Q&A at IR Teleconference for Analyst/Institutional Investors (Summary)
at Announcement of Financial Results
for FY2014-3Q (From April 1, 2014 to December 31, 2014)

Date and time: From 17:00 to 18:00, Friday, February 6, 2015
Presenters: Takeshi Kousokabe, Director and Managing Executive Officer
Yuji Yamada, Executive Officer and General Manager, IR Department
Daiwa House Industry Co., Ltd.

[Single-Family Houses Business]
Q: Can you tell us about the status of the Single-Family Houses Business prior to orders received in 2015? When do you expect to see the effects of government support for home purchases or a change in consumer trends? When do you expect to see a recovery?

A: ・The number of visitors to housing showrooms has yet to improve and our position is that we continue to face a difficult market.
・The government is evaluating various support measures but we have no projections on the possible effect of those measures or a likely period of recovery for the single-family housing market.

[Rental Housing Business]
Q: The operating margin for the Rental Housing Business was 8.6% for the nine months ended Dec. 31, 2014. This is lower than the 9.4% target for the full year but is there reason to be concerned?
(Reference: Financial highlights: P9 "Business Segment Information (1)", P13: "Business Performance Forecasts for FY 2014 (1)")

A: Quarterly net sales tend to be higher during the fourth quarter compared to the first through third quarters. As such, we think the operating margin will also rise.

[Condominiums Business]
Q: The number of units completed but not contracted rose by nearly 300% from 95 (157– 62) at the end of September to 284 (419 – 135) at the end of December. Is there reason to be concerned?
(Reference: Financial highlights: P17 "Condominiums Business")

A: The inventory as of the end of December includes properties that we completed during the third quarter but for which handover will take place during the fourth quarter. As such, our view is that sales are strong.

[Commercial Facilities Business]

Q: There was a report that the number of new convenience store openings is down by 10%. Will the Commercial Facilities Business be able to achieve increase in net sales and operating income during the upcoming fiscal year?

A:
- Some convenience store brands have plans to reduce the number of storefronts but on the other hand, other types of businesses that had only a few of sites are looking to increase the number of storefronts. Various tenants open stores based on different timing so we think we can maintain strong sales.
- We are confident that the Daiwa House brand has built a reputation among customers for being a trustworthy partner for with finding the optimal location for their business.

[Logistics, Business & Corporate Facilities Business]

Q: In the Tokyo Metropolitan area, competition in the logistics facility market is intensifying but how stable is land procurement?
Also, can you tell us about both the balance of supply and demand and your development strategy for BTS and multi-type logistics facilities?

A:
- Land procurement remains steady and is on pass to exceed initial targets.
- Our strategy for logistics facility development is 70% BTS and 30% multi-type.
- BTS utilizes a business model involving land proposals and development based on tenant parameters and there is very strong demand in this domain. We believe this demand will continue for some time.
- Demand is also high for multi-type facilities, which have a vacancy rate of just 4%. At present, four locations are fully operational: DPL Kasuya (Fukuoka), DPL Yokohama Daikoku (Kanagawa), DPL Misato (Saitama), and DPL Sagamihara (Kanagawa). Development of a fifth facility DPL Ichikawa (Chiba) is currently underway. We also are planning for future development of sites in Sendai and Fukuoka.

Q: Can you tell us the reasons for the strong state of orders received for your Logistics, Business & Corporate Facilities Business?

A: The Logistics, Business & Corporate Facilities Business has been strong because of increased orders received for logistics facilities. Additionally, we have seen an overall improvement in orders received for segments other than logistics facilities. We are reaching a point where we are able to implement selective order acceptance for Fujita and Daiwa Odakyu Construction. Also, Daiwa Lease has received increased orders related to reconstruction efforts.

Q: Your plans outline establishing a privately solicited REIT for logistics facilities for Fast Retailing Co., Ltd. in 2016. Can you explain the initial scope of this REIT?

A: Initially, we will start with a project on a scale of around 70 billion yen in assets.

[Other Businesses]

Q: What caused operating income from Other Businesses to increase by 3.5 billion yen YoY? Also, the full-year plan outlined a 1.0 billion yen increase in operating income, thus, will this be higher than its forecasts?
(Reference: Financial highlights: P9 "Business Segment Information (1)", P13: "Business Performance Forecasts for FY 2014 (1)")

A:
- The main cause of the increase in operating income from Other Businesses was the Energy Business, which includes mega-solar construction.
- The full-year plan for Other Businesses outlines an increase in operating income of 1 billion yen but we think this number is likely to be higher.

[Overseas Business]

Q: Can you tell us your investment balances for Overseas Businesses by region?

A: As of end of December, total investment balances for Overseas Businesses: 90.3 billion yen
Breakdown: China: 69.7 billion yen, U.S.A: 9.4 billion yen, ASEAN: 8.5 billion yen, Australia: 2.5 billion yen.

Q: Can you give us an update on the sales status of condominiums in China?
(Reference: Financial highlights: P12 "Real Estate Projects in China")

A:
- In the Changzhou project, condominium sales are better than expected and we see sales is progressing steadily.
- In the Dalian project, we implemented pricing adjustments for some units that weren't selling due to issues related to location. This resulted in the sale of 160 units during the three months between October and December. Conditions remain difficult. Having sold 21 units in January, our view is that we can make gradual sales without implementing drastic pricing adjustments.

Q: Can you tell us about your thoughts on investments in the U.S.A?

A: ・In the U.S.A., we launched a Rental Housing Business and currently our second project is underway. We view the U.S.A. as an attractive market and we are evaluating third and fourth projects to follow-up the current project.
・For the time being, we will continue to work with Boston based Lincoln Property Company to increase our rental housing stock and staff in order to expand the business.
・During these expansion efforts, we will evaluate possibilities for other businesses (logistics facilities, etc.)

[Real Estate Development Business]
Q: Can you give us a breakdown for the 117.4 billion yen in real estate investments during the third quarter?

A: Breakdown: Logistics, Business & Corporate Facilities: 59.9 billion yen, Commercial Facilities: 34.2 billion yen, Rental housing: 8.1 billion yen, Overseas/Other: 15.2 billion yen

Q: Do you have plans to sell any properties this fiscal year? Can you tell us about plans for the upcoming fiscal year?

A: ・We have no further plans to sell any properties for the remainder of the current fiscal year.
・We will sell properties during the upcoming fiscal year but the scale of sales will be determined based on an evaluation of factors such as our cash position, support for the REIT, and the status of gains and losses.

[Financing]
Q: Can you explain the status of interest-bearing liabilities?
(Reference: Financial highlights: P8 "Interest-bearing liabilities")

A: ・As of the end of December 2014, our interest-bearing liabilities increased by 198.6 billion yen compared to 592.2 billion yen in FYE March 2014; and DE ratio is 0.56.
・The need for capital will remain strong during the fourth quarter so we do not expect to see a major change in the current status come at the end of March.
・As our financing policy outlines a DE ratio of 0.5, during the upcoming fiscal year we will use the sale of properties to improve this ratio.

[Dividend Strategy]

Q: Do you intend to issue a 60th anniversary commemorative dividend? Also, do you intend to increase the dividend payout ratio?

A:
- We will evaluate issuing a 60th anniversary commemorative dividend.
- As stated previously, the strong demand for investment continues to create a tight capital situation. As such, we intend to maintain a dividend payout ratio in line with initial plan.

Q: Can you tell us why you disclosed the projected dividend as a range?
(Reference: Summary of Financial Results (Unaudited) for the First Nine Months of the Fiscal Year Ending March 31, 2015 [Consolidated]: Summary Information)

A:
- The previously announced share exchange agreement to be concluded with Daiwa Odakyu Construction requires the prior disclosure of matters related to shareholder rights. As such, we disclosed this information as a range.
- The actual dividend amount will be released with the full-year financial statements in May. The announced dividend will be an amount within this range and determined based on income and our dividend policy.

[About the buyout of Daiwa Odakyu Construction]

Q: Can you tell us about the buyout of Daiwa Odakyu Construction and merger with Fujita? Also, can you tell us your projects on amortization of goodwill?
(Reference: News Release – February 6, 2015 – Announcement Concerning Entry into Share Exchange Agreement (Simplified Share Exchange) Between Daiwa House Industry and Daiwa Odakyu Construction)

A:
- We have numerous goals but one is efficiency.
- Currently, Fujita has a strong platform for domestic business but overseas expansion has not gone according to plan despite overseas operations being one of the company's strengths. We believe this merger will enable Fujita to place renewed focus on overseas activities.
- Amortization of goodwill will vary depending on the stock price on August 1, which is the date of effectuation for the share exchange. However, we are projecting a 20-year amortization of approximately 300 million yen per year.

End