



Daiwa House®
Group

Daiwa House Group Management Policies for FY2015

May 18, 2015

Daiwa House Industry Co.,Ltd.

Code No.: 1925
First section of TSE



心をつなぎ、次の未来へ

Real estate development investment/sales results

- During FY2014, real estate development investments were 190.7 billion yen and sales were 17.4 billion yen
 → Rental real estate retention balance was 642.4 billion yen (based on book value)

| | 4th Medium-Term Management Plan | FY2013 | FY2014 | Total | Progress rate |
|--|---------------------------------|--------|--------|-------|---------------|
| Real estate development investment amounts | 400.0 | 156.9 | 190.7 | 347.7 | 86.9% |
| Real estate sales amounts | - | 20.9 | 17.4 | 38.3 | - |

(¥ billion)



(Provisional name) D Project Ariake I

Started logistics business collaboration with Fast Retailing Co., Ltd.

- In October 2014, constructed a dedicated logistics center for Fast Retailing Co., Ltd.
 Launched structural support for new logistics schemes with focus on multifunctional logistics centers able to respond to a diverse range of needs.

New initiatives overseas

- Started the Berkeley Project (Tarrant, Texas, U.S.A.) in May 2014 and the Water's Edge Project (Dallas, Texas, U.S.A) in November 2014
- Launched the Flour Mill of Summer Hill in May 2015 (Multifunction development project near Sydney, New South Wales, Australia)

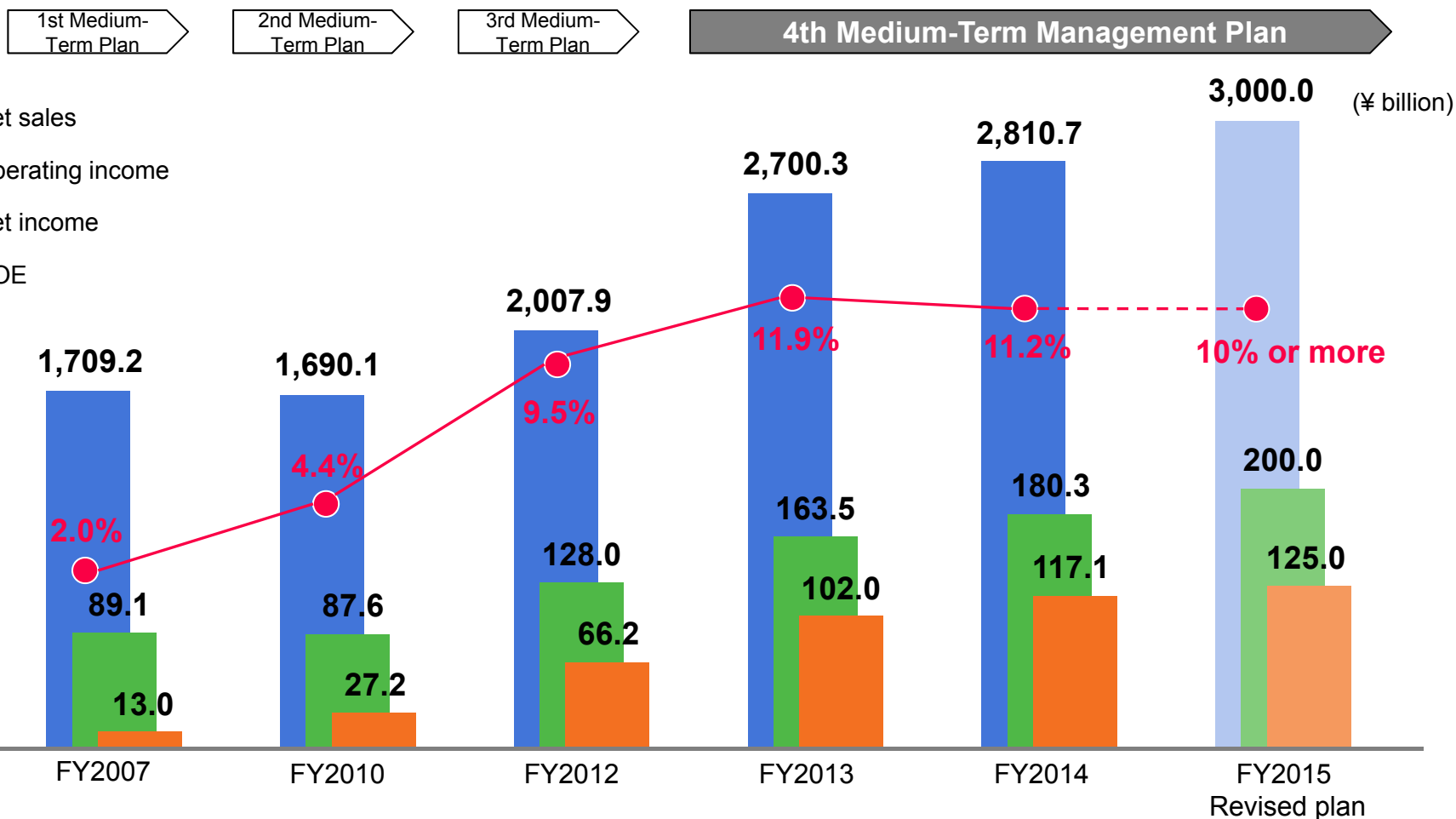


U.S.A.: Water's Edge Project

- Establish lifelong post retention system aimed at further utilizing and securing senior human resources
- Establish skilled engineer certification system aimed at securing skilled engineers from partner construction firms
 (Both implemented from April 2015)

FY2014 Results and FY2015 Targets (continuation of 4th Medium-Term Management Plan)

- ✓ Achieved final goals for 4th Medium-Term Management Plan one year ahead of schedule. Net sales were 2,810.7 billion yen, operating income was 180.3 billion yen, and net income was 117.1 billion yen.
- ✓ In FY2015, we will continue the strategies of the 4th Medium-Term Management Plan and aim to further expand business.



4th Medium-Term Management Plan Growth Drivers

- ✓ The three core investment segments identified in the 4th Medium-Term Management Plan – Rental Housing Business, Commercial Facilities Business, Logistics, Business & Corporate Facilities Business – have become solid growth drivers.

| | | | | | | (¥ billion) |
|--|---------------------|-------------------------------|---------|---------|----------------|---|
| | | FY2012 Final FY of 3rd MTP | FY2013 | FY2014 | FY2015 Plan | 3-Year Growth Rate Compared to FY2012 |
| Single-Family Houses | Net Sales | 351.1 | 394.4 | 375.3 | 376.0 | 7.1% |
| | Operating Income | 12.5 | 13.3 | 8.8 | 9.0 | -28.0% |
| Rental Housing | Net Sales | 592.5 | 688.7 | 772.9 | 850.0 | 43.5% |
| | Operating Income | 52.2 | 64.2 | 69.5 | 76.0 | 45.6% |
| Condominiums | Net Sales | 156.7 | 242.7 | 231.3 | 255.0 | 62.7% |
| | Operating Income | 9.9 | 10.7 | 10.8 | 14.0 | 41.4% |
| Existing Home Business | Net Sales | 76.4 | 86.7 | 91.6 | 95.0 | 24.3% |
| | Operating Income | 6.1 | 9.3 | 9.9 | 10.0 | 63.9% |
| Commercial Facilities | Net Sales | 347.2 | 421.9 | 456.2 | 475.0 | 36.8% |
| | Operating Income | 45.9 | 60.7 | 67.2 | 68.0 | 48.1% |
| Logistics, Business & Corporate Facilities | Net Sales | 251.4 | 592.1 | 581.5 | 670.0 | 166.5% |
| | Operating Income | 20.6 | 26.9 | 38.4 | 48.0 | 133.0% |
| Other Businesses | Net Sales | 335.3 | 393.9 | 426.5 | 430.0 | 28.2% |
| | Operating Income | 9.6 | 14.0 | 10.2 | 11.0 | 14.6% |
| Adjustments | Net Sales | -103.0 | -120.5 | -124.8 | -151.0 | - |
| | Operating Income | -29.1 | -35.8 | -34.8 | -36.0 | - |
| Total | Net Sales | 2,007.9 | 2,700.3 | 2,810.7 | 3,000.0 | 49.4% |
| | Operating Income | 128.0 | 163.5 | 180.3 | 200.0 | 56.3% |

Expansion of Investment Targets

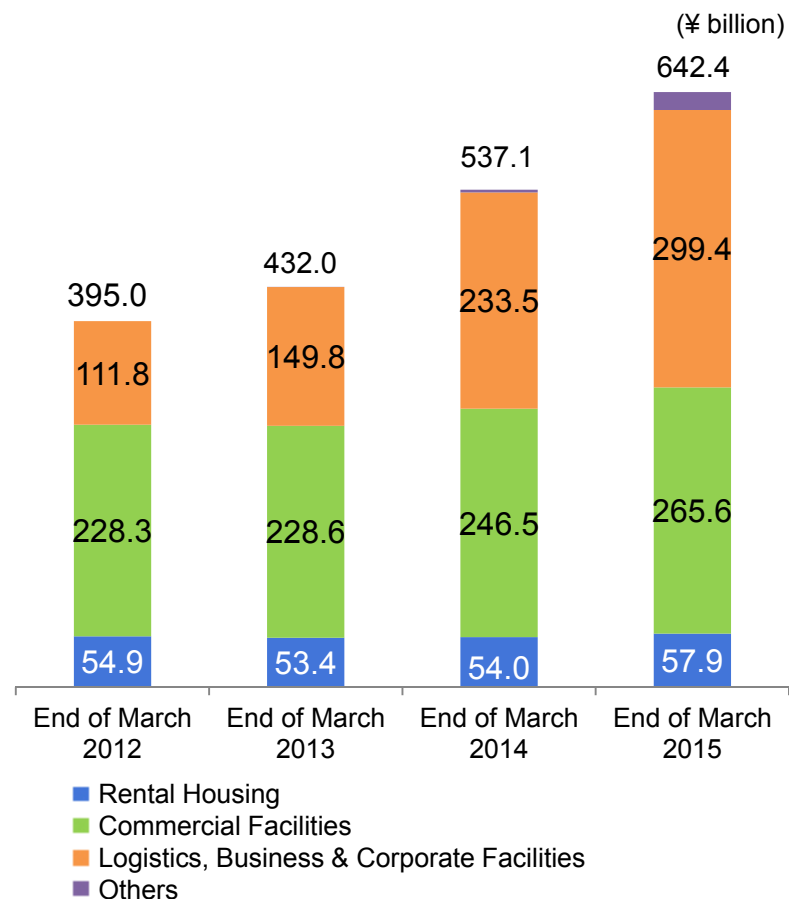
- ✓ Real estate development investments and capital investments are performing favorably.
- ✓ Expand initial targets for three year period to aim for further profits.

Status of investments

(¥ billion)

| | | | | | Revised plan | Initial target |
|--|---------------|---------------|--------------|--------------|--------------|----------------|
| | FY2013 Result | FY2014 Result | FY2015 Plan | | | |
| Rental Housing | 6.9 | 27.7 | 26.0 | 60.0 | 50.0 | |
| Commercial Facilities | 41.5 | 43.7 | 42.0 | 130.0 | 150.0 | |
| Logistics, Business & Corporate Facilities | 108.6 | 119.3 | 82.0 | 310.0 | 200.0 | |
| Real estate investments | 157.0 | 190.7 | 150.0 | 500.0 | 400.0 | |
| Capital investments | 60.4 | 68.0 | 45.0 | 170.0 | 150.0 | |
| Overseas | 5.3 | 30.1 | 14.6 | 50.0 | 50.0 | |
| M&A | 14.3 | 1.8 | 33.9 | 50.0 | 50.0 | |
| Total | 237.0 | 290.6 | 243.5 | 770.0 | 650.0 | |

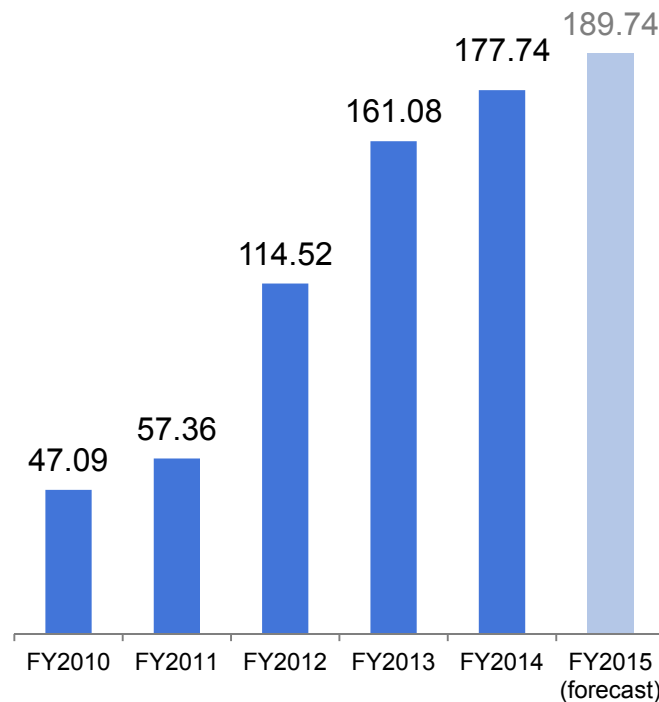
Rental real estate balance transitions



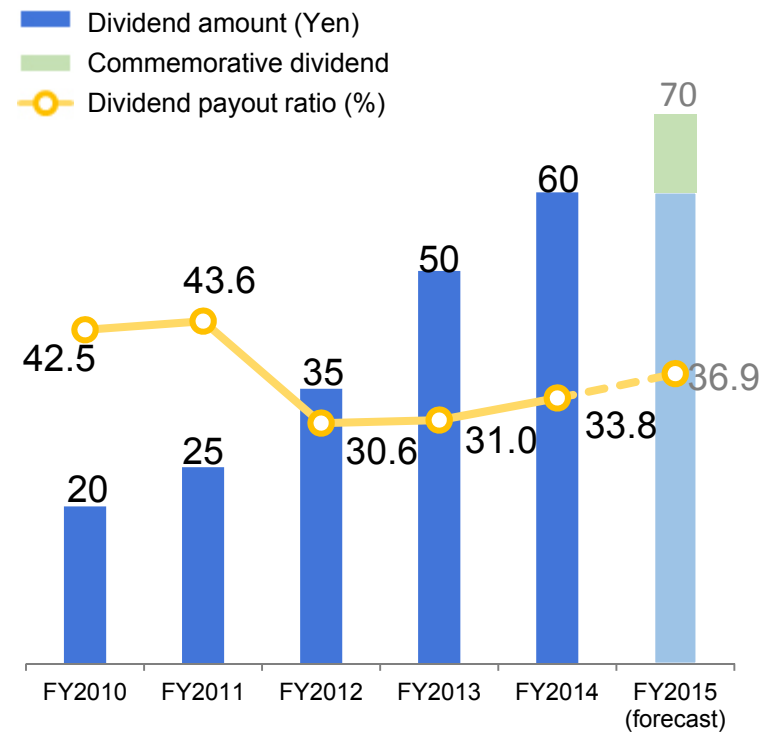
Shareholder Return Policy

- ✓ Our basic shareholder return policy is to provide shareholder returns through income generated from business activities as well as to enhance our shareholder value by increasing net income per share through conducting the growth investments that will maximize our medium to long-term corporate value.
- ✓ For the dividend payout ratio, we will strive to conduct earnings-linked shareholder returns based on a return ratio of at least 30% for the consolidated net income and maintain stable dividends.

Net income per share



Dividend amount and dividend payout ratio



(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 Group'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 2015. 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 2015.