where Daiwa House has a track record in the field of condominium development, in May 2011 we set up Daiwa House Australia in Brisbane.

Group opens booth at Little Tokyo Design Week festival in Los Angeles

Daiwa House opened a display booth at the Little Tokyo Design Week (LTDW) 2011 festival, held in the Little Tokyo district of Los Angeles on July 14 – 17. Our aim in participating in this design festival was to showcase the Group's leading-edge anti-earthquake and eco-friendly technologies, which we have developed as a pioneer in the industrialization of housing, as well as to introduce our initiatives to supply temporary housing to the regions devastated by the Great East Japan Earthquake. At the LTDW, we displayed the EDV-01 emergency disaster relief unit designed and built by Daiwa Lease. This is the world's first housing unit that can provide emergency shelter for one month without need for external lifeline services such as electricity, water, or food supplies. At the LTDW, we also showcased our seal-shaped therapy robot PARO®, which is being put to use in the areas hit by the earthquake and tsunami of March 11. We also took the opportunity to publicize our plans for business operations in California in the near term.

Heart to Heart!

The welfare-use Robot Suit HAL,[®] which is leased out by Daiwa House, helps the mobility-impaired use their lower limbs and walk properly. Responding to demand for this kind of mobility solution, we at Daiwa House are proud to be able to give those who cannot easily stand up or walk the joy of physical movement again.





Take Heart!

We delivered PARO,[®] our therapeutic robot modeled after a baby seal,^{*} to areas devastated by the earthquake, in the hope if only slightly to cheer up those individuals affected by the disaster. In responding to calls and the gentle stroke of a hand, PARO[®] can bring comfort while soothing hearts and minds. It is our wish that PARO[®] will convey to all sufferers our thoughts and prayers.

* Daiwa House has loaned free-of-charge 50 units of PARO[®] for a period of two years to facilities for the elderly. This initiative is one of several support activities aimed at helping the aged living in devastated areas.

Human Care

According to recent forecasts, 40% of the Japanese population will be aged 65 or over by the year 2055. To meet the welfare needs of such an aging population, our Human Care Division is working to expand the Group's operations in construction of medical care and nursing care facilities for elderly people, and in nursing care robotics.

Construction activities focus on residences for the fast-growing elderly population

In the fields of medical and nursing care services for the elderly, as well as residences for senior citizens, the staff at the Human Care Division's Medical/Nursing Care Support Unit, operating out of Daiwa House's head office and in collaboration with our other operating divisions, take the lead in directing the construction of medical and nursing care facilities as well as rental housing. These operations make optimal use of the Group's accumulated planning and construction know-how, building technology, and data on land use and tenants provided by our operating divisions. The Human Care Division carries out marketing of all sizes of facility from large to small, in Daiwa House's unique planning- and proposal-based format.

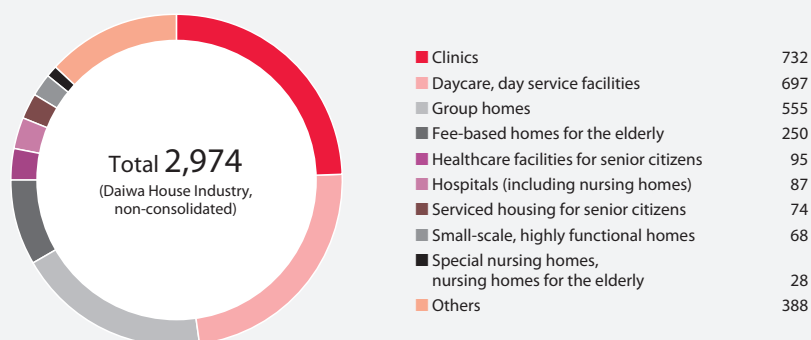
In the field of residences, we are receiving a growing number of orders for homes for elderly people against the background of measures taken by the government to promote such housing. These include fee-based homes for the elderly and serviced housing for senior citizens. This is an area where the Group's long experience in housing construction truly shows its worth. In fiscal 2011, we will enhance our marketing activities in the Kanto region, where demand is particularly strong, as well as in the nation's other major urban regions such as Osaka and

Nagoya, which we have designated as priority areas. And in collaboration with Group companies Jukeikai and Daiwa Living, we have begun making preparations for entry into this market overseas, particularly in China.



Comfortable living space

Medical and nursing care facilities constructed by the Group





Robot Suit HAL® (welfare-type)
Developed and manufactured by CYBERDYNE Inc.
General sales agent: Daiwa House Industry Co., Ltd.

Sale of “lifestyle assistance robots,” with prime focus on medical and nursing care

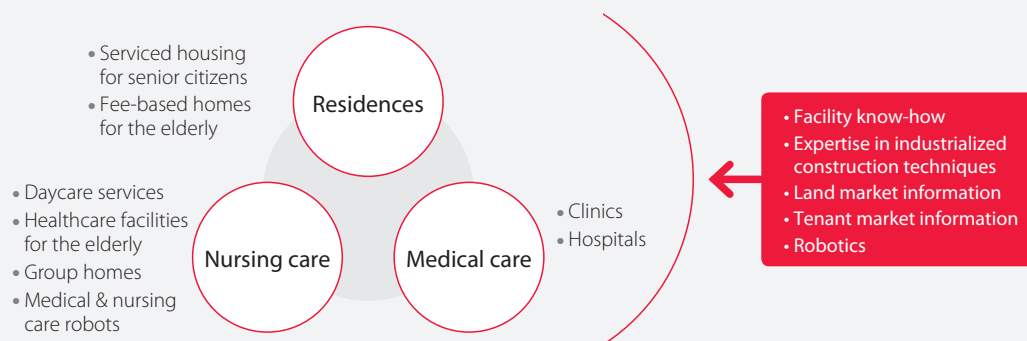
The market for robots in Japan is estimated to grow to a value of ¥9.7 trillion by 2035. The staff of the Robotics Business Promotion Unit within our Human Care Division is working to transform Daiwa House into a provider of “lifestyle assistance robots.” In the market for medical and nursing care robotics, which is forecast to grow to ¥404.3 billion by the year 2035, we are focusing our efforts on the leasing and rental of the Robot Suit HAL® (for use in nursing homes and other welfare facilities), a self-support assistive robotic suit developed by CYBERDYNE Inc. Over the three-year period from 2009 we will have taken delivery of approximately 100 HAL® suits for medical and nursing care facilities all over Japan.

We have also commenced the supply of PARO®, a robot shaped like a seal, which is used for therapeutic purposes. PARO® has been certified as a medical device by the Food and Drug Administration of the United States, and is being used in homes for the elderly and hospitals in over 30 countries. Also, in April 2011 our marketing offices started full-scale operation of “moogle,” the housing industry’s first compact robot for underfloor inspections.



Mentally committing robot® PARO®
Manufactured and marketed by Intelligent System Co., Ltd.
Sales agent: Daiwa House Industry Co., Ltd.

Human care products and services





Have Heart!

Through its greening business encompassing building walls and rooftops, the Daiwa House Group is engaging in activities aimed at increasing greenery throughout urban areas. Greenery has the power of significantly changing and improving the face of cities resulting in the return of fauna including birds and insects. Interacting with nature helps heal the mind contributing to a vibrant tomorrow.

A woman in a patterned dress and dark tights is walking past a gold car. The car is plugged into a charging station, and a black charging cable is visible on the ground. The scene is set in a modern, brightly lit indoor space with a staircase in the background.

From the Heart!

Daiwa House commenced verification tests and exhibited SMA×Eco HOUSE, a model house fitted with lithium ion storage batteries, as a part of efforts to realize an energy self-sufficient home that boasts zero environmental load. As owners increasingly recognize our heartfelt wish of harmonious coexistence with nature, the SMA×Eco HOUSE initiative has the promise of providing an infinite number of bases that help protect the environment.

The Energy Self-sufficient Home

Harnessing energy conservation, renewable energy and energy storage technologies together with our ICT expertise, we will pursue the development of next-generation leading eco-friendly construction.

Undertaking self-sufficient home development in earnest

Amid the pressing need to incorporate environmental and energy concerns into housing and building development and construction, Daiwa House combined proprietary environment and energy technologies with the power storage expertise of ELIY Power, in which we have invested, and commenced verification tests on the SMAxEco HOUSE, a model house which is the first in Japan to be fitted with lithium ion storage batteries.

Amid government calls for the realization of a "net zero energy house (ZEH)*1" by 2020, Daiwa House was quick off the mark with the release of the eco-friendly xevo YU in July 2010. Looking ahead, every effort will be made to promote widespread ZEH use through the application of passive building design,*2 which makes effective use of natural solar energy and wind, together with energy conservation and renewable energy technologies. At the same time, steps will be taken to promote the development and construction of next-generation housing, resulting in the sale of homes that are completely energy self-sufficient. In this manner, and through the application of energy storage technologies and energy management systems, energies will

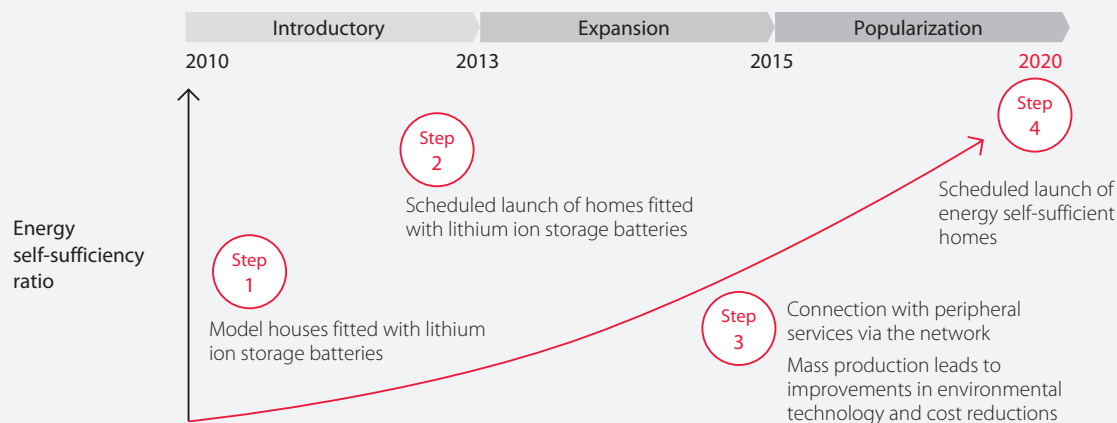
be channeled toward the sale of self-sufficient homes that realize zero CO₂ emissions and utility costs by 2020.

*1 ZEHs (net zero energy houses) produce at least as much energy as they consume; net energy consumption is thus zero.

*2 Designs that use natural resources (sunlight, breezes, etc.).



The SMAxEco HOUSE at our Yagoto display site, Aichi Pref.





Proposing advanced energy technologies together with new lifestyles in harmony with the natural environment

● Visualization of environmental energy

Our SMA×Eco HOUSE comes with D-HEMS,* a proprietary energy management system that makes effective use of ICT. Coupled with advanced facilities including a photovoltaic power generation system and storage batteries, this house enables the owners to adjust energy used in the home to perfectly match the family's particular lifestyle. And the system's "visualization" feature lets the owners clearly see a breakdown of their energy usage.

* D-HEMS stands for "Daiwa Home Energy Management System."

● Generating and storing energy

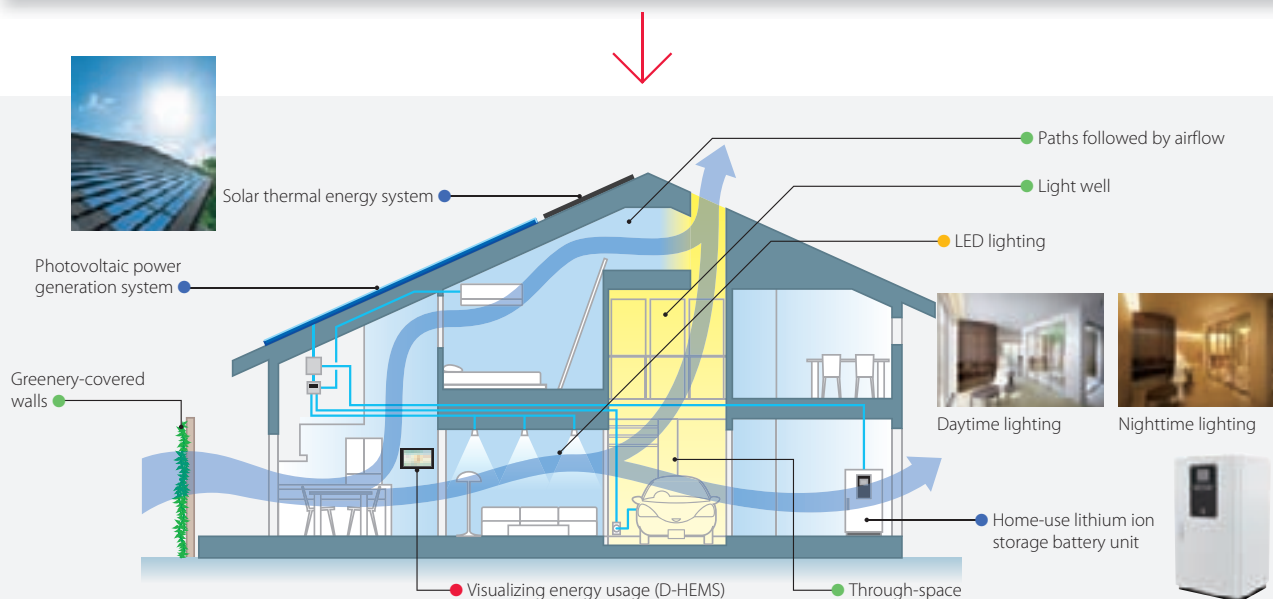
We have installed renewable energy utilization systems at our Senri display site. In addition, we utilize lithium ion storage batteries which can accumulate the electric power generated by photovoltaic power generation systems during the day for use at night. Through these means, we are endeavoring to achieve zero CO₂ emissions and utility costs.

● Energy-saving LED lights

We called on renowned lighting engineer and designer, Shozo Toyohisa, to supervise the installation of original LED lighting. LED lighting systems allow easy adjustment of brightness to match the time of day, while at the same time eliminating the generation of unnecessary light for more effective energy conservation. This helps create illumination that is almost as easy on the eye as natural light.

● Bringing nature indoors

Natural breezes and sunlight vary according to the season or the time of the day. After extensive studies of these natural environmental factors, we have designed living spaces where they can be harnessed without dependence on mechanical equipment. For example, we have planned elements of a house to facilitate effective airflow. This includes spaces that run straight through the house, letting in sunlight and natural breezes, as well as dynamic sloping ceiling designs that channel airflows from the dining area up to the loft. In this manner, we are looking to eliminate dependence on air-conditioning systems.



Environmental Energy

The environmental preservation movement is gaining increased momentum throughout the world, while in Japan, energy issues have come under closer scrutiny following the earthquake and tsunami on March 11. Daiwa House Industry works actively to meet the world's needs in the environmental energy field.

Leveraging proprietary technologies in the environmental energy solutions business

Our Environment and Energy Business Division works to offer customers solutions to the environmental and energy-related issues they face, principally in the areas of renovation for energy conservation and new energy sources, including energy cost reduction, curtailment of CO₂ emissions, renovation of superannuated equipment, beautification of buildings, and installation of thermal insulation. To provide these solutions, we combine our traditional expertise in construction with our newly developed technologies in the fields of energy conservation, new energy sources, and energy storage.

In April 2011 we began selling SOLAR STORAGE, which combines a photovoltaic power generation system with the POWER YILLE portable lithium ion storage battery system manufactured by ELIY Power. The market launch of this product, which has been designed as a renewable energy source solution to companies' needs in the area of business continuity planning, drew a very favorable reaction.

The "Next-Generation CO₂ Model for Convenience Stores" designed and constructed by the Group and selected by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as one of its model projects for the reduction of CO₂ emissions from

the construction and use of housing and other buildings, has achieved a major reduction in CO₂ emissions of around 17%. This was made possible by the combined use of photovoltaic power generation systems, LED lighting, lithium ion storage batteries, and energy management systems. These convenience stores are expected to prove invaluable as local community rallying points in the event of a major earthquake or other natural disaster.

The Daiwa House Group will continue to harness its comprehensive power in the active pursuit of the environmental energy solutions business across a wide variety of fields.



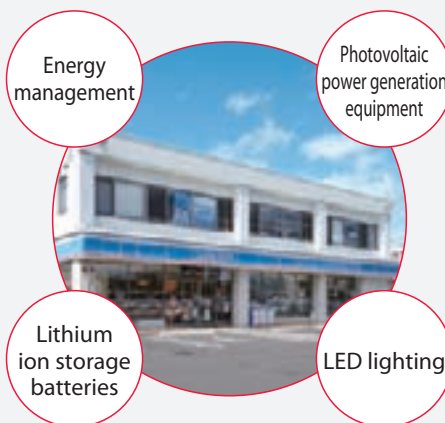
SOLAR STORAGE

Next-Generation CO₂ Model for Convenience Stores

- System aims at energy conservation through centralized energy management at company headquarters, using meters installed at all stores for easy visualization of energy consumption.



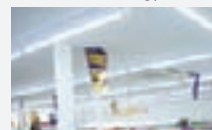
- Lithium ion storage batteries ensure uninterrupted power supply to stores even after a major natural disaster.



- Photovoltaic power generation panels reduce store's CO₂ emissions.



- LED lighting fixtures help conserve energy.





Growth planned in mega solar business, and intra-Group collaboration to realize expanded operational scope

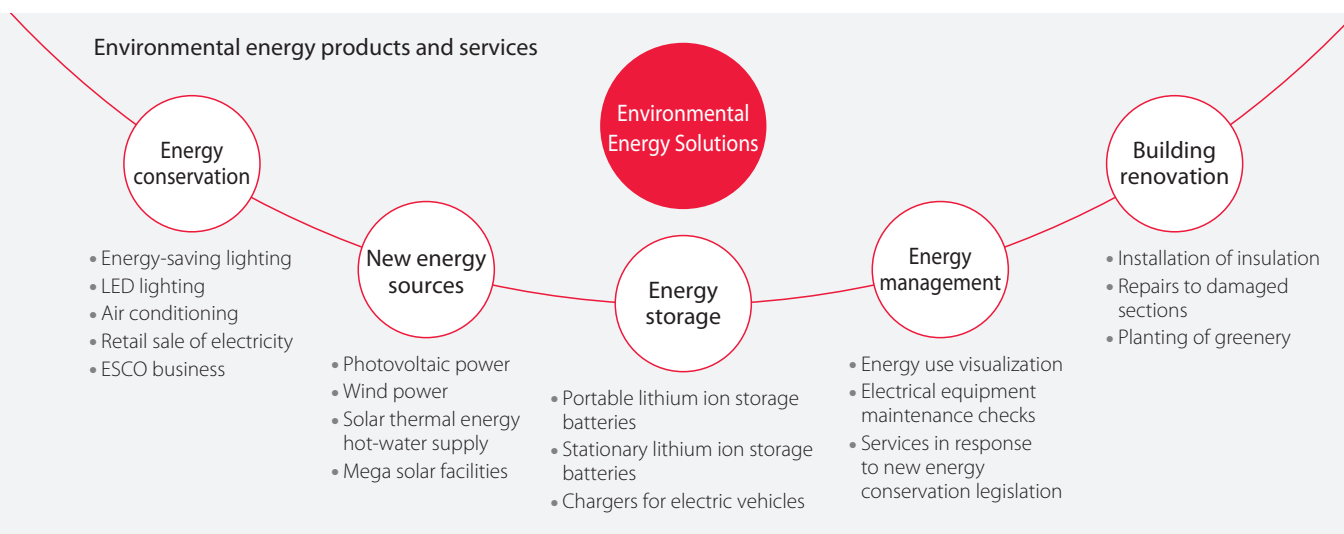
Against the background of the shortfall in electric power generation capacity in the wake of the earthquake and tsunami of last March, and in anticipation of forthcoming legislation that would make it obligatory for the power utilities to purchase electricity from renewable energy sources, a number of plans are being drawn up for the construction of large-scale photovoltaic power generation facilities, often called “mega solar projects.”

The staff of our Environment and Energy Business Division has been investigating the possibilities of large-scale photovoltaic power generation projects from an early stage, and work on the design and construction of such facilities is ongoing in Niigata Pref. At Daiwa House, we boast considerable advantages in the field of mega solar facility construction, thanks to the technological know-how we have accumulated since our establishment in the construction of prefabricated and steel-pipe structures, as well as the economies of scale made possible by such large-scale facilities. The planning of mega solar facilities is currently proceeding in all parts of Japan, and we intend to involve ourselves actively in these projects.

Under the Group’s longer-term vision, we will be working to expand the scope of our environmental energy operations. The Environment and Energy Business Division of Daiwa House Industry, subsidiaries Daiwa Energy and Eneserve, and ELIY Power, in which we have invested, will collaborate in marketing, and a dedicated organization will be set up to sow the seeds of growth in this business field over the medium to long term. We believe these efforts will realize effective synergy, leading to operational expansion.



Conceptual illustration of a mega solar facility



Research & Development

To create the value needed by future generations, we conduct research and development into advanced technologies that promise to realize a sustainable society, under the themes of safety & comfort, speed/stock, welfare, the environment, health, Information-Communication Technology, and agriculture.

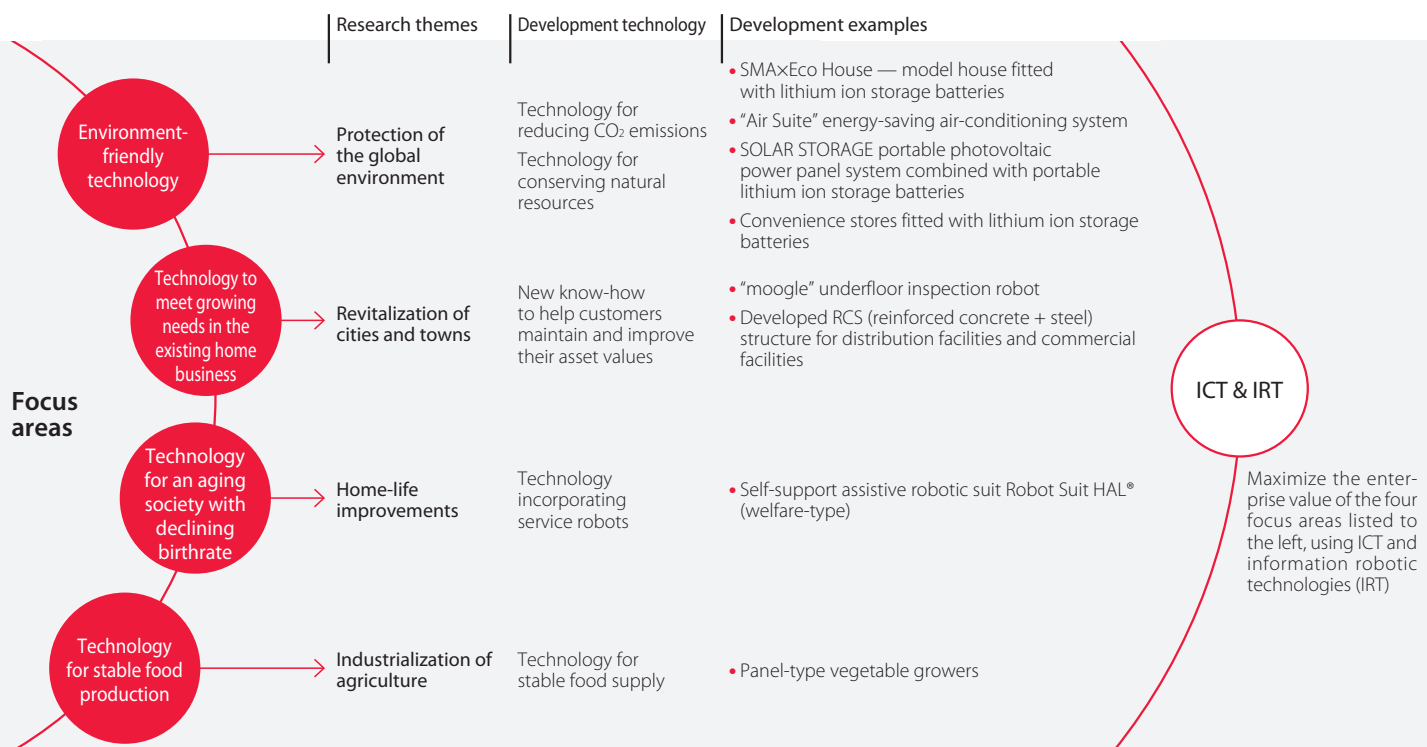
Combining new technologies with fundamental technologies to create new business value

At the Central Research Laboratory, our staff carries out research and development over a broad spectrum of technology fields in search of the breakthroughs that will be required by tomorrow's society. On the global stage, these include environmental degradation and energy shortages, while in Japan the principal issues are the declining birthrate and the aging of the population. In fiscal 2010 we put effort into research in the field of environmental energy technology (such as lithium ion storage batteries), in combination with our extensive fund of expertise in construction as well as the leading-edge technology fields of information and communication technology (ICT) and information robotic technologies (IRT). By these means, we succeeded in developing technologies and products to inject new value into the Group's business in the future.

We also added another priority R&D field — “technology to ensure stable food supplies,” and have been tackling the industrialization of agriculture as a promising means of improving the food supply process.

In April 2011, to facilitate the development of new technologies, strengthen our capabilities in fundamental technologies, and focus our activities on the needs of the general consumer, we reorganized our R&D structure, which comprises three laboratories and two research centers. From here onward we will be increasing the number of our research staff, with a particular focus on new technology fields, and will put additional effort into the training of the human resources we need for greater specialization and the development of more advanced technologies.

The focus areas of technology research, and related initiatives





The Central Research Laboratory



Panel-type vegetable growers

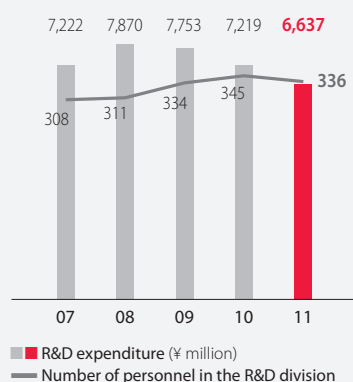
Developing technologies and products that address social issues

In the priority R&D field of environmental energy technology, our sustained research efforts have borne fruit. Our "Air Suite" air-conditioning system is a centrally controlled system based on the new concept of adapting the home's temperature conditions to changes in the residents' lifestyle and in the makeup of their families. And in April 2011 we began selling the SOLAR STORAGE power generation system, which combines portable lithium ion storage batteries developed by our affiliated company ELIY Power with Daiwa House's photovoltaic power panels. This system has attracted considerable interest from local governments, as well as from companies worried about business continuity planning in the event of a natural disaster. We are continuing to focus R&D efforts on the commercialization in the near future of home energy control systems for "smart houses," as well as home networking solutions (home

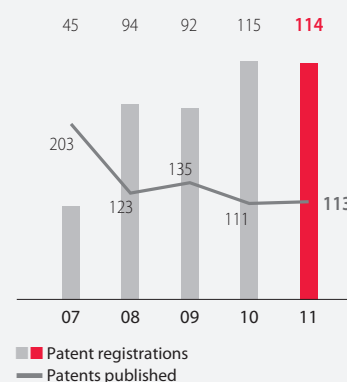
gateway systems) that enable home owners to easily visualize the impact of their energy conservation measures.

In the field of technology for ensuring the stable supply of food, we are aiming to replicate our founder's achievement in the "industrialization of construction" with a parallel industrialization of agriculture that will stabilize the production of foodstuffs. We have developed panel-type "vegetable growers," in which farm produce is grown inside buildings using converted containers, and have been publicizing our efforts and the advantages of this method. From here on, too, the Central Research Laboratory will lead the way, in collaboration with Group companies, in conducting joint research focused on society's future needs, together with companies from other industrial sectors as well as government organizations and universities.

R&D expenditure, and number of personnel in the R&D division



Patent registrations and patents published





Touching Hearts!

Japan's food self-sufficiency ratio continues to exhibit prolonged decline. Global-scale shortages in the supply of food are also of major concern as populations continue to grow. Through its "vegetable growers" initiative, the Daiwa House Group is providing hope to the nation as well as the world by promoting a vision of the future that is underpinned by the stable supply of safe and edible food produce that does not use agrochemicals.



Helping Hearts!

As a Group that has constructed many temporary housing units during periods of disaster both in and outside Japan, we have witnessed relief workers toiling under the harshest of conditions. Looking to support these valiant people, and thinking long and hard how best to harness our experience and expertise, we are striving to realize the future commercialization of EDV-01, an emergency rescue unit that serves as a self-sufficient frontline base that incorporates all the essential life-line infrastructure elements such as telecommunications and energy functions.

Private Finance Initiative

The private finance initiative (PFI) is a procurement method that uses private sector financial resources and expertise to deliver public sector infrastructure or services, and the Daiwa House Group is making the most of its experience and track record by taking part in PFI projects. We are tackling the construction and operation of public facilities through such projects in our belief that it is our corporate responsibility to provide the infrastructure that society needs.

Contributing to society through PFI projects

The use of PFI projects in Japan is growing for the construction of public facilities or privately operated facilities of a public nature. PFI is becoming the financing mode of choice because it is seen as an effective way of reducing the cost of high-quality public services or of projects undertaken by local governments. In addition, the buildings and other structures constructed as social capital during Japan's high economic growth period are now aging seriously, and are in need of replacement, and for this reason the government's policy is to encourage the use of PFI projects. The staff of the Private Sector Vitality Research Center*1 at Daiwa Lease, a member of the Daiwa House Group, is taking the lead in focusing efforts on the construction of official buildings (city halls and so on) and educational facilities for local governments through PFI projects. As a result, Daiwa Lease boasts the No. 6 position in terms of orders received out of the 164 companies involved in PFI projects nationwide.*2 Daiwa Lease has been able to achieve this thanks to its specialist expertise in project management, which is essential for the employment of the PFI method, and because the company is perceived by the public authorities as a highly reliable enterprise, due to its extensive previous involvement in the construction and operation of public facilities.

The Group's involvement in projects of a public nature does not stop at the construction of public facilities, but also includes multi-element proposals encompassing existing and new services such as leasing of facilities or vehicles, energy conservation and renewable energy services, and the planting of greenery.

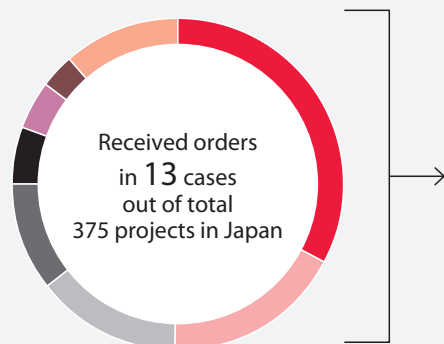
*1 A dedicated team set up in 2004, involved in PFI and PPP (Public Private Partnership) projects.

*2 Taken from the PFI Yearbook (FY2010 Edition) published by the Japan PFI/PPP Association (figures as of April 15, 2010).



The Hotel Uminpia, Seaside Spa Oi-no-Yu, part of a multipurpose interchange facility project in the town of Oicho

Breakdown of number of PFI projects in Japan*3



Breakdown by type of facility, with examples

Educational/cultural	→ Elementary, junior high, and high schools, colleges	123
Health & environment	→ Hospitals, waste-to-energy facilities	66
Public buildings, dormitories	→ Government offices, dormitories	53
Urban development	→ Parking lots, public housing	40
Public safety	→ Police and fire stations, etc.	21
Welfare	→ Nursing homes for the elderly	17
Industry	→ Distribution facilities, tourist facilities	13
Others	→ Multipurpose facilities, "Roadside Stations" (highway rest areas)	42

(As of December 31, 2010)

*3 Based on figures published on the website of the PFI Promotion Office, Cabinet Office, Government of Japan.



Fulfilling our responsibilities as a member of local society through the construction of educational facilities

Out of 22 PFI projects undertaken thus far nationwide for the construction of schools, Daiwa Lease has received orders in five cases. The company made good use of the experience it has amassed in its proposal for the rebuilding of the school buildings of the Nonoichi Elementary School, a municipal school in Nonoichi-cho, a town in Ishikawa Pref. The proposal was praised for the layout of the school buildings, as well as the buildings' safety and other features focused on creating a superior education environment. Daiwa Lease received the order.

During the construction of the school buildings, the construction site was designated as an object of course study, and Daiwa Lease organized guided tours of the site and hands-on construction workshops for the children and their parents as well as teachers. The Nonoichi Tsubaki PFI Project, a special-purpose company set up by Daiwa Lease to take charge of the construction of the Nonoichi Elementary School buildings, will be conducting regular inspection and maintenance work at the school for many years after completion. In this and other ways, the Group plays a valuable part in creating and preserving the nation's education infrastructure: in so doing, we fulfill our duty as a member of local communities around the country, which are responsible for ensuring our children's future.



Nonoichi Municipal Elementary School, Nonoichi-cho

Other initiatives by Daiwa Lease

Prototype emergency rescue unit developed for use after a natural disaster

The Daiwa House Group has provided temporary housing for the victims of numerous natural disasters both in Japan and overseas, most recently after the earthquake and tsunami that hit Eastern Japan on March 11 of this year. The staff of Daiwa Lease, which plays the central role in these efforts, has come to realize the overriding importance of facilities that can be used on the front line, so to speak, in order to quickly provide victims of a disaster with assistance and a safe place of refuge. They therefore poured their experience in temporary and prefabricated housing technology into the development of a prototype emergency rescue unit, dubbed the EDV-01. The unit is of the same dimensions as a standard container for easy transport, and does not require erection at site. It incorporates all the essential survival necessities such as electric power, water supply, and telecommunications functions. We plan to develop the unit as a commercial product, and it is expected to prove invaluable as part of overall assistance efforts in the event of a major disaster.



