



Daiwa House®
Group

Bridge of Dreams

2013 Annual Report







Message from the CEO



Connecting hearts to build a brighter future

Over the past few years the people of Japan have suffered a major natural disaster as well as economic stagnation, but signs of brighter prospects have now finally begun to appear. Nonetheless, many social issues remain to be resolved. At the Daiwa House Group, we continue to uphold the dictum of our founder, Nobuo Ishibashi: "A company is a public organ of society." To serve the needs of the community as a whole, we must look beyond the immediate future, and think far ahead.

As a complex business entity encompassing more than 120 separate enterprises, it is our duty to continue tackling the issues we face, leveraging the virtually unlimited possibilities at the Group's disposal. But building a better society is not something we can do alone. We must take the views and dreams of all members of society as our guide. The light that leads us into the future will be the aspirations of all those members of the community out there — people who hope for happiness in their daily lives, take pride in their work, and seek the fulfillment of their life goals. At the Daiwa House Group, we will work to connect our hearts with everyone in society as we go forward into a brighter future.



Revolutionizing our lifestyles

Superior technologies and excellent products have the power to change society. We aim to enrich people's lifestyles through our single-family houses, condominiums, and rental housing. Midget House, launched in the 1950s, is the source for all the Company's subsequent prefabricated housing products and it was developed as a children's study room to meet the needs of Baby Boomer families whose children didn't have a room of their own where they could study properly. Currently, in our new housing products launch, we are focusing on models that offer high energy conservation performance and reduced environmental impact. With our smart houses and smart city planning proposals, we hope to go one further than simply cutting energy consumption, to give homeowners fuller access to the latest advances in education as well as medical and burglary-prevention technology.

The emergency temporary housing products that we developed to meet the needs of the communities devastated by the earthquake and tsunami are sure also to prove very useful as housing for overseas countries. The homes in which children grow up determine the sort of adults they will become, and we aim to take the lead in building new lifestyles for future generations.

A black and white photograph of children walking on a stone path in a residential area. The path is made of large, irregular stones and leads down a slight incline. In the foreground, a young girl in a striped shirt and shorts is walking towards the camera. Behind her, another girl in a checkered shirt and shorts is walking. Further back, a boy in a white shirt and shorts is walking, and another boy in a striped shirt and shorts is standing to the right. The background shows houses and trees under a clear sky. The overall scene is bright and sunny.

Moving ahead



Further ahead

Next
generation

World

Society

Citizens

Doing our best for others

When people work not only for personal gain, but try to do their best for the sake of others, they enjoy double the satisfaction in a job well done. The late Nobuo Ishibashi, our founder, always used to say that in business, one must not only think about what will be profitable. I believe this attitude is best symbolized by Daiwa House Industry's first product, the Pipe House, which was developed and launched during the national reconstruction period soon after the end of World War II, when Japan was suffering a shortage of timber. By employing a steel-pipe structural framework, this product helped save the country's forests from destruction.

Thanks to the astonishingly short construction period of the Pipe House, it was enthusiastically adopted for use as warehouses and offices, mainly for the public sector, and it also assisted in the growth of many private-sector companies. And today, the Daiwa House Group continues to make effective use of its management resources, including its proprietary technology and data-collection capabilities, to provide maximum support for the business operations of its customers. We also play a leading role in addressing society's future needs, including in the fields of environmental energy, the industrialization of agriculture, and urban greening. If Japanese enterprises that possess a strong sense of social mission can collaborate in doing their best for the sake of their local communities and of the world as a whole, I am convinced that we will move forward even faster toward the creation of a better society.

Enjoying healthy, fulfilling lives

The Japanese population enjoys one of the highest life expectancies in the world. The aging of the country's population is now taken for granted, and as one of the first nations to experience such population-aging, it is Japan's duty to set an example to the rest of the world. The next issue we must address is how to extend the population's healthy life years, also known as health expectancy, so that elderly people can enjoy life to the full, both physically and mentally. We must continue the work begun in the 1970s, when we made a full-scale entry into the business of constructing and managing resorts, so that the working population during the country's rapid economic growth period would have a place where they could relax and enjoy life after their retirement.

The resort hotels, golf courses, and fitness clubs that the Daiwa House Group operates will surely play a valuable role as places where people can relax and recover from the stresses that accompany modern life, and where they can pursue personal development. And our self-support assistive robotic suits will let elderly persons and those with physical disabilities achieve greater independence and live with dignity. Our mission is to help everyone live longer and more enjoyable, fulfilling lives.

A black and white photograph of three surfers in wetsuits walking on a beach, carrying their surfboards. The surfers are in profile, moving from left to right. The background shows the ocean and a bright sky. The overall mood is active and healthy.

Fun

Joy

Freedom

Happiness



Maintaining the spirit of a “venture company”

Population decline and aging, natural disasters, and shortages of foodstuffs and energy are issues faced not only by Japanese society, but by the whole world. Without solutions to these problems, we cannot go forward and realize a brighter future. This is no time for hesitancy. Right here and now, people are waiting and hoping for new technologies, products, and services that can change society. At the Daiwa House Group, we are tackling the development of new business fields under our “Asu Fukaketsuno” concept. This key term “Asu Fukaketsuno,” under which we are promoting a wide variety of businesses in new fields, means “indispensable for tomorrow.” It is comprised of the initial syllables of the Japanese words for safety & comfort, speed/stock, welfare, the environment, health, ICT, and agriculture. We believe that our new business initiatives, including smart houses, robotics for nursing care, mega solar projects, vegetable grower units, and others, will contribute significantly to solving society’s problems in the near future.

To make this possible, I have been strongly urging all the management staff and employees of the Group to cast off the mental attitudes traditionally associated with large Japanese corporations, and instead to adopt the ambition, sincerity, and originality characteristic of venture companies, whose staff are full of enthusiasm for opening up new markets on the global stage. I want them to develop a sense of urgency and to realize the vital importance of speed in all our business endeavors. The Daiwa House Group traces its beginnings back to the launching of the Pipe House, a revolutionary product that filled an important need. We vow never to forget how Daiwa House started life, and to continue being a permanently development-led enterprise marked by the “venture company spirit.”

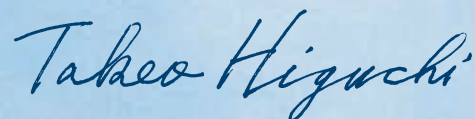




Bringing all people's hearts together as one — as a commitment to our centennial

The spirit in which our founder Nobuo Ishibashi used to exhort us to work — by creating value for society as a whole — leads to what would today be called social and environmental sustainability. This philosophy on which Daiwa House Industry was founded, and which continues to motivate the entire Daiwa House Group, is symbolized by our “Endless Heart” design, which serves to remind us constantly of the ideals that lie at the heart of the Group. To make this possible, we must constantly nurture new personnel who are strongly motivated to help the Group discharge its social mission. We will train and promote the sort of staff who can take full advantage of the business base we have built up over these many years to yield fruit in the form of innovative technologies and useful products, so that the Daiwa House Group grows into a vibrant and leading business enterprise (“great” corporate group) that can make an even more important contribution to society.

Beyond that, the year 2055 will mark the 100th anniversary of the foundation of Daiwa House Industry, and our dream is to achieve annual Group net sales of ¥10 trillion by the time we reach that milestone. This ambitious ¥10 trillion target is in line with our motto of being “a group that co-creates value for individuals, communities, and people’s lifestyles.” This is because, the more we grow, the greater the contribution we can make to society. We aim to bring our hearts together as one with the people of Japan as well as people all over the globe, and to build a “bridge of dreams” that will span the next 100 or even 200 years, and on into the future.



Takeo Higuchi
Chairman and CEO

Notes to financial data and graphs

1. Unless otherwise specified, annual figures in the graphs are for years ending March 31.
2. Figures for sales and operating income for each segment in this Annual Report include intersegment transactions.
3. Sales percentages for each segment in this Annual Report refer only to sales to outside customers.

Forward-looking statements

This Annual Report contains future estimates, targets, plans and strategies by the Daiwa House Group. They are based on judgments made using information available at the time of writing. For various reasons, actual results may differ substantially from these estimates.

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100

One

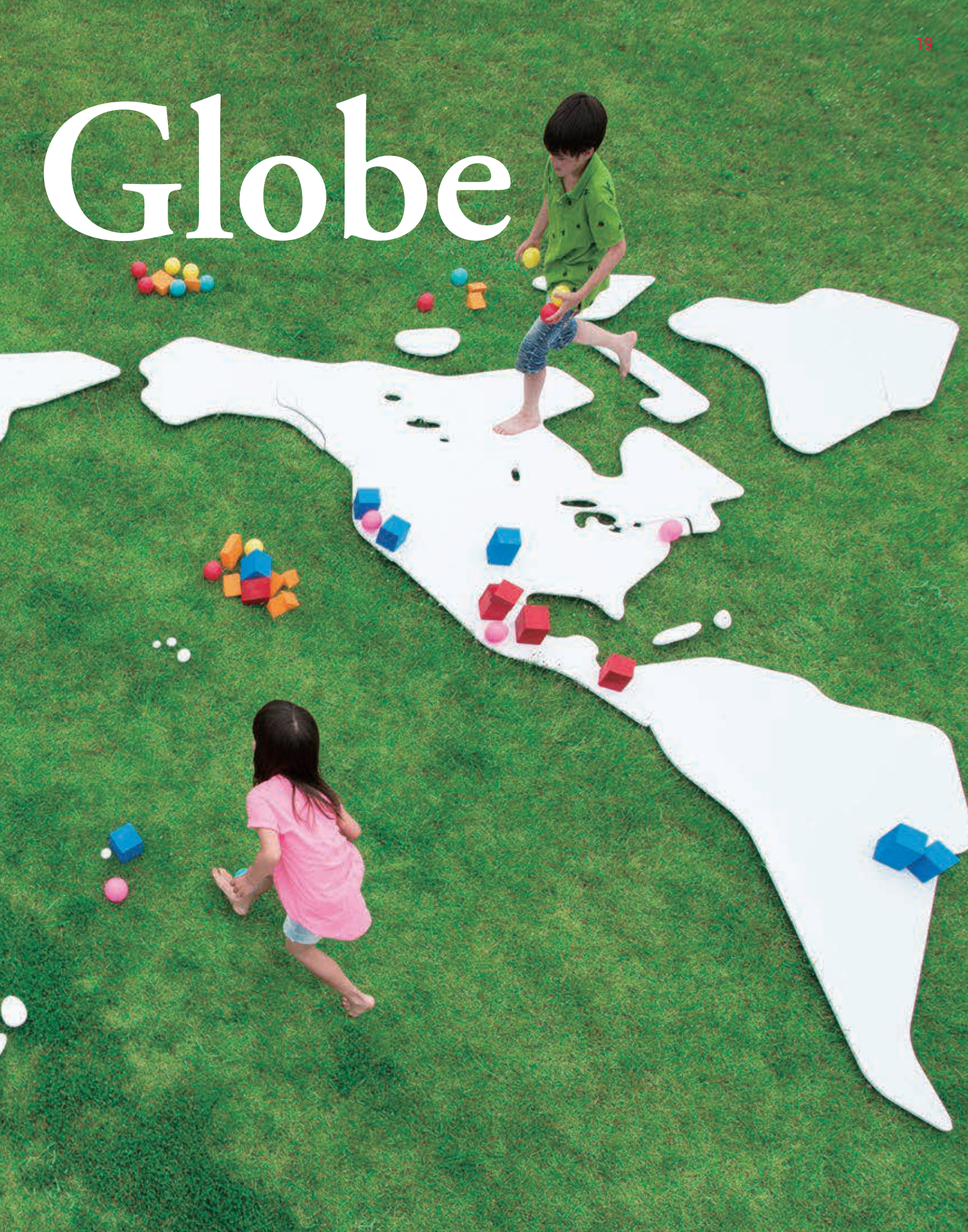
Years,

Heart

Across the



Globe



Message from the COO

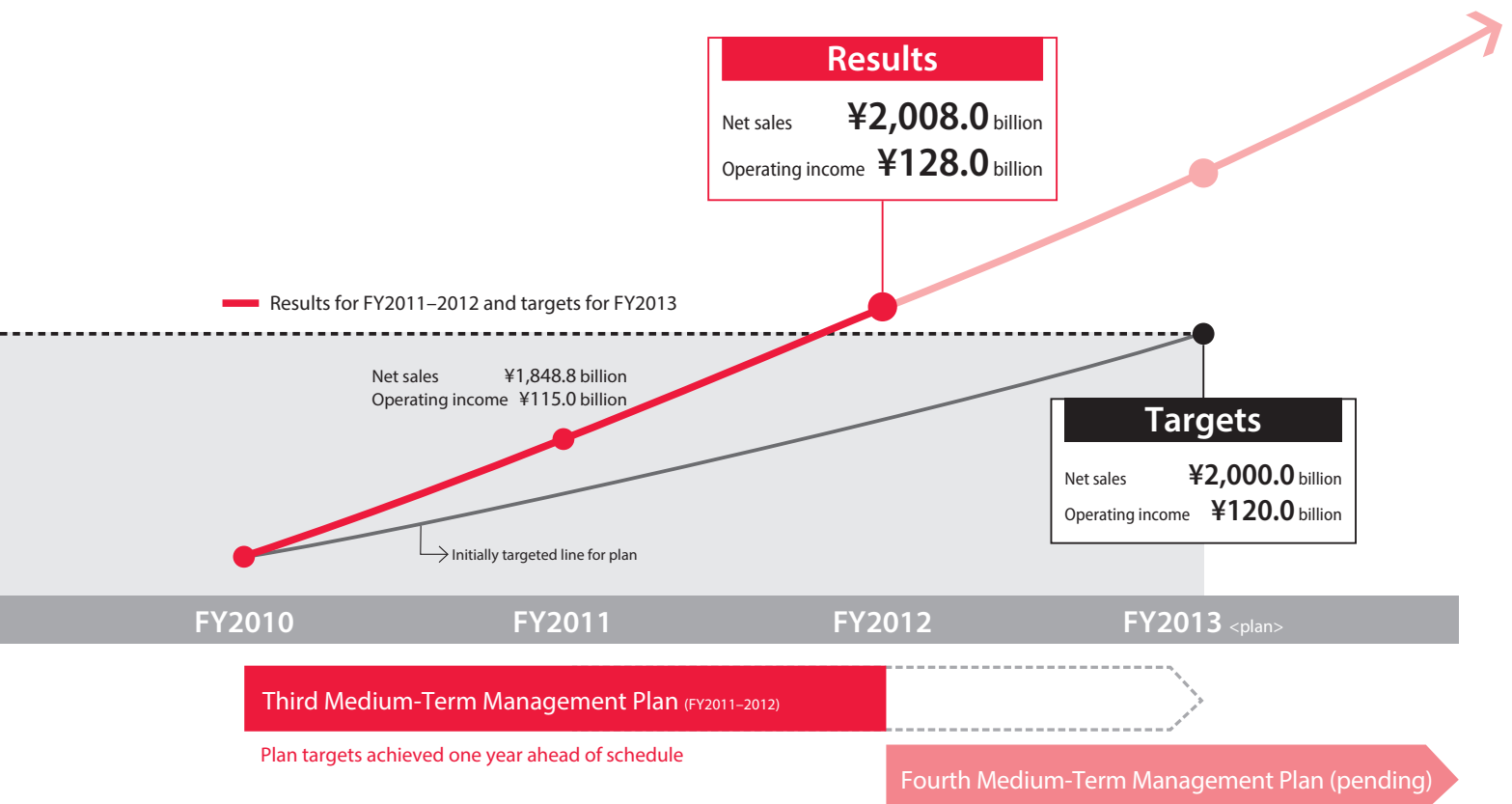


Overcoming our challenges

The Daiwa House Group has recently completed the second year under its Third Medium-Term Management Plan “3Gs” for New Growth (fiscal 2011 through fiscal 2013). The first business term under the plan was my first year in office as president of Daiwa House Industry. As the operational leader of the Group, I put my whole heart into working together with all the management staff and employees of the Group to realize further corporate growth. Thanks to our combined efforts, in the consolidated settlement of accounts for fiscal 2012, we posted net sales of ¥2,008.0 billion (up 8.6% year on year), operating income of ¥128.0 billion (up 11.4% year on year), and net income of ¥66.3 billion (up 99.6% year on year). All three figures were all-time highs. Thus we attained the stated sales target of ¥2 trillion for the three-year plan a full year ahead of schedule. I would like to thank our stakeholders for their unstinting support, without which this would not have been possible.

Now, having cleared this first hurdle, the initially daunting figure of ¥2 trillion is simply part of our business performance history. I hope that we will not rest on our laurels but set ourselves new targets, and that the Group will constantly go on from one new hurdle to the next, never satisfied, and always aiming still higher.

Business Targets and Achievements under the Third Medium-Term Management Plan



Looking back at the Group's Third Medium-Term Management Plan

The Daiwa House Group's Third Medium-Term Management Plan "3Gs" for New Growth commenced in April 2011, immediately following the Great East Japan Earthquake, which were disasters unprecedented in Japanese history. During these last two years, we have proceeded with this plan while simultaneously the country has been engaged in post-disaster reconstruction. The three Gs in the name of this plan are the initial letters of Group, Global, and Great, the three keywords that define our management policy. They refer, respectively, to expanding our market share through Group growth, to speeding up the pace of our global development activities, and to aiming to become a "great" corporate group.

According to our basic policy under the heading of "Group," we aim to expand our market share by raising the competitiveness of our core businesses. We have been doing this by centering our business strategy around strengthened development and marketing of products that make the most of regional characteristics, as well as eco-friendly products such as smart town urban development projects. We also worked to expand contracts for construction of assisted-living housing for senior citizens in response to the growing needs of an aging population. The Group companies also collaborated in strengthening business relating to the existing stock of housing and facilities. Measures taken included expanding the number of rental housing units and condominiums under management, and the securitization of commercial and business facilities, among other steps.

The Third Medium-Term Management Plan: Basic Policies and Results

(April 2011–March 2013)



Under the heading of “Global,” to speed up the expansion of our business operations we have been focusing on building a network of business bases overseas. We have been optimally leveraging our capabilities in construction, which is our greatest strength, with the development of condominiums in China, industrial parks in Vietnam and Indonesia, and commercial facilities in Taiwan. This is part of our policy of pursuing operations intricately linked to local communities in the region. Regarding business services relating to the existing stock of housing and facilities, including the management of rental housing, our activities are not limited to construction, but range more widely, and with a view to eventual global expansion we have built and are operating business bases in China and South Korea. In January 2013, Fujita became a member of the Group. This company has a strong track record of construction work in Southeast Asia and Latin America, and we expect the synergies resulting from the fusion of our operations with those of Fujita to help speed up the global expansion of the Group’s operations and reinforce our overseas business base.

Finally, under the third heading of “Great,” we reformed our head office structure to facilitate faster decision-making, and took steps to provide a system focused on human resources, which constitute the motive power for sustainable corporate growth. These steps included putting further effort into the training of next-generation management staff and personnel able to effectively promote our ambitions on the global stage, as well as raising the mandatory retirement age to 65.

Group

Single-family houses

- Develop and sell smart houses
- Develop built-for-sale smart town housing projects
- Develop and sell housing products to meet local needs

Rental housing and condominiums

- Strengthen operations in business relating to the management and operation of the existing stock of housing and facilities
- Expanded number of units under management (by 22.88% for rental housing and 44.52% for condominiums)

Commercial facilities, and business and corporate facilities

- Develop and sell eco-friendly products
- Reinforce securitization of real estate development operations

New businesses

- Develop and sell vegetable-grower units
- Start of mega solar photovoltaic power generation business at Group-owned facilities

Global

Expand network of bases overseas

- Overseas bases now number 43 (of which, 30 Group companies)

Principal steps to expand overseas business portfolio

- Development of industrial parks (Vietnam, Indonesia)
- Establishment of bases for expansion of rental housing business (USA, Taiwan, South Korea)
- Started HEMS* business (Singapore)
- Signed contract for establishment of joint-venture company to manufacture and sell housing parts and materials (China)
- Fujita becomes Group member

Great

Reinforcement of management infrastructure

- Reformed head office structure
- Set up “mother factory”
- Raised mandatory retirement age to 65

Strengthening human resources training

- Nurtured future management staff
- Nurtured global human resources

* HEMS: “Home Energy Management System,” which employs information & communications technology (ICT) to achieve home automation for efficient management of energy use.

Targets and strategy for fiscal 2013

With the start of fiscal 2013 we have taken on new challenges. We must steadily achieve the next targets, and to facilitate sustained Group growth over the longer term, we must raise our competitiveness in each individual business field in which we operate while also realizing increased market share. First, I will explain the Group's management strategy for fiscal 2013, which we have positioned as the initial year of the next medium-term management plan.

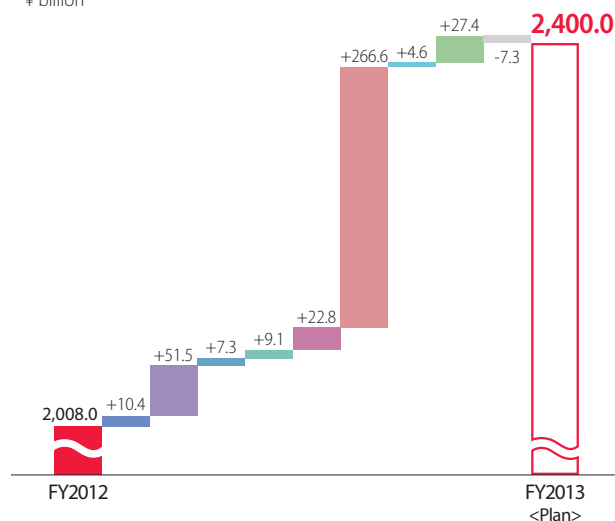
In the single-family houses business segment we plan to improve profitability through new product development and by strengthening our project proposal capabilities. In the rental housing business, we will expand our marketing office network, centered on the Tokyo area, and will work to increase the number of home units constructed. At the same time, we will strengthen collaboration between our rental housing construction and management businesses. In our condominiums business segment, Cosmos Initia has become a member of the Group. This has led to increased sales, while the number of condominium units under management (including new contracts) will reach 300,000. In our existing home business segment, on April 1, 2013 we set up a new subsidiary under the name Daiwa House Reform. This move was aimed at enhancing competitiveness and improving the speed of administrative operations, enabling us to expand the receipt of orders from external customers.

In our commercial facilities business segment, we reinforced our capabilities in land-use proposals to potential tenant corporations, including local enterprises in each region of Japan. In this way, we aim to expand orders for construction of commercial facilities such as retail outlets, and are focusing our efforts particularly on gaining contracts for the development and operation of neighborhood shopping centers, which serve as core facilities for each community. In our business and corporate facilities segment, in addition to build-to-suit logistics facilities for specific customers — a business line that has been the main driver of strong growth in this segment up to now — we have also begun investing aggressively in the development of multi-tenant facilities, for which there is robust market demand. Now that Fujita has become a member of the Group, we will be able to strengthen our core construction business by taking on contracts for construction of large-scale structures and special-purpose structures, as well as contracts in the fields of civil engineering and transportation infrastructure, which we have not handled hitherto.

Targets for FY2013

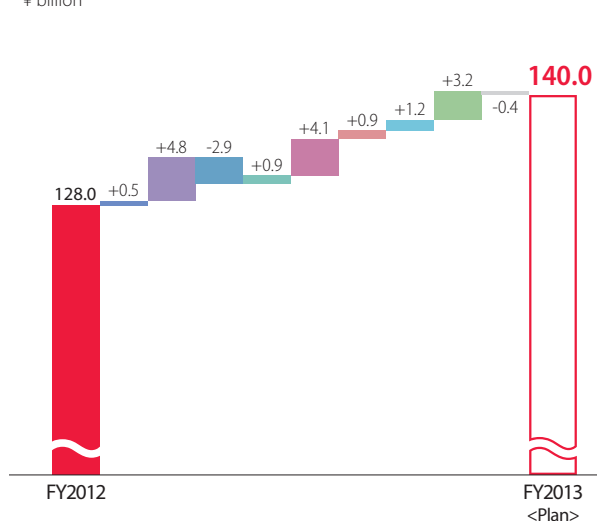
Net sales

¥ billion



Operating income

¥ billion



■ Single-Family Houses ■ Rental Housing ■ Condominiums ■ Existing Home Business ■ Commercial Facilities
 ■ Business and Corporate Facilities ■ Health & Leisure ■ Other Businesses ■ Reconciliations

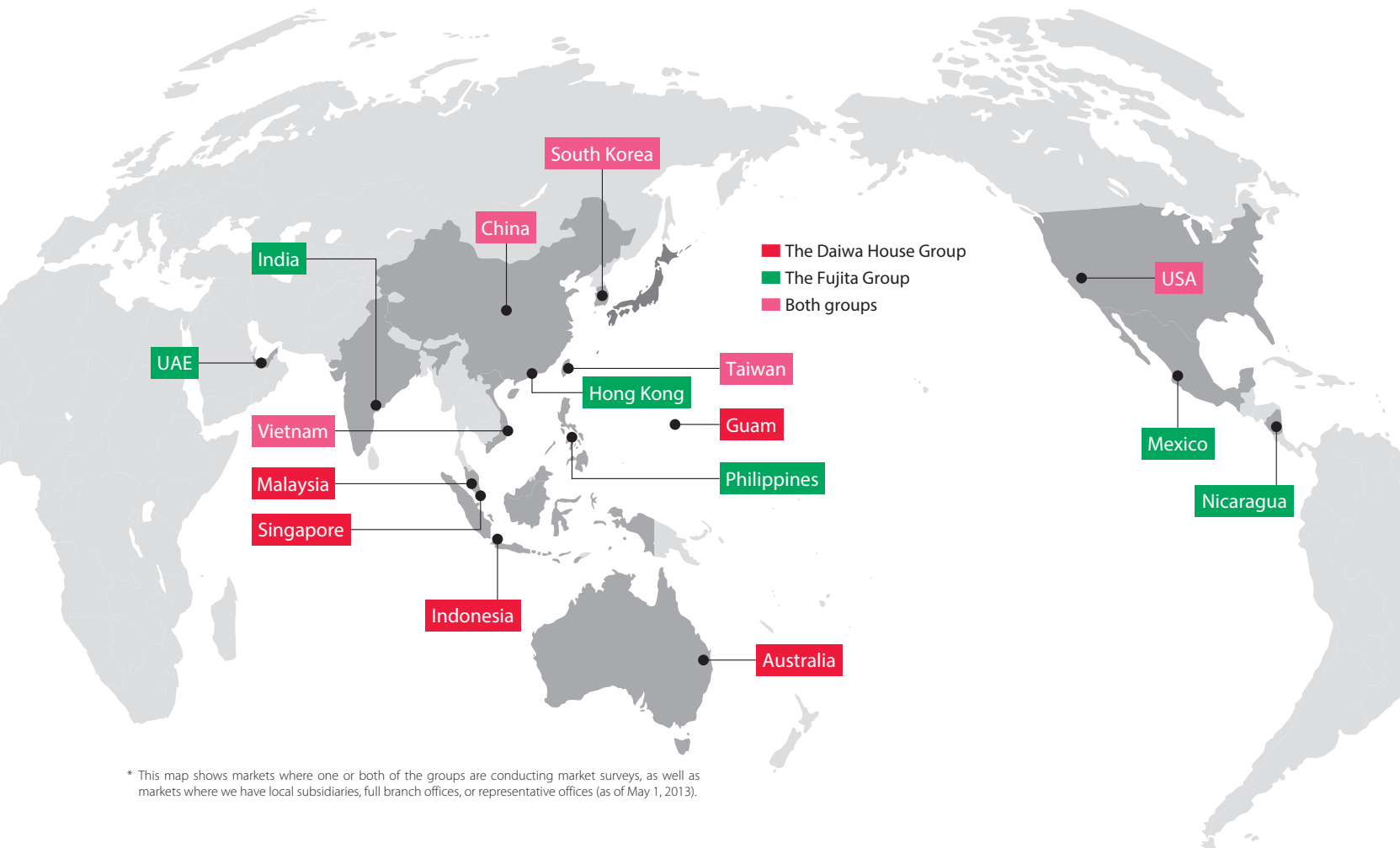
Targets and principal measures by business segment

Business segments	Sales (¥ billion)	Operating income (¥ billion)	Principal measures
Single-Family Houses	361.5	13.0	<ul style="list-style-type: none"> • Promote community-based business, develop new products • Develop and sell new products with focus on safety • Reform organization for higher profitability
Rental Housing	644.0	57.0	<ul style="list-style-type: none"> • Reinforce marketing system with focus on the Tokyo area • Publicize Group's expertise using technology promotion centers • Develop new services targeted at tenants
Condominiums	164.0	7.0	<ul style="list-style-type: none"> • Put more effort into redevelopment projects and combined condominium/commercial-use properties in major provincial cities • Expand scale of development and marketing in Tokyo area • Increase number of units under management by strengthening marketing activities aimed at acquisition of new contracts
Existing Home Business	85.5	7.0	<ul style="list-style-type: none"> • Realize closer collaboration between marketing and technology divisions • Improve proposal capabilities by more actively hiring female staff • Strengthen marketing of renovation work on homes constructed by other companies
Commercial Facilities	370.0	50.0	<ul style="list-style-type: none"> • Put increased marketing focus on facilities to meet local needs • Strengthen multipurpose facility proposal capabilities • Develop and manage facilities that can play central role in local communities
Business and Corporate Facilities	518.0	21.5	<ul style="list-style-type: none"> • Develop and manage multi-tenant facilities • Aim to increase orders received for large-scale structures and special-purpose structures, as well as work in the fields of civil engineering and transportation infrastructure • Strengthen efforts in urban redevelopment
Health & Leisure	66.0	1.0	<ul style="list-style-type: none"> • Aim to enhance services, facilities, and management system for facilities for the elderly to help senior citizens achieve greater independence as well as providing nursing care • Develop more diverse range of value-added services at fitness clubs
Other Businesses	302.5	13.0	<ul style="list-style-type: none"> • Conduct real estate development and construction work under contract in overseas markets, principally in Asia • Strengthen "one-stop" mega solar business

The inclusion of Fujita into the Daiwa House Group brings the total number of overseas markets where we have business bases to 14, and the number of overseas subsidiaries to 37 (both figures as of July 1, 2013). We thus now possess an international network that will allow us to embark on a process of fully fledged globalization. In addition to expanding the areas of the globe where we operate, we are also pursuing an expansion of our overseas business portfolio to encompass fields like housing construction, industrial park development, and the management of rental housing. Thanks to this, we hope in the near future to more fully leverage our strengths as a complex business entity. During fiscal 2013, our principal scheduled projects include the condominium development projects in progress in Wuxi and Changzhou in China. We plan to make optimum use of our experience in condominium projects in Dalian and Suzhou to pursue further development and marketing in China, and thereby raise our reputation for trustworthiness in the country still further. We will also be working for repayment of funds with a view to reinvestment in the Chinese market.

In Vietnam, we are developing an industrial park near Ho Chi Minh City. Work on this project began in 2012, and we hope to speed up our acquisition of contracts for the construction of factories, centered on Japanese-owned corporations. Similarly, we have commenced the development of an industrial park on the outskirts of the Indonesian capital of Jakarta, and plan to aggressively pursue further business in the ASEAN nations, leveraging the expertise in construction we have acquired in the Japanese market.

Overseas markets* where we are active



* This map shows markets where one or both of the groups are conducting market surveys, as well as markets where we have local subsidiaries, full branch offices, or representative offices (as of May 1, 2013).

Taking on all challenges, now and in the future, hand-in-hand with everyone in the community

The history of the Daiwa House Group began with the foundation of Daiwa House Industry as a construction company, and we subsequently went on to achieve growth as a home builder. Amid a business and social environment that has changed constantly from one generation to another, the Company and the Group have worked hand-in-hand with the community and with individuals to become the complex business entity we are today. As a corporate citizen, we will continue to engage honestly with society at large, and by offering products and services that meet the needs of the times, all our activities will be directed toward the goal of being an enterprise that is indispensable to the communities in which we operate. We do not simply construct houses and business facilities. Thanks to our cordial and long-lasting relationships with landowners and tenant companies, all parties are able to get the best out of our operations. We expect such integrated businesses, incorporating construction and a wide range of post-construction services, to act as the driving force of the Group's future growth. Such integrated and comprehensive operations constitute the Daiwa House Group's ideal business model.

Precisely because we have just posted record-high business results, I fear that we may now be at the most critical point in the Group's history. Above all, we should beware of hubris. We must always be on our toes and alert to potential dangers. We will work to realize steady and reliable corporate management, and at the same time we will not rest content with the status quo, but constantly take on new challenges. We will achieve sustained growth by taking a bold and aggressive management stance, aiming always to overcome the next obstacle. And the starting point of all our activities will be to ask ourselves what society and the market need, and whether a new product or service will really benefit our customers. At the Daiwa House Group, we aim to practice a management style based on looking at our business from the standpoint of society as a whole — one that will link the hearts and minds of everyone, both inside and outside the Group. In conclusion, I would like to ask our stakeholders to give their continued support for our future endeavors.



Naotake Ohno
President and COO

About the — Daiwa House Group

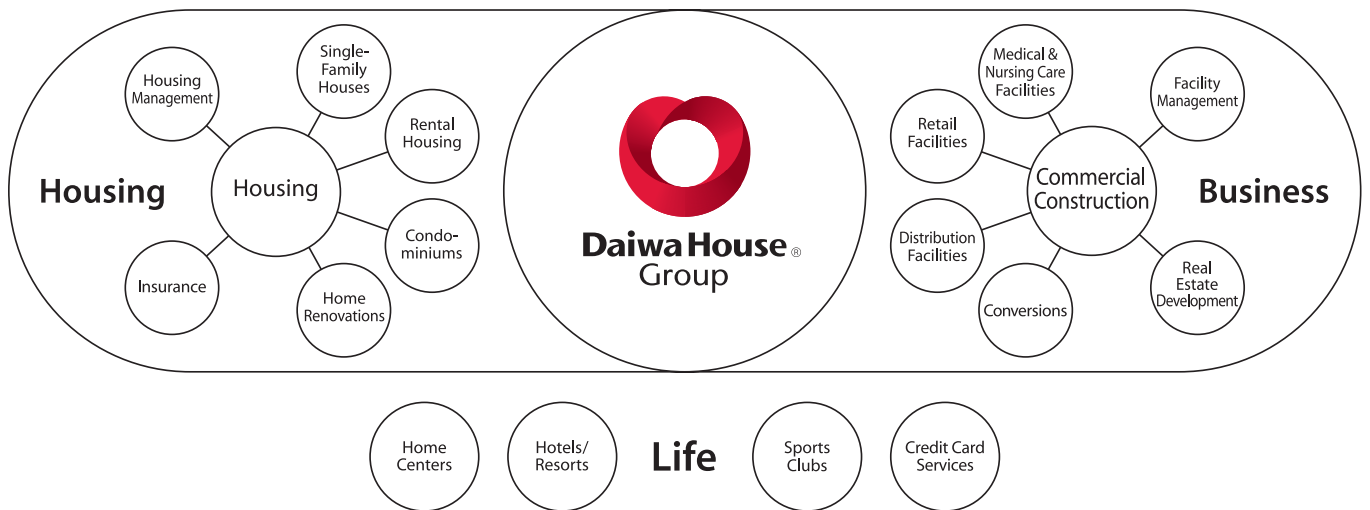
As a group that co-creates value for individuals, communities, and people's lifestyles, the Daiwa House Group operates in three overarching business areas that we term Housing, Business, and Life.

From its beginnings in the construction business, the Group has grown to its present status as a complex business entity supplying products and services to an extensive customer base in a wide range of fields.

We operate not only in Japan but also in many other markets across the globe, and along with our geographical expansion has come an increased focus on our social mission and responsibilities as a corporate citizen.

From here on, as well, in the spirit of co-creating a brighter future together with our stakeholders, we will work to solve social problems in all three of our business areas, and to create new and lasting value for the entire community.

Daiwa House Group —
working to co-create value for individuals, communities and people’s lifestyles



Our customer base As of March 31, 2013

Units completed by the Residential Business

Approx. **1,494,000** units

Total of single-family houses, rental housing and condominiums built by the Daiwa House Group.
Figures for condominiums refer to the total of subdivisions

Number of households that have moved into our homes

Approx. **1,227,000** households

Total of customers living in single-family houses, rental housing and condominiums built by the Daiwa House Group

Number of structures completed by the Commercial Construction Business

Approx. **41,100** buildings

Total of commercial facilities, medical and nursing care facilities, and logistics facilities completed by the Daiwa House Group

Number of facilities operated by the Daiwa House Group (as of August 2, 2013)

195 buildings

Total of fee-based homes for the elderly, resort hotels, golf courses, fitness clubs, aesthetic salons, city hotels, and home centers operated by the Daiwa House Group

Annual total of guests at our resort hotels

Approx. **3,753,000** guests

Total number of resort hotel guests, including non-stay customers (meetings, weddings, etc.)

Housing



Daiwa House®
Daiwa House Group

Daiwa House Industry
Co., Ltd.



Daiwa Rakuda®
Daiwa House Group

Daiwa Rakuda Industry
Co., Ltd.



Daiwa Living Mgt.®
Daiwa House Group
Daiwa Living COMPANIES

Daiwa Living Management
Co., Ltd.



Daiwa Living®
Daiwa House Group
Daiwa Living COMPANIES

Daiwa Living Co., Ltd.



Daiwa Estate®
Daiwa House Group
Daiwa Living COMPANIES

Daiwa Estate Co., Ltd.



Daiwa Service®
Daiwa House Group

Daiwa Service Co., Ltd.



Daiwa LifeNext®
Daiwa House Group

Daiwa LifeNext Co., Ltd.



Nihon Jyutaku Ryutu®
Daiwa House Group

Nihon Jyutaku Ryutu Co., Ltd.



Daiwa Homes Online®
Daiwa House Group

Daiwa Homes Online Co., Ltd.



Daiwa Reform®
Daiwa House Group

Daiwa House Reform Co., Ltd.



Daiwa Lantec®
Daiwa House Group

Daiwa Lantec Co., Ltd.



Daiwa House®
China-INVESTMENT

Daiwa House (China)
Investment Co., Ltd.



Daiwa House®
Wuxi

Daiwa House (Wuxi) Real
Estate Development Co., Ltd.



Daiwa House®
Suzhou

Daiwa House (Suzhou) Real
Estate Development Co., Ltd.



Daiwa House®
Changzhou

Daiwa House (Changzhou) Real
Estate Development Co., Ltd.



Daiwa House®
USA

Daiwa House
USA Inc.



Daiwa House®
California

Daiwa House
California



Daiwa House®
Guam

Daiwa House
Guam Co., Ltd.



Daiwa House®
Australia

Daiwa House
Australia Pty Ltd

大和コアファクトリー
Daiwa House Group®

Daiwa Core Factory
Co., Ltd.

D.U-NET
Daiwa House Group®
Daiwa Living COMPANIES

D.U-NET Co., Ltd.

**Global
Community**
Daiwa House Group®

Global Community
Co., Ltd.

コスモイニシア
Daiwa House Group®

Cosmos Initia Co., Ltd.

Business



Daiwa Lease®
Daiwa House Group

Daiwa Lease Co., Ltd.



Daiwa Logistics®
Daiwa House Group

Daiwa Logistics Co., Ltd.



Daiwa Info.Service®
Daiwa House Group

Daiwa Information Service
Co., Ltd.



Daiwa Royal®
Daiwa House Group

Daiwa Royal Co., Ltd.



Daiwa Energy®
Daiwa House Group

Daiwa Energy Co., Ltd.



Daiwa REIT®
Daiwa House Group

Daiwa House REIT
Management Co., Ltd.



Daiwa House Asset Mgt.®
Daiwa House Group

Daiwa House Asset
Management Co., Ltd.



Daiyoshi Trust®
Daiwa House Group

Daiyoshi Trust Co., Ltd.



Daiwa House®
Dalian

DH (Dalian) Administrative
Management Consulting
Center Co., Ltd.



Daiwa Logistics®
Shanghai

Daiwa Logistics (Shanghai)
Co., Ltd.



Daiwa House®
Vietnam

Daiwa House
Vietnam Co., Ltd.



Daiwa LifeNext®
Korea

Daiwa Life Next
Korea Co., Ltd.



eneServe®
Daiwa House Group

Eneserve Corporation



MEDIA TECH INC.®
Daiwa House Group

Media Tech Inc.



東富士®
Daiwa House Group

Higashi-Fuji Co., Ltd.



FUJITA®
Daiwa House Group

Fujita Corporation



大和小田急建設®
Daiwa House Group

Daiwa Odakyu Construction
Co., Ltd.



Frameworkx®
Daiwa House Group

Frameworkx, Inc.

Life



Daiwa Insurance®
Daiwa House Group

Daiwa House Insurance
Co., Ltd.



Daiwa Life Support®
Daiwa House Group

Daiwa House Life Support
Co., Ltd.

ロイヤルホームセンター

 Daiwa House Group®

Royal Home Center Co., Ltd.



DAIWA ROYAL HOTELS

 Daiwa House Group®


Daiwa Resort Co., Ltd.
(Daiwa Royal Hotels)

タイワロイヤルゴルフ

 Daiwa House Group®

Daiwa Royal Golf Co., Ltd.

大阪マルビル

 Daiwa House Group®

Osaka Marubiru Co., Ltd.

西脇ロイヤルホテル

 Daiwa House Group®

Nishiwaki Royal Hotel
Co., Ltd.

SPORTS CLUB NAS

 Daiwa House Group®

Sports Club NAS Co., Ltd.

大和ハウスフィナンシャル

 Daiwa House Group®

Daiwa House Financial
Co., Ltd.

伸和エージェンシー

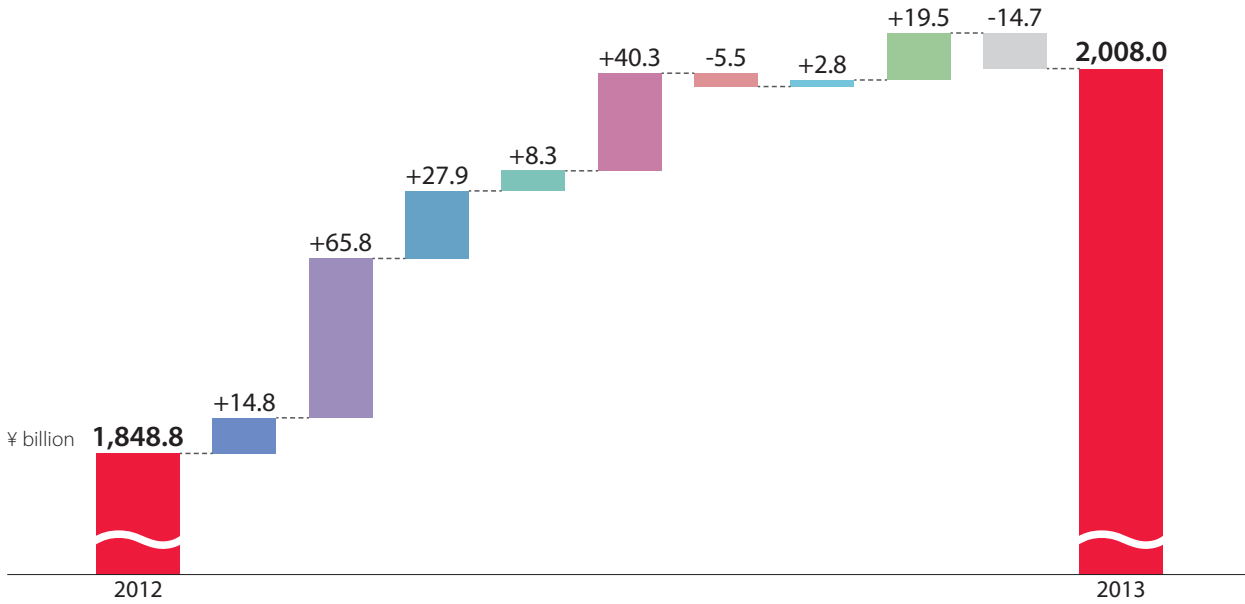
 Daiwa House Group®

Shinwa Agency Co., Ltd.

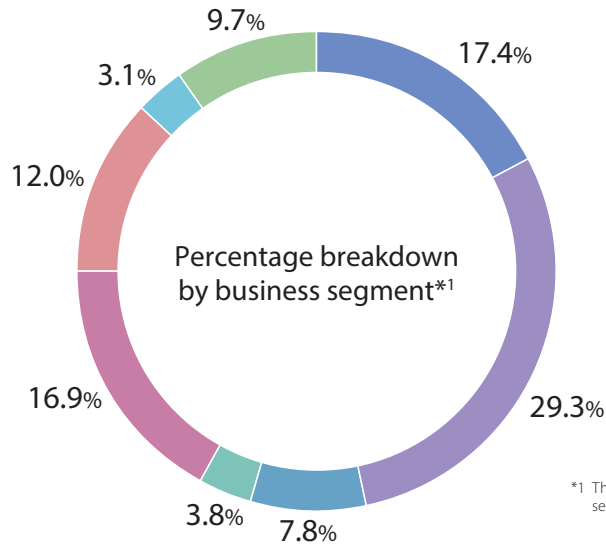
Group Highlights Year ended March 31, 2013

Net Sales

¥2,008.0 billion



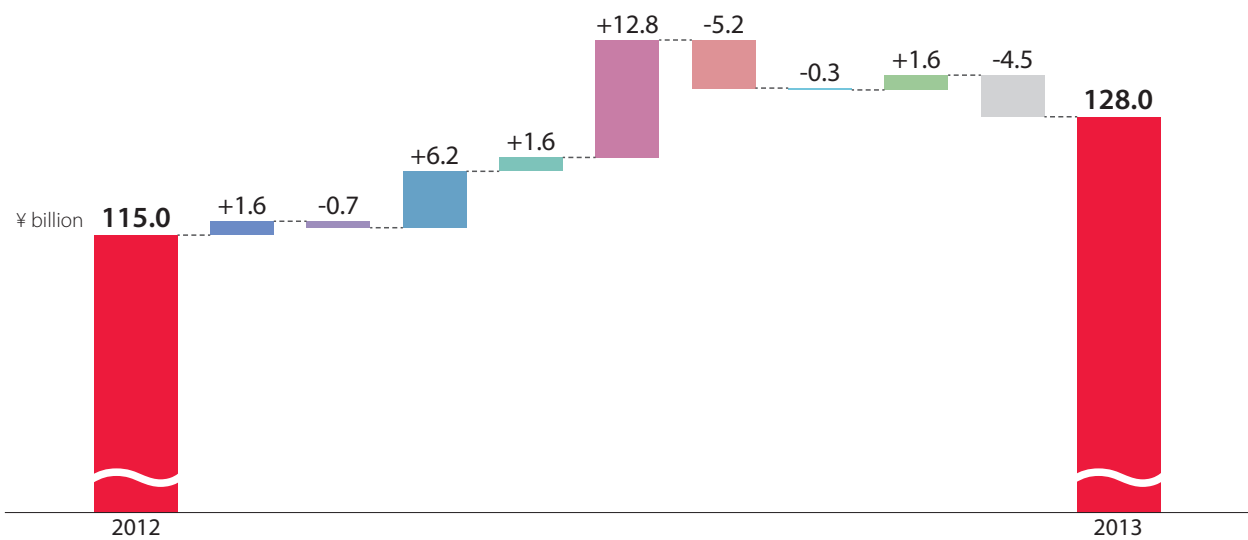
- Single-Family Houses ■ Rental Housing ■ Condominiums ■ Existing Home Business ■ Commercial Facilities
- Business and Corporate Facilities ■ Health & Leisure ■ Other Businesses ■ Reconciliations



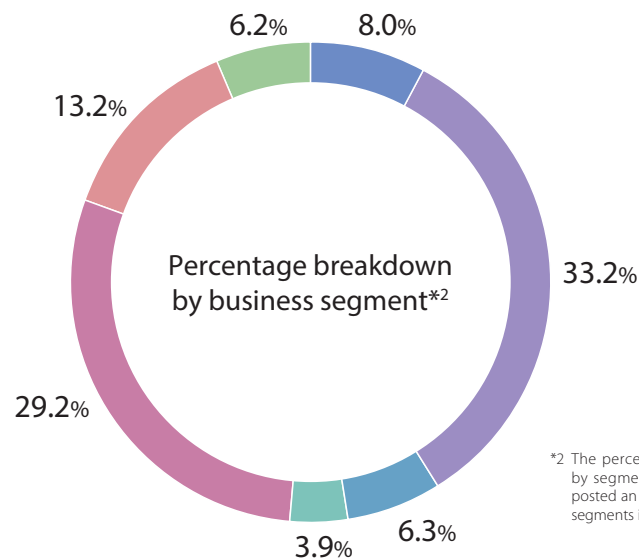
*1 The percentage figures for breakdown of net sales by segment are exclusive of internal transactions.

Operating Income

¥128.0 billion



■ Single-Family Houses
 ■ Rental Housing
 ■ Condominiums
 ■ Existing Home Business
 ■ Commercial Facilities
 ■ Business and Corporate Facilities
 ■ Health & Leisure
 ■ Other Businesses
 ■ Reconciliations



*2 The percentage figures for breakdown of operating income by segment (excluding the Health & Leisure segment which posted an operating loss of ¥0.3 billion) are calculated for seven segments inclusive of internal transactions.

Key Performance Indicators

Daiwa House Industry Co., Ltd. and consolidated subsidiaries
Years ended March 31

	Millions of yen			Change 2013/2012
	2013	2012	2011	
Net sales	2,007,989	1,848,797	1,690,151	+8.6%
Operating income	128,024	114,956	87,698	+11.4%
Net income	66,274	33,200	27,268	+99.6%
Total assets	2,371,238	2,086,097	1,934,236	+13.7%
Equity	734,884	657,891	635,186	+11.7%
Net income per share (in yen)	114.52	57.36	47.09	+57.16
Equity per share (in yen)	1,267.77	1,135.46	1,095.62	+132.31
Cash dividend per share (in yen)	35.00	25.00	20.00	+10.00
Payout ratio (%)	30.6	43.6	42.5	-13.0 points
Return on equity (ROE) (%)	9.5	5.1	4.4	+4.4 points
Return on assets (ROA) (%)	3.0	1.7	1.4	+1.3 points
Equity to total assets (%)	30.9	31.5	32.8	-0.6 point
Net D/E ratio (%)	17.2	20.2	38.8	-3.0 points
Number of employees*1	30,361	27,130	26,310	+3,231
Number of consolidated subsidiaries*2	92	74	62	+18

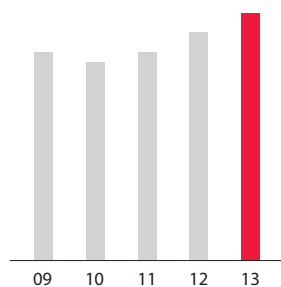
*1 Regular employees only

*2 As of March 31 each year

Net sales

¥2,008.0 billion

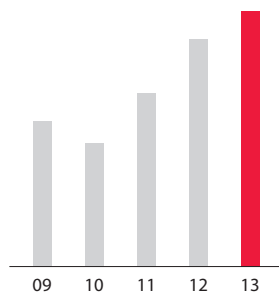
¥ billion 1,691 1,610 1,690 1,849 **2,008**



Operating income

¥128.0 billion

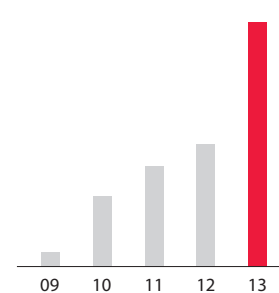
¥ billion 74 63 88 115 **128**



Net income

¥66.3 billion

¥ billion 4 19 27 33 **66**



Net sales up 8.6%

Net sales recorded their third straight year-on-year gain for an all-time high. This includes increases of ¥65.8 billion in the Rental Housing Business, ¥40.3 billion in Commercial Facilities, ¥27.9 billion in Condominiums, and ¥30.6 billion in Single-Family Houses and others.

Operating income up 11.4%

Although SG&A expenses rose by ¥22.8 billion, the Group posted a gain in operating income for the third straight year for an all-time high, due to increased net sales and lowering of evaluation criteria under the lower-of-cost-or-market method, in addition to gains on the sale of development properties.

Net income up 99.6%

Despite the posting of an extraordinary loss resulting from a change in the discount rate on retirement benefit obligations, an extraordinary gain was posted as the result of an amendment to the retirement benefit obligation system, in addition to which operating income also rose year on year. As a result, net income rose for the fourth straight year to reach a record high.

ROE up 4.4 points

As a result of increases in retained earnings and in the valuation difference on available-for-sale securities, among other factors, equity posted an increase of ¥77.0 billion. Despite this, ROE came to 9.5% due to a sharp year-on-year gain of 99.6% in net income.

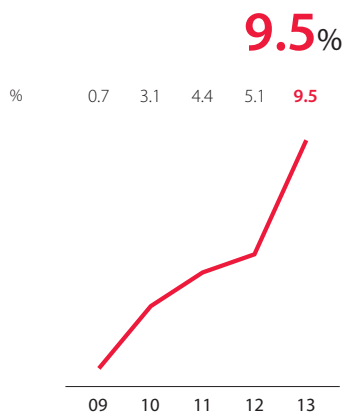
Total assets up ¥285.1 billion

As a result of the inclusion of Fujita within the scope of consolidation of Daiwa House Industry, among other factors, notes and accounts receivable from completed construction contracts and other increased by ¥95.8 billion, and goodwill increased by ¥36.4 billion. In addition, property, plant and equipment increased by ¥54.1 billion due to the acquisition of real estate for investment purposes.

Net D/E Ratio down 3.0 points

Due to a decrease in the current portion of long-term debt, interest-bearing debt declined by ¥8.8 billion despite increases in the issuance of corporate bonds and the amount of long-term debt, and the net D/E ratio came to 17.2%.

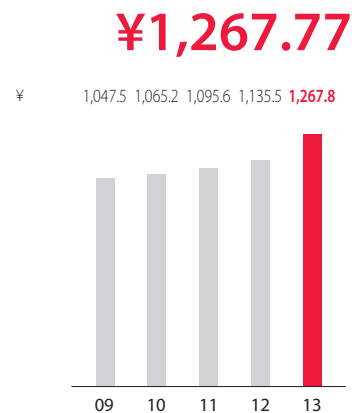
ROE



Net income per share



Equity per share



Share Information As of March 31, 2013

Common stock

¥110,120 million
(US\$1,171,489 thousand)

Shares

Authorized	1,900,000,000
Issued	599,921,851
Number of shareholders	31,904

Term-end March 31 every year

Ordinary general meeting of shareholders

Held in Osaka by the end of June, which is within 3 months from the day following the balance sheet date for each year

Shareholder registry administrator

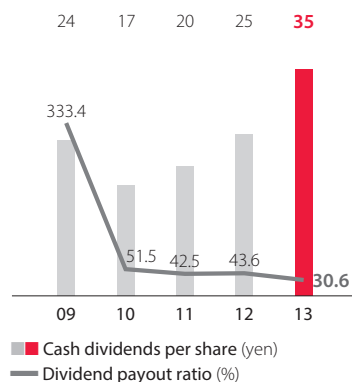
Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

Securities traded

Tokyo and Osaka stock exchanges

Securities code 1925

Cash dividends per share and dividend payout ratio



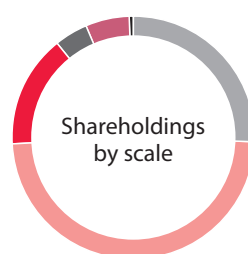
Principal shareholders

	Thousands of shares	Equity stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	29,659	5.1
Japan Trustee Services Bank, Ltd. (trust account)	25,084	4.3
Sumitomo Mitsui Banking Corporation	16,117	2.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,470	2.7
Nippon Life Insurance Company	14,930	2.6
Daiwa House Industry Employee Shareholders Association	13,497	2.3
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS (standing proxy: Tokyo Branch of The Hongkong Shanghai Banking Corporation Limited)	11,480	2.0
Sumitomo Mitsui Trust Bank, Limited	10,701	1.9
STATE STREET BANK AND TRUST COMPANY 505225 (standing proxy: Mizuho Corporate Bank, Ltd.)	9,117	1.6
The Dai-ichi Mutual Life Insurance Company, Limited	8,626	1.5

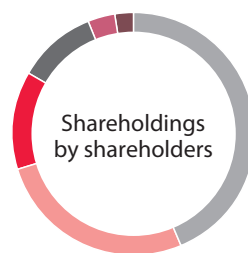
Notes: 1. Number of shares held is rounded down to the nearest thousand.

2. The Company holds 21,248 thousand shares of treasury stock, but these are not included in the above list.

3. Shareholding computations exclude treasury stock.

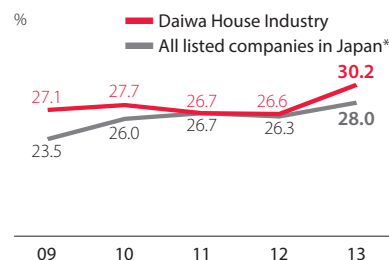


	Shares	%
10 million or more	158,188,745	26.3
1 million or more	288,137,689	48.0
100 thousand or more	91,592,074	15.3
10 thousand or more	25,661,903	4.3
1 thousand or more	33,566,628	5.6
Less than 1 thousand	2,774,812	0.5



	%
Financial institutions	41.2
Foreign investors	30.2
Individuals and others	12.8
Other corporations	10.2
Treasury stock	3.5
Securities companies	2.1

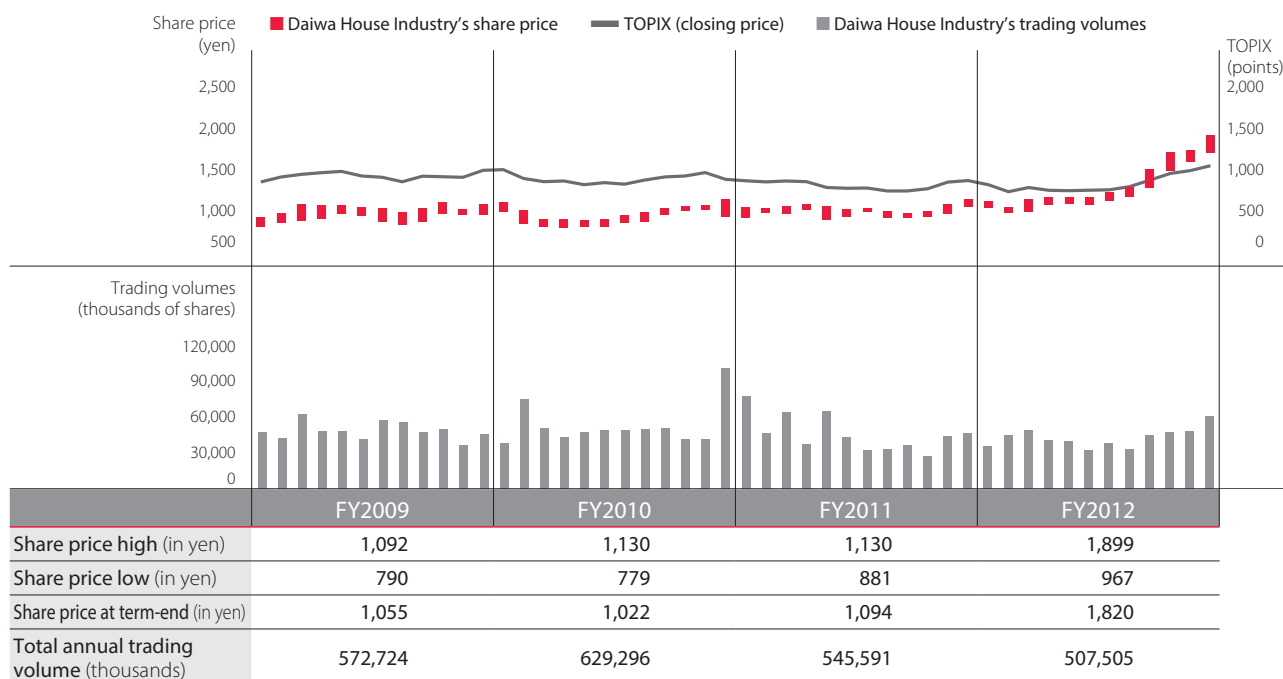
Foreign shareholdings



Europe	45.7%	Asia (excluding Japan)	2.5%
US & Canada	40.1%	Oceania & others	11.7%

* Fiscal 2009 and 2008 include companies listed on the JASDAQ stock exchange.

Daiwa House Industry's share price and trading volumes and TOPIX on the Tokyo Stock Exchange



Stock price movements in fiscal 2012

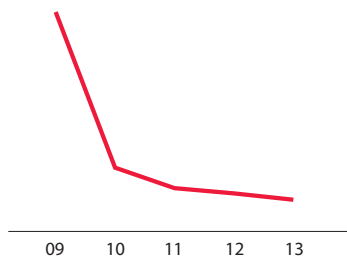
Stock markets in Japan began fiscal 2012 with prices seeking a new bottom against the backdrop of an increasingly severe European debt crisis and unclear prospects for the global economy. The Nikkei Stock Average fell to a low point for the year of ¥8,238.96 in June, but prices subsequently rebounded as investors regained confidence following the provision of a safety net to relieve the European debt crisis. By mid-November, the Nikkei had recovered to move within a narrow range centered on the ¥9,000 mark. The change of national administration in Japan in November fueled hopes that the new government's bold monetary easing policy would help

bring an end to the country's prolonged deflationary stagnation and correct the excessive appreciation of the yen. As a result, stock prices embarked on an upward trend, with the Nikkei reaching ¥12,397.91 at the end of March 2013.

Against this backdrop, the price of Daiwa House stock tracked conditions in the wider market, falling from ¥1,094 at the end of fiscal 2011 to a fiscal-year low of ¥967 in May. The stock price subsequently fluctuated in a narrow range just above the ¥1,000 level until November, when it rose sharply in tandem with the wider market, reaching a fiscal-year high of ¥1,899 in March 2013.

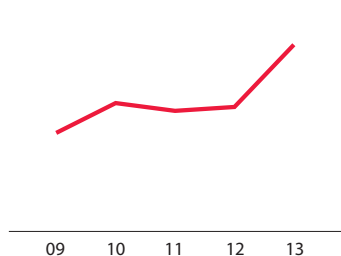
Price earnings ratio

times 110.01 31.97 21.70 19.07 **15.89**



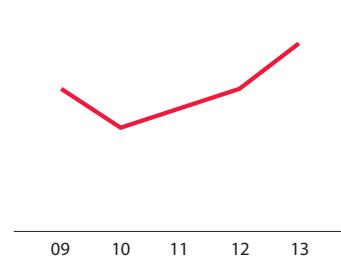
Price to book value ratio

times 0.76 0.99 0.93 0.96 **1.44**



Dividend on equity ratio

% 2.2 1.6 1.9 2.2 **2.9**



The Year in Review



2012

4

- Daiwa House home energy management system becomes eligible for government subsidies

The Sustainable Open Innovation Initiative, a general incorporated association, in its "Fiscal 2011 Project for the Promotion of Adoption of Energy Management Systems" (an HEMS adoption encouragement initiative conducted on behalf of the Ministry of Economy, Trade and Industry (METI)) designated the D-HEMS*1 (fitted in SMAxEco ORIGINAL), as equipment covered by the ministry's financial subsidy system.

5

- Field testing starts on D's SMART STORE

We commenced field tests on D's SMART STORE, next-generation eco-friendly stores that achieve a CO₂ emission reduction of up to approximately 50%*2. In the future, eco-friendly technologies will be adopted in the retail stores constructed by Daiwa House Industry.

1

6

- Toden Life Support Co., Ltd. made into subsidiary through share acquisition

We acquired all issued shares of Toden Life Support Co., Ltd., a subsidiary of Tokyo Electric Power Company, Inc. (TEPCO), making it into a consolidated subsidiary, and the company's trade name was changed to Daiwa House Life Support. The Daiwa House Group aims to expand the business fields in which it operates to cover all areas related to daily life, including nursing care, the environment, health, information-communication technology, and agriculture, among others. The addition to the Group of Daiwa House Life Support, which currently operates three fee-based nursing care facilities for the elderly in the Tokyo area, is a valuable first step in expanding our business in this field. The company will continue providing high-quality services, backed by the extensive know-how it has built up, with the aim of putting that know-how to effective use in the construction and operation of new nursing care facilities by the Group.

7

- Construction and operation of our first mega solar facility

We constructed a two-megawatt photovoltaic power generation system on the roof of the Hibiki International Logistics Center, located in the city of Kitakyushu (Fukuoka Pref.), and began operation of the facility in February 2013.

2

- Daiwa House acquires No.1 position in overall category for construction of housing certified as environmentally friendly

In fiscal 2011, Daiwa House Industry took first place in the Japanese home building industry (in all housing categories) for the fifth consecutive year with the construction of 865 housing units certified as environmentally friendly, marking the seventh time the Company has led the industry.

*1 D-HEMS, a proprietary product of Daiwa House Industry, is an automated home energy management system that works together with cutting-edge energy equipment such as photovoltaic power generation panels and lithium-ion storage batteries to enable optimal control of energy use in the home.

*2 Percentage reduction by comparison with the building's performance when constructed by Daiwa House Industry in 1990 (calculated by Daiwa House Industry).



4



5



6



7

8

● D-room Plaza Hall opened in Rental Housing Products Hands-on Experience Hall

We opened the D-room Plaza Hall within the Rental Housing Products Hands-on Experience Hall on the site of our Central Research Laboratory in the city of Nara. This hall is intended for landowners, who can have an enjoyable time while greatly increasing their understanding of the features of our rental housing products.

3

9

● Power consumption by Company's facilities in area served by Kansai Electric Power cut by 33.6% compared with 2010

During the period from July to September 2012, when the government was calling for consumers to cut back on electricity use, it was feared that the Daiwa House Group's facilities within the area served by Kansai Electric Power Co., Inc. might suffer a serious electric power shortage. To address this problem, we installed 646 lithium-ion storage batteries in these facilities, and as a result were able to reduce power consumption by 33.6% compared with 2010, well above the 10% reduction called for by the government.

10

● Daiwa House to donate academic research building to Interfaculty Initiative in Information Studies*³ of the Graduate School of Tokyo University

We hope that this donation will help nurture the human resources needed to lead society in the next generation, and contribute to the progress of academic research, and thus to the healthy development of the Japanese economy.

4

● Underfloor inspection robot "moogle" goes on sale

"moogle" can crawl through a home's underfloor spaces to allow inspection and diagnosis prior to renovation work, or facilitate a simple survey of a home's resistance to earthquakes.

5

11

● Group participates in Daiwa Manunggal Industrial Park development project in Indonesia

In early 2013 the Daiwa House Group began participating in the planning of the Daiwa Manunggal Industrial Park, under development in the region of Bekasi in Indonesia.

6

12

● Minelet Sawayaka automatic bedpan equipment for bedridden patients goes on sale

The Minelet Sawayaka automatic bedpan equipment for bedridden persons, developed and manufactured by NWIC Co., Ltd., went on sale during the reporting term. This is the world's first such product in which the main portion and the waste matter tank are completely separate. This robot makes the nursing care environment much more hygienic.

7

● D's SMART FACTORY launched

D's SMART FACTORY, next-generation eco-friendly factories with the potential for a maximum reduction in CO₂ emissions of about 50%*⁴ went on sale.

● Daiwa House receives TSE corporate behavior award

Daiwa House Industry was the recipient of a "Corporate Behavior Award," sponsored by the Tokyo Stock Exchange for listed companies in fiscal 2012.

*³ This is a research organization to which university staff belong. Founded in 2000, it functions as an information network loosely linking all the academic disciplines and departments of Tokyo University.

*⁴ This figure is a comparison of the specific energy consumption (amount of energy used per unit of sales) of the Company's Kyushu Factory in FY2005 and FY2011.



2013

1

- Daiwa House Comes 23rd in the 2013 Global 100 Most Sustainable Corporations list — top among Japanese companies

In 2013, Daiwa House Industry once again made the list of the Global 100 Most Sustainable Corporations. As in 2011 and 2012, the Company was the only Japanese home builder to be selected, and this time we were the top-ranked Japanese company in any industry, coming in at 23rd in the world.

- HEMS business started up in Singapore

Our D-HEMS, which employs the ECHONET Lite^{*5} communications protocol, has been adopted for use in the ECHELON high-class condominium tower development in Singapore. This is the first HEMS compatible with ECHONET Lite and manufactured by a Japanese company to be adopted outside Japan.

8

- Daiwa House receives energy conservation award from METI

Daiwa House Industry received an energy conservation award from METI in recognition of its promotion of the Smart-Eco Project for ZEB (net zero energy building)^{*6} in the Company's office buildings. The Company received the "Minister of Economy, Trade and Industry's Award," with 1st Place in the CGO^{*7} category.

2

- Company's Nara Factory rebuilt as D's SMART FACTORY

Our Nara Factory (No.1 Plant) has been rebuilt as a D's SMART FACTORY, a next-generation eco-friendly factory, and post-reconstruction operations will be commenced in December 2013. The Nara Factory began operations in 1965 as the production site for Japan's first housing produced by industrialized methods, and now produces construction parts and materials for single-family houses and rental housing units, shipping them to building sites in the Kinki area. We are currently planning reconstruction of the No.2 and No.3 Plants.

9

3

- xevo GranWood launched

During the reporting term we launched the xevo GranWood, a single-family house model built with a traditional Japanese wooden framework but employing a new construction method. This new method — the GranWood construction method — is the first innovation we have made in wooden single-family houses in 10 years. The xevo GranWood is the first in a planned series of products employing this method, and we expect it to become one of our mainstay wooden housing products.

10

- Joint venture planned with Baoye Group of China

We are planning to establish a joint venture within fiscal 2013 with the Baoye Group Co., Ltd. of China, under the name of Baoye Daiwa Industrialized House Manufacturing to manufacture and sell construction parts and materials for low-rise housing with industrialized methods.

11

- SMAxEco ORIGINAL II launched

We launched the second model in our SMAxEco ORIGINAL series of smart houses fitted with large-capacity lithium-ion storage batteries, a next-generation HEMS, and a photovoltaic power generation system.

^{*5} ECHONET Lite is a standard communications protocol for use with HEMS in Japan. It was recommended by METI in December 2011.

^{*6} Buildings in which net consumption of energy is zero or approximately zero.

^{*7} CGO stands for Chief Green Officer (i.e., Chief Environmental Commitment Officer), who is responsible for taking an overview of the environmental impact of a company's operations, including energy conservation measures and environmental management.

Support provided to communities devastated by the Great East Japan Earthquake

The Great East Japan Earthquake on March 11, 2011 caused massive loss of life and incalculable material damage over a wide area of eastern Japan, and many communities still bear the scars of that event. The Daiwa House Group regularly convenes meetings with various organizations working to assist the recovery of the communities hit by this disaster. We are continuing to provide support for the recovery and rebuilding of the region, and take care to constantly listen to the views of local residents.

Group donates temporary homes for use as nursing care workers training school

On October 15, 2012, Daiwa House Industry and Daiwa Lease donated the Ishinomaki House — a temporary structure designed to serve as a training school for nursing care personnel — to the National Association of Welfare Organizations, an incorporated non-profit organization that is particularly active in recovery support work in the city of Ishinomaki (Miyagi Pref.). This donation was part of the Group's activities in support of the communities devastated by the Great East Japan Earthquake. The structure will be used by the NPO, which is a citizens' organization with a nationwide reach that provides assistance to elderly and disabled persons to help them live more enjoyable and fulfilling lives, and will be used to train nursing care workers, thereby alleviating the unemployment situation in Ishinomaki and the surrounding area. The building will also house a community café for the use of local residents.



Green Curtain Project

Our Sendai branch installed green curtains at emergency temporary housing sites in collaboration with the NPO Green Curtain Support Group. Company staff and residents of the temporary housing worked together to install green curtains on the south side of the housing units to help the residents get through Japan's fiercely hot summer a little more easily.



Donations to the Momo-Kaki Orphans Fund

The Momo-Kaki Orphans Fund was founded by noted architect Tadao Ando, who serves as the chairman of the organization's executive committee. It aims to provide financial assistance for the schooling of children orphaned by the Great East Japan Earthquake over a 10-year period, to help them grow up into healthy adults and support their educational motivation.

At the Daiwa House Group, we have committed ourselves to giving donations to the Momo-Kaki Orphans Fund over a five-year period from fiscal 2011. The donations consist of ¥1,000 for each house sold by Daiwa House Industry and ¥500 for each new vehicle leasing contract concluded by Daiwa Lease.

Money donated to relief organizations by Daiwa House employees

Daiwa House Industry operates a system on its in-house intranet enabling employees to easily make monetary contributions in support of organizations working to help the disaster-hit communities and address various social issues. Donations were made through this system in May, September, and November 2012, and in February 2013.

Message from the CFO

Generating sustained cash flows through efficient investment

Results of investment under current medium-term management plan

Fiscal 2012 was the second year under the Daiwa House Group's Third Medium-Term Management Plan, a three-year plan commenced in fiscal 2011. During this two-year period, the Group's management has had to contend with an operating environment whose consequences remain unclear, including the work of recovery and reconstruction in the wake of the Great East Japan Earthquake, the steep appreciation of the yen, a prolonged deflationary situation in Japan, and a slowdown in the global economy. Amid these circumstances, in my capacity as Chief Financial Officer I worked to realize a more efficient investment strategy so as to assure us of the funds required to finance the Group's further growth. As a result, in the Company's consolidated business performance for fiscal 2012 we attained our main targets for the third year of the medium-term management plan — ¥2 trillion in net sales and ¥120 billion in operating income — one year ahead of schedule.

We conducted investment in real estate development, mainly in the fields of rental housing, commercial facilities, and business and corporate facilities, with a strong focus on projects that promised definite returns on our investment. Projects were carefully selected through the application of stringent profitability criteria.

In overseas investment, in addition to our longstanding program of investment in the Chinese real estate development market, we also invested in strengthening our total overseas real estate operations by establishing business bases in California, Guam, and Australia. We pushed ahead with industrial park development projects in Vietnam and Indonesia, and pursued an aggressive investment policy in other Pacific Rim and Asian markets, notably South Korea and Taiwan. As a result, as of the end of fiscal 2012 the Group had grown to include 30 overseas companies employing more than 1,400 staff.

With respect to M&A activities and investment in new businesses, we invested proactively in fields where we had prospects of effectively leveraging the growing competitiveness of our existing operations. In fiscal 2012, in accordance with the Company's basic policy of investing in operations where both sides have good growth prospects, and taking the strong points of both sides into consideration, we made Toden Life Support (currently Daiwa House Life Support), SCS Holdings, and Fujita into consolidated subsidiaries.

Investment plan under the Third and Fourth Medium-Term Management Plans (¥ billion)

The Third Medium-Term Management Plan FY2011–2013 (3-year period)



The Fourth Medium-Term Management Plan FY2013–2015 (3-year period)





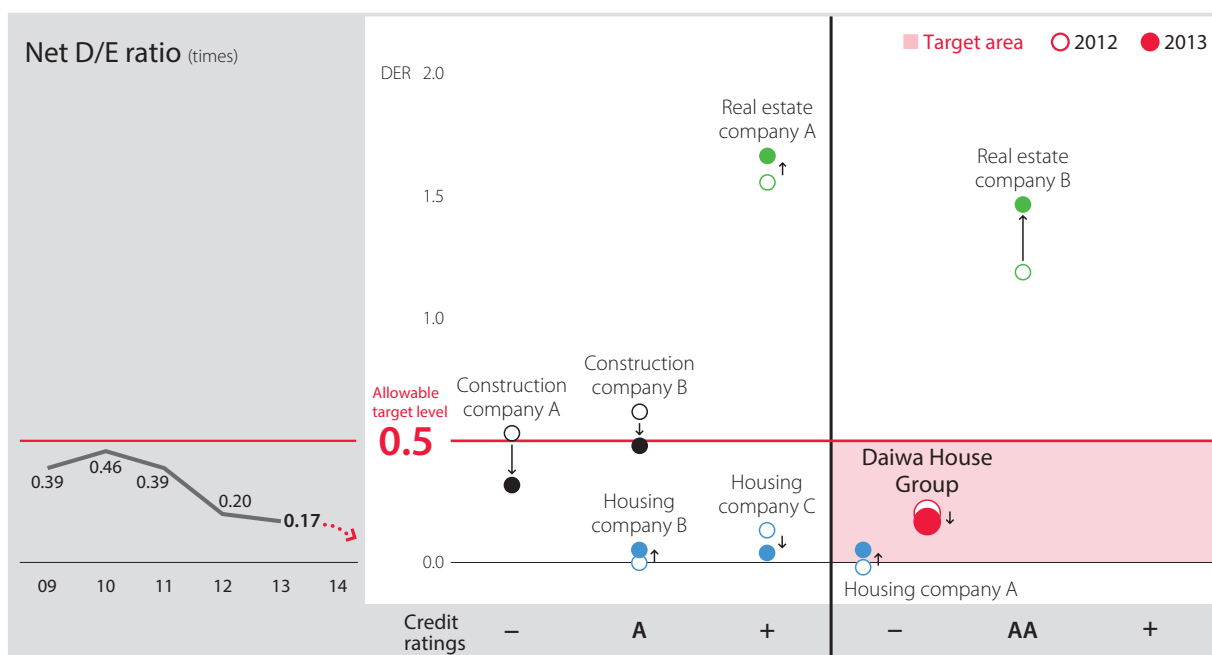
Future investment plans

We are currently in the process of drawing up the Group's Fourth Medium-Term Management Plan, which will commence from fiscal 2013, and intend to announce the plan this coming autumn. The plan will center on achieving further growth by making optimal use of the Group's wide range of business operations, and our growth strategy will address the needs of our core businesses, peripheral businesses, and new business ventures. Particularly with respect to our core business operations, we have decided to pursue faster growth by putting investment priority on the three fields of business and corporate facilities, commercial facilities, and rental housing.

Planned investment by the Group over the three-year period of the Fourth Medium-Term Management Plan totals ¥650 billion, of which investment in real estate development will be ¥400 billion, overseas investment ¥50 billion, investment in M&A also ¥50 billion, and capital investment ¥150 billion. Having determined that opportunities for promising investments in the real estate development business are growing, particularly in our areas of business focus, we plan to invest in this field on a prioritized basis.

To make this investment possible, I believe it will be necessary to ensure an even more stable financial position for the Group, and we therefore plan to procure funds through the issuance of new shares, the buyback and retirement of treasury stock, and the secondary offering of the Company's shares. We intend to employ the funds thus raised to reinforce our existing operational base, and to expand the Group's business portfolio through the development and marketing of products and services that meet society's needs.

In this way, to invest in the expansion of the Group's operations, I plan to raise funds through capital increases and continue to implement thorough cash flow management. Through inventory reduction and by selling off real estate development properties — timed in such a way as to maximize earnings — I aim to hold down the level of interest-bearing debt through efficient management of the Group's businesses. In so doing, I aim to maintain the Group's traditional strict fiscal discipline with a benchmark net D/E ratio of 0.5.



Strengthening of balanced management system

In 2013, for the third consecutive year, Daiwa House Industry was included in the Global 100 Most Sustainable Corporations, a corporate sustainability ranking list published by the Canadian media and financial information company Corporate Knights. The Company came in at 23rd on the list, the highest ranking for a Japanese enterprise. Also in fiscal 2012, the Company was the recipient of a “Corporate Behavior Award,” sponsored by the Tokyo Stock Exchange for listed companies. This award, which came against the background of the TSE’s adoption of the appointment of outside directors as an award theme, was in recognition of our appointment of two new outside directors to the Board of Directors of Daiwa House Industry. This appointment was made in response to demands from society at large for greater corporate transparency and independent management, prompting us to change the Company’s profile.

To achieve further growth by the Daiwa House Group, it is vital that we maintain our reputation for integrity and trustworthiness, and we are therefore working to create a corporate culture in which all employees carry out their duties in accordance with high ethical standards. As part of this effort, in April 2013 we raised the mandatory retirement age from 60 to 65. This move was aimed at creating compatibility between our systems governing working styles, evaluation and personnel allocation, and improving business performance by enhancing the work motivation of experienced and skilled employees during the five-year period from age 60 to age 65.

The expansion of the Group’s business operations also entails an increase in the variety and complexity of the risks that we face. The Risk Management Committee, of which I am chairman, is the supervising body for the management of risks affecting the entire Group. The committee gathers information relating to business risks, draws up and adopts specific countermeasures, and works to apply these countermeasures equally across the whole Group. It also examines options for improvement of operating processes, and devises preventive measures. I intend to work to further strengthen and expand the Group’s risk management system, and to pursue a balanced management style underpinned by financial soundness as well as growth potential.

Training the human resources we need for growth on the global stage

Daiwa House Industry began overseas operations in the 1960s, and for the past 50 years we have been pursuing business rooted in local markets across the world, while steadily expanding the scale of our global operations and raising their quality level. In pursuit of the dream of our founder Nobuo Ishibashi, of becoming a Group with annual sales of ¥10 trillion by the 100th anniversary of the establishment of Daiwa House Industry, we must raise the pace of our overseas expansion. And to make this possible, it is first and foremost essential to secure the sort of human resources required; employees who possess an adequate understanding of cultures around the world, including the preferences of local consumers, as well as a knowledge of local market conditions. One of our top-priority management issues from here on will be how to nurture the sort of staff who can make a contribution to the world by coming up with innovative ideas, and I plan to devote myself to nurturing human resources. In particular, I will work to create a system — including the recruitment of qualified and talented personnel both from within the Company and from outside — capable of turning out employees who can constantly revitalize the working environment and become the kind of leaders we will need in the next generation.



Tetsuji Ogawa
Executive Vice President and CFO



Daiwa House® Group

Under our “Endless Heart” Group symbol that embodies the fundamental policy of “Creating Dreams, Building Hearts,” all management staff and employees of the Daiwa House Group are aware of our social mission and boldly take on the challenge of creating value through business.

Board of Directors

* Representative Director

As of June 27, 2013



Takeo Higuchi*

Age 75

Chairman and CEO



Naotake Ohno*

Age 64

President and COO



Tetsuji Ogawa*

Age 71

Executive Vice President and CFO

Head of Management Administration



Tamio Ishibashi*

Age 57

Executive Vice President

Head of Information Systems
Head of CSR Office
Joint Head of
Marketing Support Department
Head of TKC Promotion Department



Tatsushi Nishimura*

Age 63

**Director and
Senior Managing Executive Officer**

Head of Technology
Deputy Head of Information Systems
Head of Urban and
Residential Area Development Businesses



Katsutomo Kawai*

Age 64

**Director and
Senior Managing Executive Officer**

Head of Strategic Division,
Management Administration
Deputy Head of CSR Office



Kazuto Tsuchida

Age 60

**Director and
Managing Executive Officer**

Deputy Head of Technology
Head of Safety
Head of Technology, Overseas Business



Makoto Yamamoto

Age 59

**Director and
Managing Executive Officer**

Head of Corporate Communications Division
(Head of Advertising, Head of External
Relations, Head of Public Relations),
Management Administration
Joint Head of
Marketing Support Department



Fukujiro Hori

Age 62

**Director and
Managing Executive Officer**

General Manager, Rental Apartment
Building Operations (East Japan)
Head of
Rental Apartment Building Operations



Takuya Ishibashi

Age 59

**Director and
Senior Managing Executive Officer**

Head of Production and Procurement



Shigeru Numata

Age 63

**Director and
Senior Managing Executive Officer**

Head of Marketing Division
Head of Kanto Block
Head of Housing Operations
(East Japan, Kanto area)
Head of General Housing Operations



Takashi Hama

Age 59

**Director and
Managing Executive Officer**

Head of Central Research Laboratory,
Technology
Head of Environment and Energy Business



Takeshi Kousokabe

Age 56

**Director and
Managing Executive Officer**

Head of Administration Department,
Management Administration



Keiichi Yoshii

Age 55

**Director and
Managing Executive Officer**

Head of Tokyo Honten Branch
Deputy Head of Marketing Support
Department
Head of Overseas Business



Osamu Fujitani

Age 62

**Director and
Managing Executive Officer**

General Manager, Retail and Wholesale
Facilities Operations (East Japan, Kinki area,
Chugoku area, Shikoku area)
Head of Retail and
Wholesale Facilities Division



Masahiro Kiguchi

Age 63

Director and Senior Executive Officer

General Manager, Rental Apartment
Building Operations (West Japan)



Koichi Kamikawa

Age 58

Director and Senior Executive Officer

Head of Osaka Honten Branch
Head of Kansai Block
Head of Housing Operations (West Japan)



Kazuyoshi Kimura

Age 69

Outside Director

Independent Officer



Yutaka Shigemori

Age 64

Outside Director

Independent Officer

Audit & Supervisory Board

As of June 27, 2013



Kiyoshi Arase

Age 64

Audit and Supervisory Board Member



Ryozo Terada

Age 66

Audit and Supervisory Board Member



Kenji Hirata

Age 62

Audit and Supervisory Board Member



Kazuhiro Iida

Age 53

Outside Audit and Supervisory Board Member



Kiichiro Iwasaki

Age 75

Outside Audit and Supervisory Board Member



Yukinori Kuwano

Age 72

Outside Audit and Supervisory Board Member

Independent Officer

Bridge of Dreams

The Daiwa House Group has big dreams in the three areas of Housing, Business, and Life. In Housing, we will “Go Over” to new concepts in home and living. In Business, we will “Sustain” and grow with our business partners. In Life, we will help people “Reach Out” to those who actively live their lives. Dreams are a bridge to the future that motivate stakeholders and the Group to move forward.

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Go

Over

Number of households in Japan

2010 **51.84** million

Housing

Percentage converted to smart houses
(newly constructed single-family houses)

2012 **2.6%**

Smart house-related market (Japan)
¥1,840.9 billion

Number of existing condominiums (at least 30 years old)

2011 **1.06** million units

2035

49.56 million

2020

Approx. 17%
¥3,636.2 billion

2031

4.06 million units

2020

¥7.6 trillion

Home renovation market
2012 **¥6.2** trillion

In the area of Housing, the Daiwa House Group has developed the new housing and existing housing businesses that cover the areas of “building, living, and home succession.” In the area of building, we provide new functions and value to homes with energy-efficient smart houses and houses tailored to local demand. In condominium and rental housing management, we have raised the quality of living through home security and community development. In the area of home succession, we are renovating used homes, providing real estate agency services for those homes, and passing on good-quality housing stock to society.

Control home energy

to a new era in

Daiwa House Group will continue to transform living by providing innovative homes.
We will support the next generation with hardware of the highest performance.
This will bring about new changes in the relationship between people's actions and their locality.



Localize products
and services

Build hardware that
utilizes software

housing



Turn communities
into assets

Make security
a standard feature

to innovative

You should make this your criteria when evaluating a home or a town: Can children live there happily with smiles on their faces? Through condominium and rental housing management, we will develop communities and revitalize regions.

Expand the possibilities
of regional cities

A black and white photograph capturing a moment of joy and activity in a park. In the foreground, two young girls are running along a wooden boardwalk. The girl on the left is wearing a polka-dot shirt, a denim skirt, and a backpack, while the girl on the right is wearing a light-colored shirt with the words 'Sweet Girl' and a patterned skirt. They are both smiling and looking towards the right. In the background, another child with a backpack is partially visible, running in the same direction. The park features a wooden boardwalk, a small stream with rocks, and various trees and shrubs. A building is visible in the distance. The overall atmosphere is bright and lively.

lifestyles



Clearly define
market value

Smoothly change
residences

to

Increase residents'
options

value creation

From parent to child, to grandchild, from previous tenant to new tenant.
Not only do we build houses, we pass on good-quality existing homes
to future generations through home renovation and real estate agency services.



Single-Family Houses

Contracting Business/Subdivisions

Aiming for the top market share in the housing industry



Daiwa House®
Daiwa House Group

Daiwa House Industry Co., Ltd.



Aggregate of houses and number of houses sold

9,881
(FY2012)

Domestic share of single-family housing starts

2.3%
(FY2012)

In the single-family houses business, which develops contracted and subdivision housing, we have accumulated reliable design and construction capabilities thanks to sales of over 560,000 units. Leveraging this distinction, we have been selling the xevo series of steel-frame prefabricated houses that satisfy the government's criteria for high-quality long-term housing certification at xevo's standard specification and expanding sales of high value-added products such as SMA×Eco ORIGINAL II*¹ that maximize energy conservation performance, new energy sources, and energy storage. In built-for-sale houses, we have pursued sustainable urban redevelopment in harmony with the community by developing a "net zero energy town."

Despite an upward trend spurred by signs of economic recovery and low-interest rates, with the long-term decline in

population, the domestic housing market is expected to contract. Pursuing safety and security in the housing business and aiming to develop and sell price-competitive new products, we are accelerating the rollout of Machinaka-xevo*² while promoting community-based sales and product development.

In fiscal 2013, Daiwa House (China) Investment, our Group company, and Baoye Group Co., Ltd., a general construction and real estate development business in China, established a joint-venture company. The new company will engage in the manufacture and sales of parts and materials for low-rise housing constructed via industrialized methods in China.

*¹ Smart house fitted with lithium-ion storage batteries (2.5 or 6.2kWh), photovoltaic power generation system and D-HEMS II

*² Community-based open house that allows customers to observe actual living conditions

Renovation

Expand orders nationwide for home renovation work



Daiwa House Reform Co., Ltd.



Royal Home Center Co., Ltd.



Number of renovations*

43,888

(FY2012)

Number of staff in sales*

800

(as of March 31, 2013)

* Daiwa House Industry, non-consolidated

Our home renovation business and Daiwa House Renew were integrated to form Daiwa House Reform, a new company, and initiate a new system. At Daiwa House Reform, we integrated the marketing and technology units, strengthened our relationships with single-family and rental housing owners, and proposed home renovations that protect customers' asset value through inspection. Notably, we increased the number of photovoltaic power generation systems installed, one of our areas of focus, and orders were strong. Taking advantage of the Ministry of Land, Infrastructure, Transport and Tourism's Private-Sector Housing Safety Net Maintenance Promotion Project 2012, we have expanded orders nationwide for rental housing repair and renovation work. In addition, we are collaborating more closely with Royal Home Center by increasing the

number of marketing staff sent to Royal Home Center stores, which has led to increased orders.

The market for home renovation in Japan is expected to amount to ¥6.7 trillion in 2015. In this business environment, we will strengthen our marketing capabilities, especially by expanding our proposal capabilities by actively hiring more women. We will build a secure brand by making building diagnosis the center of our activities along with good renovation proposals, thereby strengthening new market development.

Rental Housing

Further strengthen our marketing structure centered on the Tokyo Area



Daiwa House[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.



Number of rental housing units sold

30,514

(FY2012)

Share of rental housing units sold in Japan

9.5%

(FY2012)

In the rental housing business, we will increase our market share by offering products that meet customer needs. We expanded sales of rental housing featuring home security as standard as well as sales of products targeting female tenants. As a result, in the fiscal year ended March 31, 2013, cumulative sales surpassed 840,000 units. We will strengthen our marketing capabilities by opening additional new offices, primarily in the Tokyo Area. In addition, following the opening of the D-room Plaza Hall in the Rental Housing Products Hands-on Experience Hall of our Central Research Laboratory, showcasing our technological capabilities, we will open another such facility in the Tochigi-Ninomiya Plant in October 2013. Here, landowners can verify with their own eyes the performance that they regard as important when constructing rental housing. In this way, we

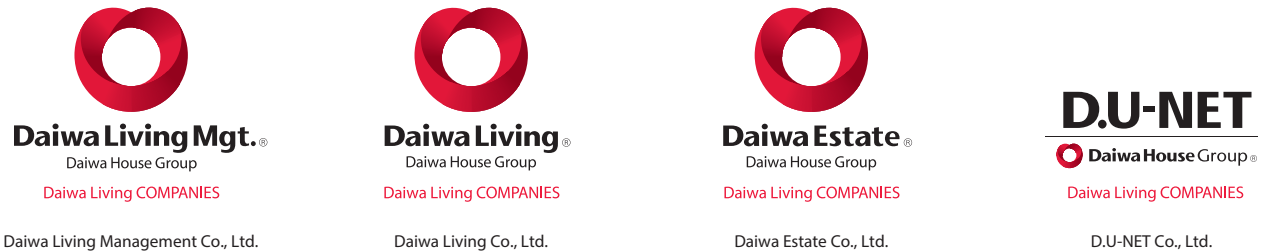
will continue to expand orders by highlighting our technological strengths developed over many years.

We are aggressively developing medium- and high-rise rental housing, particularly in urban areas. As for assisted-living housing for senior citizens, for which demand is expected to grow, we are strengthening the management and services of the group that provides support for senior citizens' lifestyles at Daiwa Living, a rental housing management company, and we will aim to increase orders for the Daiwa House Group as a whole.

Our overseas strategy is to gather information in preparation for business expansion by opening sales offices in Taiwan and Vietnam.

Rental Housing Management

Aiming to become a business entity
that offers total support for rental housing



Total rental housing units
managed by the Group*¹

346,068

(as of March 31, 2013)

Total units under management
ranking*²

5th

(2012)

*1 Total of two companies: Daiwa Living and Nihon Jyutaku Ryutu

*2 Zenkoku Chintai Jyutaku Shimbun

In rental housing management, our goal is bolster intra-Group collaboration and to increase the units under management. The total number of individual home units managed as of March 31, 2013 was 346,068, and occupancy rates were up 0.2 percentage point year on year to 97.6%. Established in 1989 as a management and operations company, Daiwa Living is responsible for over 90% of the rental housing units under management by the Daiwa House Group (approximately 330,000 units). In April 2012, we reorganized the Daiwa Living businesses, transferring the sub-leasing business to Daiwa Living Management, and set up a business centered on property management and landlord representation services.

From now on, Daiwa Living Companies will mobilize the strengths of four Daiwa House Group companies: Daiwa House

Living Management, Daiwa Living, Daiwa Estate, which has been responsible for real estate agency services, and D.U-NET, an ISP (Internet Service Provider). Through these companies, it aims to become a total support business entity for rental housing that provides long-term management support to property owners and a safe, secure, and comfortable living environment to tenants.

Moreover, Daiwa Living has responded to globalization and actively worked to expand the scale of its business. As a part of these efforts, in November 2012, it established a joint-venture company engaged in the management and operation of rental housing in South Korea.

Condominiums

Focus on raising the brand value of our condominiums



Daiwa House Industry Co., Ltd.



Cosmos Initia Co., Ltd.



Number of condominium units sold*1

2,808

(FY2012)

Number of condominium units sold ranking*2

5th

(2012)

*1 Daiwa House Industry, non-consolidated

*2 Condominium Market Trends in Japan:
Real Estate Economic Institute Co., Ltd.

Drawing on its sales performance of almost 80,000 units sold and know-how as a home builder, the condominium business has maintained asset value as a kind of social capital. We have developed and propagated high value-added homes that are safe, secure and comfortable by adopting a frame structure that is earthquake-resistant and durable, a requirement for long-lasting homes, as well as heat and sound insulation, security features, universal design, and a slew of other features. We have built a system capable of maintaining asset value after occupancy and for many years to come.

The domestic condominium market, after three consecutive years of upward economic momentum and low-interest rates, surpassed 90,000 units sold for the first time in four years. Under these conditions, the condominium business is taking steps

to enhance redevelopment and joint development in major urban areas in outlying regions, stepping up sales of environment-friendly condominiums, and rebuilding an urban brand that maintains high asset value based on the theme of building a stronger "Tokyo area brand." Cosmos Initia, a company that is strong in the supply of condominiums in the Tokyo area and that has been a business partner of Daiwa House Industry since 2009, was made a Group company in June 2013 with the goal of further raising the Group's brand value and becoming more cost competitive.

Condominium Management

Mobilizing Group strengths to increase the number of units under management



Daiwa Service Co., Ltd.



Daiwa LifeNext Co., Ltd.



Global Community Co., Ltd.



Units under management

295,002

Daiwa Service

79,147

Daiwa LifeNext

141,535

Global Community

74,320

(as of March 31, 2013)

Condominium management operations are conducted by three Group companies: Daiwa Service, Daiwa LifeNext (Group member since 2009), and Global Community (Group member since 2012). The total number of individual home units managed as of March 31, 2013 was over 290,000, making the Group's operations the fourth-largest in Japan. Our condominium management service offers a high level of customer satisfaction by providing total management services including anti-burglary and disaster protection measures, assistance with problems that arise in day-to-day life, and maintenance and enhancement of asset value.

Because of Japan's long-term population decline, demand in the domestic condominium market is not expected to grow significantly. With the problem of two types of aging

in condominiums, namely, the aging of the building and the tenant, demand for rebuilding, major repairs and renovation is expected to grow in the market for existing condominiums. In view of this, we will pool the accumulated know-how of these three Group companies to further raise management quality and strengthen their competitiveness in the condominium management field. Also, not only will they manage and operate Daiwa House Group properties, they will actively manage and operate other companies' properties and thereby increase the total number of units under management.

Real Estate Agency Services

Aiming to acquire high-end real estate in the Tokyo and Kinki areas



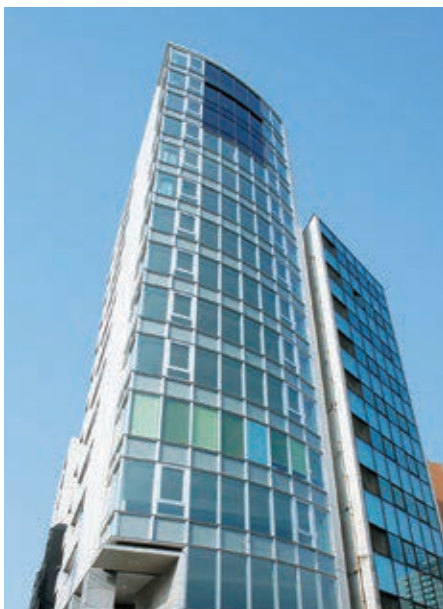
Nihon Jyutaku Ryutu[®]
Daiwa House Group

Nihon Jyutaku Ryutu Co., Ltd.



Daiwa Homes Online[®]
Daiwa House Group

Daiwa Homes Online Co., Ltd.



Nihon Jyutaku Ryutu's agency commission^{*1}

¥2,610 million
(FY2012)

Real estate agency ranking (agency commissions)^{*1}

14th
(FY2012)

*1 Nikkan Fudosan Keizai Tsushin "Property Sales and Purchases in FY2012 (26 major real estate agencies)"

In the single-family houses field, Nihon Jyutaku Ryutu, which heads up our real estate agency business, provides agency services that owners can depend on using AQ ASSET's^{*2} AQ Re-Support Agency System^{*3}. In the condominium field, we have developed a service that leverages the advantages of the D's Bridge condominium asset valuation system. In addition, we are engaged in the agency-related real estate purchasing business, previously owned home resale business, and condominium sales-related renovation business^{*4}. We will continue to gather real estate information from Group companies and try to maximize earnings by opening new agencies, reviewing staff assignments, and strengthening sales capabilities with the goal of acquiring high-end real estate in the Tokyo and Kinki areas.

Daiwa Homes Online, established in fiscal 2012, seeks to revitalize the used condominium market with a new business scheme to eliminate customer concerns and uncertainties using licensed real estate appraisers from third-party institutions, objective appraisals from first-class registered architects, and extensive online information disclosure.

*2 The name of a service that provides lifelong support for the housing assets of single-family homeowners

*3 A system that provides reassurance by performing inspection and maintenance of buildings that are past their warranty period and that enables independent assessment

*4 A business that buys office buildings, company housing, and other buildings and then resells them after renovation as condominiums

Interior

Increase orders inside and outside the Group



Daiwa Rakuda®
Daiwa House Group

Daiwa Rakuda Industry Co., Ltd.



Number of interior coordinators

181

(as of March 31, 2013)

Percentage of main interior furnishings sold

Curtains (product and installation cost)

23.6%

Furniture

22.3%

Lighting (product and installation cost)

9.7%

Air conditioners (product and installation cost)

28.9%

Condominium options

3.6%

Other

11.9%

(FY2012)

In charge of the interior business, Daiwa Rakuda Industry provides integrated service, from interior coordination for single-family houses and condominiums to product sales and installation, to corporate and individual customers. With the industry's largest number of interior coordinators with extensive work experience, we have increased our sales network to the Group as well as to homemakers and developers outside the Group. Of the products that it offers, it is expanding its lineup and increasing orders of furniture with "dia scenes," an original furniture series designed for Japanese homes, and high-class furniture from Europe imported by Interiors, a subsidiary.

Although the market for newly constructed homes is in a long-term contraction due to declining population and

fewer marriages, in the market for interiors, demand is expected to increase thanks to strong growth in the home renovation market. Therefore, we will meet the growing needs of the home renovation market, expand the scope of interior coordinator services, and develop furniture and home electric appliances suitable for use in renovation. Further, we will continue to strengthen our product development capabilities by transferring some of the production of original products to overseas locations.

Presidents of Principal Group Companies

Daiwa House Reform Co., Ltd.

Junichi Sugiura

Daiwa Living Management Co., Ltd.

Masaru Akashi

Daiwa Rakuda Industry Co., Ltd.

Masato Shima

Daiwa Service Co., Ltd.

Tomoyuki Kido



Nihon Jyutaku Ryutu Co., Ltd.

Minoru Fujita

Global Community Co., Ltd.

Takashi Yamada

Daiwa LifeNext Co., Ltd.

Yoshinori Watanabe

Cosmos Initia Co., Ltd.

Yoshiyuki Takagi



Daiwa Homes Online Co., Ltd.

Norio Togashi

Daiwa Core Factory Co., Ltd.

Syuji Oda

Daiwa Lantec Co., Ltd.

Kazuo Shimoe





Sus

tain

Working age population (15–64 years old)
2010 **81.74** million

Final energy consumption
(oil equivalent)
2007 **408** million kL

Business

Overseas production ratio in manufacturing industries
FY2011 **17.2%**

Nursing care insurance costs
FY2012 **¥8.4** trillion

2025

70.85 million

2030

391 million kL

FY2017

21.3%

FY2025

¥19.8 trillion

Japanese enterprises are being forced to make ceaseless efforts to strengthen their competitiveness, including raising efficiency, addressing environmental concerns, and moving business operations overseas. In the area of Business, the Daiwa House Group provides support for the growth of client companies seeking to expand their networks of production plants or offices, commercial facilities, logistics facilities and so on. Our support services cover the entire field from site selection through construction to assistance in becoming a tenant at an industrial park on the Asian mainland. We are also improving the housing environment by focusing efforts on the planning and proposal of medical treatment and nursing care facilities, as well as assisted-living housing for senior citizens.

A black and white photograph of a woman in a white hard hat and uniform, smiling and holding a large steel pipe. The hard hat and uniform both feature the Daiwa House logo. The background shows a large industrial factory with high ceilings and skylights. A sign with the number '6' is visible in the background.

our founder's belief

Steel pipes are products that lie at the very beginnings of Daiwa House Industry. We are heirs to the convictions of our founder Nobuo Ishibashi, who developed the Pipe House — the Company's very first product — to meet corporate customers' business needs while saving Japan's forests. In the same spirit, we will continue working to support our customers' business operations.



your start

We provide valuable support for corporate customers seeking to expand their networks of plants or offices, as well as meeting the land-utilization needs of landowners. Together with our customers, notably companies' marketing staff, we pursue businesses focused on projected future needs.



our specialty

The construction of logistics facilities, food-processing plants, and medical/nursing care facilities requires foresight and specialist technological expertise. Our particular strength is our ability to devise and propose a wide range of business projects to make our customers' business strategies more effective.



your power

From here on, the construction of business and commercial facilities will have to take the environment carefully into consideration. We enhance the value of the facilities we construct through greening and the incorporation of eco-friendly products. In these ways, we help our corporate customers make contributions to their local communities through their business operations.



our evolution

We are expanding our business portfolio by welcoming new companies into the Daiwa House Group. We believe that the evolution of the Group leads to growth by our customers' businesses, which helps enrich society as a whole.



your future

We act as supportive partners to companies attempting to enter the global market or to expand their operations overseas. We will work closely together with Japanese enterprises to realize a future in which such companies can contribute to the development of communities all around the world.

Retail and Wholesale Facilities

Building retail and wholesale facilities that contribute to the life of their local communities



Daiwa House®
Daiwa House Group

Daiwa House Industry Co., Ltd.



Daiwa Lease®
Daiwa House Group

Daiwa Lease Co., Ltd.



Retail and wholesale facilities constructed*1

Approx. 33,000
(as of March 31, 2013)

Membership of the Owners Club*2

6,482 members
(as of March 31, 2013)

*1 Total of retail and wholesale facilities constructed by the Daiwa House Group

*2 The Owners Club is a nationwide organization that provides continuous support to landowners.

The Group's retail and wholesale facilities business makes optimal use of its nationwide land-use data network to enable the provision of unique support services for customers looking to open retail outlets or wholesale facilities. We deploy planning and proposal capabilities backed up by extensive know-how in this field, and have amassed a track record of over 33,000 construction contracts all around Japan. We have also been developing leading-edge technologies over the past few years, and are working to develop and popularize eco-friendly facilities that help conserve precious natural resources by contributing to reductions in CO₂ emissions and the generation of waste.

Against this background, the major retailers, which are the principal customers of our retail and wholesale facilities business, are showing clear signs of enjoying a recovery in business

performance. The general consumer is not yet feeling the real benefit from the Japanese economy's recovery, but companies in the retail industry, anticipating a full-scale recovery just around the corner, are competing even more aggressively to open new outlets so as to seize a larger share of the market.

From this point on, the Group will seek every opportunity to hold negotiations on the construction of new outlets, not only with major nationwide retail chains, but also with potential tenants who operate in particular regions, and even with those small-scale retailers that seem to have excellent future prospects. We will leverage our extensive database on land to attract the kind of companies that each local market most needs, and on that basis will construct retail and wholesale facilities that are sure to be welcomed by the local community.

Commercial Facilities

Developing, managing, and operating competitive commercial facilities



Daiwa House
Daiwa House Group

Daiwa House Industry Co., Ltd.



Daiwa Lease
Daiwa House Group

Daiwa Lease Co., Ltd.



Daiwa Info.Service
Daiwa House Group

Daiwa Information Service Co., Ltd.



Daiwa Royal
Daiwa House Group

Daiwa Royal Co., Ltd.



Leasing floor space of buildings subleased*¹

4,257,275m²

(as of March 31, 2013)

Number of tenants/occupancy rate at buildings subleased*²

7,234/99.3%

(as of March 31, 2013)

*¹ Total of buildings subleased by Daiwa Lease, Daiwa Information Service, and Daiwa Royal

*² Ratio of tenanted floor space to total leasing floor space

The Group has developed over 300 commercial facilities, and manages and operates these facilities for the tenants, as such services constitute an important management resource. The total leasing floor space of facilities managed by the Group companies involved in this business is over 4.2 million square meters, and the number of tenants exceeds 7,200.

In fiscal 2012, the common area lighting at four large-scale commercial facilities owned and operated by Daiwa House Industry was fitted with LED lighting as one more step toward the realization of an energy-saving, low-carbon society. Daiwa Lease operates a nationwide chain of open-mall-type commercial facilities Frespo, and four new Frespo malls were opened during the reporting term. In addition, Daiwa Information Service, which operates a chain of shopping malls under the name

Across Mall, is developing and constructing eco-friendly malls incorporating photovoltaic power generation systems and other sustainable energy solutions as a means of differentiating its product and service lineup from those of its competitors.

As a result of the ongoing population decline in Japan, no significant increase can be expected in the near future in the number of people shopping at the average retail outlet. Amid this environment, the Group plans to emphasize the development and operation of neighborhood shopping centers (NSCs), which will serve as focal points for each local community. We will expand our operations aggressively, and also take steps to drastically cut facility management and operating costs. The entire Group will take a proactive stance on developing, managing, and operating highly competitive commercial facilities.

Logistics Facilities

Creating new businesses in response to changing market needs



Daiwa House Industry Co., Ltd.



Daiwa Logistics Co., Ltd.



Frameworkorx, Inc.



Development site area of main logistics projects*

Japan total

3,335,404m²

Hokkaido/Tohoku area

198,555m²

Kanto area

1,363,185m²

Chubu area

422,080m²

Kinki area

630,830m²

Chugoku/Shikoku/Kyushu area

720,754m²

(as of March 31, 2013)

* Includes projects at planning stage

In our logistics facilities business, not only do we design and construct facilities, we also propose optimum sites, and provide management and maintenance services. In our D-Project, we construct and provide dedicated logistics facilities carefully tailored to the customer's needs. We work closely with partner companies in the real estate and finance industries to offer potential customers a varied menu of solutions including company-owned facilities, non-asset-based logistics provision, and real estate securitization. This enables us to expand our receipt of orders, and we have built or are currently constructing approximately 100 logistics facilities throughout Japan (total site area of around two million square meters), mainly of the BTS (build-to-suit) type.

Due to the continued growth of the mail-order industry and

the pressing need to address issues of facility optimization and streamlining, the logistics services market is seeing increasingly fierce competition between companies and between different regions of Japan, as well as on the international stage. To keep pace with these changes in market needs, in our logistics facilities business we have begun to develop multi-tenant logistics centers on sites that are both ideally located to take advantage of transportation networks and situated close to target consumer areas and production areas. In particular, we have rolled out our new DPL (D-Project Logistics) brand of logistics facility development services, with the aim of expanding our operational scale in this field. We will continue carefully assessing and adapting to market changes to create a business that meets all our customers' logistics needs.

Medical and Nursing Care Facilities

Aiming at growth through stronger proposal capabilities



Daiwa House[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.



The Port-island Rehabilitation Hospital (Kobe City)

Medical and nursing care facilities
constructed

3,368

(of which, Silver Age Research Center projects = 2,531)

Group homes, day care and day service
facilities, small-scale multifunctional facilities

44.5%

Hospitals and clinics

26.8%

Healthcare facilities for senior citizens, special
nursing homes, nursing homes for the elderly

3.2%

Fee-based homes for the elderly,
assisted-living housing for senior citizens

13.9%

Others

11.6%

(as of March 31, 2013)

In our medical and nursing care facilities business, we long ago foresaw the advent of a society in which a high proportion of citizens are elderly. In 1989 we set up the Silver Age Research Center, an organization dedicated to conducting surveys and other research into needs in the area of medical and nursing care. The results of the center's research have subsequently been incorporated into the planning and design of facilities for medical treatment and nursing care all over Japan, and we have built an excellent reputation in this field. In 2011 the government set up the System for Provision of Assisted-Living Housing for Senior Citizens, and has been taking a number of support measures to promote the supply of this type of housing. Against this background, we are investing increased management resources in our marketing of assisted-living housing for the elderly.

Demand for housing for senior citizens is certain to continue growing, and we intend to maximally leverage the expertise and know-how we have accumulated in this field to continue conducting seminars for the personnel of new healthcare corporations and nursing care service operators, in which we will actively make proposals for the construction and operation of various kinds of facilities, centered on residential-type facilities. We will also make use of medical funds in which we have invested to strengthen our abilities in the area of proposals for the renovation or rebuilding of hospital buildings and other medical facilities that fail to meet the most recent earthquake-resistance standards, as well as proposals for the construction of large-scale multipurpose fee-based homes for the elderly, among other types of facility.

Offices, showrooms, and industrial parks

Aiming to increase orders through proposal-based marketing



Daiwa House Industry Co., Ltd.



Higashi-Fuji Co., Ltd.



Offices and showrooms constructed

118 buildings

Approx. **127,000**m²
(FY2012)

Factories constructed

134 buildings

Approx. **237,000**m²
(FY2012)

We help companies build networks of sales offices and showrooms anywhere in Japan. Thanks to our exhaustive database on land prices and sites available for development, we can propose optimum locations, and our services encompass market surveys, planning and design, construction, and after-sales services. We also offer non-asset land-utilization projects for companies that do not wish to own land or buildings. It is thanks to our comprehensive proposal-making ability that we are continuing to amass a considerable track record in this field. Meanwhile, in the field of industrial park development, we have developed the Hokusetsu-Sanda Techno Park II, a large-scale industrial park in Hyogo Prefecture, and are now working with the prefectural government and local municipal governments to attract corporate tenants to this park. With regard to our

product lineup, we have begun developing and marketing eco-friendly office and factory models.

Since the Great East Japan Earthquake, a growing number of companies have been moving to relocate and/or amalgamate their offices, showrooms and other facilities, or to rebuild them, for reasons involving business continuity planning (BCP). We are taking measures to strengthen our abilities in proposal-based marketing so as to reinforce our relationships with enterprises possessing nationwide facility networks. At the same time, we are working to expand our receipt of orders through the development and marketing of eco-friendly products. We also aim to take an aggressive proposal-based marketing approach to meeting corporate customers' strategic needs in the field of corporate real estate.

General Construction

Creating new markets through intra-Group synergies



Fujita Corporation

大和小田急建設



Daiwa Odakyu Construction Co., Ltd.



Total area of main projects developed* by Fujita in Japan

Approx. 26,234,000m²

Hokkaido/Tohoku area

Approx. 1,544,000m²

Kanto area

Approx. 16,351,000m²

Chubu area

Approx. 755,000m²

Kinki area

Approx. 1,883,000m²

Chugoku/Shikoku/Kyushu area

Approx. 5,701,000m²

(as of March 31, 2013)

* Industrial park and housing development projects, statutory redevelopment projects, condominium and office buildings development projects

In the general construction business, with the inclusion of Fujita in 2013 we succeeded in significantly enlarging our business portfolio. Fujita boasts a corporate history of over 100 years and an impressive track record of projects completed in Japan and overseas. The company is known for its technological expertise and high-level abilities in planning, and possesses an extensive network of sales channels. Within Japan, Fujita's business operations currently focus on development projects in which it makes optimal use of its high-level construction technology and expertise in town planning and urban renewal, while overseas the company is pursuing projects in 10 countries, notably China and Mexico.

The Japanese construction market has been enjoying a temporary recovery on the back of government measures to stimulate

the economy. Despite this, we expect the operating environment to remain difficult for some time to come, in view of fierce competition and a steep rise in labor costs owing to a workforce shortage. In this situation, the management of Fujita has positioned the existing home business and environment-related businesses as future growth fields. It aims to create new business operations in these fields while working to strengthen the company's earning power in construction and civil engineering operations, which are its core businesses in the Japanese market. From here onward, we aim to integrate the proposal capabilities and business model possessed by the Daiwa House Group with the qualities that Fujita brings to the table, thereby maximizing intra-Group synergies and enabling us to target continued growth through the creation of new markets.

Asset Management

Targeting steady growth in assets under management



Daiwa House Asset Mgt.®
Daiwa House Group

Daiwa House Asset Management Co., Ltd.



Daiwa REIT®
Daiwa House Group

Daiwa House REIT Management Co., Ltd.



Daiwa House Residential Investment Corporation

Properties/Asset value

125 / ¥218.4 billion

Occupancy ratio

96.09%

(as of May 31, 2013)



Daiwa House REIT Investment Corporation

Properties/Asset value

25 / ¥117.0 billion

Occupancy ratio

99.99%

(as of May 31, 2013)

In our asset management business, with regard to Japanese real estate investment trusts (J-REITs), Daiwa House Asset Management engages in asset management on behalf of Daiwa House Residential Investment Corporation, a company that invests in rental housing properties. In November 2012, Daiwa House REIT Investment Corporation was listed on the Tokyo Stock Exchange Real Estate Investment Trust Stock Market. Daiwa House REIT Management engages in asset management on behalf of Daiwa House REIT Investment Corporation. Daiwa House REIT Investment Corporation invests in two types of properties (assets) — logistics facilities and commercial facilities — both of which enable the conclusion of long-term contracts with corporate tenants, and are characterized by stable occupancy ratios — in line with its

top management priority of ensuring stability of returns on investment.

In their management of real estate assets, both companies make full use of their know-how in all aspects of the business, from planning through management and operation, as well as the Group's collective strength in the form of the strong bonds of trust we have with tenants. In this way, they maintain high occupancy ratios and stable earnings from rental income.

The companies will continue working to secure stable earnings over the medium-to-long term, and to steadily expand the total value of assets under management while keeping a close watch on developments in the wider market environment.

Environment and Energy

Expanding operations with focus on mega solar projects



Daiwa House Industry Co., Ltd.



Daiwa Energy Co., Ltd.



Eneserve Corporation



Total output of mega solar large-scale industrial-use photovoltaic facilities constructed

42.9_{MW}

(FY2012)

Number of large-scale power generation facilities operated in-house*

Mega solar

31/63.5_{MW}

Wind power

2/29.0_{MW}

(as of May 15, 2013)

* Including those in planning stage

Against the background of global warming, as well as the hike in electricity rates owing to the shutdown of nuclear power plants, the government is strongly promoting the increased use of renewable energy, in addition to energy conservation measures. In the Group's environmental energy business, we make comprehensive proposals to local governments or companies hoping to save on electricity or enter the electric power selling market. These proposals encompass energy conservation measures, new energy sources, and building renovation. With respect to renewable energy sources, we are actively engaged in the construction under contract of large-scale photovoltaic power generation facilities (mega solar). We are also constructing mega solar facilities on idle land sites owned by Daiwa House Industry, as well as installing such facilities on the

roofs of our factories and logistics centers. In this way, we make good use of our assets while strengthening our operations in the field of renewable energy.

We expect demand for environmental energy to continue growing on a global scale, and as a first step in opening up a new market for the Group overseas we have commenced the sale of our D-HEMS in Singapore. We plan to extend such sales activities to other Asian countries in the near future, followed by further global expansion at a later date.

At the Daiwa House Group, we are working to realize the further growth of this business by optimally leveraging our proposal-making capabilities and broad customer base to offer a one-stop service that covers everything from planning through construction to operation and maintenance.

Agriculture

Creating a new food culture through the industrialization of agriculture



Daiwa House[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.



"agri-cube" vegetable-grower unit
Number of inquiries

634

(as of June 7, 2013)

In the Group's agricultural business, we sell the "agri-cube," a hydroponic vegetable-grower unit developed to satisfy society's need for a safe and stable supply of food. The agri-cube combines the advantages of the modular system of building with the efficient hydroponic method of vegetable culture, and has received high marks for its ease of erection and operation. We have received a large number of inquiries from interested parties both in Japan and overseas, many of which have resulted in the receipt of orders. In April 2013, we set up Agricultural Business Promotion Offices at both of our head offices to strengthen our marketing activities, and are currently increasing the number of personnel assigned to agricultural R&D so as to raise quality levels and develop new products.

Demand for such vegetable-grower units is increasing against

the backdrop of rising public concern with food safety, as well as support provided by the government. The profitability, however, remains problematic. In our agricultural business, we aim to develop commercially viable systems for increasing yields, as well as methods of cultivating so-called functional vegetables, which contain higher amounts of important vitamins and other nutrients and currently command higher prices because of their scarcity value. We will focus efforts on sales of the agri-cube, and we also anticipate receiving orders for the construction of large-scale vegetable-grower units. In addition, we will make effective use of Group-owned idle real estate assets to start up a vegetable production business. In these ways, we are tackling the task of creating a new food culture through the industrialization of agriculture.

Carsharing and Parking

Aiming for strong growth as a new way of utilizing land assets



Daiwa Lease®
Daiwa House Group

Daiwa Lease Co., Ltd.



Daiyoshi Trust™
Daiwa House Group

Daiyoshi Trust Co., Ltd.



Number of carsharing stations*¹

74

(as of July 15, 2013)

Number of metered parking spaces operated

Daiwa Lease

1,470

Daiyoshi Trust*²

8,787

(as of July 15, 2013)

*¹ Figures for Daiwa Lease

*² Including parking lots operated under subcontract

Daiwa Lease operates a membership-based carsharing service, with 74 carsharing stations in some of Japan's major urban areas. In November 2012, Daiwa Lease commenced parking lot operations after acquiring the parking lot business of Oi Construction Co., Ltd. The company is currently making good use of the know-how possessed by its parking lot business personnel to make proposals to the managements of office buildings, public facilities and commercial facilities for the development of drive-in-type multilevel car parking facilities. It also operates a nationwide network of metered parking lots under the brand name DL Park. In June 2013, Daiwa Lease became the largest shareholder in Technical Electron, which is renowned for its product development ability in the field of parking lot equipment. In this and other ways, the company is

mapping out a growth strategy in the parking solutions sector. The scale of the market for metered parking is estimated to have been around ¥232 billion in 2011*³. In view of this, the Daiwa House Group commenced feasibility studies on a project for full-scale entry into the business of constructing and operating rental parking lots as a new way of making effective use of Group-owned land. As a result, in June 2013, Daiyoshi Trust, a company that operates a chain of metered parking lots, mostly in Tokyo and Fukuoka Prefecture, became a member of the Group. In the near future, we hope secure the Group's position within the parking lot industry and increase our market share.

*³ Estimate taken from "Market Research Survey on the Metered Vehicle Parking Lot Market in Japan (July 2012 Edition)," published by the Japan Parking Business Association (a general incorporated association)

Environmental Greening

Expanding greening operations to enhance the value of urban areas



Daiwa Lease[®]
Daiwa House Group

Daiwa Lease Co., Ltd.



Area of greened building space

100,272m²

Green roofs

96,170m²

Green walls

4,102m²

(as of March 31, 2013)

緑が、街を変えていく。
ECOLOGREEN
大和リースの環境緑化事業

Under the "ECOLOGREEN" brand, in which it offers comprehensive greening solutions for roofs, walls, exterior structures and interiors, Daiwa Lease seeks to mitigate the urban heat island effect and thereby raise the value of city-center real estate. The company is receiving a growing number of orders from operators of commercial facilities and corporate facilities who put a high priority on corporate social responsibility, as well as educational institutions and public facilities. Notable examples include greening work in front of the Shin-Osaka Station and in a connecting passage at Kansai International Airport, and exterior wall-greening on the Osaka Marubiru, whose lower stories now resemble a giant tree. Daiwa Lease has concluded a technology licensing agreement with French green wall installation specialist Canevaflor, and is now working to popularize this

technology throughout Japan.

The market for greening work is expected to expand in the future, especially against the background of legislation to promote greening. Daiwa Lease aims to expand its greening operations by making maximum use of the Group's comprehensive capabilities, which enable us to offer a complete package of services from design through installation to maintenance, both for building exteriors and interior spaces. We also plan to create new value-added urban greening services by offering comprehensive eco-friendly solutions for business and corporate facilities, commercial facilities, parking lots and others, encompassing not only greening techniques but also energy conservation, new energy sources, and energy storage technologies.

PPPs and PFIs

Leveraging intra-Group synergies to grow our businesses



Daiwa Lease®
Daiwa House Group

Daiwa Lease Co., Ltd.



Municipal Hall and Futatsubashi Park, within the local government buildings compound of Seya-ku (Yokohama City)

Ranking for PFI project orders received in Japan*

6th

(as of April 1, 2012)

Number of orders received

13

(as of April 1, 2013)

* Rankings compiled by Japan PFI/PPP Association, issued in PFI Yearbook (2012 edition)

The Japanese national government and local governments have begun to make use of public-private partnerships (PPPs), in which they leverage the funding capacity and know-how of private-sector companies to maintain high-quality public services. Daiwa Lease, for its part, has been taking a proactive stance on the use of private finance initiatives (PFIs) as a way of implementing projects for the construction, renovation, management and maintenance of public facilities, and also employs the lease contract method for providing facilities and administrative services. The company has set up a dedicated unit — the Private-Sector Activity Research Center — responsible for drawing up and promoting PPP strategies, as one step toward supporting the full commercialization of this business. In addition, Daiwa Lease is making full use of the Group's wide-ranging

business base to offer comprehensive packages including everything from design through construction, and operation and maintenance for government buildings, parks, educational facilities, and other such properties of a public nature.

By 2012 the scale of the PFI market had grown to some ¥4 trillion, and the government has made it clear that it hopes to expand the market to around ¥12 trillion by 2022. Amid these circumstances, in the Group's PFI business, we will bolster our marketing capabilities at all branch offices, and promote collaboration with NPOs to realize community-based business activities. We will also work to grow the scale of our operations by reinforcing collaboration among different Group members to generate maximum synergies, and by expanding the scope of our proposal-based marketing.

Presidents of Principal Group Companies

Daiwa Energy Co., Ltd.

Hidekazu Matsushima

Daiwa Lease Co., Ltd.

Shunsaku Morita

Daiwa Information Service Co., Ltd.

Katsuyuki Fujita

Daiwa Logistics Co., Ltd.

Isamu Ogata



Daiwa House REIT Management Co., Ltd.

Hiroataka Najima

Daiwa House Asset Management Co., Ltd.

Yuji Yamada

Media Tech Inc.

Mitsuo Adachi

Eneserve Corporation

Yoshio Kinoshita



Higashi-Fuji Co., Ltd.
Masamichi Yagita

Fujita Corporation
Takuji Ueda

Daiyoshi Trust Co., Ltd.
Yoshihiro Oho

Daiwa Odakyu Construction Co., Ltd.
Atsushi Kanakubo



Framework, Inc.

Junichi Akiba



Reach

Out

Life

Elderly population rate (percentage of population 65 years and older)

2010 **23%**

Healthy life expectancy

2010 Men **70.42** years old
Women **73.62** years old

Adult sports practice rate
(once or more a week)

2009 **45.3%**

2055

40%

(2 out of every 5 people)

Target

65%

2022

+1.6 years or more

Japan continues to lead the world in terms of life expectancy, but a problem is coming to the fore with regard to the disparity between simple lifespan and “healthy life expectancy” — the ability to live an independent life that is enjoyable both physically and mentally. In the area of Life, the Daiwa House Group provides services that help to enhance the quality of life of the elderly and people with disabilities. These services include the sale and rental of “lifestyle assistance robots” that play a valuable role in nursing care and rehabilitation, as well as the operation of fee-based homes for the elderly. And through its operation of resort hotels, golf courses, and fitness clubs, the Group helps people of all ages to stay healthy in mind and body.

to live independently

Regardless of age or disabilities, all people want to live their lives in the ways that suit them best. By supplying robots to help them, we can restore smiles to the faces of disabled people and their family members. We aim to create a new relationship between people and robots.





to enjoy a long and healthy life

Because Japanese people live long lives,
we want them to stay fit and active for as long as possible.
We operate a network of facilities all over the country
where we welcome guests who are looking to enjoy travel or golf.
Our leisure business also helps stimulate the economies of
the communities in which we operate.



to help you become more active

A hobby or something else that gives a person a purpose in life helps to keep them healthy in mind and body, and encourages a positive attitude. In the faces of the people who work out at our fitness clubs, you can see the happiness that comes from mixing with friends and from the knowledge that they are achieving personal growth. Helping people live active lives is part of our job.



Robotics Business

Proposing solutions to nursing care issues



Daiwa House[®]
Daiwa House Group

Daiwa House Industry Co., Ltd.



Our robotics products

Self-support assistive robotic suit
Robot Suit HAL[®] (welfare-type)
Mentally committing robot[®] PARO[®]
Minelet[®] Sawayaka automatic bedpan
equipment for bedridden patients
POPO[®] weight reduction-type walking
assistance unit
Senior Pose old age physical problems
simulation system
Underfloor inspection robot "moogle"

Robot Suit HAL[®] is a registered trademark of
CYBERDYNE Inc.
Mentally committing robot is a registered trademark
of the National Institute of Advanced Industrial
Science and Technology.
PARO is a registered trademark of
Intelligent System Co., Ltd.
Minelet is a registered trademark of NWIC Co., Ltd.
POPO is a registered trademark of
Moritoh Corporation.
moogle is a registered trademark of
Daiwa House Industry Co., Ltd.

In our robotics business, we aim to help bring normalization* to be fully accepted and practiced. To this end, we develop "service robots" that can assist elderly people and those with disabilities in becoming more independent, and we then sell or rent these products to medical institutions and nursing care facilities. In fiscal 2012, we launched the Minelet Sawayaka automatic bedpan equipment for bedridden patients and the POPO weight reduction-type walking assistance unit, bringing our robotics lineup to a total of six products. The Minelet Sawayaka has been designated as equipment covered by the category of "Special Welfare Equipment" leased products under nursing-care insurance regulations. Daiwa House Industry, as the holder of exclusive distribution rights to these products both in Japan and overseas, is currently selling them to rental

nursing equipment operators in all regions of Japan.

The Japanese market for nursing care robotics is projected to reach ¥16.7 billion in 2015 and to grow to ¥400 billion by 2035. We will continue expanding our lineup of lifestyle assistance robots with the aim of popularizing their use more widely. In April 2013, we reorganized the business on product-by-product lines to more precisely tailor our marketing to specific user categories. We plan to promote collaboration with a wide variety of companies, as well as taking steps to realize enhanced synergistic benefits from intra-Group cooperation.

* "Normalization" in the context of the provision of care for people with disabilities is a principle first developed in Scandinavia, a region noted for its advanced social welfare systems. It involves treating people with disabilities in such a way as to realize "a society in which everyone can live a normal life."

Fee-Based Homes for the Elderly

Aiming to expand our sphere of operations targeting senior citizens



Daiwa Life Support[®]
Daiwa House Group

Daiwa House Life Support Co., Ltd.



Number of fee-based homes for the elderly

5

Neo Summit —
Yugawara and Chigasaki

Mominoki —
Yokohama Tsurumi,
Nerima and Suginami

Number of rooms

Neo Summit: 325

Mominoki: 213

(as of March 31, 2013)

In our nursing care business we operate two chains of fee-based nursing care facilities for the elderly — Mominoki (at two locations in Tokyo and one in Kanagawa Prefecture) and Neo Summit (at one location each in Kanagawa and Shizuoka prefectures). As the average age of the residents grows, and consequently a rising proportion of them begin to require nursing care, we are devising and implementing a variety of measures to raise the satisfaction levels of both the residents and their families. These include shifting the emphasis of group activities from physical exercise to helping residents cultivate hobbies and interests; taking prophylactic measures against the onset of conditions requiring nursing care, such as light weight-training sessions; and adjusting the menu of meals served.

The aging of Japan's population is entering a more advanced

stage, with the proportion of total households consisting of elderly people living alone or as a couple reaching roughly 19% in 2010 and estimated to exceed 26% by 2030. Consequently, the provision of sufficient housing for senior citizens is a pressing social issue. From here onward, by promoting the operation of facilities for the elderly that both help residents achieve greater independence and also offer full nursing care for those who need it, we aim to acquire certification as an operator of "special designated facilities." We will also further enhance the value of our facilities by expanding the scope of our care services and rehabilitation equipment and systems in cooperation with medical institutions. By leveraging our know-how in the operation, we aim to develop multipurpose facilities and thereby expand the scope of our services.

Resort Hotels and Golf Courses

Aiming to offer a richer and more varied resort experience



Daiwa Resort Co., Ltd.



Daiwa Royal Golf Co., Ltd.



Nishiwaki Royal Hotel Co., Ltd.



Daiwa Resort operates Daiwa Royal Hotels stretching from Hokkaido Prefecture in the far north of Japan to Okinawa Prefecture in the far south. These hotels offer their guests a relaxing experience that fully incorporates the unique attractions of each region's natural environment and culture. Daiwa Royal Golf operates 10 famous golf courses that are carefully designed to make the most of the features of the landscape, enabling guests to enjoy beautiful background views of the area's greenery while they play golf. After their round is finished, the players can rest and ease their post-round tensions in the relaxing atmosphere of the clubhouse.

Japan's hotel and travel industries are finally recovering from the aftermath of the Great East Japan Earthquake, and the number of tourists is increasing thanks to tours of the devastated

areas as well as demand related to the reconstruction of the disaster-hit communities. The industry has also recently seen signs of improvement such as rising tourism demand from overseas due to the weaker yen, but on the other hand Japanese consumers continue to be strongly budget-minded. Amid this operating environment, we will continue actively investing resources in the renovation and refurbishing of our hotels during 2013 so as to raise the average amount spent per guest by expanding the range of services we offer. We hope to raise the percentage of repeat guests and reduce the room vacancy rate by marketing our hotel services to existing customers of companies in the Daiwa House Group. Meanwhile, in our golf course operations we plan to attract new club members by increasing the number of members.

Fitness Clubs and Aesthetic Salons

Stepping up the pace of expansion of our new business



Sports Club NAS Co., Ltd.



Our Sports Club NAS is opening new types of fitness clubs that cater to the needs of all ages from children to seniors, and in fiscal 2012 the company recorded increased earnings for the fifth straight year. The newly opened clubs include those with a conversation area designed to appeal to senior citizens, featuring old-fashioned interiors, as well as clubs catering to wealthy customers that offer a bar and lounge area where members can relax and mingle. There are also clubs that include a “kids’ school” where children can build physical strength. The company is also reinforcing its menu of women’s exercise programs to attract young female members, and is converting the aesthetic salons that have hitherto been operated within the fitness club facilities to stand-alone salons. Plans call for the operation of 100 aesthetic salons (including those within the

fitness clubs) by March 2017. Sports Club NAS has also entered the kindergarten/cram-school business by opening facilities where pre-schoolers and elementary school children can learn such things as swimming and English conversation.

As the market for fitness clubs matures, club operators must provide not merely places where people can exercise, but facilities that offer various forms of added value, such as anti-aging services and venues where people can get together and socialize. Our fitness clubs serve as places where people can stay fit and healthy, and make themselves look younger than they are. They also act as venues where people can relax and pass the time enjoyably, enabling them to live fuller, more rewarding lives. In the longer term, we are planning a fully fledged entry into overseas markets.

Business and City Hotels

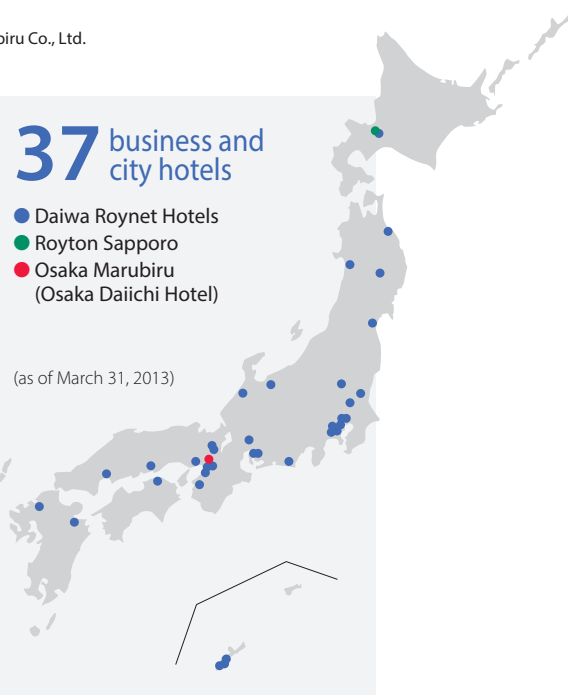
Aiming to be No.1 in customer satisfaction



Daiwa Royal Co., Ltd.



Osaka Marubiru Co., Ltd.



In our business and city hotel operations, as of March 31, 2013 we operated a nationwide network of 37 hotels with a total of 8,333 guest rooms. We opened three Daiwa Roynet Hotels in 2012 and one in March 2013. Demand for hotel rooms as a whole is now rebounding after a stagnant period following the Great East Japan Earthquake. Amid these circumstances, we have been upgrading facilities and equipment at all Daiwa Roynet Hotels, including enabling Wi-Fi Internet connection. Thanks to a number of steps taken to improve room booking rates, during the reporting term we recorded an increase in bookings by both individuals and corporations, leading to a room occupancy rate of 80.4%, an improvement of 3.7 percentage points over the previous fiscal year.

In the domestic market, room occupancy rates are recovering

and the average guest-room price is continuing to rise. Over the long term, however, as long as Japan's working age population continues to decline, competition will become even more intense, exacerbated in the short term by the fact that the construction of a large number of hotels is on the drawing board, particularly in city-center locations. Amid this environment, we will work to further enhance the quality level of the services we provide, including the cuisine at hotel restaurants, and will push ahead with the planning of new hotels, particularly in convenient locations in Japan's major urban centers. At the same time, we will focus on staff training and redesign our websites to achieve more effective marketing. In these ways we aim to realize even higher levels of customer satisfaction and raise the percentage of repeat guests over the medium-to-long term.

Home Centers

Making our home centers into “regional home solution centers”

ロイヤルホームセンター

 Daiwa House Group®

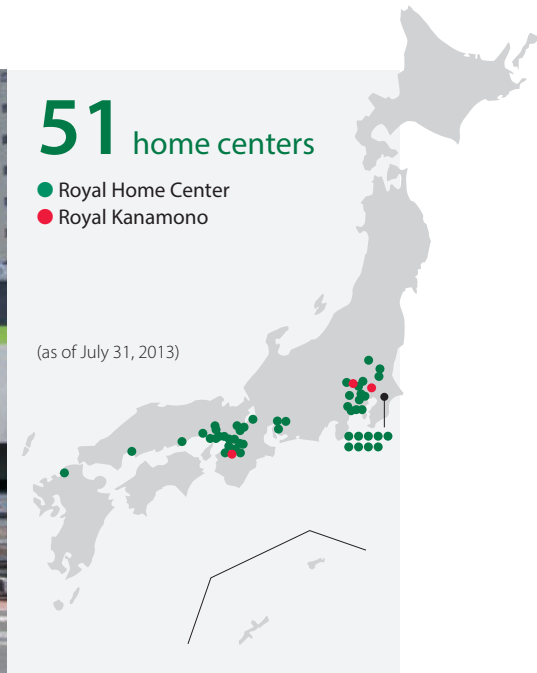
Royal Home Center Co., Ltd.



51 home centers

- Royal Home Center
- Royal Kanamono

(as of July 31, 2013)



Each of our chain of Royal Home Centers offers its customers a wide lineup of products selected to meet particular local home-related needs. In fiscal 2012, we opened the Royal Home Center Shiroy (Chiba Pref.), and the Royal Home Center Morinomiya (Osaka City), which is a city-center type outlet. In keeping with our aim of achieving the dominant position in the Kanto and Kansai areas, as of July 31, 2013 our chain of outlets had reached 51.

In the home center market, demand is holding firm for daily-use household goods, DIY goods used in small-scale home repairs and improvements, and products that help save electricity or protect homes against earthquake damage. However, the industry is seeing increasingly stiff competition across traditional industrial demarcations, as well as severe inter-enterprise

competition due to the entry into the home center market of companies from other industrial sectors. Against this backdrop, we are working to ensure that our product lineups meet the demands of makers of tools, metal fittings, and building materials, and are taking steps to render our services more convenient for our users, including extending business hours early in the morning. We also deliver purchased products to customers' homes, and have begun a "home installation" service in which our staff install and/or replace products for the purchaser.

From here on, too, we will continue to leverage the know-how in home improvement that we have acquired during our experience to offer home solutions that will let people live more comfortably and enjoyably. We will serve as the "home solution centers" that homeowners in every community need.

Presidents of Principal Group Companies

Daiwa House Financial Co., Ltd.

Hiroshi Osada

Daiwa Royal Co., Ltd.

Ken Harada

Royal Home Center Co., Ltd.

Masaaki Nakayama

Daiwa Resort Co., Ltd.
(Daiwa Royal Hotels)

Seiji Kushida



Daiwa House Life Support Co., Ltd.

Toshinori Inaguchi

Sports Club NAS Co., Ltd.

Yoshinari Shibayama

Nishiwaki Royal Hotel Co., Ltd.

Hideaki Tomiyama

Daiwa Royal Golf Co., Ltd.

Seishu Umaoka



Shinwa Agency Co., Ltd.

Nobuyuki Otsuji

Osaka Marubiru Co., Ltd.

Haruyuki Yoshimoto

Daiwa House Insurance Co., Ltd.

Shigeru Sasashita





Across the Globe

The Daiwa House Group's overseas operations began in the 1960s. Since then, we have expanded our business activities to many countries around the world. The entire Group is currently working to create new businesses that will play a major part in supporting the growth of its overseas operations in the future. Against this background, in fiscal 2012 the Fujita Group, which has a strong track record of projects overseas and possesses established business platforms in South America as well as East and Southeast Asia, became a member of the Daiwa House Group. In the near future, we aim to maximally leverage the corporate synergies resulting from this merger to accelerate the pace of our overseas expansion.

Highlights of the Group's Overseas Operations (as of March 31, 2013)

Business bases*

43

Employees

1,429

Countries where we operate

14

Net sales for FY2012

Daiwa House Group

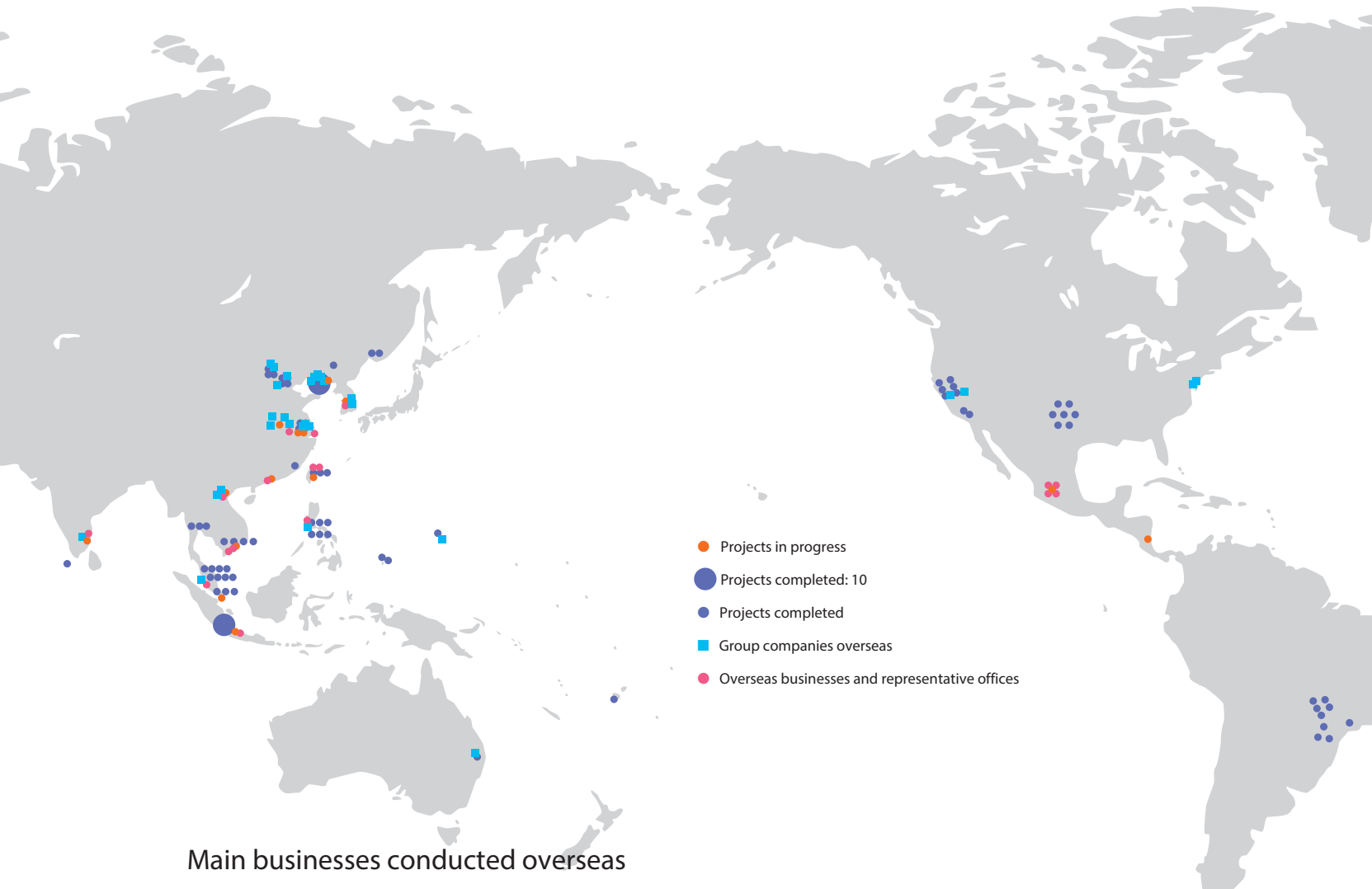
¥8.4 billion

Fujita Group

¥56.1 billion

* Including overseas subsidiaries, associated companies, and representative offices





Main businesses conducted overseas

Daiwa House Group (as of June 30, 2013)

China	<ul style="list-style-type: none"> Serviced apartments Hotels Outsourced services Real estate development International transportation agency
South Korea	<ul style="list-style-type: none"> Real estate management Rental housing
Taiwan	<ul style="list-style-type: none"> Commercial facilities Rental housing
Vietnam	<ul style="list-style-type: none"> Construction Industrial park development Outsourced services
Indonesia	<ul style="list-style-type: none"> Construction Industrial park development
Malaysia	<ul style="list-style-type: none"> Single-family house market research, R&D into production of housing by industrialized methods
Singapore	<ul style="list-style-type: none"> HEMS
USA	<ul style="list-style-type: none"> Real estate
Australia	<ul style="list-style-type: none"> Real estate development

Fujita Group (as of May 1, 2013)

China	<ul style="list-style-type: none"> Construction of housing and commercial facilities Industrial park development Construction of production facilities
Hong Kong	<ul style="list-style-type: none"> Airport construction
South Korea	<ul style="list-style-type: none"> Construction of production facilities
Taiwan	<ul style="list-style-type: none"> Construction of production facilities
Vietnam	<ul style="list-style-type: none"> Construction of production facilities
India	<ul style="list-style-type: none"> Construction of production facilities
Mexico	<ul style="list-style-type: none"> Construction of production facilities
UAE	<ul style="list-style-type: none"> Construction of traffic/transportation-related facilities
Nicaragua	<ul style="list-style-type: none"> Bridge construction

China

Development and sale of real estate

Aggressive marketing activities



Daiwa House®
Suzhou

Daiwa House (Suzhou) Real Estate
Development Co., Ltd.



Daiwa House®
Wuxi

Daiwa House (Wuxi) Real Estate
Development Co., Ltd.



Daiwa House®
Changzhou

Daiwa House (Changzhou) Real Estate
Development Co., Ltd.



Overview of Development Projects*¹

Total site area

452,793m²

(as of April 30, 2013)

Total units for sale*²

5,602

(as of April 30, 2013)

*¹ Includes Yihe Champs-Elysees (Dalian), Yihe Xinghai (Dalian), The Grace Residence (Suzhou), Moonlit Garden (Wuxi), and The Grace Residence (Changzhou)

*² Plans may be subject to revision as a result of the application of Chinese national or local regulations or legislation relating to real estate development.

The Daiwa House Group is currently involved in the development and sale of condominium and commercial facility projects in five locations in the cities of Dalian, Suzhou, Wuxi, and Changzhou. In fiscal 2012, the Group faced a difficult sales situation in the first half of the year owing to the regulatory restrictions imposed by the Chinese government, but we staged a gradual recovery in the second half and are currently engaging in aggressive marketing initiatives. From here onward our efforts will focus on building a service network enabling us to outcompete our rivals, not only in terms of the construction quality of our buildings, but also in terms of the added value we can offer through after-sales services.

Additionally, regarding the development of industrialized housing in China, Daiwa House (China) Investment

and the Baoye Group Co., Ltd. of China, which operates a range of businesses in fields such as general construction and real estate development, plan to establish a joint venture (scheduled within fiscal 2013) under the name of Baoye Daiwa Industrialized House Manufacturing. This joint venture will employ industrialized methods at a dedicated production plant to manufacture columns, beams, and other parts for lightweight steel-frame structures used in low-rise housing. According to the agreed plans, the company will also sell these products on the open market and supervise their installation.

The Chinese economy is expected to follow a sluggish trend over the medium-to-long term, but as demand for housing remains strong, we aim to continue expanding our operations while keeping a close watch on market conditions.

China

Construction work under contract and other businesses

Leveraging technological expertise and planning capabilities to secure increased orders



Fujita Corporation



Daiwa Logistics
Shanghai

Daiwa Logistics (Shanghai) Co., Ltd.



Daiwa House
Dalian

DH (Dalian) Administrative Management
Consulting Center Co., Ltd.



Principal construction contracts
completed by Fujita

Shanghai area

87

Zhejiang Province

31

Jiangsu Province

85

Southern China

153

Other areas

38

(as of December 2012)

Fujita operates in five areas of China — in northern China, Jiangsu, Shanghai, Zhejiang, and southern China — principally through Fujita (China) Construction. It engages in construction work under contract and offers support services including site surveys and operation and maintenance. Fujita has an extensive track record in the construction of production plants, mainly for Japanese-owned companies in the automotive and electronic appliance industries, and is also conducting work to expand Hong Kong International Airport in collaboration with local companies. The company is leveraging its technological expertise and ability in project planning to expand its business portfolio.

Up to now, the mainline trend has been for foreign companies — mostly export-oriented enterprises — to enter the Chinese market, but from here on a change in the industrial structure

is projected, with companies principally targeting demand in the Chinese domestic market. Against this backdrop, Fujita has been receiving a growing volume of orders for the construction of production plants for Japanese-owned companies aiming to set up operations in China to target the local market. At the same time, Fujita has been diversifying its business portfolio through vigorous marketing in the fields of housing and commercial facilities, as well as leveraging its expertise in environmental technologies.

In addition, Daiwa Logistics (Shanghai), a subsidiary of Daiwa Logistics in Japan, operates as an international transportation agent, principally in Shanghai. The company is working to expand its operations by offering comprehensive logistics service proposals.

Vietnam and Indonesia

Developing industrial parks targeted at Japanese enterprises



Daiwa House Industry Co., Ltd.



Daiwa House Vietnam Co., Ltd



Fujita Corporation



Total development area

Vietnam

270 hectares

Indonesia

1,350 hectares

In collaboration with the Japanese companies Sojitz Corporation and Kobelco Eco-Solutions Co., Ltd., as well as local companies, we are currently engaged in the development of the Long Duc Industrial Park in Vietnam's Dong Nai Province, approximately 40 kilometers from Ho Chi Minh City. The total area is 270 hectares, and the project's total expenses are estimated at approximately US\$100 million. Site preparation is underway, as well as the construction of some production plants for Japanese-owned enterprises. Meanwhile, our local subsidiary Daiwa House Vietnam acquired a license to operate as a construction company in 2012, and is currently engaged in selling sites in the Long Duc Industrial Park as well as concluding contracts for the construction of factories and logistics facilities. Further, in Indonesia, in the Bekasi region on

the outskirts of Jakarta, we have participated in development of the Daiwa Manunggal Industrial Park (total area of 1,350 hectares) in collaboration with local enterprises. We hope to attract corporate tenants to this industrial park, including not only Japanese-owned enterprises, but also companies from all over the world.

Fujita has been operating businesses in both Hanoi and Ho Chi Minh City since 1993, and has constructed a large number of structures for Japanese-owned companies in Vietnam. We plan to build on Fujita's track record and make maximal use of its expertise in this field to realize Group-wide synergies that will help expand the scale of our operations in Vietnam.

Mexico and other countries

Realizing the Group's potential all over the globe



Fujita Corporation



Daiwa House California



Daiwa House Australia Pty Ltd



Daiwa Life Next Korea Co., Ltd.



Fujita is involved in the business of construction work under contract in various countries, notably Mexico, South Korea, Taiwan, and India. Since opening a branch office in Mexico in 2004, the company has received over 50 construction orders, mainly from Japanese-owned enterprises. Interest in the Mexican market has been growing in recent years, due to the country's ample supply of low-cost labor. More generally, there has been a pickup in the pace with which North American manufacturing companies — particularly the automakers — are moving their production facilities to countries in Latin America. In the near future, Fujita hopes to receive an increased number of orders thanks to its creation of a system targeting this rapidly expanding market. Fujita is also a specialist in railroad track construction, and has amassed a considerable



record of construction orders completed in the field of traffic- and transportation-related facilities, including high-speed railway lines in Taiwan, railroads in Dubai, railway buildings in Hong Kong, and shunting yards in the Philippines. From here on, Fujita will be working to strengthen its marketing activities to take advantage of demand for the construction of physical infrastructure in Southeast Asia and the Middle East.

In other areas, in Singapore, Daiwa House Industry has begun selling its in-house-developed home energy management system, D-HEMS, while in Malaysia it is developing single-family house products to suit local tastes, as well as conducting market surveys. Meanwhile, Daiwa LifeNext and Daiwa Living have started up joint operations with local companies in the existing home business in South Korea.

Presidents of Principal Group Companies

DH (Dalian) Administrative Management
Consulting Center Co., Ltd.

In-Gyong Lee

Daiwa House Guam Co., Ltd.

Masao Doi

Daiwa House (Wuxi) Real Estate
Development Co., Ltd.

Kazuya Sawamoto

Daiwa House Vietnam Co., Ltd.

Takaki Hiromori



Daiwa House (Suzhou) Real Estate
Development Co., Ltd.

Hiroaki Okuno

Daiwa House (Changzhou) Real Estate
Development Co., Ltd.

Wei Li

Daiwa Logistics (Shanghai) Co., Ltd.

Masanori Chatani

Daiwa House California

Takeshi Wakita



Fujita (China) Construction Co., Ltd.

Seiji Kimijima

Daiwa House Australia Pty Ltd

Masaomi Yamadaira

Daiwa Life Next Korea Co., Ltd.

Takahiro Kubo





Research & Development

The Daiwa House Group conducts research and development to provide solutions to social issues under the four themes — or focus areas of technology research — of 1) environment-friendly technology, 2) technology to meet growing needs in the existing home business, 3) technology for an aging society with a declining birthrate, and 4) technology for stable food production.

Creating business value that addresses challenges facing society

At the Central Research Laboratory, we are creating new business value in order to address the challenges facing society, such as energy and resources, the aging society, and food self-sufficiency, and to make people's lives safer and more secure.

Our achievements in environment-friendly technology include the development of D-HEMS II for the control of storage batteries and air-conditioners, and home-use lithium-ion batteries with an increased capacity of 6.2kWh in collaboration with ELIY Power. Combining these technologies with photovoltaic power generation systems, Daiwa House Industry commercialized the "SMAxEco ORIGINAL II" smart house. In the area of technology to meet growing needs in the existing home business, we made use of earthquake PML*¹ research to develop "Kokoyure," an earthquake hazard assessment tool for single-family houses. In each of these fields we are seeing steady developments, such as SILENT HYBRID SLAB50, a sound insulating floor for low-rise rental housing.

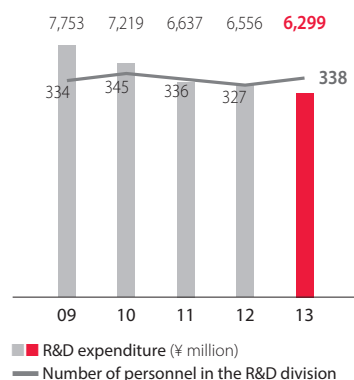
Expansion overseas and initiatives based on collaboration between industry, government and academia

Technologies and products developed at our research laboratory have even begun to be used overseas. In Singapore, a high-class condominium tower has adopted D-HEMS customized to accommodate the local lifestyle. Even when developing technologies and products for Japan, the Daiwa House Group will develop them so that they can be supplied as stand-alone products for overseas markets.

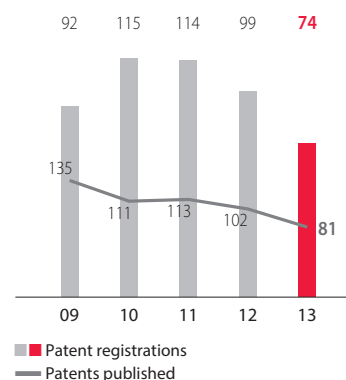
We will maintain our active research and development efforts by collaborating with industry, government, and academia.

*1 PML: Probable Maximum Loss

R&D expenditure, and number of personnel in the R&D division



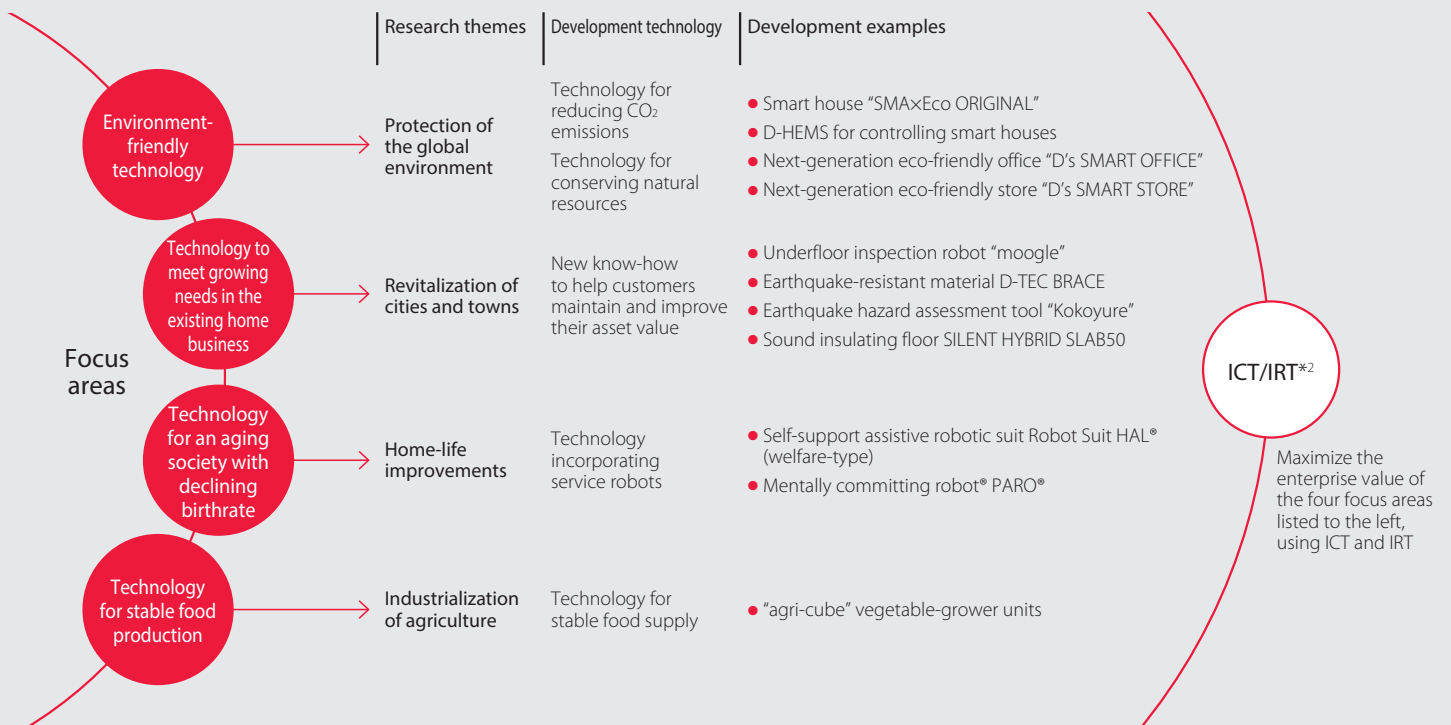
Patent registrations and patents published





The Central Research Laboratory

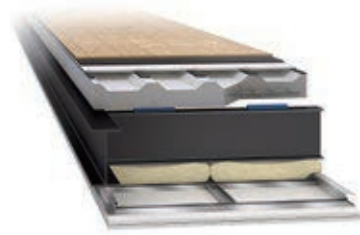
The focus areas of technology research, and related initiatives



*2 ICT: Information and Communication Technology
IRT: Information Robot Technology



The "SMAxEco ORIGINAL II" smart house, which combines D-HEMS II equipped with storage batteries and air conditioning auto-control technology, a 6.2kWh home-use lithium-ion storage battery, and photovoltaic power generation system



For rental housing of wooden and lightweight steel-frame construction, we have SILENT HYBRID SLAB50, a sound insulating floor with the industry's first noise barrier performance*3

*3 According to Daiwa House Industry research as of October 22, 2012

**Extend
Achieve**

Bridges, Dreams

Group Network

As of March 31, 2013

● Living Salons **113**



■ Property Developments **83**



■ Commercial Facilities **309**



● Resort Hotels **29**



■ Golf Courses **10**



● Fitness Clubs **59**
(as of August 2, 2013)



● Home Centers **50**



● City Hotels **37**



Daiwa House Industry
(as of April 1, 2013)

Head Office/Offices/Branches **85**

Overseas Office **1**

Factories **10**

Laboratory **1**



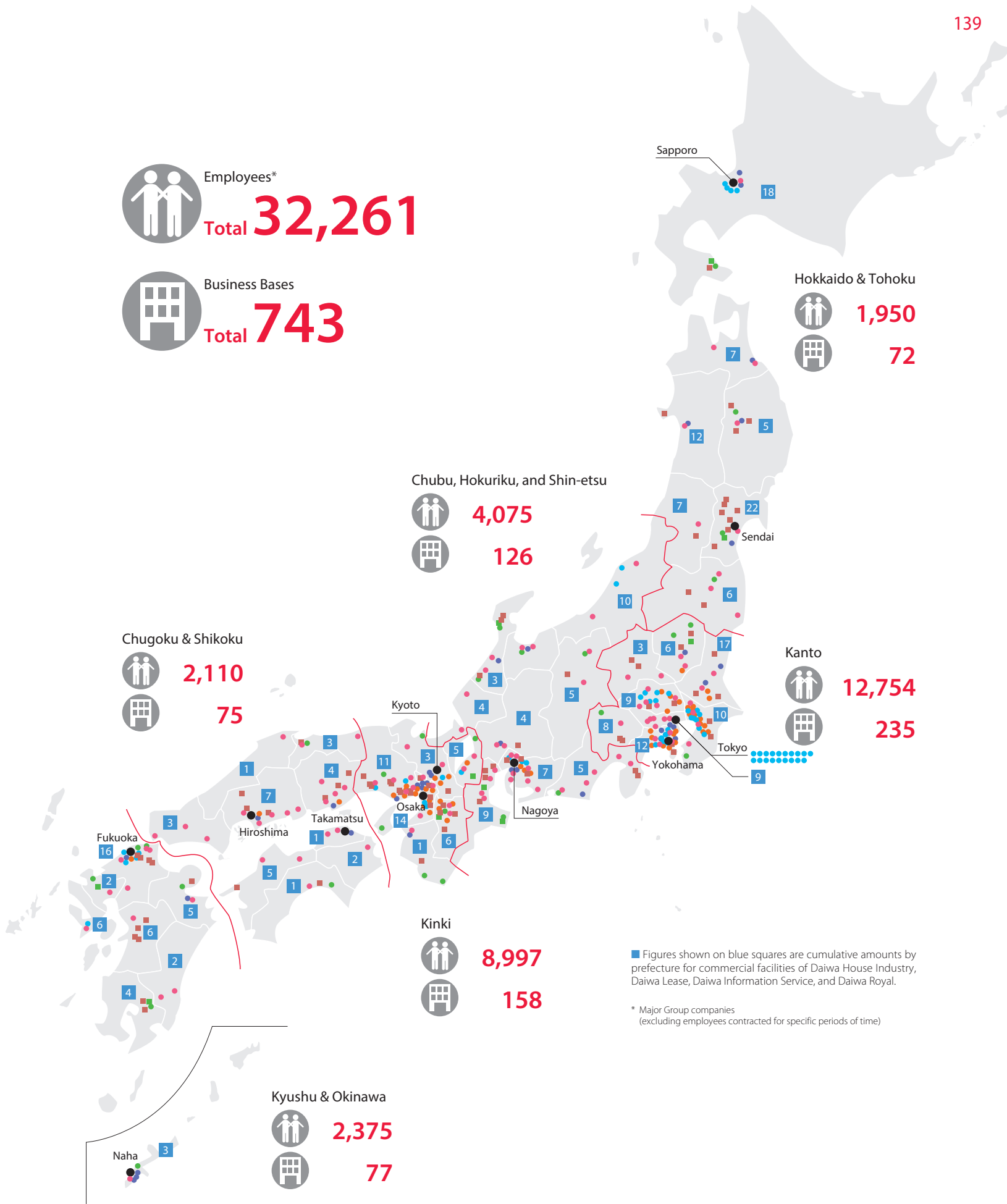
Employees*

Total **32,261**



Business Bases

Total **743**



■ Figures shown on blue squares are cumulative amounts by prefecture for commercial facilities of Daiwa House Industry, Daiwa Lease, Daiwa Information Service, and Daiwa Royal.

* Major Group companies (excluding employees contracted for specific periods of time)

The Story of the Daiwa House Group

1950

1955

Founding of Daiwa House Industry and launch of our first product, the Pipe House



1957

Steel pipe structure used for warehouse at sake brewery receives certification from Japan Lightweight Iron Construction Association as first such full-fledged structure in Japan

1959

Daiwa Kosho (current Daiwa Lease) and Daiwa Konpo (current Daiwa Logistics) established

Midget House pilot prefabricated house model launched on market

1960

1961

Daiwa Danchi established (merged with Daiwa House Industry in April 2001)

Stock listed on Osaka, Tokyo and Nagoya stock exchanges

1962

Daiwa Danchi developed Habikino Neopolis, our first housing complex

1965

Nara Factory constructed, Japan's first specialist plant for production of prefabricated houses



1970

1971

Daiwa Jutakukiki (current Daiwa Rakuda Industry) established

1975

Opening of the Shikabe Country Club

1976

Full-scale start of retail and wholesale facilities business



1977

Condominium business started



1978

Resort hotels business started with the opening of Noto Royal Hotel, the first Daiwa Royal Hotel



1979

Real Estate Information centers set up within each of the Company's offices as first step in developing the used housing market

1980

1980

First Royal Home Center opened in the city of Nara

1982

Full-scale start of rental housing business



1983

Manufacture of high-end prefabricated houses for export to China (a first for Japan)

Tentakubin (current Daiwa Service) established

1986

Daiwa Information Service established

1989

Daiwa Living established

Silver Age Research Center established



1990

1994

Daiwa House Central Research Laboratory opened in Kansai Science City



2000

2000

Full-scale start of renovation business

2001

Daiwa House Industry merged with Daiwa Danchi

2004

Home center business split off from Daiwa House Industry



The Daiwa House Group drew up its Corporate Ethics Guidelines and Behavioral Guidelines

Osaka Marubiru became consolidated subsidiary

**2005**

The Daiwa House Group drew up new management vision and Employee Charter to mark 50th anniversary

New Group symbol — the “Endless Heart” — introduced

NAS (Nippon Athletic Service) became consolidated subsidiary (current Sports Club NAS)

**2006**

Group management integration through share exchange transactions between Daiwa House Industry and Daiwa Kosho Lease (current Daiwa Lease), Daiwa Rakuda Industry, and Daiwa Logistics, by which the subsidiaries became wholly owned subsidiaries of Daiwa House Industry

Daiwa House Financial, Daiwa House Insurance, and Daiwa House REIT Management founded

2007

Daiwa Royal Golf founded

The resort hotel business split off from Daiwa House Industry



Nobuo Ishibashi Memorial Museum opened



Eneserve became consolidated subsidiary

**Daiwa House**[®]
Group**2008**

Daiwa House Industry formed capital alliance with Odakyu Construction (current Daiwa Odakyu Construction)

Morimoto Asset Management (current Daiwa House Asset Management) became consolidated subsidiary

2009

Cosmos Life (current Daiwa LifeNext) became consolidated subsidiary

Daiwa House (China) Investment established



2010

2012

Daiwa Living Management founded

Toden Life Support (current Daiwa House Life Support) became consolidated subsidiary

Daiwa House REIT Investment Corporation listed on stock exchange

2013

Fujita became consolidated subsidiary

Daiwa House Renew takes over Daiwa House Industry's home renovation business and changes its name to Daiwa House Reform

Daiyoshi Trust became consolidated subsidiary

Cosmos Initia became consolidated subsidiary

Principal Subsidiaries and Associated Companies

As of July 1, 2013

The figure in parentheses is the equity stake held by the Group as a whole.

Japan

Daiwa House Industry Co., Ltd.

Housing/Commercial facilities/
Urban development, etc.
www.daiwahouse.co.jp

Daiwa Lease Co., Ltd. (100%)

Building & vehicle leasing/Land utilization/
Maintenance & operation of commercial facilities/
Environmental greening
www.daiwalease.co.jp

Daiwa Rakuda Industry Co., Ltd. (100%)

Interior items/Housing materials/Rental
www.daiwarakuda.co.jp

Daiwa Logistics Co., Ltd. (100%)

Transportation/Warehouse & storage
www.daiwabutsuryu.co.jp

Daiwa Living Management Co., Ltd. (100%)

Businesses related to rental housing
www.daiwaliving-mgt.co.jp

Daiwa Living Co., Ltd. (100%)

Management & operation of rental housing
www.daiwaliving.co.jp

Daiwa Estate Co., Ltd. (100%)

Real estate agency
www.daiwaestate.jp

Daiwa Service Co., Ltd. (100%)

Management of condominiums & buildings/
Moving services
www.daiwaservice.co.jp

Daiwa LifeNext Co., Ltd. (100%)

Management of condominiums & buildings
www.daiwalifenext.co.jp

Global Community Co., Ltd. (100%)

Management of condominiums & buildings
www.glob-com.co.jp

Daiwa Information Service Co., Ltd. (100%)

Land utilization/
Maintenance & operation of commercial facilities
www.dis-net.jp

Nihon Jyutaku Ryutu Co., Ltd. (100%)

Real estate agency & property management services/
Appraisals/Renovation work
www.jyutaku.co.jp

Daiwa Royal Co., Ltd. (100%)

Rental of commercial facilities/Daiwa Roynet Hotels
www.daiwaroyal.com

Royal Home Center Co., Ltd. (100%)

DIY/Gardening/Interior items
www.royal-hc.co.jp

Daiwa House Reform Co., Ltd. (100%)

Renovation design & execution/
Property inspection
www.daiwahouse-reform.co.jp

Daiwa Resort Co., Ltd.

(Daiwa Royal Hotels) (100%)
Resort hotels
www.daiwaresort.jp

Daiwa Royal Golf Co., Ltd. (100%)

Golf course operation
www.daiwaroyalgolf.jp

Daiwa Energy Co., Ltd. (100%)

New power generation business & ESCO business
www.daiwa-energy.com

Eneserve Corporation (100%)

Electrical equipment maintenance checks &
Retail sale of electricity
www.eneserve.co.jp

Daiwa Lantec Co., Ltd. (100%)

Foundation assessment & reinforcement
www.daiwalantec.jp

Daiwa House Life Support Co., Ltd. (100%)

Fee-based nursing care facilities for the elderly
www.mominoki-life.com

Osaka Marubiru Co., Ltd. (96.7%)

Management of hotels/Rental of commercial facilities
www.marubiru.com

Nishiwaki Royal Hotel Co., Ltd. (100%)

Hotels
www.nishiwaki-royalhotel.jp

Sports Club NAS Co., Ltd. (100%)

Fitness clubs
www.nas-club.co.jp

Daiwa House REIT Management Co., Ltd. (100%)

Asset management
www.dh-rm.co.jp

Daiwa House Asset Management Co., Ltd. (100%)

Asset management
www.dh-am.com

Daiwa House Financial Co., Ltd. (70%)

Credit card operations
www.daiwasaisoncard.com

Daiwa House Insurance Co., Ltd. (100%)

Non-life insurance agency
www.daiwahouse-ins.jp

Daiwa Core Factory Co., Ltd. (100%)

Manufacture of housing parts & materials

Shinwa Agency Co., Ltd. (100%)

Advertising & travel agency
www.go-to-s.com

Media Tech Inc. (100%)

Data systems/Data services
www.mediatech.jp

Higashi-Fuji Co., Ltd. (75.4%)

Real estate development/
Sale of commercial real estate

Daiwa Homes Online Co., Ltd. (65.3%)

Real estate agency
www.dhol.co.jp

D.U-NET Co., Ltd. (66.7%)

ISP business
www.dunet.co.jp

Framework, Inc. (100%)

Development of logistics systems
www.frame-wx.com

Fujita Corporation (100%)

General construction/Real estate
www.fujita.co.jp

Cosmos Initia Co., Ltd. (64.1%)

Real estate sales/Real estate rental & agency services
www.cigr.co.jp

Daiyoshi Trust Co., Ltd. (94.1%)

Parking lot operation
www.daiyoshi.com

Daiwa Odakyu Construction Co., Ltd. (33%)

General construction/Real estate
www.daiwaodakyu.co.jp

Overseas

DH (Dalian) Administrative Management Consulting Center Co., Ltd. (100%) Business process outsourcing (BPO) business	Daiwa House (China) Investment Co., Ltd. (100%) Real estate investment	KD Living, Inc. (49%) Management of rental housing
Dalian Dahezongsheng Estate Co., Ltd. (50%) Real estate development & sales	Daiwa House (Wuxi) Real Estate Development Co., Ltd. (100%) Real estate development & sales	Fujita (China) Construction Co., Ltd. (100%) General construction & technical consulting
Shanghai International Realty Co., Ltd. (30%) Management of rental housing	Daiwa House (Changzhou) Real Estate Development Co., Ltd. (100%) Real estate development & sales	Fujita Research (100%) Research of overseas construction technology
Dalian Yihe Property Management Co., Ltd. (50%) Management of condominiums	Daiwa Logistics (Shanghai) Co., Ltd. (100%) International transportation agent (exports and imports)	Fujita Vietnam Co., Ltd (100%) General construction
Daiwa House (Suzhou) Real Estate Development Co., Ltd. (100%) Real estate development & sales	Daiwa House USA Inc. (100%) Real estate investment	Fujita Philippines Construction and Development, Inc. (100%) General construction
Dalian Acacia Town Villa Co., Ltd. (42.5%) Management of rental housing	Daiwa House California (100%) Real estate/Real estate development	Fujita Engineering India Private Limited (100%) General construction
Beijing East Palace Apartment Co., Ltd. (40%) Management of rental housing	Daiwa House Guam Co., Ltd. (100%) Construction	Daiwa Life Next Korea Co., Ltd. (70%) Real estate management
Tewoo Daiwa House (Tianjin) Real Estate Development Co., Ltd. (70%) Real estate consulting	Daiwa House Australia Pty Ltd (100%) Real estate development	
Dalian Civil Aviation Hotel Co., Ltd. (50%) Management of hotels, condominiums & office buildings	Daiwa House Vietnam Co., Ltd (100%) Construction/ Business process outsourcing (BPO) business	
Tianjin Jiuhe International Villa Co., Ltd. (90%) Management of rental housing	Beijing Frameworx JHD Technology Co., Ltd. (100%) System sales	

Corporate Data

As of April 1, 2013

Corporate name:	Daiwa House Industry Co., Ltd.	Branches:	76
Founding:	April 5, 1955 (Established: March 4, 1947)	Factories:	10
Paid-in capital:	¥110,120,483,981	Research center:	Central Research Laboratory (Nara)
Employees:	13,623	Training centers:	Nara, Osaka and Tokyo
Securities traded:	Tokyo and Osaka stock exchanges	Overseas offices/ Representative offices:	Shanghai (China), Taipei (Taiwan), Ho Chi Minh (Vietnam), Kuala Lumpur (Malaysia), Jakarta (Indonesia)
Securities code:	1925	Contact:	Daiwa House Industry Co., Ltd. IR Department, Management Administration Headquarters Phone: +81-6-6342-1400 Fax: +81-6-6342-1419 e-mail: dh.ir.communications @daiwahouse.jp
Head office:	3-3-5 Umeda, Kita-ku, Osaka 530-8241, Japan Phone: +81-6-6346-2111	Daiwa House website:	Daiwa House Industry Co., Ltd. http://www.daiwahouse.co.jp/English
Tokyo Head office:	3-13-1 Iidabashi, Chiyoda-ku, Tokyo 102-8112, Japan Phone: +81-3-5214-2111		
Nagoya office:	1-20-22 Aoi, Naka-ku, Nagoya 460-8491, Japan Phone: +81-52-933-2703		
Sendai office:	3-8-1 Izumi-Chuo, Izumi-ku, Sendai 981-3133, Japan Phone: +81-22-375-5111		
Saitama office:	3-261-2 Onari-cho, Omiya-ku, Saitama 330-9558, Japan Phone: +81-48-663-8211		
Chiba office:	3-19-4 Oyumino, Midori-ku, Chiba 266-0031, Japan Phone: +81-43-291-9633		
Yokohama office:	14, 15F/Minatomirai Center Building, 3-6-1 Minatomirai, Nishi-ku, Yokohama 220-8620, Japan Phone: +81-45-650-5200		
Kobe office:	4-2-22 Isobedori, Chuo-ku, Kobe 651-0084, Japan Phone: +81-78-272-3800		
Fukuoka office:	2-11-24 Kamimuta, Hakata-ku, Fukuoka 812-0006, Japan Phone: +81-92-473-0833		

Sources

P58-59

Number of households in Japan:

"Household Projections for Japan," National Institute of Population and Social Security Research

Percentage converted to smart houses (newly constructed single-family houses), smart house-related market (Japan):

"Reality and Future Prospect of Smart-House Related Technology and Market 2013," Fuji Keizai Management Co., Ltd.

Number of existing condominiums (at least 30 years old):

"Study of New Management System for Condominiums," Ministry of Land, Infrastructure, Transport and Tourism

Home renovation market:

"Home Renovation Market 2013," Yano Research Institute Ltd.

P80-81

Final energy consumption:

"Long-Term Energy Supply and Demand Outlook (recalculation) 2009, Case of Continued Effort, Ministry of Economy, Trade and Industry

Working age population (15-64 years old):

"Population Projections for Japan (January 2012 estimate)," National Institute of Population and Social Security Research

Overseas production ratio in manufacturing industries:

"Annual Survey of Corporate Behaviors for Fiscal 2010," Cabinet Office, Japan

Nursing care insurance costs:

"Revision of Cost Projections Related to Social Security," Ministry of Health, Labour and Welfare

P106-107

Elderly population rate (percentage of population 65 years and older):

"Aging Society White Paper 2012," Cabinet Office, Japan,

Healthy Life Expectancy:

"Reference Material about Promoting Healthy Japan 21 (2nd)" Ministry of Health, Labour and Welfare

Adults sports practice rate (once or more a week):

"Sports Basic Plan," Ministry of Education, Culture, Sports, Science and Technology

*Overall responsibility • Tetsuji Ogawa/Daiwa House Producer & creative director • Keisuke Izumoto/Daiwa House
Director • Noriyuki Sugimoto/Daiwa House Art director • Hiroaki Kitagawa/Nippon Arts Inc.
Designer • Mayumi Makino • Shizuko Hayasaka/D & Join Inc. Operator • Kohji Abe/D & Join Inc.
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we follow in the footsteps of our founder,
who constantly strove to achieve his dreams.
With our hearts and the hearts of all people united,
we aim 100 years into the future
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