

Creating Sustainable Corporate Value

The Daiwa House Group, in order to apply the right level of financial leverage to the funds we receive from our shareholders, invests those funds into growth investments such as real estate development, overseas businesses, M&As, research and development or production facilities, in order to maximize corporate value from a medium- and long-term view. Our business investments form a portfolio of businesses with differing life cycles, by promoting

core businesses, diversifying and creating new businesses, based on decision-making criteria founded on capital efficiency and risk verification. By providing products and services of a high value needed by society, and with a high level of affinity with the natural environment and local communities, we hope to help realize a society where people can live fulfilling lives. As a result of these business activities, we have secured a stable sales cash

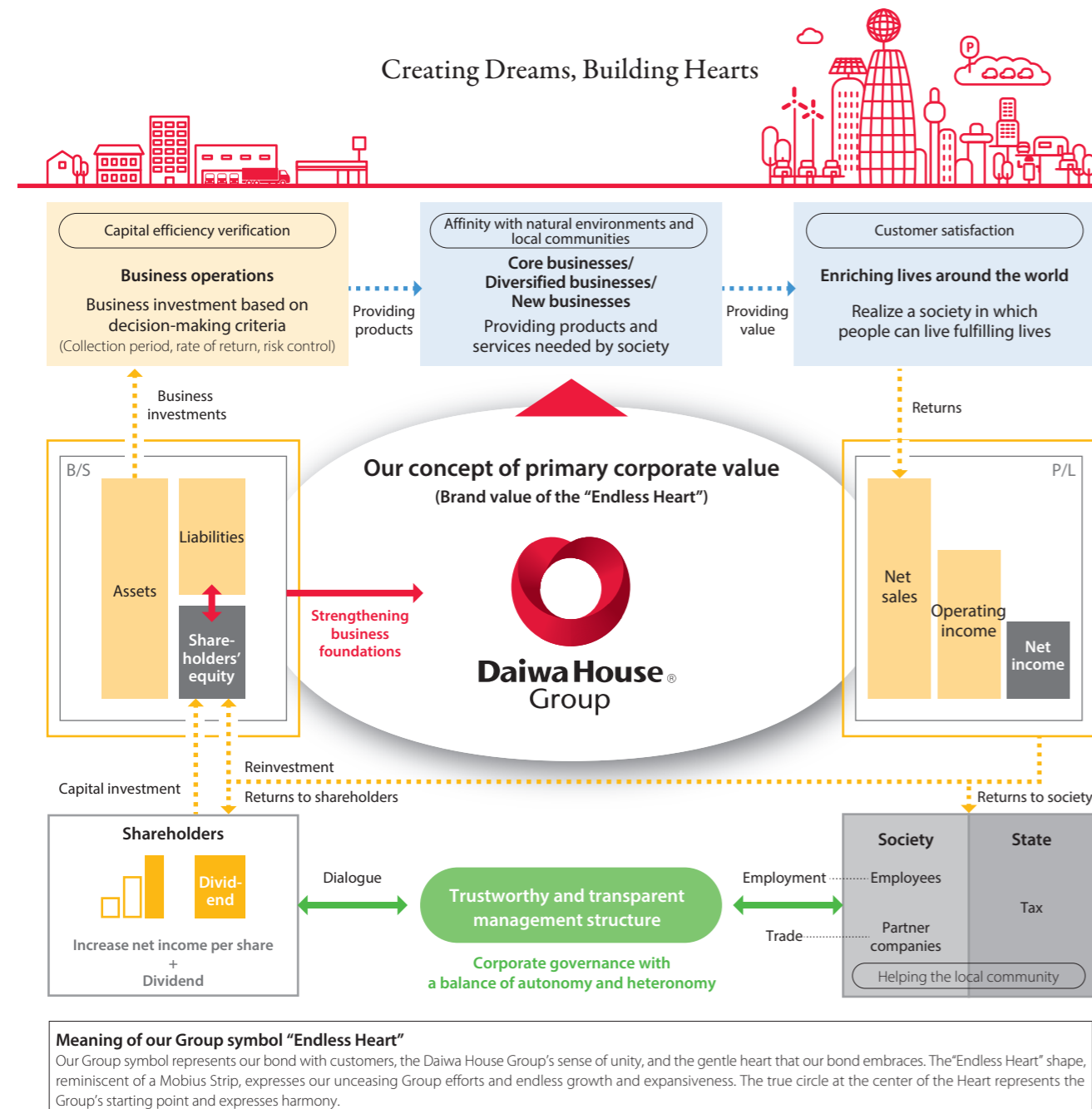
flow, to provide returns to society and to our shareholders, and to reallocate to resources for providing new value.

To ensure the sustainability and correctness of these operations, we have formed corporate governance with a balance of autonomy and heteronomy while engaging in initiatives with our assets to stimulate innovation from a medium- and long-term point of view, and are carefully building up good, smooth relations with

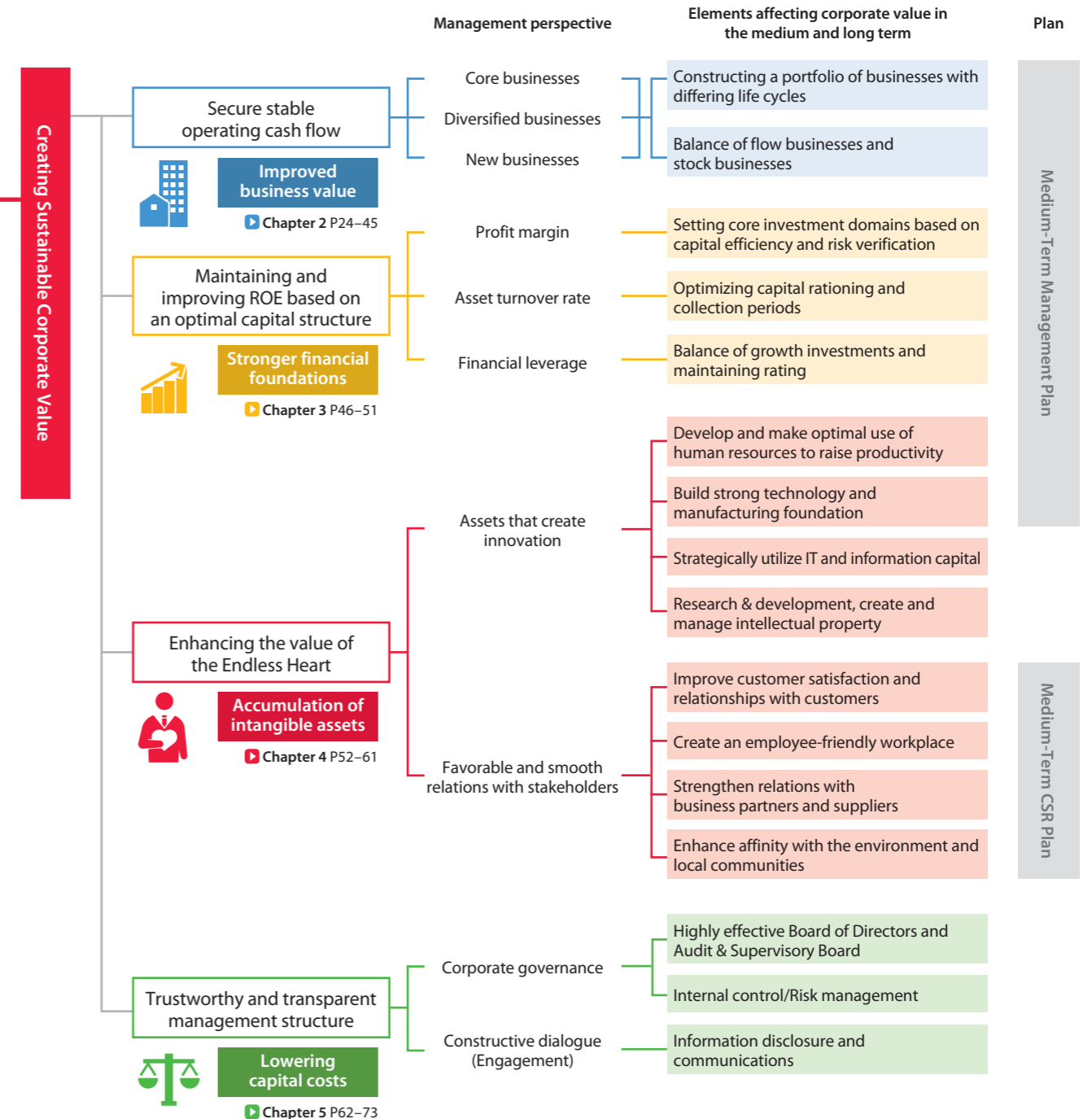
our stakeholders. Through this, we strive to improve our concept of primary corporate value (the brand value of the "Endless Heart") to generate cash flow.

Through the ever-changing business environment, our aim is the sustained improvement of our corporate value, through the correct allocation of resources to meet each situation.

Resource allocation and flow



Principal management items



The Story of Value Creation

Social Responsibility

Shareholder Value Creation

Enhancing the Value of the Endless Heart

Management Structure