



Daiwa House[®]
Group

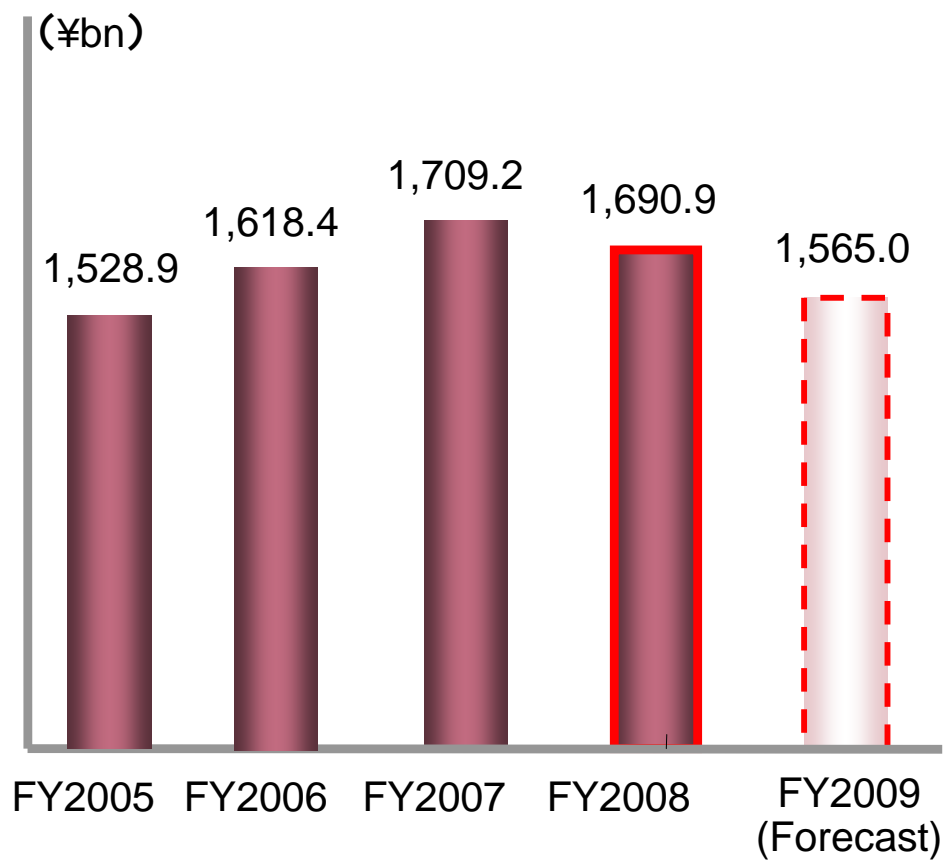
Management Policies for FY2009

Daiwa House Industry Co.,Ltd.

Daiwa House
Group

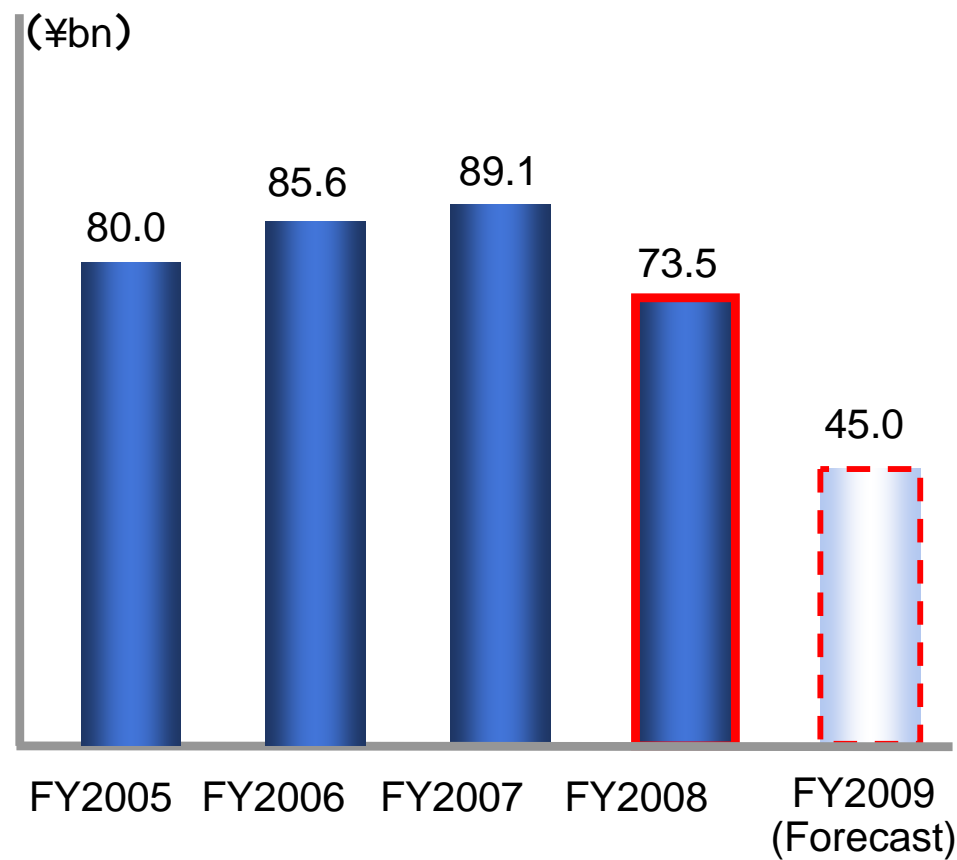
Net Sales

Results Forecast



Operating Income

Results Forecast



Business Performance (Results and Forecast)

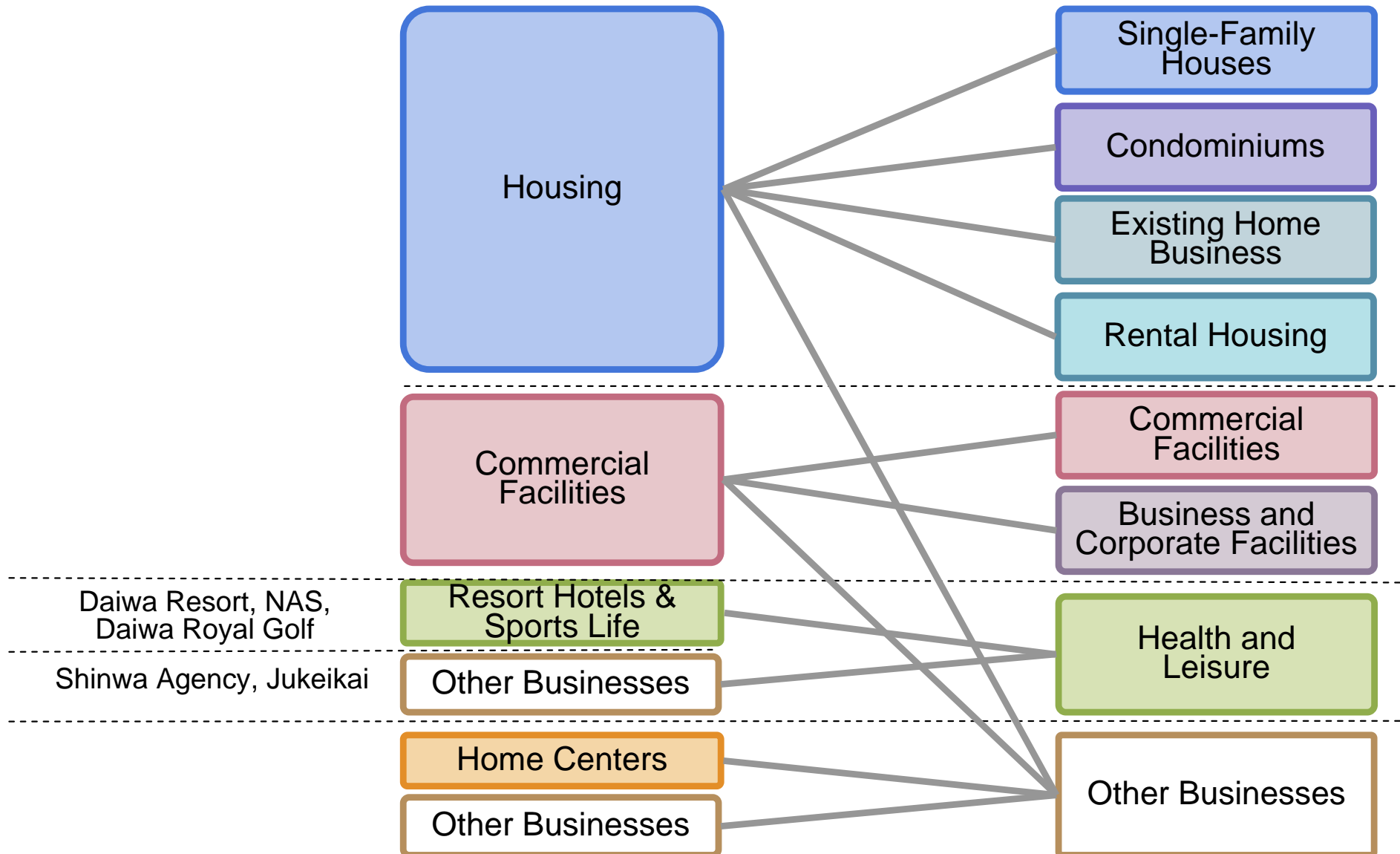
Daiwa House Group™

(¥bn)	Net Sales			Operating Income (Ratio)			
	FY2007	FY2008	FY2009 (Forecast)	FY2007	FY2008	FY2009 (Forecast)	(Ratio)
Single-Family Houses	381.7	356.1	318.0	6.7	3.0	0.3	0.1%
Rental Housing	427.7	449.6	453.3	39.0	34.1	32.0	7.1%
Condominiums	156.6	118.7	97.5	5.2	-10.1	-10.5	—
Existing Home Business	34.2	34.8	41.0	1.5	0.7	0.3	0.7%
Commercial Facilities	311.5	303.9	284.0	29.7	33.9	31.0	10.9%
Business and Corporate Facilities	201.3	243.5	168.0	18.0	33.3	9.0	5.4%
Health & Leisure	64.8	61.2	62.5	0.1	-1.0	0	0.0%
Others	209.0	222.3	225.0	10.4	4.9	4.6	2.0%
Eliminations/ Corporate	-77.6	-99.2	-84.3	-21.5	-25.3	-21.7	
Total	1,709.2	1,690.9	1,565.0	89.1	73.5	45.0	2.9%

For reference: Relationship between our eight business segments as per our medium-term management plan, and our financial statement segments

【 Segmentation employed in financial statements 】

【Corresponding business segments under our medium term management plan】



Basic Policies in “Challenge 2010”

Business Activities in FY2008

Realizing further growth through closer collaboration within the Group

Raising competitiveness by demarcating business segments of each group company

Strengthening comprehensive real estate business through closer collaboration within the Group

- Transferring the rental housing business of Daiwa Lease to Daiwa House and consolidating resources
- Strengthening planning/marketing abilities by integrating the steel-frame and the wood-frame housing divisions into the single-family houses business
- Strengthening asset management functions by M&A of Morimoto Asset Management
- Expanding real estate developments, centered on logistics facilities

Nurturing new future earnings drivers

Investing more in development of next-generation businesses such as energy and robotics

Entering overseas markets, particularly in China

- Founding Environment and Energy Business Division and establishing system for sales expansion of environmental products
- Launching sales of “HAL,” robotic suits
- Launching development of condominiums in Suzhou Industrial Park
- Promoting sales of *Yihe Champs-Elysees* condominiums in Dalian

Conducting R&D into growing renovation market and nursing care business, as well as steps to help prevent global warming

Invest management resources, on a priority basis, in development of leading-edge technologies

Offer products and services that are highly effective in helping cut CO2 emissions

- Joint development of electric power storage system utilizing large lithium ion batteries
- Merchandising *Intelligence Toilet*
- Merchandising energy-saving products/systems, such as LED lighting

Reinforcing our business base

Upgrade our risk management and compliance system

Reorganize and upgrade human resources development system

- Establishing legal sections in Group companies (Daiwa Living, Daiwa Logistics, and Daiwa Resort)
- Starting program to develop next generation of managers, *Daiwa House Juku* management skill development course

Reforming cost structure in Single-Family Houses and Condominiums Businesses,
and aggressively investing management resources in growing markets;
Further reducing fixed costs by consolidating business functions

Improving **productivity**
through reorganization
of business structure

- Business reforms in Single-Family Houses Business
- Redesigning marketing strategies in Condominiums Business

Investing management
resources in businesses
in **growing** markets

- Reinforcing structure of Existing Homes Business
- Expanding environment and energy business

Ensuring financial
strength and
enhancing profitability

- Setting tough investment standards
- Cutting costs by consolidating business functions

Business Reforms in Single-Family Houses Business

Reforming cost structure as well as enhancing competitiveness by developing business models, focusing on growth markets, and merchandising new products

Reform of
cost structure

Reform of
operating processes

- Promoting integrated purchasing and overseas material procurement

Reduction of
indirect and fixed costs

- Streamlining of Head Office organization
- Reductions of the number of housing exhibition sites and promotion expenses
- Transferring human resources to growing businesses

Consolidation of
business functions

- Establishment of administration offices for land information
- Opening sales offices for large-scale subdivision housing business
- Establishment of construction systems over wider areas (integrated builders)
- Closing of plants

Growth
strategies

Development
of business models

- Revival of Neopolis, large-scale housing estate development,
- Establishment of cyclical business models focused on existing houses

Focusing on
growth markets

- Reinforcement of periphery businesses such as the “renovation,” and “environment and energy” businesses

New product development

- Launching website-dedicated products

Consolidation of the business bases, focus on marketing for value-added, large-scale developments
Flexible personnel deployment to match scale of each project

Value-added, large-scale developments

- Promoting redevelopment, joint development and co-development
- Creating comprehensive residential environment by leveraging the Group's strength

Premist Makishi Tower International Street,
Okinawa (161 units)



Crevia Keio Horinouchi Parknade I (308 units)



*Co-development of Itochu Urban Development and Pana Home

Creation of Existing Home Business with ¥100 billion annual sales by engaging in renovation for rental housing and condominiums

Expanding field of application and reinforcing customer relations

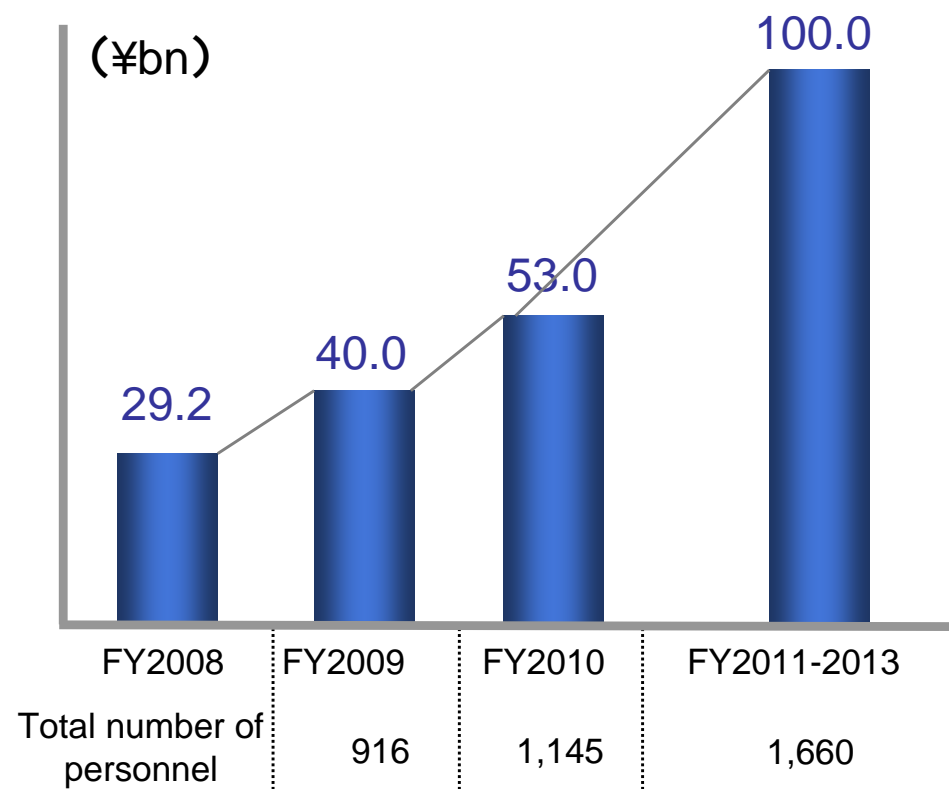
- Expanding business in fields of rental housing and condominiums
- Building close relationships with tenants and owners through regular checks by staff of renovation departments

【Housing construction projects (Properties)】

Single-Family Houses	528,048
Rental Housing	738,986
Condominiums	68,081
Total	1,335,115

(As of Mar. 2009)

Personnel and sales targets



Nurturing businesses such as LED lighting, high-efficiency lighting, and photovoltaic panels, etc. that will quickly become core businesses through synergy with existing businesses

【Change in business environment】

- Tighter regulations resulting from amendment of Energy-Saving Law
- Large reduction of CO₂ emissions by local government
- Concerns about high energy costs

【 Daiwa House's strengths 】

- Nationwide network of sales and construction sites (25 sales offices)
- Excellent track record: including construction of 30,000 retail outlets, 1,500 medical and nursing care facilities, and others

【 LED lighting 】
【High-efficiency lighting】

【photovoltaic panels】

【Lithium ion batteries】
(ELIYY Power)

【Others】

Business Divisions
(Business & Corporate Facilities;
Commercial Facilities)

Collaboration

Group companies
(Daiwa Energy, Eneserve,
Daiwa Lease)

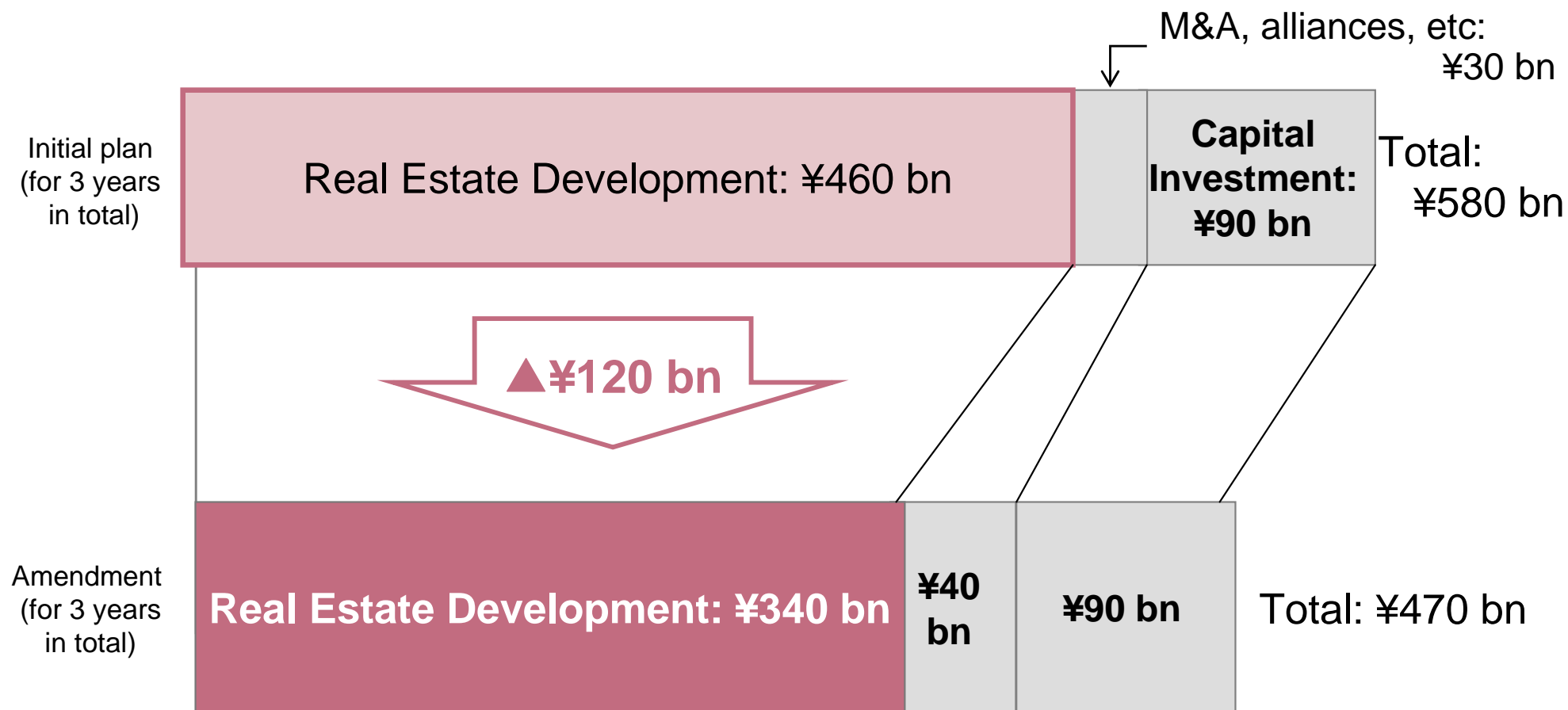
Collaboration

Environment
and Energy
Business
Administration
Division

25 sales offices, in charge
of environment- and
energy-related products

Setting tough standards for real estate development-related investment and holding down the increment of interest bearing debts

Curbing total investment by approx. ¥110 billion from ¥580 billion as initially planned



Cutting costs by ¥20 billion for one year through review of operating processes

【Consolidation of business functions】

- Closing of Kagoshima Plant
- Consolidation of branches (87 to 84 branches)
- Streamlining of Head Office departments (Reinforcement of consolidation)
- Reduction of the number of housing exhibition sites

【Reductions in costs】

- Reexamination of suppliers (integrated purchasing)
- Expanding overseas procurement

【Review of administration】

- Earlier lights-out time in all operating offices (from 22 pm to 21 pm)
- Reviewing working hours by occupation

【Emergency plans】

- Suspension of payment of board members' bonuses
- 20% reduction in board members' compensation
- 20% reduction in advertisement expenses
- 50% reduction in entertainment allowances and travel expenses