



**Daiwa House**®  
Group

**Daiwa House Group**

**Management Policies for FY2013**

May 15, 2013

**Daiwa House Industry Co.,Ltd.**

Code No. : 1925  
First section of TSE & OSE

## 3rd Med-Term Management Plan Basic policies

## Management Policies for FY2012

### Group -sustained growth-

Raise competitiveness of core businesses

Seek out new earnings opportunities

Strengthen business development based on key concepts of “community-based,” “the environment,” “aging population,” and “Group strength”

- ✓ Strengthen product development and sales that match the natural features of each region
- ✓ Strengthen eco and social responsiveness mainly by developing SMAxEco Town
- ✓ Strengthen the stock business and exit strategies by leveraging Group strengths

### Great -groundwork for growth-

Upgrade management Infrastructure

Strengthen human resource development

Strengthen management foundations by reforming head office organization and nurturing talented staff

- ✓ Introduce a twin head office system and expand bases chiefly in the Tokyo area
- ✓ Compulsory retirement at 65 introduced
- ✓ Develop management and globalized human resources

### Global -pathway to growth-

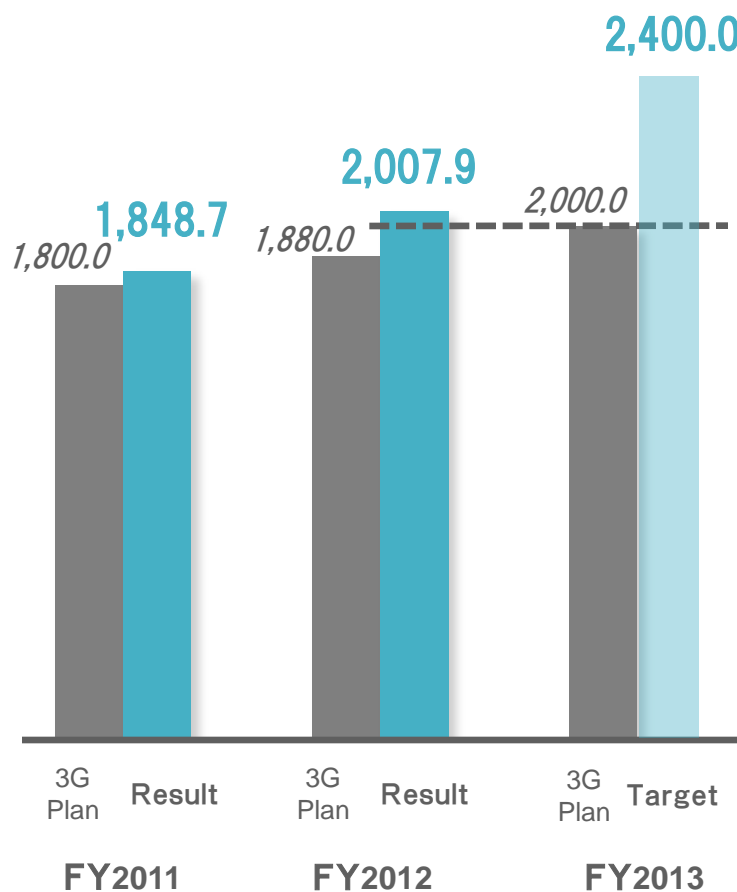
Build up overseas bases

Expand business portfolio overseas

Take stronger measures to develop Group's business globally

- ✓ Accelerate overseas expansion through M&A (Fujita Corporation)
- ✓ Launch new overseas businesses (Vietnam, Indonesia, Taiwan, South Korea and Singapore)
- ✓ Launch development of construction material manufacturing businesses through joint ventures in China

## Net Sales (¥ billion)



## Operating Income (¥ billion)



• 3G Plan: 3rd Medium-Term Management Plan (announced on November 10, 2011)

• Target: Business forecasts for FY2013 (announced on May 10, 2013)

# Results and targets for FY2013 by segment

	Net Sales		
(¥ billion)	FY2011	FY2012	FY2013 Target
Single-Family Houses	336.3	351.1	361.5
Rental Housing	526.7	592.5	644.0
Condominiums	128.8	156.7	164.0
Existing Home Business	68.1	76.4	85.5
Commercial Facilities	306.9	347.2	370.0
Logistics, Business & Corporate Facilities	257.0	251.4	518.0
Health & Leisure	58.6	61.4	66.0
Other Businesses	255.6	275.1	302.5
Adjustments	(89.5)	(104.2)	(111.5)
<b>Total</b>	<b>1,848.7</b>	<b>2,007.9</b>	<b>2,400.0</b>

Operating Income		
FY2011	FY2012	FY2013 Target
11.0	12.5	13.0
52.9	52.2	57.0
3.7	9.9	7.0
4.5	6.1	7.0
33.1	45.9	50.0
25.8	20.6	21.5
0	(0.2)	1.0
8.1	9.8	13.0
(24.6)	(29.1)	(29.5)
<b>114.9</b>	<b>128.0</b>	<b>140.0</b>

- Build up businesses and develop products in close partnership with local communities as well as strengthen proposal capability by establishing two hands-on experience halls
- Develop and sell new products that further enhance safety and security
- Increase profits by restructuring supply chains and other organizational reforms

Machinaka-xevo



Hands-on experience hall  
in the Nara Plant



\*Images

Market *skye* products for mid-sized  
buildings only in the Tokyo area

skye

Launched in  
April 2013



Extending urban housing skyward  
Taking urban living skyward

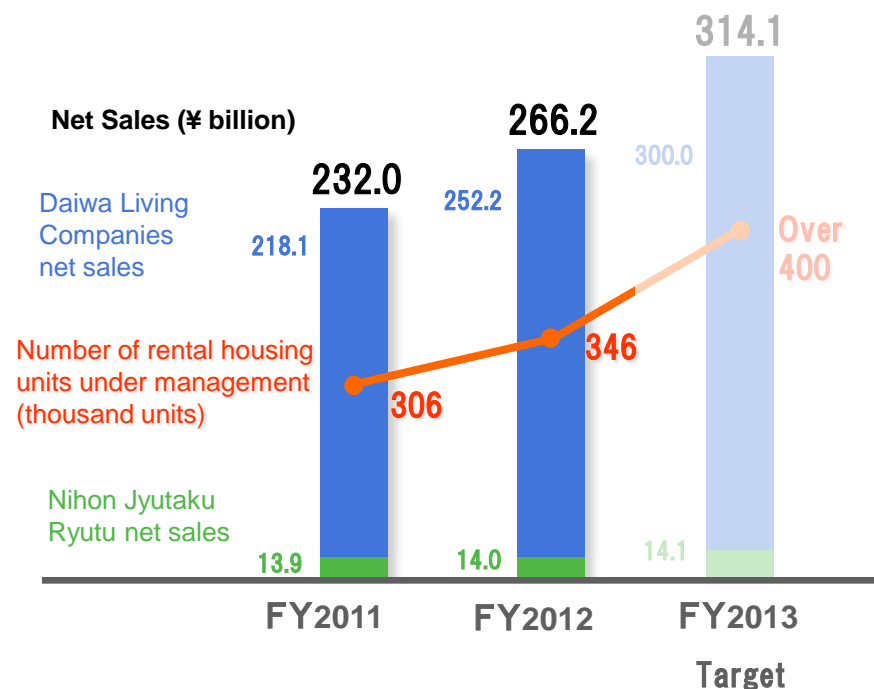
- Build more sales offices chiefly in the Tokyo area and strengthen the sales network
- Following the opening of the D-room Plaza Hall within our Central Research Laboratory in Nara Prefecture, showcasing our technological capabilities, open another such facility in Tochigi-Ninomiya Plant in Tochigi Prefecture
- Further increase units under management and develop new businesses for residents

## D-room Plaza Hall

(in the Central Research Laboratory, Nara)



Net sales and number of rental housing units under management

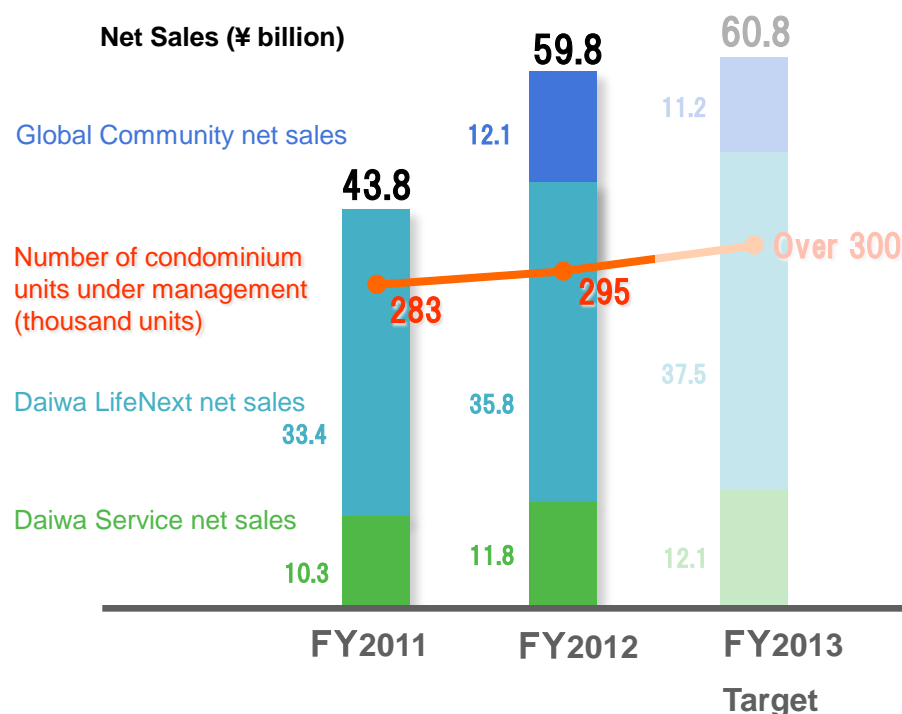


- In addition to stepping up redevelopments and multi-use developments in major regional cities, boost development and marketing within the Tokyo area through incorporation of Cosmos Initia Co., Ltd. into the Group
- In the condominium management business, step up measures to acquire new management contracts and bring the total of Group-managed condominium units to over 300,000

## Example of multi-use development (Okinawa, Naha Shin-toshin redevelopment area)



## Condominium management business net sales and unit numbers



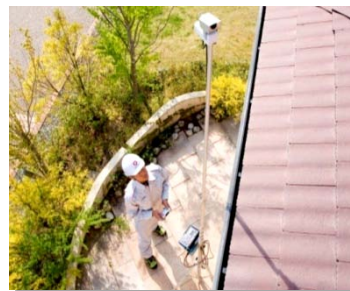


- By spinning this business off from Daiwa House Industry, strengthen collaboration between sales and technological departments, and boost our competitiveness and speed of execution
- Expand our proposal capability by proactively hiring more women
- By delivering high-quality refurbishment plans centered on building inspections, develop business with not only our customers, but also the general market

## New company brand



### Base explanations and proposals on building inspections



Roof diagnostics



Under-floor diagnostics



The moogles robot for inspection of crawlspace



- Make land-use proposals not only to major nationwide tenants, but also to supermarkets and other strong local tenants
- Strengthen proposals for multi-use developments including not just standalone stores, but also residential and business hotel space
- Get involved in the development and operation of major NSCs, the core of the local community (NSC = Neighborhood Shopping Center)

## Business hotel built into a commercial facility



Daiwa Roynet Hotel Yokohama-Kannai is a multi-use development, featuring stores on the lower floors and a business hotel on the upper floors

## An NSC rooted in the community



- Frespo Hida Takayama: External design inspired by local architectural styles
- In cooperation with NPOs, promote neighborhood improvement events with resident and volunteer participation

- In addition to the BTS model for logistics centers that we have focused on, boost investment in multi-tenant type logistics facility businesses

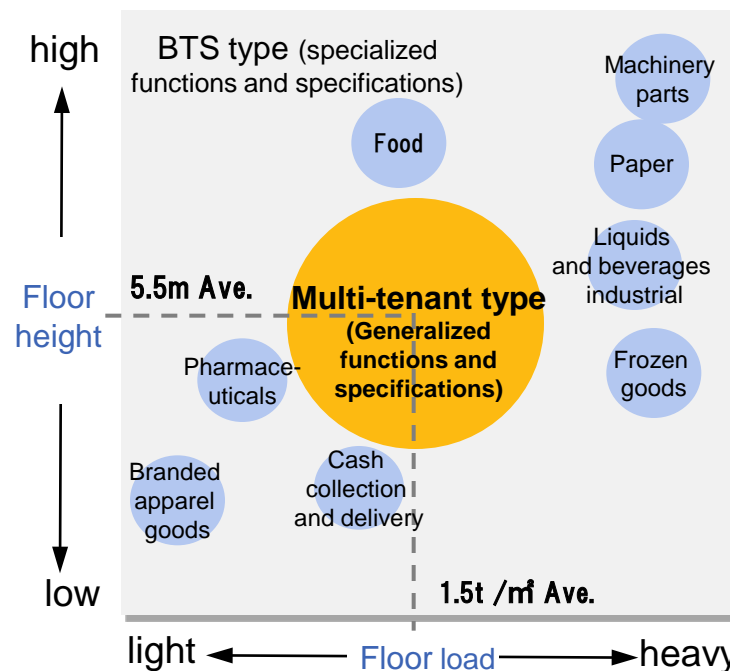
(BTS = Build to Suit; facility for one specific enterprise

Multi-tenant = facility for an unspecified number of enterprises)

## DPL Yokohama Daikoku multi-tenant type facility (Works began in March 2013)



## Position of multi-tenant type logistics in the market





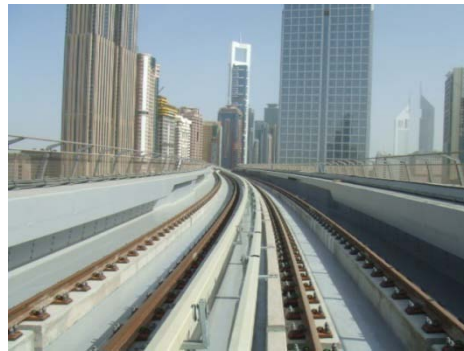
- Leverage Fujita's information-gathering and construction capabilities, expand contracting construction businesses overseas
- Expand orders in Japan for large-scale and special structures and from civil engineering and transportation infrastructure field while bolstering joint urban development businesses by utilizing the strengths of both companies
- Cut costs and create a more profitable business model through centralized purchasing (through Daiwa House Industry) and overseas procurement (through Fujita)

## Overseas contracting construction

## Expand orders in Japan



Shanghai: Hang Seng Bank Tower

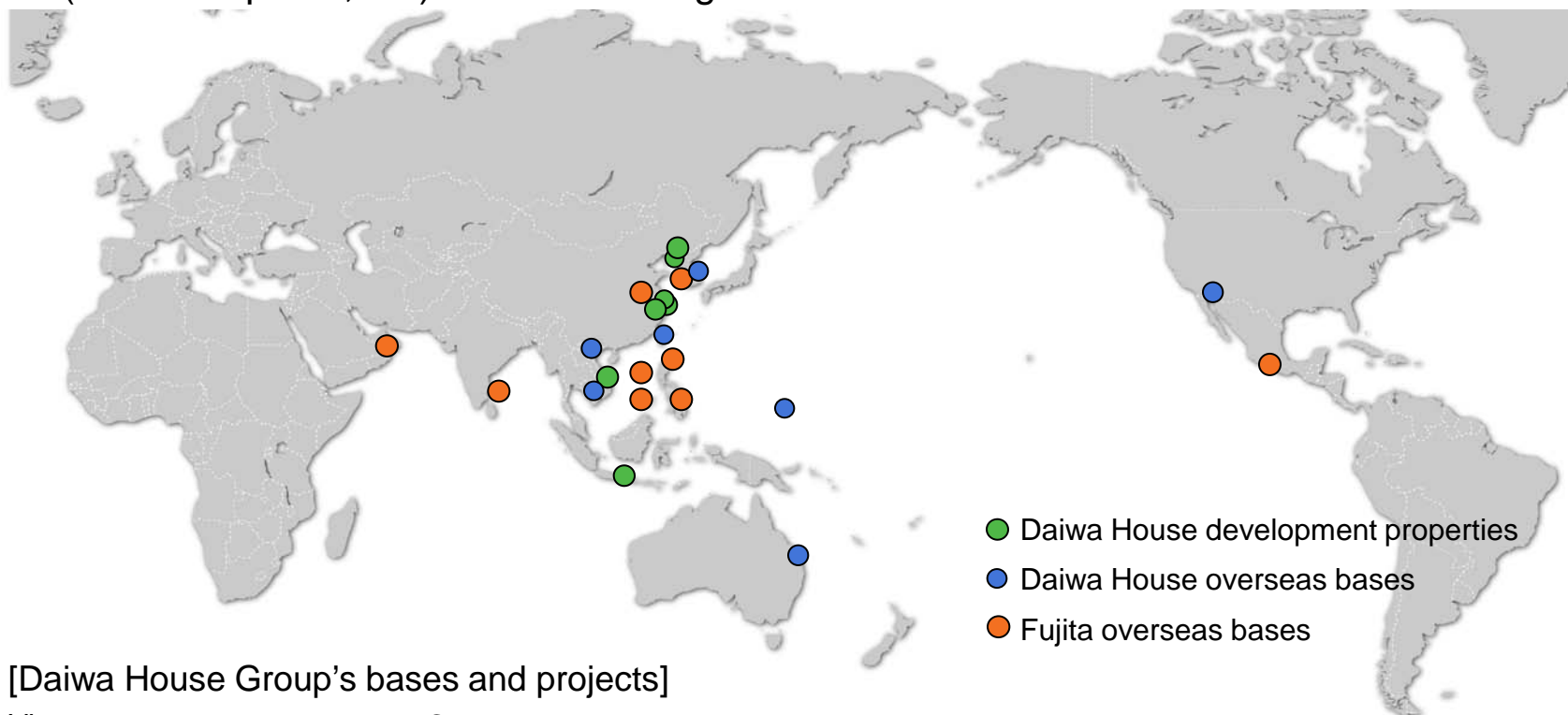


Dubai Metro: Red Line



Higashisakura-machi, Hiroshima:  
Category 1 urban redevelopment project

- Accelerate collection of invested capital for reinvestment in China
- In the Asian region centered on ASEAN, aggressively develop real estate projects (industrial parks, etc) and contracting construction businesses



- Daiwa House development properties
- Daiwa House overseas bases
- Fujita overseas bases

### [Daiwa House Group's bases and projects]

#### Vietnam

Daiwa House Vietnam Co., Ltd.

Ho Chi Minh Office

(Industrial Parks)

Long Duc Industrial Park

#### Indonesia

(Industrial Parks)

Daiwa Manunggal Industrial park

#### China

(Condominium development and subdivisions)

Dalian: Yihe Champs-Elysees

Dalian: Yihe Xinghai

Suzhou: The Grace Residence

Wuxi: Wu Culture Expo Park Project

Changzhou: Tianning District Project

#### South Korea

KD Living Inc.

(Management of rental condominiums)

Daiwa Life Next Korea

#### Taiwan

Taiwan Branch, Daiwa House Industry Co., Ltd.

(Sales offices for retail/wholesale facilities and condominiums/rental apartment buildings)

#### United States

Daiwa House Guam Co., Ltd.

Daiwa House California

#### Australia

Daiwa House Australia Pty Ltd

[Fujita's bases] China, South Korea, Taiwan, Philippines, Vietnam, India, United Arab Emirates and Mexico



- Build a more effective one-stop megasolar business, from contracting construction to operation and maintenance
- Develop and operate power plants and strengthen energy generation businesses that the Daiwa House Group is able to undertake

Site map of company-owned power plants  
(in operation or scheduled to commence during the fiscal year)



Okayama Plant

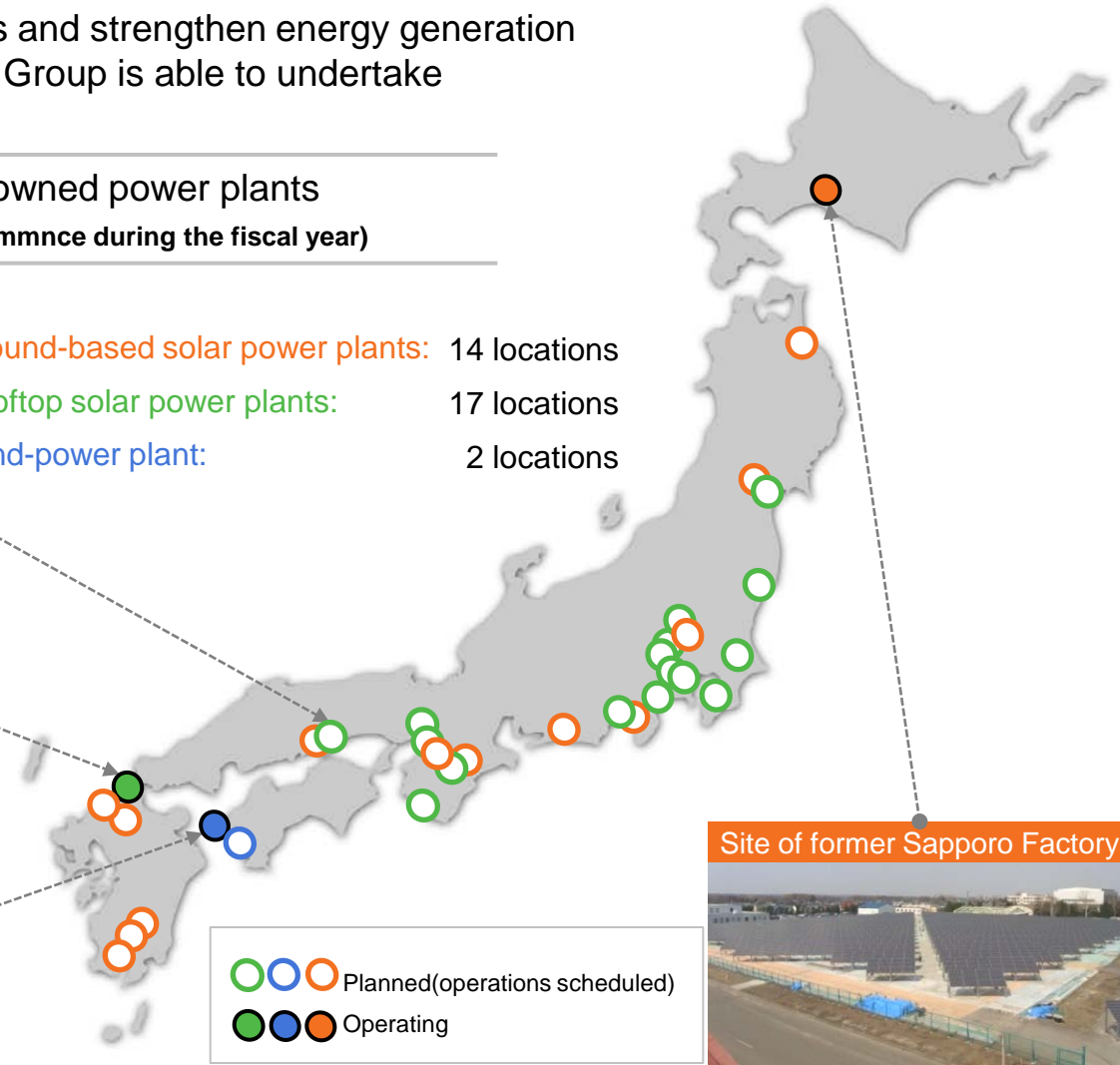


Hibiki International Logistics Center



Sadamisaki Wind-power Plant

- Ground-based solar power plants: 14 locations
- Rooftop solar power plants: 17 locations
- Wind-power plant: 2 locations

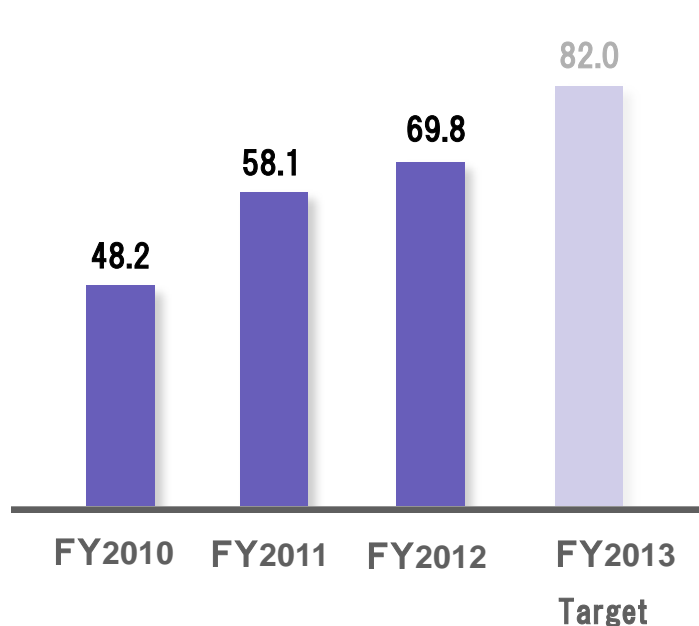


Site of former Sapporo Factory

- ○ ○ Planned (operations scheduled)
- ● ● Operating

- Strengthen partnerships with medical and nursing care businesses, and expand orders for building facilities for the elderly
- Develop facilities, with a focus on housing for the elderly with nursing care services, through close collaboration with specialist partner companies

### Orders for facilities for the elderly (¥ billion)



### Housing for the elderly with nursing care services

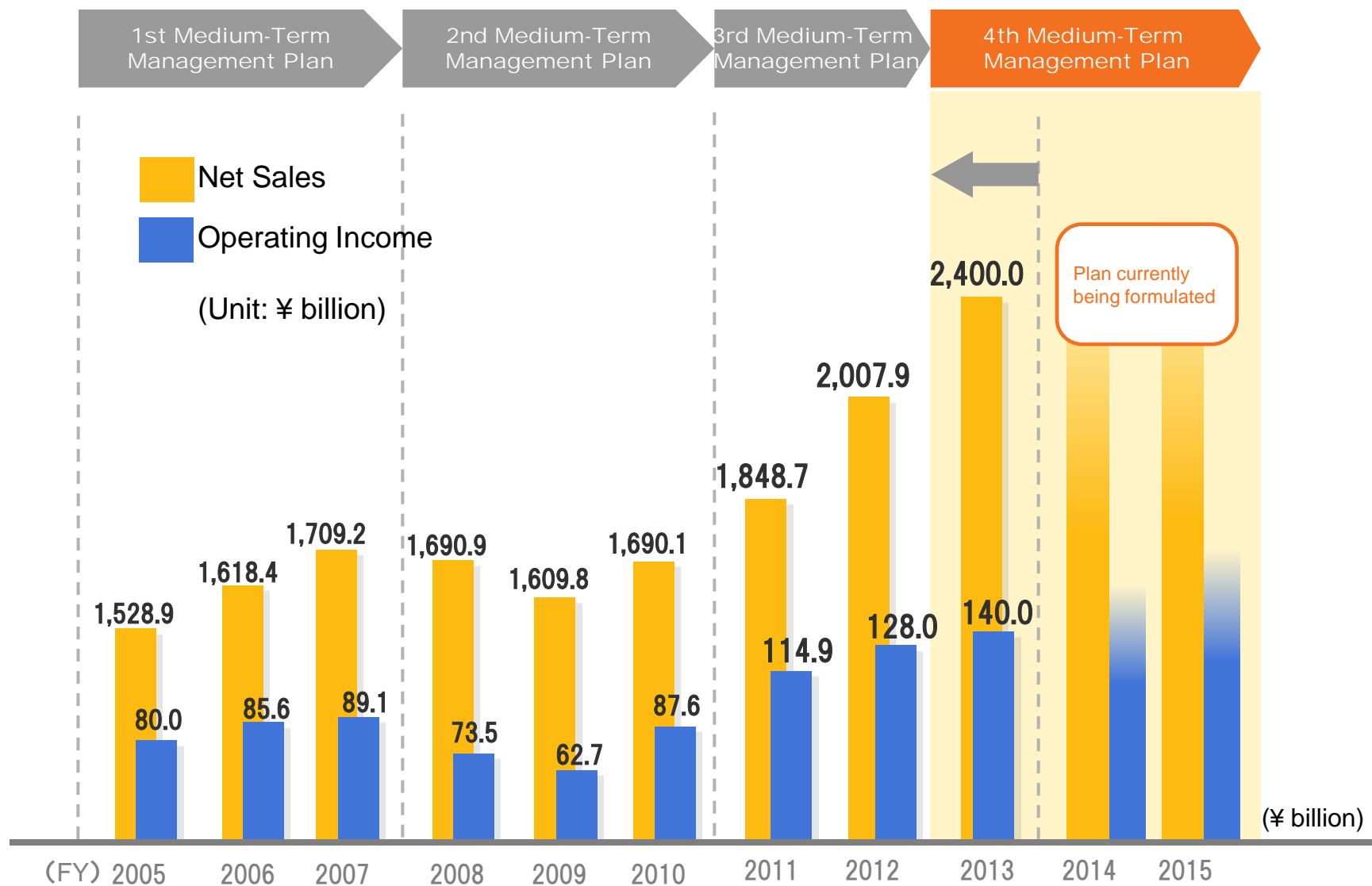
Yuima-ru Haijima



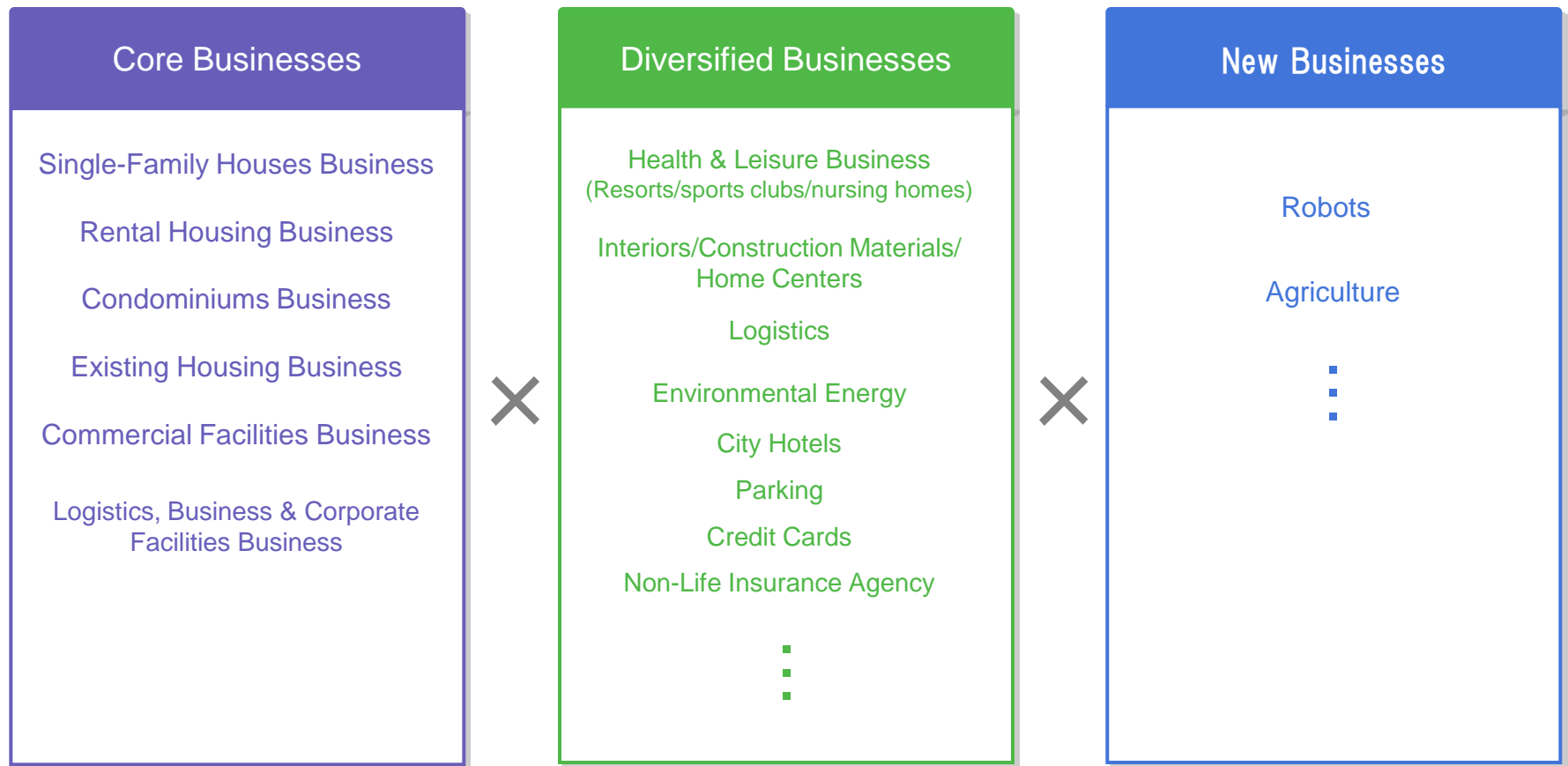


# Building up to the 4th Medium-Term Management Plan **Daiwa House Group®**

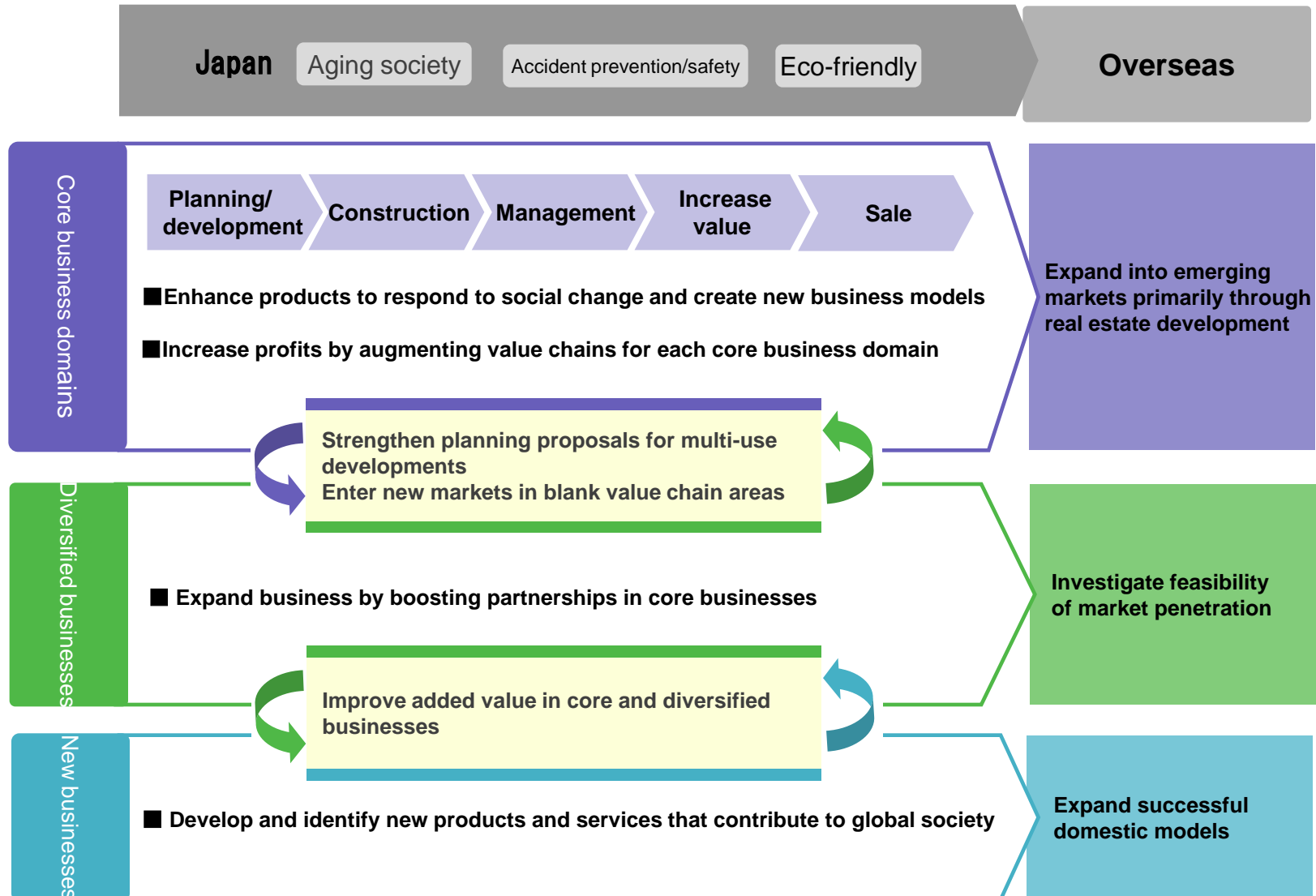
Scheduled to disclose the 4th Medium-Term Management Plan, commencing in FY2013, during the FY2013 2nd quarter earnings announcement



Aim for further growth by utilizing the Daiwa House Group's broad-ranging business domains



Currently investigating growth strategies based on integrating core business domains with diversified and new businesses



### Growth Strategies

**Enhance products to respond to social change and create new business models**

**Increase profits by augmenting value chains for each core business domain**

**Expand into emerging markets primarily through real estate development**

**Expand diversified businesses by boosting partnerships in core businesses**

**Develop and identify new products and services that contribute to global society**

### Upgrade Management Foundations

**Strengthen technical/construction capabilities in line with business expansion**

**Promote efficiency by redeveloping production functions**

**Further strengthen human resource development focusing on global and management personnel**

(Notes regarding forward-looking statements)

The above business forecasts are based on information available as of the date of announcement of this material, and are subject to factors of uncertainty that may possibly impact the future results of operations. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as economic conditions, competitor situations and fluctuations in land prices.

(Notes regarding the Group's businesses and plans)

These materials reflect the situation as of the time of writing at the end of March 2013. The Group's businesses and plans contained herein, may subsequently be revised in the light of changes in circumstances, including the enactment by the People's Republic of China or by other countries of laws and regulations relating to urban real estate development.

(Notes regarding numerical values)

Management figures contained in these materials, unless otherwise specified, relate to the situation as of the end of March 2013.