

Dialogue with Shareholders and Investors

To realize purposeful dialogue with our shareholders and investors, we constantly work to enhance mutual communication in the spirit of "co-creating a brighter future," which is embedded within our management vision. We strive to disclose information that will enable our shareholders and investors to assess our corporate value over the medium and long term.

In addition, our directors, executive officers, and outside officers receive timely and appropriate feedback in the form of the opinions and desires of shareholders and investors, as obtained through this dialogue. In this way, we facilitate a shared awareness of issues facing the Group, and work to realize sustained growth and improvement in corporate value.

Our activities for FY2017

General meeting of shareholders (June 28, 2018)

- Shareholder attendance: **715**
- Percentage of voting rights exercised: **84.29%**

Communication with institutional investors and analysts

Total 733 companies

Face-to-face and telephone interviews with Japanese and overseas institutional investors	As needed	332 companies
Financial results briefing session via teleconferencing	4 times	199 companies
Briefing sessions from top management	2 times	84 companies
Business briefing sessions from the executive officers	2 times	70 companies
Tours of our facilities for institutional investor representatives	4 times	18 companies
Small meetings related to ESG and Integrated Report	2 times	30 companies
Overseas roadshows by top management		Britain, North America, Singapore, Hong Kong, Australia

Communication with individual shareholders and investors

Total 656 investors

Online explanatory sessions for individual investors	Once	469 investors
Tours of our facilities for individual shareholders (Tokyo and Nara)	4 times	187 shareholders

Feedback on shareholder and investor opinions and requests obtained through IR activities

Reports on IR activities at Board meetings	Once a year
Reports on IR activities to outside directors	Semi-annually
Opinions on business performance and market trends exchanged with business divisions	Quarterly

Small meeting on Integrated Report

A small meeting on the Group's 2017 Integrated Report was utilized as a tool for communication with investors.

Date	Dec. 15, 2017
Attendees	19 institutional investors
Daiwa House departments represented	CFO, IR officer, IR, CSR, General Affairs, Environment, Corporate Strategy Planning, Accounting

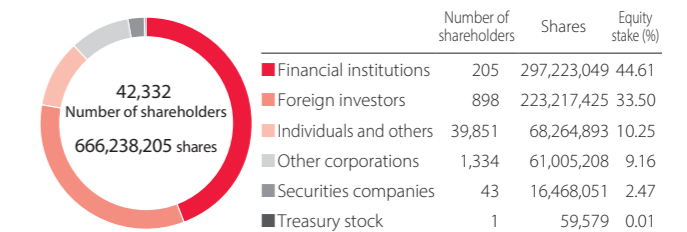
The meeting presented details of the discussions about issues raised in the 2016 Integrated Report that took place at the Integrated Approach Project launched in July 2015. Using the image of a tree in which our "three bases" are expressed through our value creation story (the trunk of the tree) that links our sales and profits (the blossoms on the tree's branches) to our corporate philosophy and DNA and our management base (the roots that support the tree), these presentations explained things like our history (each chapter of which is imbued with what makes Daiwa House special), what we hope to become in the future, and our strategy for human resource development. Feedback from institutional investors who attended the meeting included comments that it clarified the human resource base, customer base, and technology and manufacturing base that generate value in our existing core businesses, that our founder's words about "doing things because they will be of service to society" lie at the base of the growth that the Company has achieved, and that the explanations of how risk management is undertaken in real estate development investment provided valuable information for making investment decisions. Investors also asked how we go about spreading the message of our corporate philosophy and the spirit of our founder down to the workplace level and how the current strength of the Company relates to "Asu Fukaketsuno" (Indispensable for Tomorrow), and commented that they would like to see us taking active steps to build up our human resources in order to speed the progress of our overseas businesses.

Share Information (as of March 31, 2018)

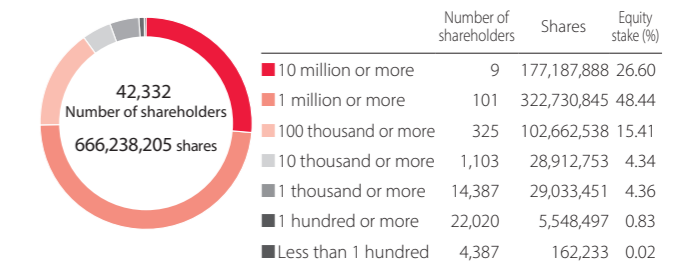
Authorized 1,900,000,000 shares
Issued 666,238,205 shares
Number of shareholders 42,332

Principal shareholders	Thousands of shares*1	Equity stake*2(%)
The Master Trust Bank of Japan, Ltd. (trust account)	47,970	7.20
Japan Trustee Services Bank, Ltd. (trust account)	39,923	5.99
Sumitomo Mitsui Banking Corporation	16,117	2.41
MUFG Bank, Ltd.*3	15,470	2.32
Japan Trustee Services Bank, Ltd. (trust account 5)	12,647	1.89
Daiwa House Industry Employee Shareholders Association	12,398	1.86
Nippon Life Insurance Company	11,944	1.79
STATE STREET BANK WEST CLIENT-TREATY 505234	10,526	1.58
STATE STREET BANK AND TRUST COMPANY 505001	10,188	1.52
Japan Trustee Services Bank, Ltd. (trust account 1)	9,387	1.40

Shareholdings by shareholders



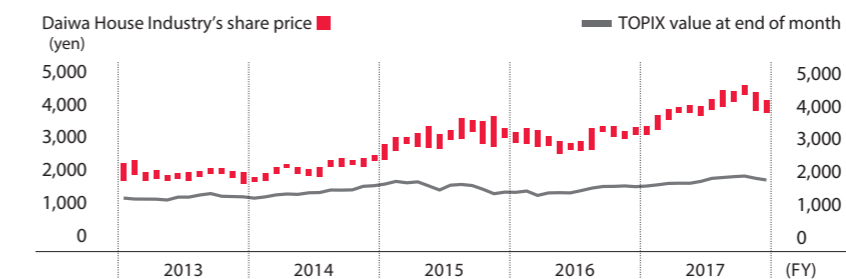
Shareholdings by scale



*1 Number of shares held is rounded down to the nearest thousand.
 *2 Equity stake is calculated excluding treasury stock.
 *3 The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed name to MUFG Bank, Ltd. on April 1, 2018.

Note: Equity stake shows the percentages of the total outstanding shares.

Trends in share price of Daiwa House Industry and TOPIX



	2013	2014	2015	2016	2017
Market capitalization*4 (¥ million)	1,156,398	1,565,860	2,109,310	2,129,297	2,731,576
TSR*5 (%)	-1.04	38.83	36.90	3.85	31.63
Share price high (yen)	2,330.0	2,467.5	3,654.0	3,367.0	4,594.0
Share price low (yen)	1,592.0	1,673.0	2,326.0	2,500.5	3,096.0

*4 At the fiscal end of year
 *5 Total shareholder return

Market capitalization ranking (home-building/construction/real estate sectors)

Securities code	Company name	Market capitalization*6 (¥ billion)
1 1925	Daiwa House Industry Co., Ltd.	2,710.2
2 8802	Mitsubishi Estate Co., Ltd.	2,698.3
3 8801	Mitsui Fudosan Co., Ltd.	2,643.1
4 1878	Daito Trust Construction Co., Ltd.	1,411.6
5 1801	Taisei Corporation	1,394.4

*6 Based on closing price on July 31, 2018

Inclusion of Daiwa House Industry in ESG indices

ESG indices adopted by the GPIF

Other major ESG indices

For details of what is included and a description about the logos used, please access the URL link on the right: <https://www.daiwahouse.com/English/sustainable/csr/esp/evaluation/>

The Story of Value Creation
Contributing to Society through Business
Shareholder Value Creation
Enhancing the Value of the Endless Heart
Management Structure
Data Section

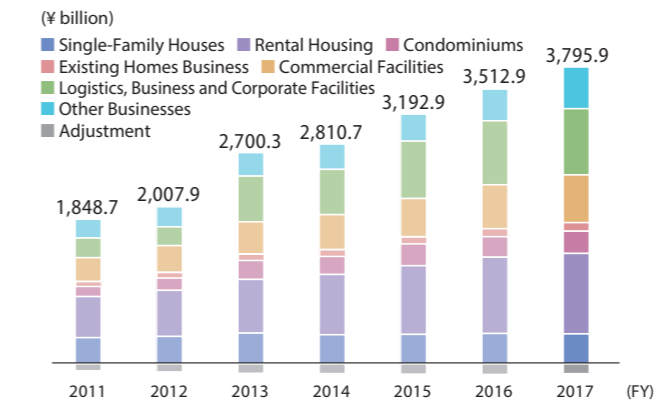
Financial Highlights

Fiscal Year	2011	2012	2013	2014	2015	2016	2017
Net sales	¥1,848,797	¥2,007,989	¥2,700,318	¥2,810,714	¥3,192,900	¥3,512,909	¥3,795,992
Gross profit	379,952	415,771	507,903	540,868	632,417	721,312	793,832
Gross margin (%)	20.6	20.7	18.8	19.2	19.8	20.5	20.9
Selling, general and administrative expenses	264,996	287,746	344,326	360,516	389,316	411,220	446,690
Operating income	114,955	128,024	163,576	180,352	243,100	310,092	347,141
Operating income margin (%)	6.2	6.4	6.1	6.4	7.6	8.8	9.1
Ordinary income	108,506	145,395	176,366	202,628	233,592	300,529	344,593
Net income attributable to owners of the parent	33,200	66,274	102,095	117,133	103,577	201,700	236,357
Return on equity (ROE) (%)	5.1	9.5	11.9	11.2	9.1	16.3	17.0
Return on total assets (ROA) (%)	1.7	3.0	4.1	4.1	3.3	5.9	6.2
Total assets	2,086,097	2,371,238	2,665,946	3,021,007	3,257,805	3,555,885	4,035,059
Net assets	657,891	734,883	992,686	1,112,817	1,181,986	1,329,901	1,513,585
Net assets excluding non-controlling interests	657,111	733,623	986,518	1,105,628	1,170,278	1,308,290	1,474,539
Net assets ratio (%)	31.5	30.9	37.0	36.6	35.9	36.8	36.5
Interest-bearing debt	383,625	374,788	393,568	563,530	491,964	640,671	780,574
Debt-equity ratio (times)	0.58	0.51	0.40	0.51	0.42	0.49	0.53
Net debt-equity ratio (times)	0.20	0.17	0.18	0.29	0.26	0.32	0.31
Current ratio (%)	133.7	136.8	127.2	138.7	136.5	137.5	144.4
Fixed ratio (%)	188.9	189.4	161.2	158.3	164.8	164.4	156.3
Net cash provided by operating activities	248,771	164,247	78,451	139,465	278,497	287,691	382,365
Net cash used in investing activities	(117,226)	(140,736)	(240,439)	(235,027)	(202,447)	(343,643)	(313,664)
Net cash provided by (used in) financing activities	(28,766)	(28,633)	110,131	129,202	(130,185)	80,086	41,804
Market capitalization	656,314	1,091,856	1,156,397	1,565,858	2,109,310	2,129,297	2,731,576
Stock prices (FYE) (yen)	1,094	1,820	1,751	2,371	3,166	3,196	4,100
Per share of common stock (yen):							
Earnings per share (EPS)	57.36	114.52	161.08	177.74	156.40	304.14	355.87
Book-value per share (BPS)	1,135	1,267	1,496	1,678	1,762	1,971	2,218
Cash dividends*1	25	35	50	60	80	92	107
Dividend payout ratio (%)	43.6	30.6	31.0	33.8	51.2	30.2	30.1
Price earnings ratio (PER) (times)	19.07	15.89	10.87	13.34	20.24	10.51	11.52
Price to book value ratio (PBR) (times)	0.96	1.44	1.17	1.41	1.80	1.62	1.85
Number of employees (FYE)*2	27,130	30,361	32,628	34,903	37,191	39,770	42,460
Number of group companies	89	113	129	145	172	196	317
Consolidated to non-consolidated net sales ratio (times)	1.66	1.62	1.89	1.91	1.94	2.04	2.09
Consolidated to non-consolidated net income ratio (times)	1.84	1.35	1.26	1.21	1.26	1.37	1.19

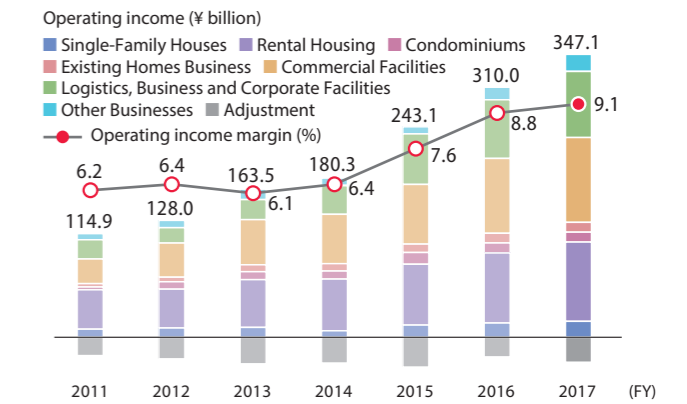
*1 Cash dividends for fiscal 2015 include a commemorative dividend of ¥10 to mark the 60th anniversary of the Company's foundation.

*2 Regular employees only.

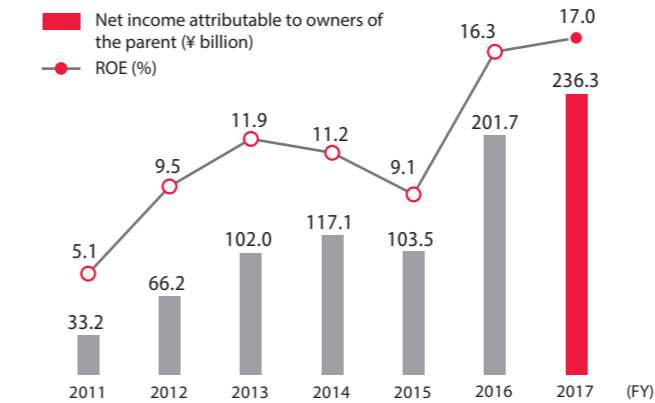
Net sales



Operating income and operating income margin

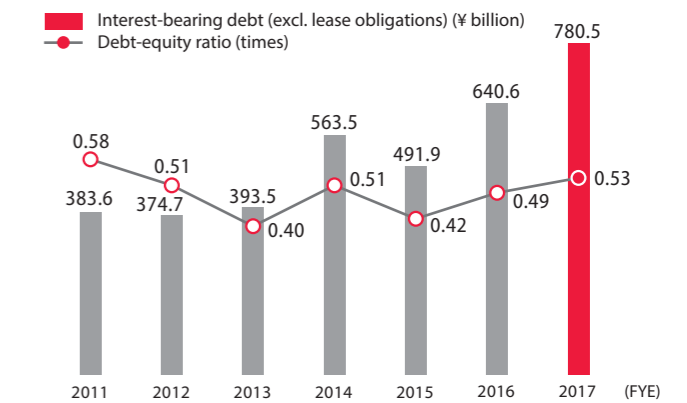


Net income attributable to owners of the parent and return on equity (ROE)

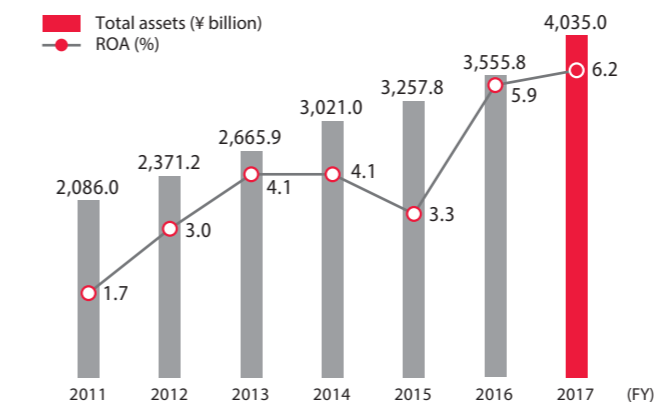


Note: By changing the discount rate used to calculate retirement benefit obligations from 1.7% to 0.8% in fiscal 2015, the Company posted extraordinary losses of ¥84.9 billion. As a result, the ROE dropped to approximately five points.

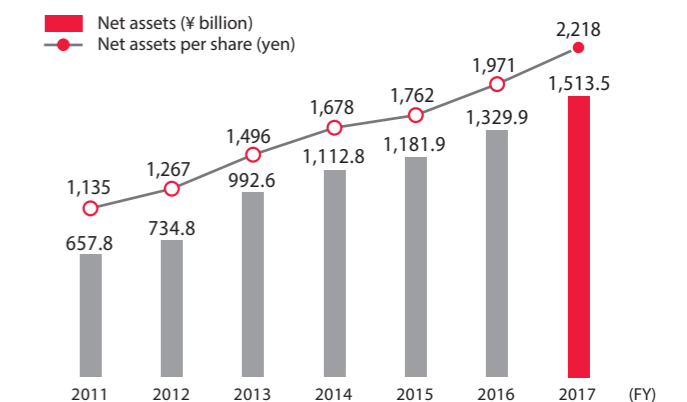
Interest-bearing debt and debt-equity ratio



Total assets and return on total assets (ROA)



Net assets and net assets per share



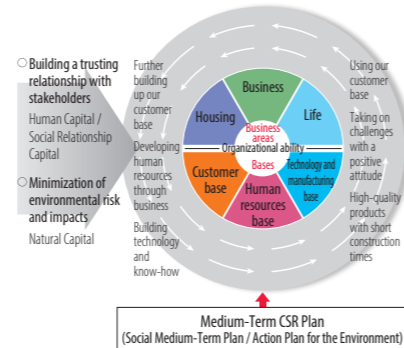
Non-Financial Highlights (Our three bases and CSR Self-Assessment Indices)

Strengthening our three bases and co-creating a brighter future with society and the environment

The Daiwa House Group is working to strengthen its three bases (which constitute the source of our value creation), i.e. our human resources base, our customer base, and our technology and manufacturing base, through a mutual reinforcement (virtuous cycle) between these bases and our business operations.

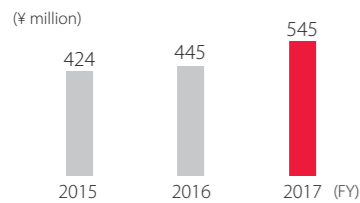
To strengthen this virtuous cycle into the future, we have drawn up a Medium-Term CSR Plan (Social Medium-Term Plan / Action Plan for the Environment) after carefully evaluating the changes taking place in our external operating environment from the twin perspectives of society (i.e. building a trusting relationship with stakeholders) and the natural environment, taking into account medium- and long-term risks and opportunities. Regarding the priority issues under this plan, we are proceeding with the PDCA cycle through the use of our CSR Self-Assessment Indices.

The graphs below show important non-financial data for fiscal 2017.

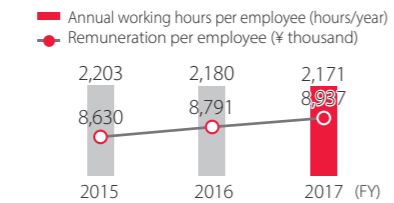


Key data on human resources base

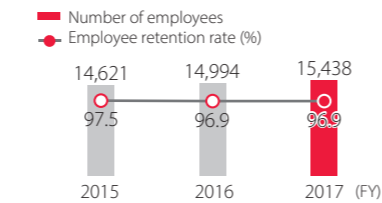
1 Human resources development costs (non-consolidated)*1



2 Annual working hours per employee/ Remuneration per employee (non-consolidated)



3 Number of employees/Employee retention rate (non-consolidated)*2

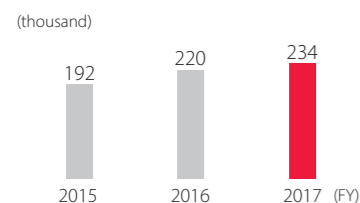


Under its philosophy of "Developing people through business," the Group is proactively investing in human resources development. With its efforts on health management, annual working hours are showing an improving trend. Meanwhile, as enhanced productivity has allowed profits to keep growing, the returns to employees (remuneration) are increasing. We will seek to increase the level of employee satisfaction through various personnel measures and to further improve productivity by maintaining and improving the retention rate of employees who share the Company Philosophy.

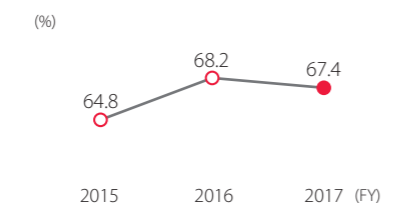
*1 Labor and transportation costs for training, etc. *2 Employee retention rate = 1 - Rate of turnover due to voluntary resignation

Key data on customer base

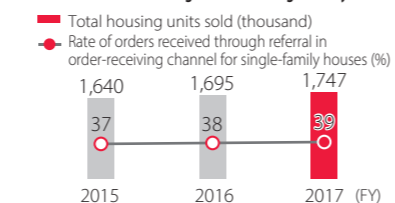
1 Number of Daiwa Family Club members*1



2 Single-family house owner satisfaction*2



3 Total housing units sold*/Rate of orders received through referral in order-receiving channel for single-family houses



We have made an effort to refine our activities in quality assurance and after-sales services to improve customer satisfaction. As a result, Daiwa Family Club membership has increased to approximately 230,000 and the questionnaire survey targeted at single-family house owners shows a level of customer satisfaction at 67 percent. Moreover, with our established long-term relationship of trust with customers, around 40% of the new orders were received through referrals from existing owners or other stakeholders in the order-receiving channel for single-family houses.

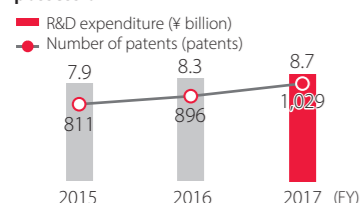
*1 Membership organization for the owners of housing units (single-family houses and condominiums) built or sold by the Company.

*2 Percentage of owners of single-family houses (contracting and lot-subdivision), who chose "Very Good" in the questionnaire survey conducted one month after their move-in.

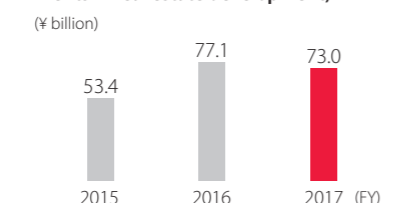
*3 Total housing units (single-family houses, rental housing, and condominiums) sold by Daiwa House Industry (non-consolidated).

Key data on technology and manufacturing base

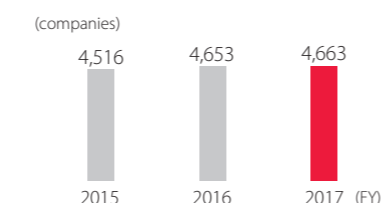
1 R&D expenditure/Number of patents in possession



2 Capital investments (excluding investments in real estate development)



3 Number of partner companies

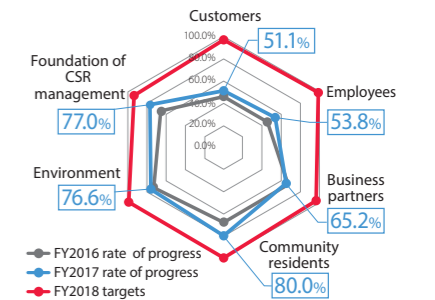


Planned capital investments have been made in research and development as well as in production equipment to further strengthen our technology and manufacturing foundation. This allows us to continuously produce highly-competitive products and maintain and enhance our competitive edge in core businesses. Moreover, a safe construction site system has been established as we promote energy saving in onsite construction not only by pursuing high-quality prefabricated housing and system building, but also by co-existing and co-prospering with our business partners.

Fiscal 2017 results/CSR Self-Assessment Indices

Target stakeholder	Priority issues (The most important priority issues)	Indices	Full points	FY2018 targets	FY2017 results	Rate of progress
Customers	3 (1)	7	175	170	87	51.1
Employees	4 (2)	10	250	247	133	53.8
Business partners	3 (2)	8	200	193	126	65.2
Community residents	2 (1)	5	125	125	100	80.0
Environment	6 (-)	11	225	223	171	76.6
Foundation of CSR management	8 (-)	8	200	187	144	77.0
Total		26	49	1,175	1,145	76.4

Progress rate graph by stakeholder (fiscal 2017 results against fiscal 2018 targets)



Priority issues relating to stakeholders

Customers

The most important priority issues	Indices	FY2018 targets	FY2017 results	FY2017 (results/targets)
Long-term efforts to earn trust	Customer (owner) satisfaction (Single-Family Houses)*1	80% or above	67.4%	15 pts/25 pts
	Long-term viewpoint evaluations (Single-Family Houses)*1	100%	95.9%	20 pts/25 pts
	Questionnaire evaluation after taking residence (Single-Family Houses)*1	70% or above	59.2%	15 pts/25 pts

*1 Of the individual indices for the five business segments (Single-Family Houses, Rental Housing, Condominiums, Commercial Facilities and Logistics, Business and Corporate Facilities), it only shows the one for the Single-Family Houses segment.

Employees

The most important priority issues	Indices	FY2018 targets	FY2017 results	FY2017 (results/targets)
Develop human resources	Degree of satisfaction of employees to overall human resources training	85pts	67 pts	10 pts/22 pts
	Evaluation of OJT*2	80%	85.8%	15 pts/15 pts
	Rate of acquisition of professional qualifications by young employees*3	20%	15.4%	10 pts/15 pts
Create work environments and systems where a diverse range of employees can work flexibly	Acquisition rate of male absence from work for child-rearing	50%	34.1%	5 pts/25 pts
	Number of female managers	160	123	5 pts/25 pts
	Rate of employees with disabilities	2.30%	2.33%	25 pts/25 pts

*2 Degree of new employees satisfaction of OJT *3 Percentage of employees newly licensed as a real estate broker

Business partners

The most important priority issues	Indices	FY2018 targets	FY2017 results	FY2017 (results/targets)
Encourage business partners in CSR efforts	Education of in-house employees (Purchasing Department)*4	95%	96.5%	25 pts/25 pts
	Evaluation of business partners and purchasing work based on in-house criteria	4.5 pts or above	4.4 pts	20 pts/25 pts
	Rate of response of self-checks based on the Business Partner Code of Conduct	70%	—*6	0 pts/25 pts
Improve labor conditions and ensure human resources for construction subcontractors	Number of employees trained on-site*5	500	484	23 pts/25 pts
	Number of labor accidents	-20%	+5.67%	0 pts/25 pts
	Number of partner company members	4,800	4,654*7	19 pts/25 pts

*4 Index shown only for Purchasing Department *5 Figures shown only for Housing Construction *6 No figures available for FY2017 (alternate years only) *7 As of April 30, 2018

Community residents

The most important priority issues	Indices	FY2018 targets	FY2017 results	FY2017 (results/targets)
Active involvement in, and collaboration with other parties for local community development	Collaboration with NPOs and NGOs	50%	45.5%	20 pts/25 pts
	Participation rate in Endless Donations	25%	35.5%	25 pts/25 pts
	Amount conversion of community co-creation activities by branch offices	300 million yen	171 million yen	10 pts/25 pts

Environment

The most important priority issues	Indices	FY2018 targets	FY2017 results	FY2017 (results/targets)	
Prevention of global warming	Business activities	Rate of decrease from the fiscal 2005 figure in CO ₂ emissions per unit of sales	55% reduction	58.5% reduction	25 pts/25 pts
	Products and services	Contribution to CO ₂ reduction (thousand t-CO ₂)	4,700	5,140	25 pts/25 pts

Among the 26 priority issues under our Medium-Term CSR Plan (FY2016-2018), the above shows only the 20 indices of the seven top priority issues. For the other indices and method used to assess the CSR Self-Assessment Indices for fiscal 2016, please see the "Sustainability Report 2018."

See the Group's Sustainability Report 2018 P.179-184

