

Dec. 3, 2014 Nomura Investment Forum

Creating value for Individuals, Communities, and People's Lifestyle

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# **The Daiwa House Group Business Development Strategic Initiatives**

Daiwa House Industry Co., Ltd.

## Disclaimer regarding business forecasts, etc.

(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 and are not a guarantee of the achievement of those results. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial market trends, economic conditions, competitor situations and fluctuations in land prices.

(Notes regarding overseas business)

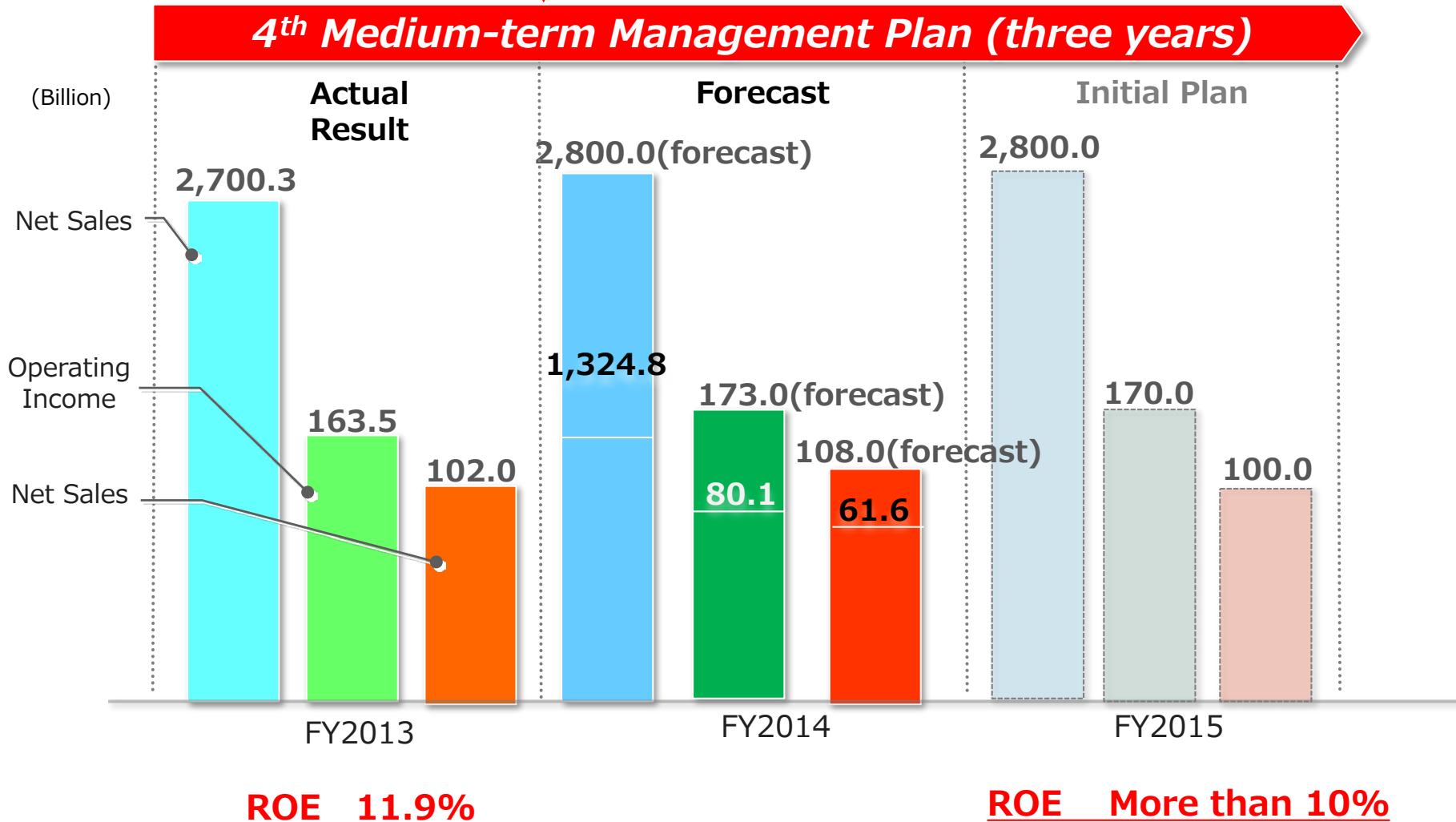
These materials reflect the situation as of the time of writing in Dec. 3, 2014. The Group's businesses and plans contained herein, may subsequently be revised in the light of changes in circumstances, including the enactment by the countries of laws and regulations relating to urban real estate development.

(Notes regarding numerical values)

Management figures contained in these materials, unless otherwise specified, relate to the situation in Sept. 30, 2014.

# ① The 4<sup>th</sup> Medium-Term Management Plan

Consumption Tax: 8%  
April 2014

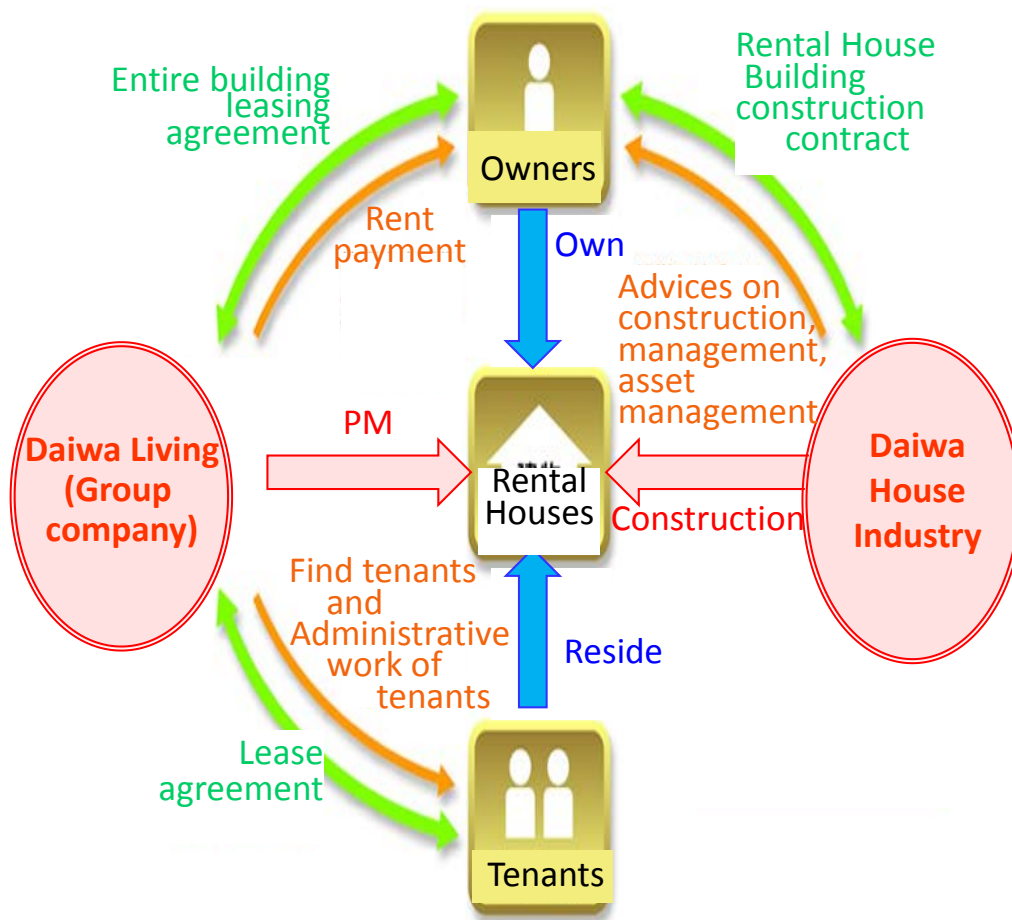


## ② Forecast results by business segment

(Billions)		FY2013			FY2014			
		1 <sup>st</sup> Half	Full Year	YOY	1 <sup>st</sup> Half	YOY	Full Year (Forecasts)	YOY
Single-Family Houses	Net Sales	190.4	394.4	12.3%	181.7	-4.6%	365.0	-7.5%
	Operating Income	8.3	13.3	6.4%	2.6	-68.5%	4.0	-70.1%
	Operating Margin	4.4%	3.4%	-0.2pt	1.5%	-2.9pt	1.1%	-2.3pt
Rental Housing	Net Sales	324.4	688.7	16.2%	370.3	14.1%	777.0	12.8%
	Operating Income	30.6	64.2	23.0%	32.2	5.3%	73.0	13.6%
	Operating Margin	9.4%	9.3%	+0.5pt	8.7%	-0.7pt	9.4%	+0.1pt
Condominiums	Net Sales	91.2	242.7	54.8%	87.3	-4.4%	235.5	-3.0%
	Operating Income	3.1	10.7	7.4%	0.5	-80.9%	9.0	-15.9%
	Operating Margin	3.4%	4.4%	-2.0pt	0.7%	-2.7pt	3.8%	-0.6pt
Existing Home Business	Net Sales	38.7	86.7	13.4%	43.8	13.2%	95.0	9.6%
	Operating Income	4.3	9.3	51.8%	4.4	3.6%	9.5	2.0%
	Operating Margin	11.2%	10.7%	+2.7pt	10.2%	-1.0pt	10.0%	-0.7pt
Commercial Facilities	Net Sales	208.3	421.9	21.5%	220.9	6.1%	436.0	3.3%
	Operating Income	30.8	60.7	32.3%	31.1	1.1%	62.0	2.0%
	Operating Margin	14.8%	14.4%	+1.2pt	14.1%	-0.7pt	14.2%	-0.2pt
Logistics, Business & Corporate Facilities	Net Sales	260.0	592.1	135.5%	270.2	3.9%	593.0	0.1%
	Operating Income	5.5	26.9	30.2%	17.5	214.4%	35.0	29.9%
	Operating Margin	2.1%	4.5%	-3.7pt	6.5%	+4.4pt	5.9%	+1.4pt
Other Businesses	Net Sales	185.4	393.9	17.5%	207.6	12.0%	423.0	7.4%
	Operating Income	5.4	14.0	46.6%	7.6	40.4%	15.0	6.5%
	Operating Margin	2.9%	3.6%	+0.7pt	3.7%	+0.8pt	3.5%	-0.1pt
Total	Net Income	1,242.6	2,700.3	34.5%	1,324.8	6.6%	2,800.0	3.7%
	Operating Income	70.0	163.5	27.8%	80.1	14.4%	173.0	5.8%
	Operating Margin	5.6%	6.1%	-0.3pt	6.0%	+0.4pt	6.2%	+0.1pt

### ③ Rental Housing Business

#### Entire Building Leasing Agreement



#### Low-rise rental housing



Sejour OTT'S: Three-story anti-crime rental housing

#### Mid to high-rise rental housing building

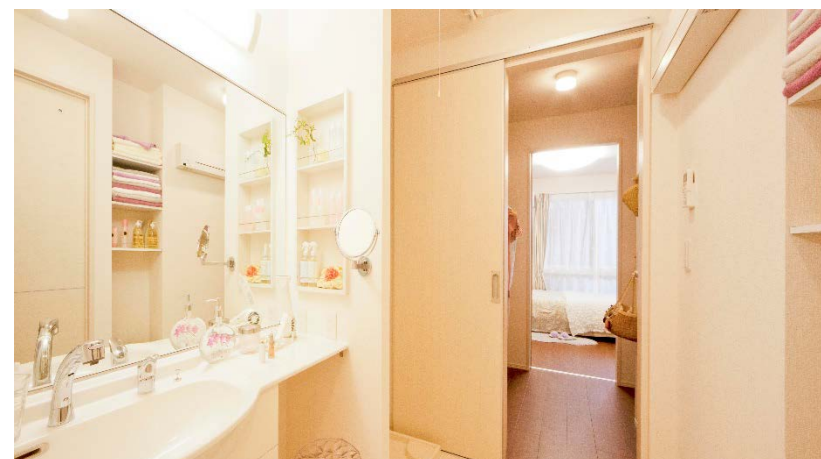


Royal Parks series



## ④ Rental Housing Business (Anti-crime housing products)

### Anti-crime rental housing



## ⑤ Commercial Facilities Business

### Road-side retailers/shops



### Large-scaled shopping center



## ⑥ Logistics, Business and Corporate Facilities Business (Logistics)

### BTS logistics facilities



### Multi-tenant (general purpose) logistics facilities





# ⑦ Logistics, Business and Corporate Facilities Business Daiwa House Group (Housing for the elderly, medical and nursing care, welfare facilities)

## Housing for the elderly, medical and nursing care, welfare facilities

▼ Hospital



▼ Nursing and healthcare facility for the elderly



▼ Private nursing homes for the elderly



▼ Medical clinic



▼ Day-care, day-service facilities



▼ Housing for the elderly with nursing care services



## ⑧ Single-Family Houses Business (Custom-built)

### Light-weight steel-frame houses



▲ xevo Σ

### Wooden-framed house



▲ xevo GranWood



## ⑨ Single-Family Houses Business (Housing development project)

### Housing development Projects



▲ SMA x ECO TOWN Harumidai, Osaka



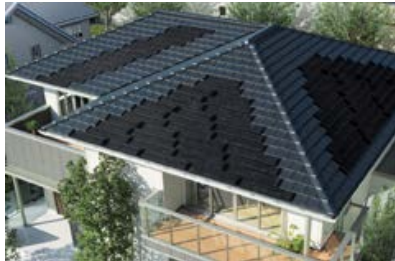
▲ Lake Town Miwanomori, Saitama



▲ Lithium-ion  
Storage  
battery



▲ D-HEMS  
(housing  
management  
system)



▲ Photovoltaic power  
generation system



▲ EDDI's Town, Tokyo



# ⑩ Monthly Orders (FY2014 – Nonconsolidated) -Effect of consumption tax rate increase

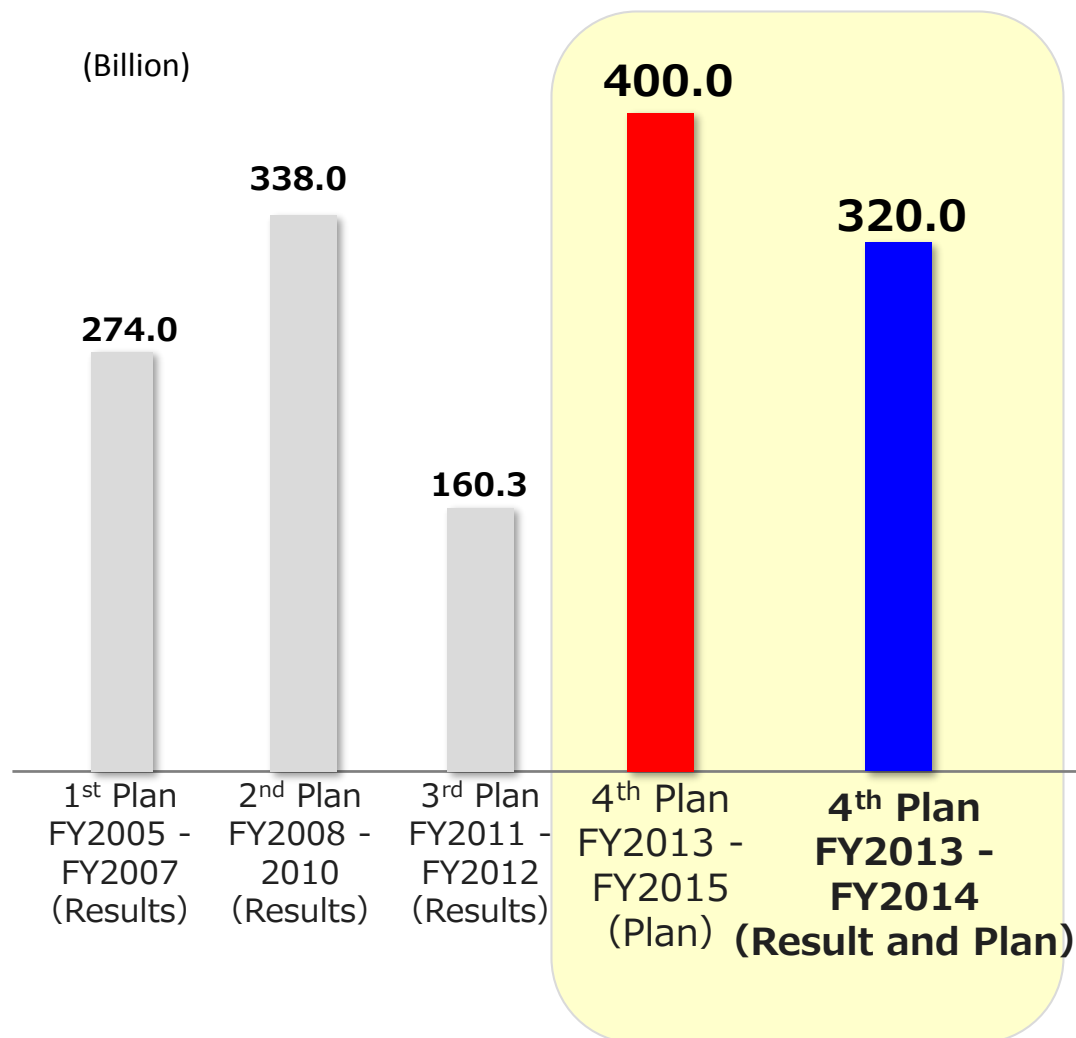
## Monthly orders received 【Comparison with FY2013, and FY2012】

(MoM Comparison:%)

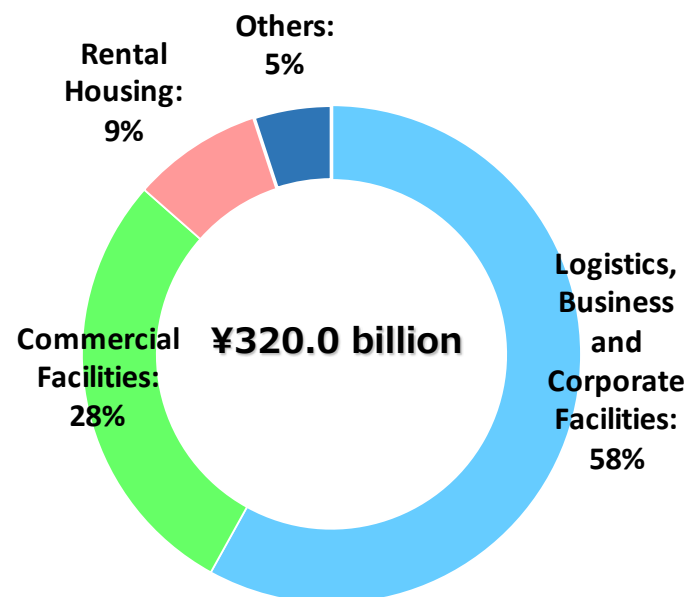
Comparison with:								1 <sup>st</sup> Half	Oct.
		April	May	June	July	August	Sept.		
Total	FY2013	25.7	-1.1	2.0	6.7	5.7	-7.4	5.3	9.2
	FY2012	58.5	20.1	24.0	29.3	27.3	23.2	30.4	39.8
Single-Family Houses	FY2013	-4.9	-7.4	-12.0	-2.7	-5.5	-10.1	-6.9	-0.9
	FY2012	13.1	12.9	2.8	10.3	7.1	13.1	10.1	11.8
Custom-built	FY2013	-7.2	-9.4	-17.4	-8.7	-15.6	-22.7	-13.2	-3.9
	FY2012	10.7	5.0	-1.0	5.4	3.0	7.6	6.3	3.0
Housing Dev. Project	FY2013	-5.0	-4.8	-1.9	19.9	36.6	36.7	14.1	47.6
	FY2012	5.9	27.8	15.8	17.5	28.1	54.8	25.7	88.9
Lands	FY2013	4.5	-3.4	2.1	5.1	0.4	6.3	2.1	-17.5
	FY2012	26.5	31.4	4.7	26.3	3.5	3.2	14.0	3.8

# ⑪ Real Estate Development Business

## Planned investment for real estate development



## 2-year total amount invested in real estate development projects



## ⑫ Rental Real Estate

### Rental real estate

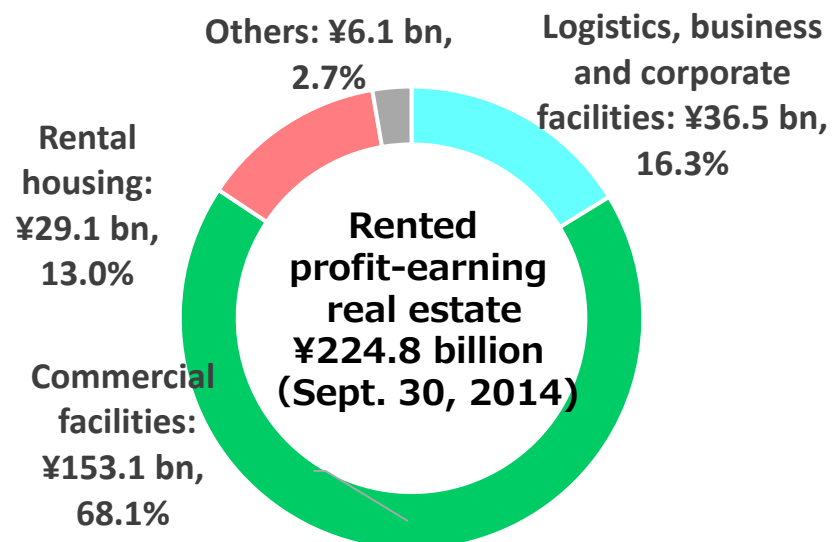
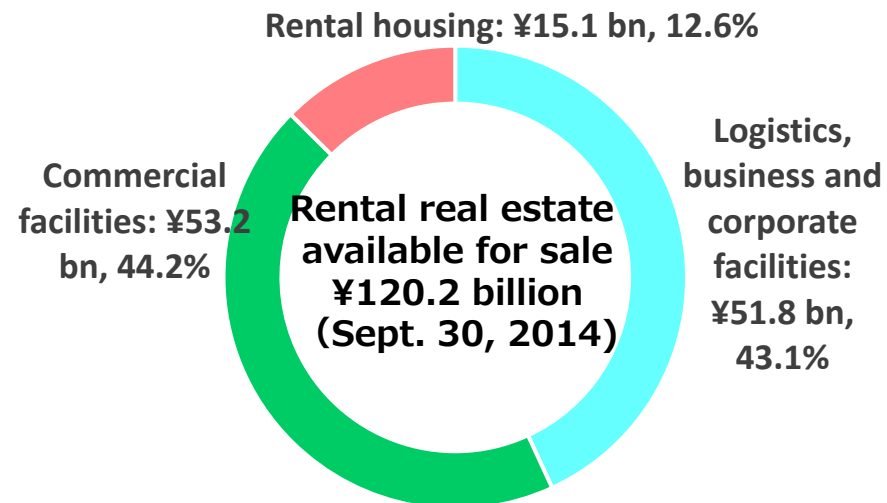
#### ▼ Logistics, Business and Corporate Facilities



#### ▼ Commercial Facilities



#### ▼ Rental Housing





# ⑬ Logistics, Business and Corporate Facilities Business (Logistics)

## BTS logistics facilities



## Multi-tenant (general purpose) logistics facilities





## ⑭ Commercial Facilities (Large-scale shopping centers)





# ⑮ Rental Housing (High-rise “Royal Parks” residential properties)





## Daiwa House Residential Investment Corporation - Rental residential properties

Listed	March 22, 2006
Investment	¥237.6 billion (as of October 31, 2014)
Properties	Residences: 136 incl. 2 for the elderly; as of October 31, 2014 )
Portfolio occupancy rate	96.7% (as of October 31, 2014)
Average NOI margin	5.49% (for the term ended August 31, 2014)



### ▼ Mid-to-high rise luxury residential properties “Royal Parks Toyosu”



### ▼ Housing for the elderly with nursing care service “Aburatsubo Marina Hills”



## Daiwa House REIT Investment Corporation - Logistics and commercial facilities

Listed	November 28, 2012
Investment	¥147.6 billion (as of September 30, 2014)
Properties	33 (25 logistics facilities, 8 commercial facilities; as of September 30, 2014)
Portfolio occupancy rate	99.97% (as of September 30, 2014)
Average NOI margin	5.9% (for the term ended August 31, 2014)



► D-Project Urayasu II,  
Logistics



**Daiwa REIT®**  
大和ハウスグループ

► Foleo Sendai-Miyanomori,  
Commercial Facilities



# ⑬ Project Ariake

## —Start-up for joint logistics business with Fast Retailing



**Logistics site (Plan),**  
Ariake, Koto ward, Tokyo

▶ Conceptual drawing for  
BTS logistics





**Other  
Asia**

<China>  
<South Korea>  
<Taiwan>

**Americas**

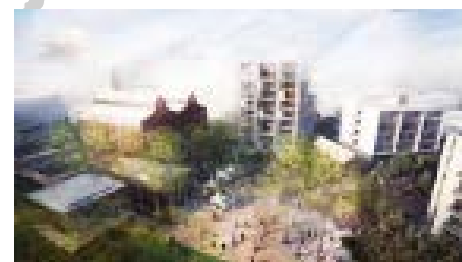
<U.S.A.>

**ASEAN**

<Vietnam>  
<Malaysia>  
<Singapore>  
<Indonesia>

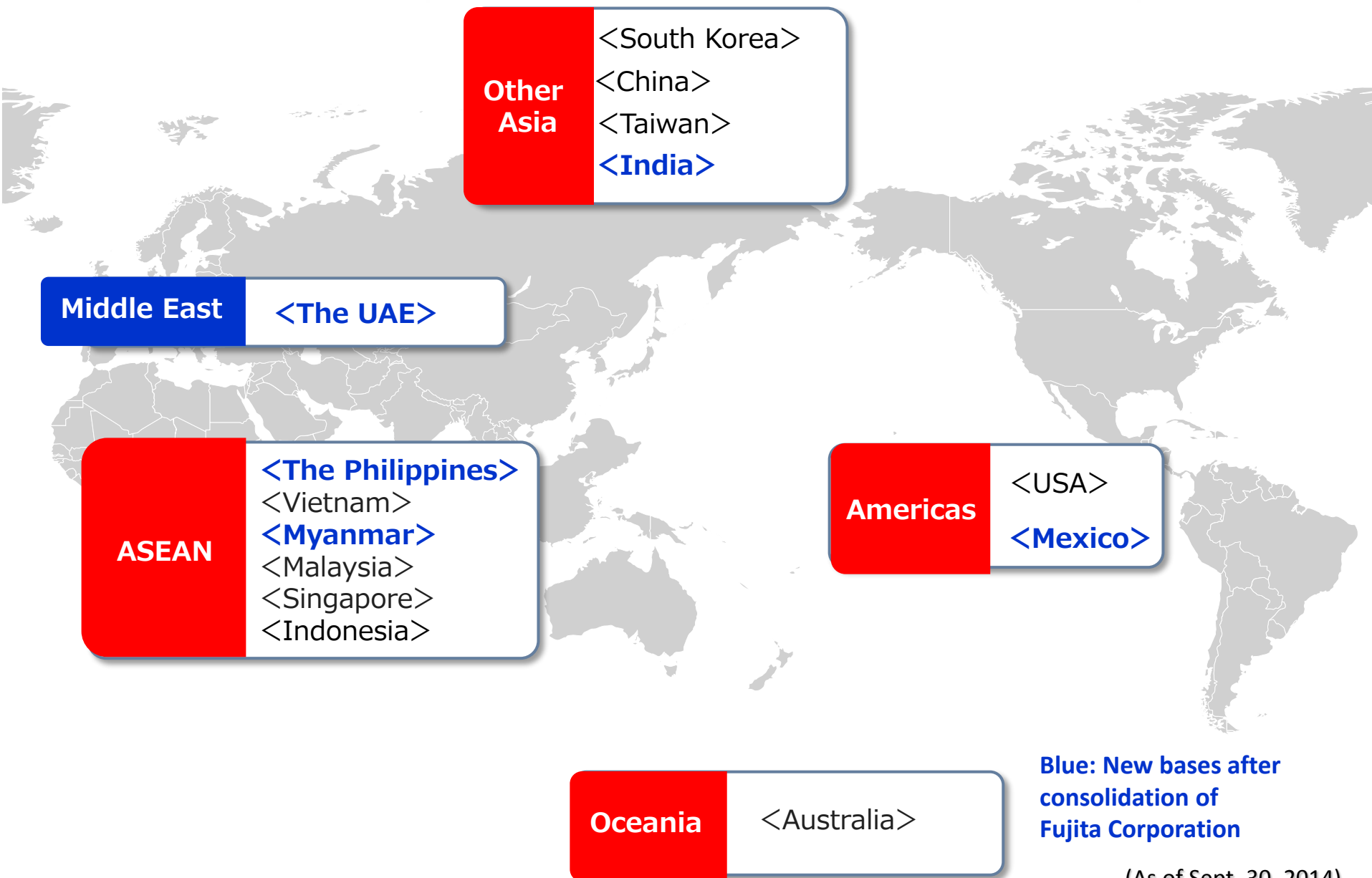
**Oceania**

<Australia>



(As of Sept. 30, 2014)

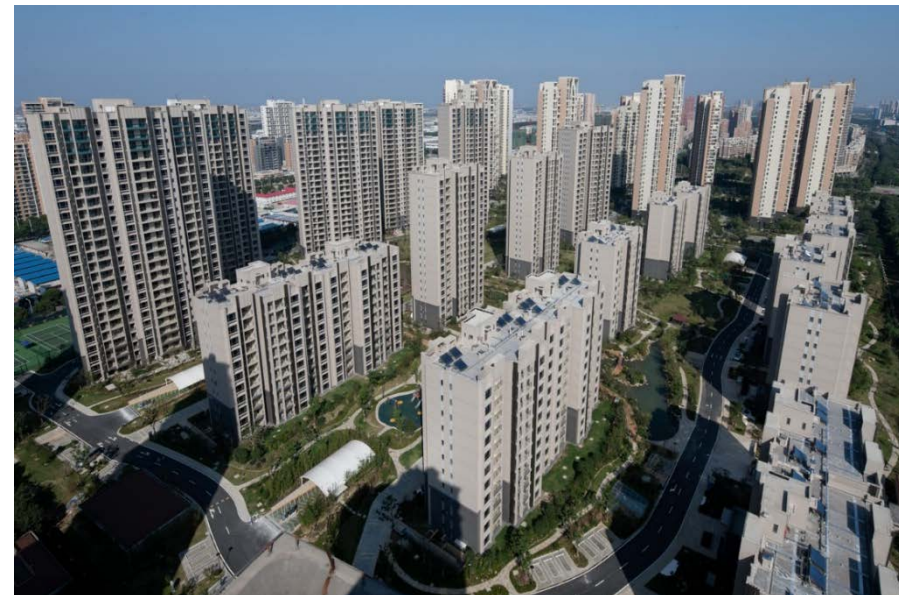
## ② Overseas Business – Fujita Corporation



(As of Sept. 30, 2014)



## ②① China—Condominiums for sale



▲ Yihe Champs-Elysees, Dailian  
Total sales units: 963; Completion: 2009

▲ The Grace Residence, Suzhou, Jiangsu  
Total sales units: 902; Completion: 2011



## ② Vietnam and Indonesia—Industrial Parks



- ◀ Long Duc Industrial Park  
Near Ho Chi Minh City,  
Vietnam;  
Total development area:  
270ha

(Photo: Factories for rent)

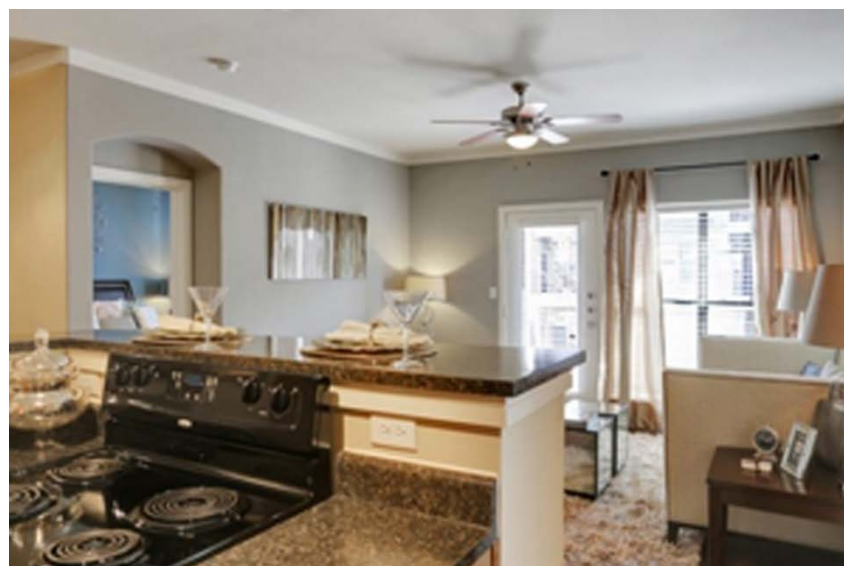


- ◀ Daiwa Manungal Industrial  
Parks, Near Jakarta,  
Indonesia;  
Total development area:  
1,350ha

(Photo: Logistics for rent)



## ②③ Texas, USA—Luxury Rental Residential Properties



②④ **Sidney, Australia**  
— Housing, commercial, business complex development





## ②⑤ xevo Σ (High-grade single-family house)



◀ Light-weight, Steel-framed, high-grade new housing products

xevo Σ  
[ジーヴォシグマ]



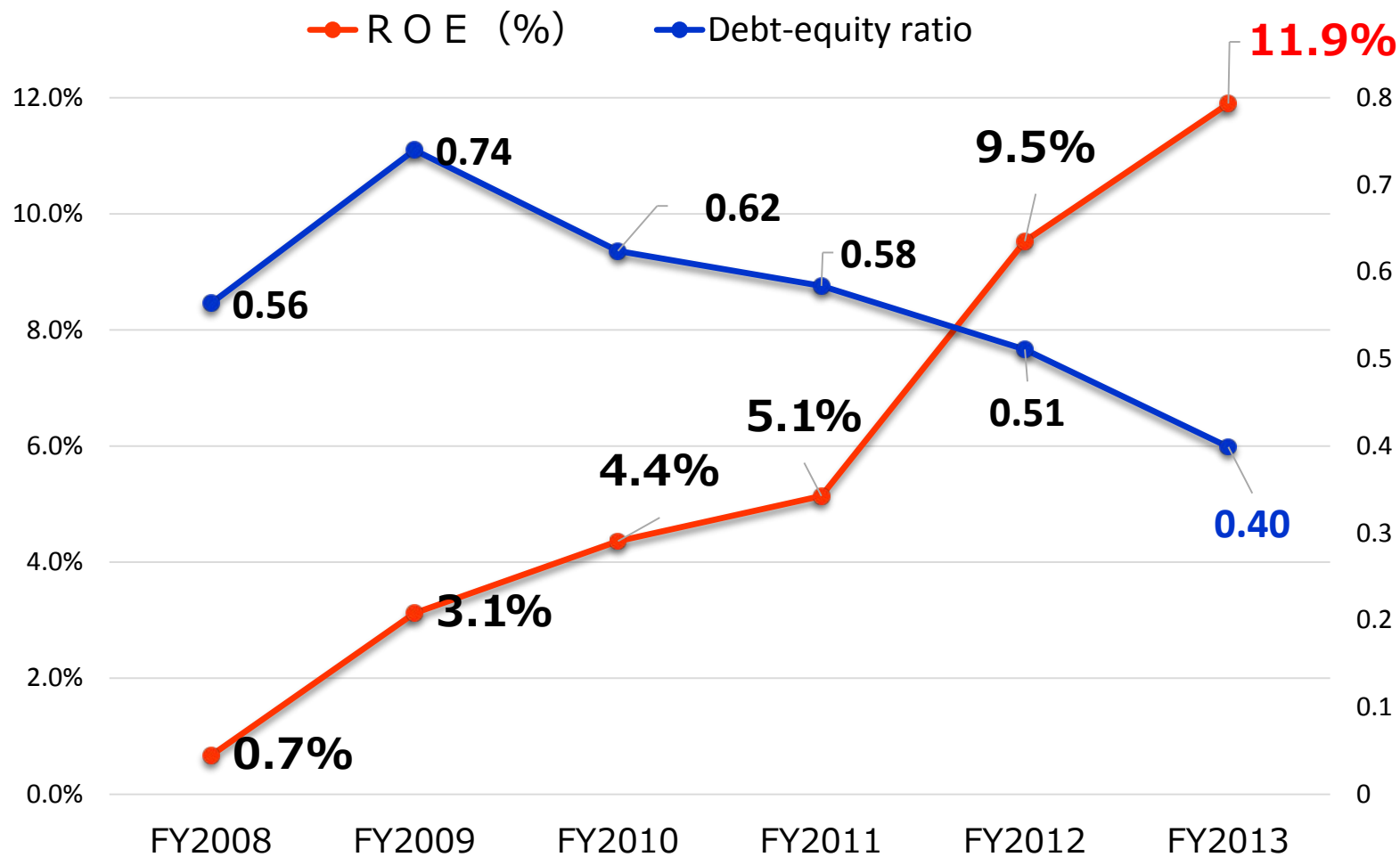
◀ Realizing “Grand Living” with industry’s largest open spaces and entrances

Celling height: 2m72cm

×

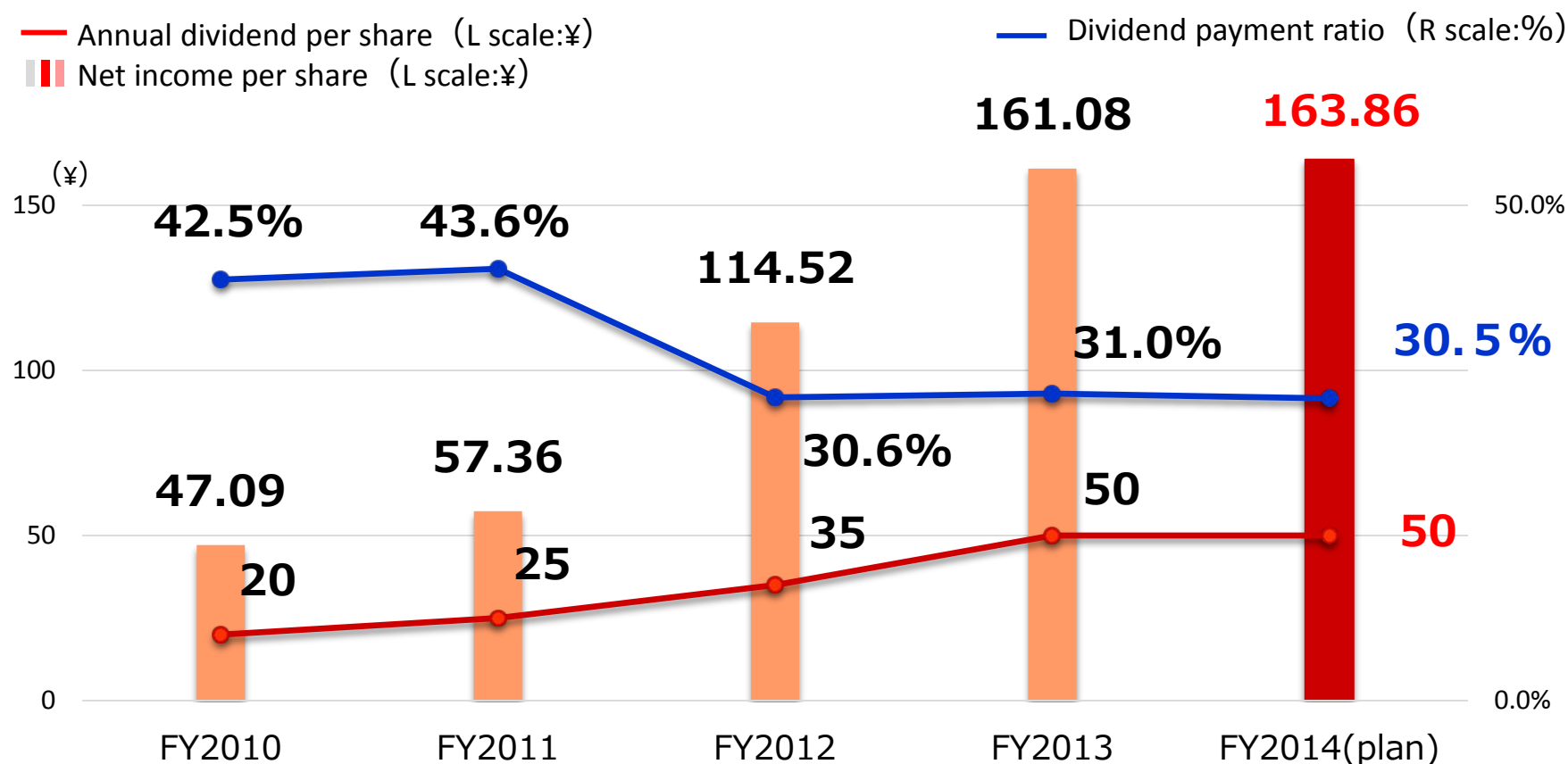
Entrance width: 7m10cm

## ②⑥ Strategic Financing



## ② Dividends Policy

- Implementation of interim dividends
- Annual dividend plan for ¥50 per share (FY2014)







**Daiwa House**®  
Group

Thank you.

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