FY2018 Presentation on Management Policies

State of progress under 5th Medium-Term Management Plan, and policies going forward

May 15, 2018

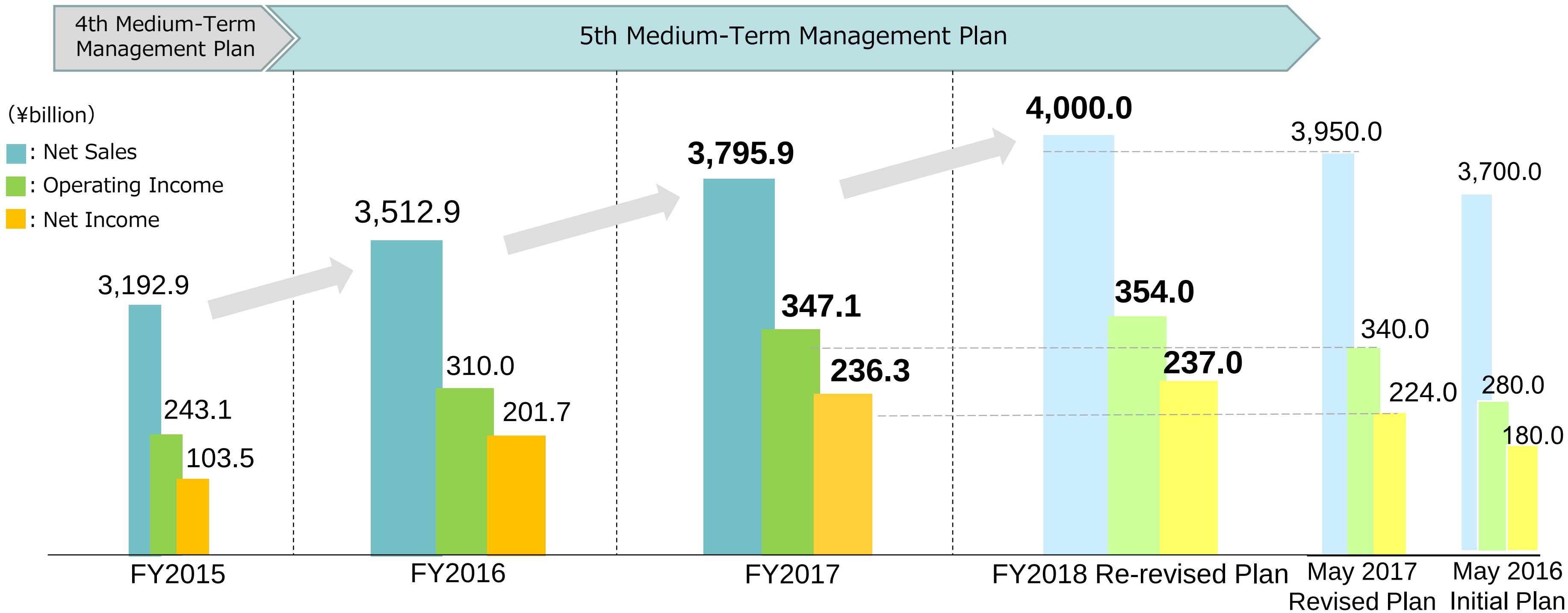
Daiwa House Industry Co., Ltd.

Code number: 1925
First Section of the Tokyo Stock Exchange

State of progress under 5th Medium-Term Management Plan

Daiwa House

Revised income goals for final year of the 5th Medium-Term Management Plan we set in May 2017 were achieved in 2nd year of plan. We once again conduct an upward revision for our earnings forecast as we aim for further growth.



Steady growth of 3 growth driver segments (Rental Housing・Commercial Facilities・Logistics, Business & Corporate Facilities)

Increase of sale of development properties

Expansion of overseas business

Inclusion of Stanley-Martin (USA)

Inclusion of Rawson (Australia)

DPL Kawasaki Yakou (Kanagawa Pref.)
Large-scale multi-tenant logistics facility

Stanley-Martin Communities, LLC
Single-Family Housing business in USA

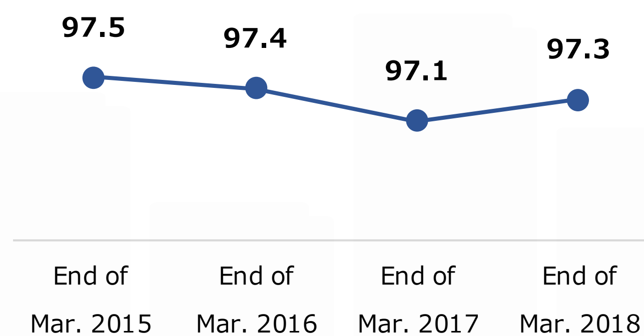
We will grow sales by supplying urban-type and family-type properties while working to maintain a high level of occupancy rates. Will use vast product variation to expand earnings.

Three-story rental housing (exterior)

Family-type (interior)

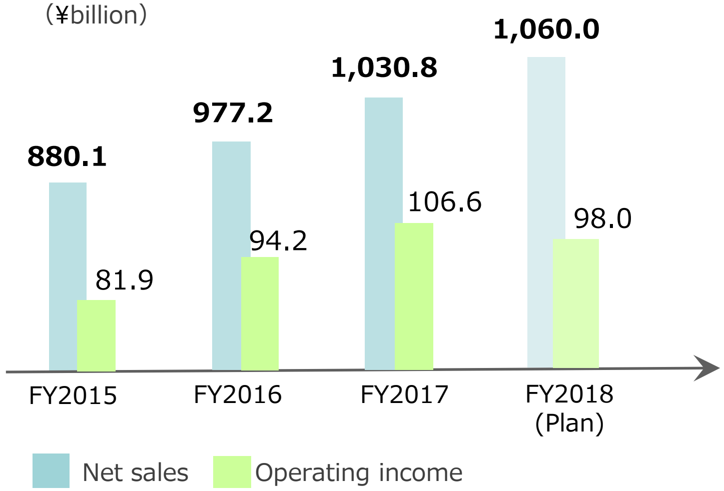
■ Occupancy rates

(%)



■ Business results

(¥billion)



■ Strategy for FY2018

✓ Expansion of product variation

Medium- to high-rise rental housing

Multi-function rental housing

Dormitory, company housing, official residence

 May. 15th, 2018

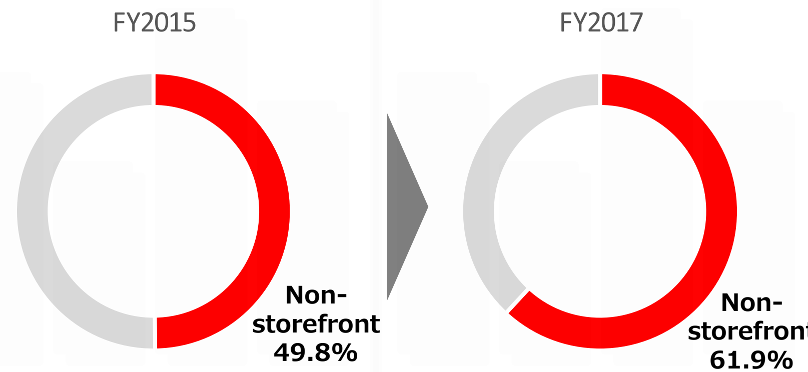
Commercial Facilities Business Status and Growth Strategy

Will expand beyond storefront development to provide diverse types of properties and expand earnings. Will increase potential applications for commercial facility development to further expand earnings.

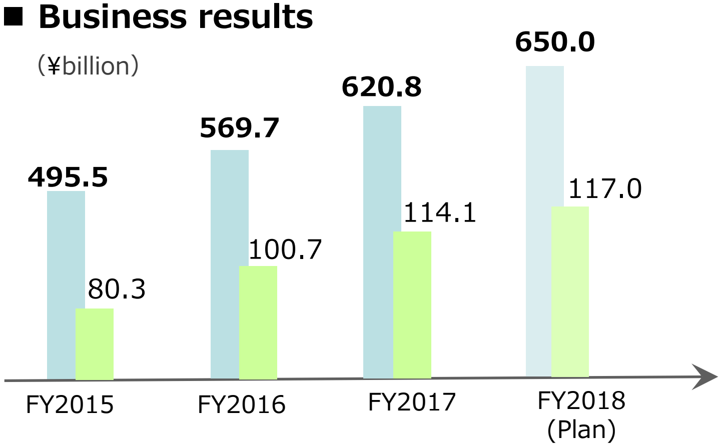
DOMEAL CITY Monzen-Nakacho
Rental housing with stores

DAIWA ROYAL HOTEL GRANDE KYOTO

■ Ratio of contracts other than storefront (based on contract amount)



■ Business results



■ Strategy for FY2018

- ✓ Expand tenant variation (multifunction shops, medical and nursing care facilities, nursery facilities, etc.)
- ✓ Expansion of large-scale facilities

Medical and nursing care facility

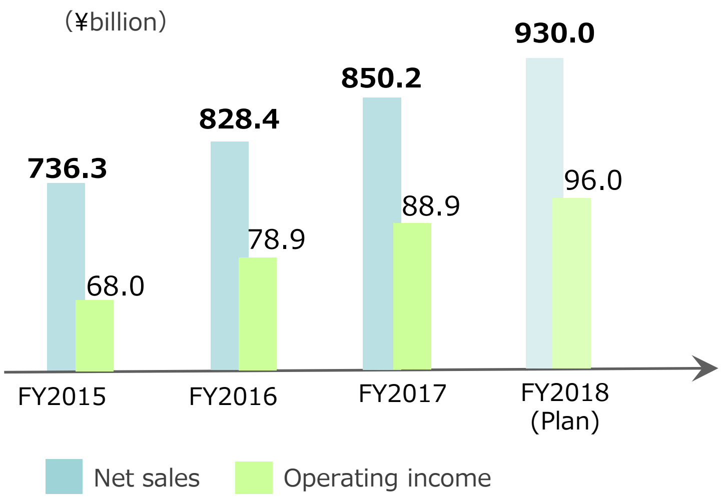
Large multi-use facility

Daiwa House®

Expand earnings by accelerating development of BTS type and multi-tenant type facilities. Utilize advanced technology to develop more advanced and efficient facilities.

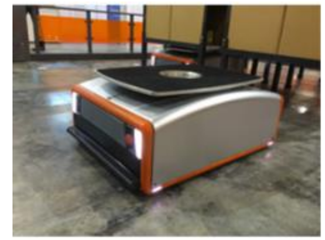
DPL Nagareyama (Chiba Pref.)
Multi-tenant type logistics facility

■ Business results



■ Strategy for FY2018

✓ Develop advanced logistics facilities



AI-based “Butler®” - Autonomous logistics robot
(Capital partnership with GROUND, Inc.)

mama square

Child care facility for employees working at logistics facility
(Capital partnerships with Mama Square)

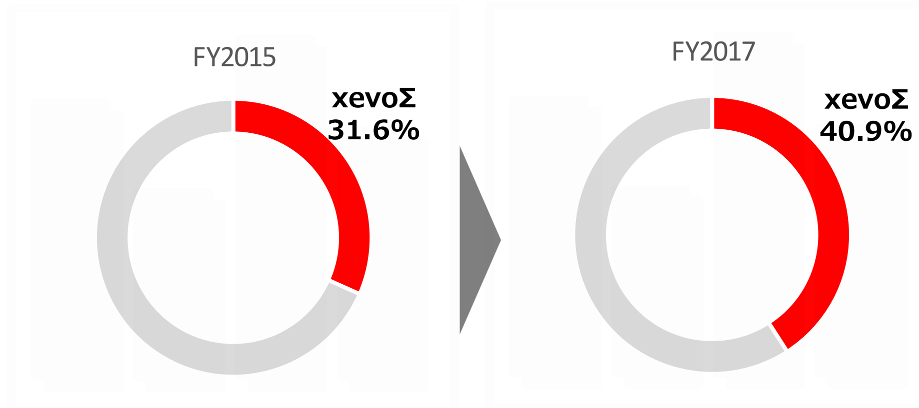
Intelligent Logistics Center PROTO
Showroom inside logistics center demonstrating new sharing model utilizing AI, IoT, and robots

Daiwa House®

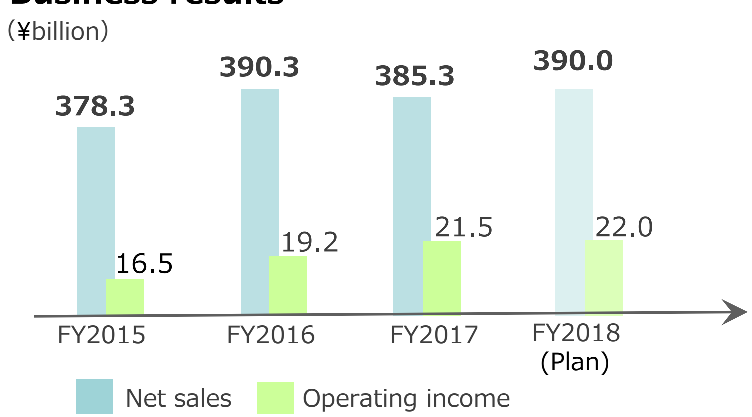
Operating income improved for 3 consecutive years on improved unit price thanks to focus on increasing sales of the xevoΣ series and improved unit costs thanks to optimization efforts. Will improve proposals for multi-function residences to expand sales of 3-story and taller houses.

xevoΣ

■ xevoΣ ratio growth (based on units ordered)

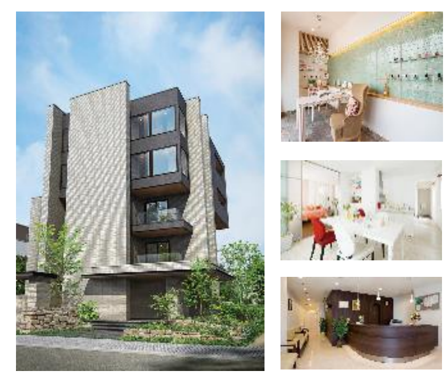


■ Business results



■ Strategy for FY2018

- ✓ Strategy for luxury market
- ✓ Improve multi-function residence proposals



Multi-function residence proposals (stores, rental housing, hospitals)

Condominiums Business Status and Growth Strategy

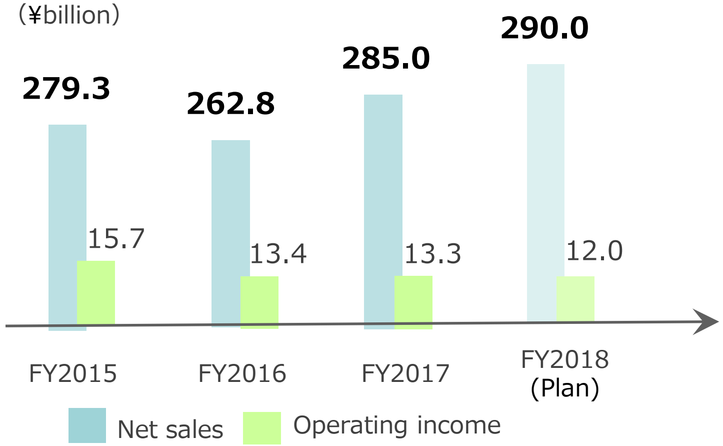
Daiwa House

Expand beyond Tokyo Metro area to increase coverage for Kinki area.
Promote provision of properties able to meet the diversifying needs of the market.

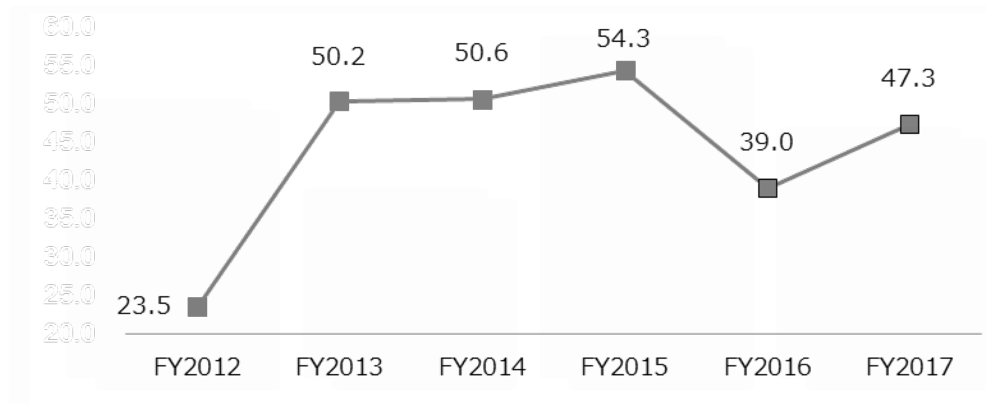
PREMIST Ariake Gardens (Tokyo)
Combining green living environment with urban convenience

■ Business results

(¥billion)

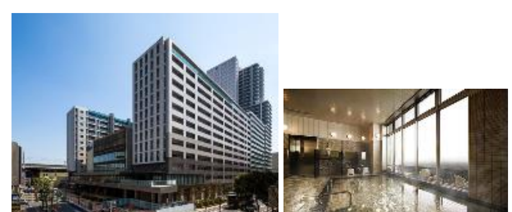


■ Supply rate in Tokyo Metro area (%)



■ Strategy for FY2018

- ✓ Expand supply in Tokyo Metro and Kinki areas.
- ✓ Promote properties and services to meet needs of seniors and other diverse needs



Grand Cosmos Musashiurawa (Saitama Pref.)
Condominium for active seniors

PREMIST Tsurumi Yokozutsumi (Osaka)

Existing Homes Business Status and Growth Strategy

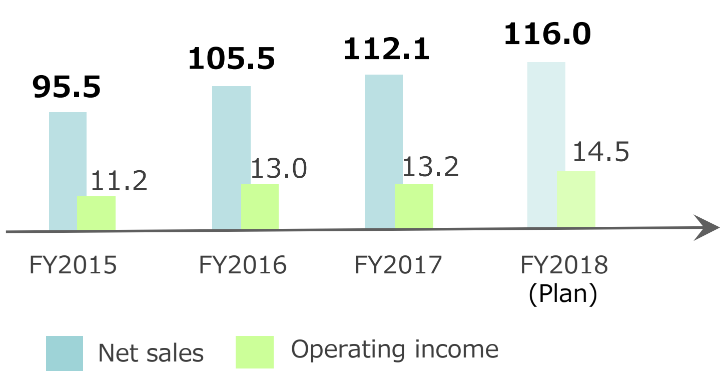
Daiwa House

Expand reform business and launch new brand “Livness” to strengthen group-wide business structure.

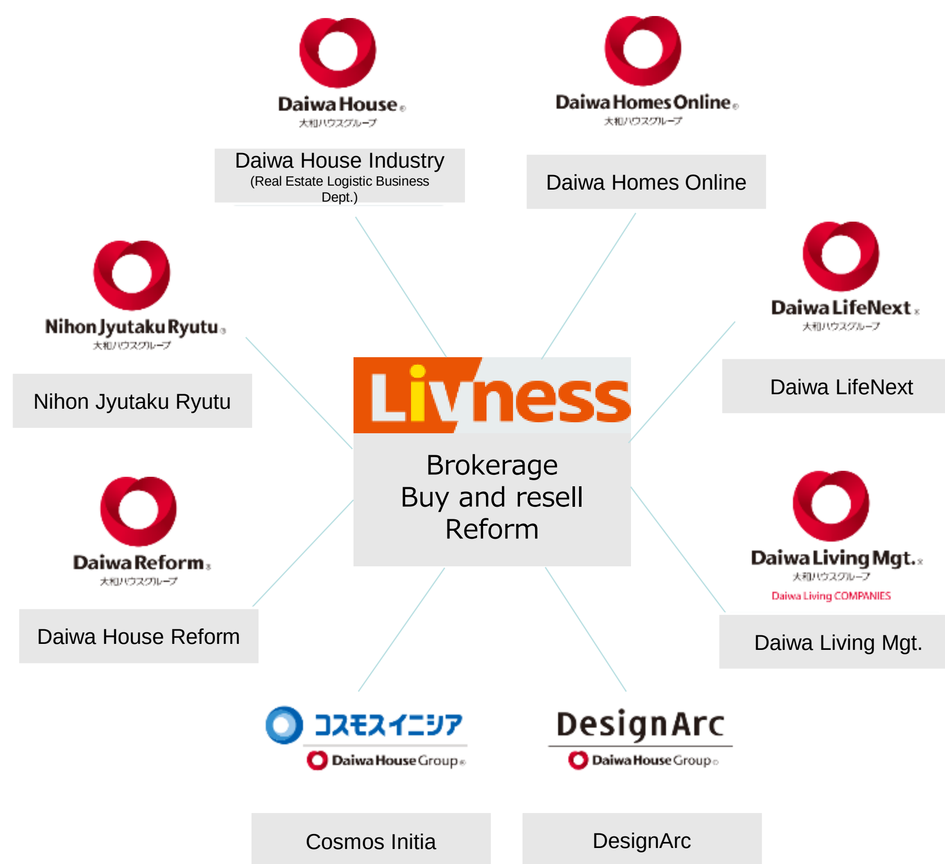
No. 1 for 2 consecutive years in Oricon Customer Satisfaction Ranking – Large-scale Reform Category (2016, 2017)

■ Business results

(¥billion)



■ Launch new used housing brand

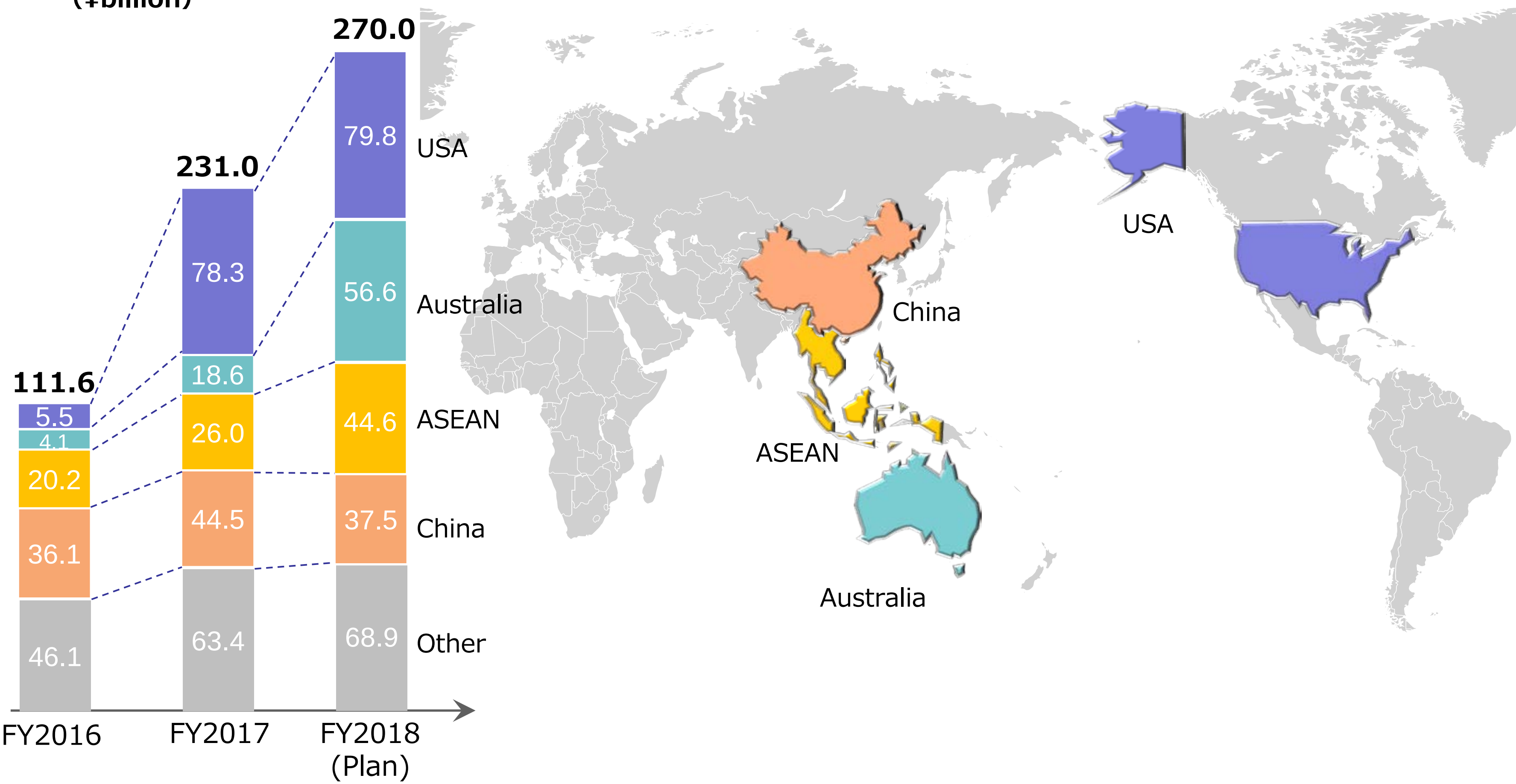


Aggressive Expansion of Overseas Business

Daiwa House

Overseas Business expand in Australia, where the Rawson Group became a member of the Daiwa House Group, and in ASEAN. We will aim for net sales of 270 billion yen.

■ **Net sales**
(¥billion)



Note: Adjustments included in total net sales

Status of Real Estate Development Investment Plan

Daiwa House®

In light of past performance, we will expand our 3-year investment plan goals from 900 billion yen to 1 trillion yen with a particular focus on expanding investments in Logistics, Business & Corporate Facilities Business and in overseas business.

■ Status of real estate investment development plan

(¥billion)

	Initial Plan	Cumulative Results (2 years)	Progress	Revised Plan
Rental Housing	100.0	34.7	34.7%	50.0
Commercial Facilities	140.0	100.6	71.9%	150.0
Logistics, Business, and Corporate Facilities	360.0	281.5	78.2%	400.0
Overseas	100.0	84.4	84.4%	120.0
Real estate total	700.0	501.3	71.6%	720.0
Capital investments	150.0	150.2	100.1%	200.0
M&A	50.0	36.5	73.0%	80.0
Investments total	900.0	688.1	76.5%	1,000.0

DPL Sakado (Saitama Pref.)
Multi-tenant logistics facility is largest by Daiwa House

Nantong Project (Jiangsu Province)
First large-scale condominium development in China in 6 years

Status of Plus 1 and Plus 2 Businesses

Daiwa House®

The accommodations business expand hotel openings to address inbound demand.
The parking business steadily increase Group overall number of parking spaces managed.

■ Launched new hotel brand

City Hotel

DAIWA ROYAL HOTEL CITY

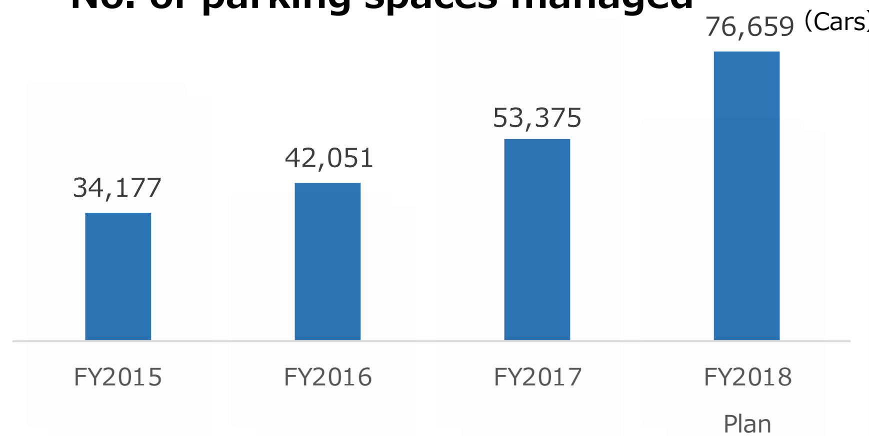
Apartment Hotel

APARTMENT HOTEL MIMARU

Hotel targeting families

La'gent Hotel Tokyo Bay

■ Parking business
No. of parking spaces managed



Notes: Figures up to FY2017 for Daiwa House Parking and Daiwa Lease.
FY2018 plan includes Technical electron.

Osaka Marubiru
Daiwa House Parking

D-Parking Maebashi Station North Gate
Daiwa Lease

 May. 15th, 2018

Workstyle Reform

Daiwa House

Further promote labor environment improvements by increasing days off for construction sites and adopting robot suits at plants.

FY2017 | FY2018

Restrict long working hours

FY2017:
- Group-wide 3-day holiday for New Years

FY2018:
- Increased days off at construction sites
  - ✓ Adopted 5 days/ 4 weeks off (102 total days off per year)

Roadmap for 8 days/ 4 weeks off at construction sites

- Expand use of RPA*1

Improve labor environment

FY2017:
- Adopted HAL®*2 robot suit at all plants

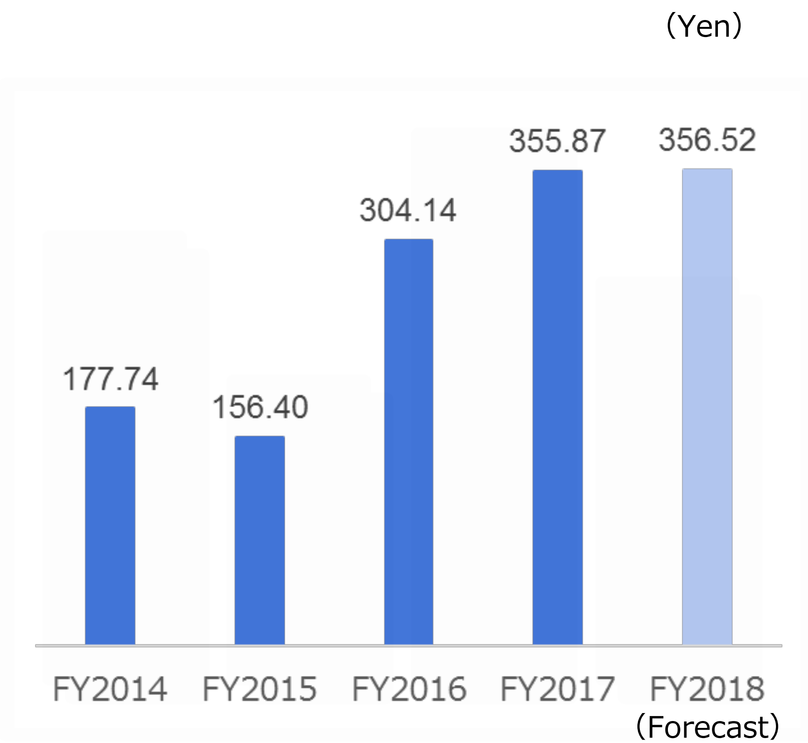
FY2018:
- Develop fire treatment sprayer robot

*1 Short for Robotic Process Automation. Uses software to process computer work automatically.
*2 HAL® is a trademark of CYBERDYNE Inc.

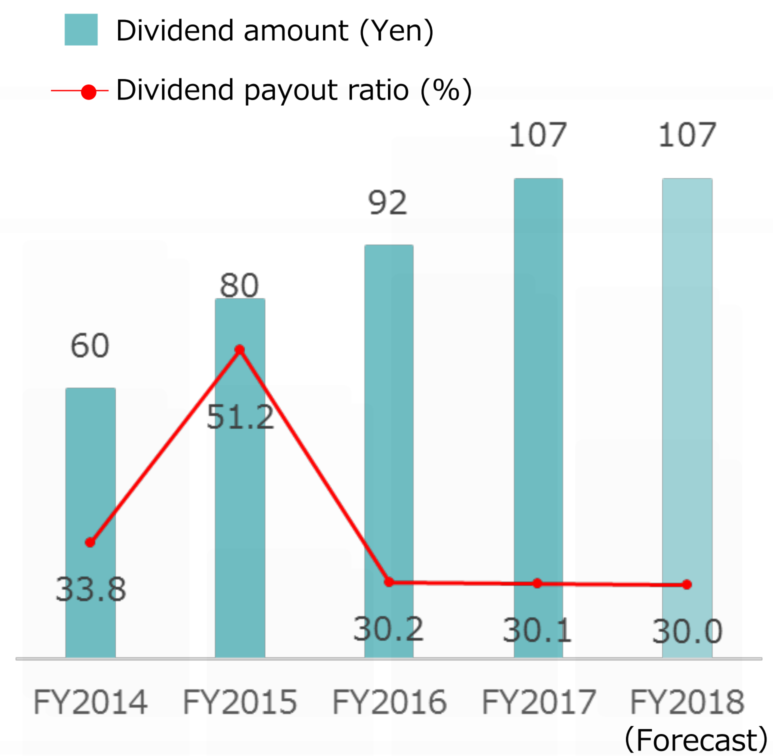
Shareholder Return Policy

Aggressive growth investments to improve per share income and increase shareholder value. Set target dividend payout ratio of 30% or higher and conduct performance-linked income returns while also working to steadily increase dividends.

■ Net income per share (EPS)



■ Dividend amount & dividend payout ratio



 May. 15th, 2018

Explanation regarding appropriate use of business performance forecasts, and other items worth special mention

(Notes regarding forward-looking statements)

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

(Regarding images used in these informational materials)

Images used in these informational materials include both photographs of actual buildings, people, etc., and artists' impressions of completed buildings.

(End)