

Result for FY2011 and Management Policies for FY2012

Looking Back at FY2011 and Preparing the Ground for the Final Year of
the 3rd Medium-Term Management Plan

Daiwa House Industry Co.,Ltd.

Principal Strategies	Measures Taken
1. Contributing to reconstruction efforts after the Great East Japan Earthquake	<ul style="list-style-type: none"> ✓ Supplied emergency temporary housing – 11,041 houses*1 by whole Group (out of total of 52,902*2) 481 temporary commercial facilities, factories, and warehouses; 127 school buildings; 99 local government offices; 25 medical care facilities*3 ✓ Conducted damage assessment on customer buildings immediately following the earthquake and tsunami...157,100 structures (in areas in the Kanto and further north that experienced shaking of at least lower 5 on the 7-point Japanese seismic intensity scale) ✓ Dispatched staff to provide assistance in disaster-hit areas...total of 23,727 personnel
2. Expanding market share through marketing tailored to local needs	<ul style="list-style-type: none"> ✓ Promoted smooth transfer of decision-making authority through adoption of block-based marketing system ✓ Promoted development of products tailored to particular regional needs ✓ Acquired condominium management company with strength in Kansai region
3. Accelerating business development overseas	<ul style="list-style-type: none"> ✓ [Rental Housing / Commercial Facilities] Set up branch in Taiwan with operations started from FY2012 ✓ [Business & Corporate Facilities] Started development of industrial park in suburbs of Ho Chi Minh City, Vietnam ✓ [Condominiums] Acquired land in Changzhou, China for development of combined condominium and commercial facilities project
4. Promoting productivity reform	<ul style="list-style-type: none"> ✓ Started reform of head-office organization, including putting product development units under the control of operational divisions ✓ Began system of joint purchases for Group as a whole (established Group Purchasing Department on April 1, 2012) ✓ Centralized R&D of production technology, centered on Okayama Plant
5. Developing a personnel development system	<ul style="list-style-type: none"> ✓ Daiwa House Juku — aggregate of 175 employees graduated as of end of 4th term ✓ Started “Technology Management Dojo” (15 employees studying in current 1st term) ✓ Started system enabling staff at overseas subsidiaries to study in Japan (1st group selected)

*1: Excluding some nursing care facilities

*2: Figures announced by Housing Bureau of MLIT on Feb. 6, 2012

*3: Numbers for temporary commercial facilities, factories, warehouses, school buildings, and local government offices are those available as of March 15, 2012

Single-Family Houses

- ✓ Eco-friendly SMA×Eco-Original launched (Oct. 2011)
- ✓ xevo Li model, for double-income couples with young children, launched (Oct. 2011)
- ✓ xevo 03 three-story house, designed for cramped urban sites, launched (Feb. 2012)
- ✓ xevo K and xevo K-II launched, to assist in recovery from March 11 disaster

Rental Housing

- ✓ Séjour WIT-SW and Séjour OTT's-SW models launched, with anti-burglary features, targeted at female tenants

Eco-friendly office products

- ✓ D's SMART OFFICE launched

Commercial Facilities

- ✓ Foleo Osaka Dome City opened (June 2011)
- ✓ CARGOES shopping mall opened on Kokusaidori (International Boulevard) in Naha, Okinawa (Sep. 2011)
- ✓ Outlet mall ASHIBINAA reopened after a renovation in Okinawa (Dec. 2011)

Vegetable grower units

- ✓ agri-cube launched (April 5, 2012)

Other

- ✓ Daiwa House Group given priority by Sakai City in negotiations over development of "Harumidai Eco-Model Town" project



xevo K



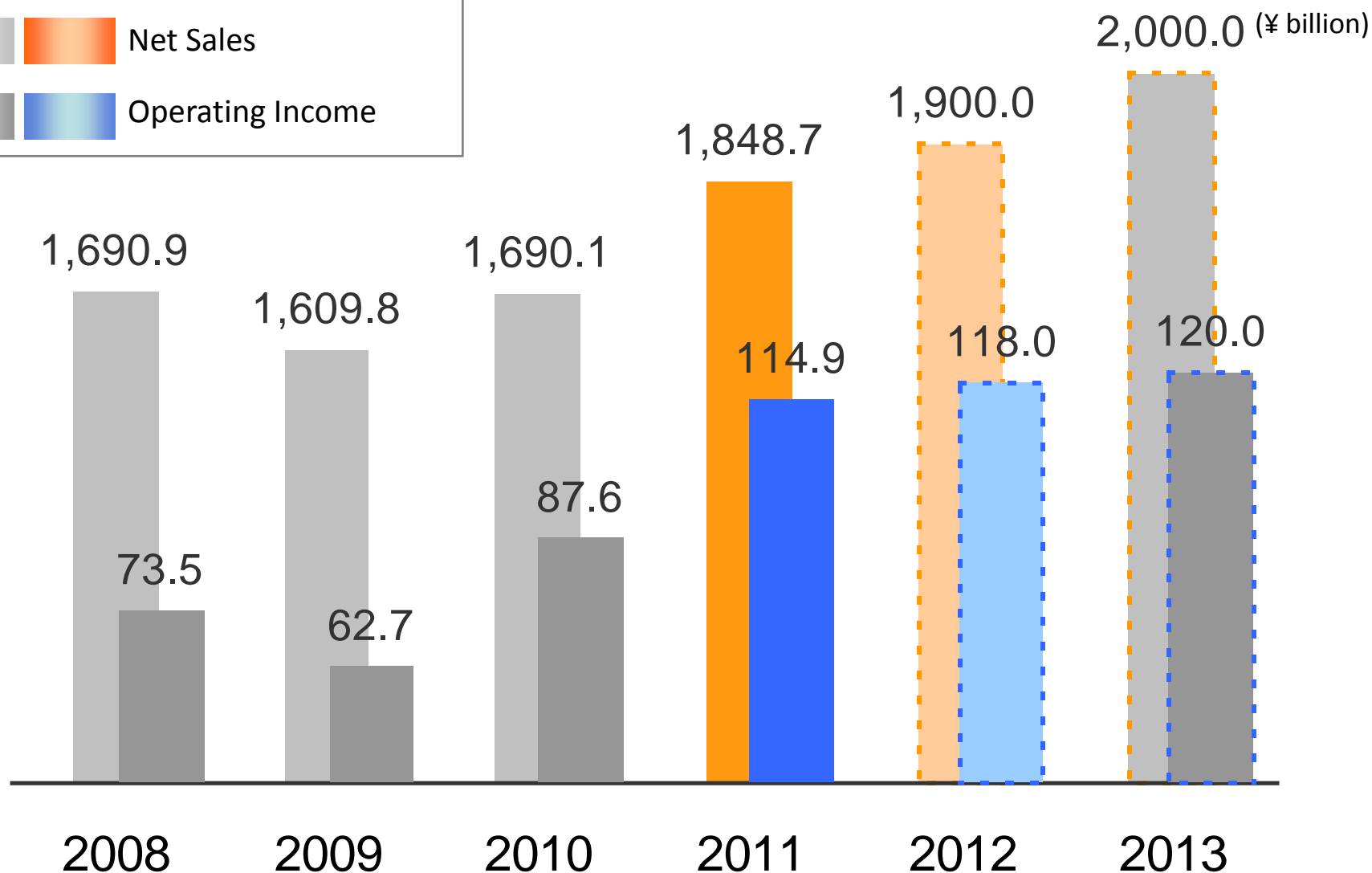
CARGOES
Naha Kokusaidori



agri-cube

2nd Medium-Term Management Plan

3rd Medium-Term Management Plan



(¥ billion)

Business Domain	Net Sales	(YoY)	Operating Income	(YoY)
Single-Family Houses (contracting, subdivision)	336.3	4.3%	11.0	52.7%
Rental Housing (contracting, management/operation)	526.7	6.2%	52.9	12.8%
Condominiums (subdivision, management/operation)	128.8	-8.6%	3.7	-29.8%
Existing Home Business (renovation work, real estate agency services)	68.1	12.1%	4.5	7.1%
Commercial Facilities (construction, management/operation)	306.9	12.0%	33.1	-1.2%
Logistics, Business & Corporate Facilities (construction)	257.0	32.3%	25.8	124.9%
Health & Leisure	58.6	1.0%	0.0	-
Other Businesses	255.6	14.3%	8.1	124.4%
(Adjustments)	(89.5)	-	(24.6)	-
Total	1,848.7	9.4%	114.9	31.1%

3rd Medium-Term Management Plan: Basic Policies

Principal Strategies in FY2012

Group -sustained growth-

- Raise competitiveness of core businesses
- Seek out new earnings opportunities



Strengthen business development based on key concepts of “community-based,” “the environment,” “aging population,” and “Group strength”

Great -groundwork for growth-

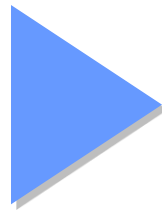
- Upgrade management infrastructure
- Strengthen human resource development



Strengthen management foundations by reforming head-office organization and nurturing talented staff

Global -pathway to growth-

- Build up overseas bases
- Expand business portfolio overseas



Take stronger measures to develop Group’s business globally

Business development with “community-based” as key concept

Expand network of business bases in urban areas

Single-Family Houses

Expand network of business bases, principally in urban areas

- 5 new housing sales offices set up (April)
- 4 new sales offices planned for 2nd half FY2012

Rental Housing

Expand network of business bases, principally in urban areas

- 9 new sales offices set up in FY2011
- 10 new offices planned for 1st half of FY2012, including a branch in Taiwan

Single-Family Houses

Develop products that leverage regional characteristics

- Launch in FY2011 of 3-story house designed for cramped urban sites
- Development and sales scheduled in FY2012 of products offered only in specific areas



Xevo 03, a 3-story house designed for cramped urban sites

Commercial Facilities

Secure priority tenants in each area

- Strengthen marketing by defining and targeting priority tenants on nationwide, regional, and local community levels

Reinforce marketing to existing owners (30,274)

- Systematize relationships with customers through use of dedicated sales staff
- Strengthen operations in renewal of contracts (contracts for 1,176 properties to expire during FY2012)

Enhance marketing of eco-friendly products

Single-Family Houses

Enhance marketing of SMA × Eco Original

- The pairing of the D-HEMS (Daiwa House Energy Management System) and storage batteries is eligible for application of government subsidies

New product development

- Development of house model employing new construction system for energy conservation, excellent durability, and strong earthquake resistance
- Optimize interior environment control through next-generation D-HEMS

Logistics, Business & Corporate Facilities

Enhance marketing of eco-friendly products

- Expand sales in FY2012 of D's SMART FACTORY, an all-in-one package for factories

Condominiums

Launch new brands

- Adopt uniform eco-friendly specifications for all properties (next-generation energy conservation standards, high-efficiency water heaters, energy-saving light fittings throughout home)



D's SMART OFFICE

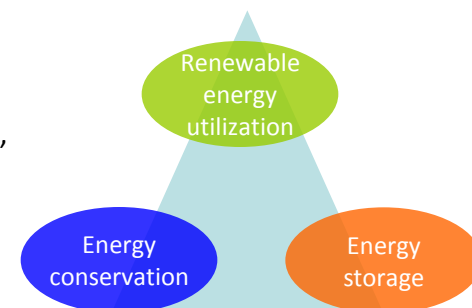
(Mitani Sangyo Co., Ltd.)

The “Eco-Model Town” project

Single-Family Houses

“Eco-Model Town” project

- The development for Japan's first “zero net energy” community with the ZEH (Zero net Energy House)*.



* Zero net Energy House is a term for a home with zero or close to zero net energy consumption annually, due to improved energy-saving features in structure and amenities and recycling of energy.

Increased focus on
“healthy seniors”
market

Business & Corporate Facilities, Rental Housing, Commercial Facilities

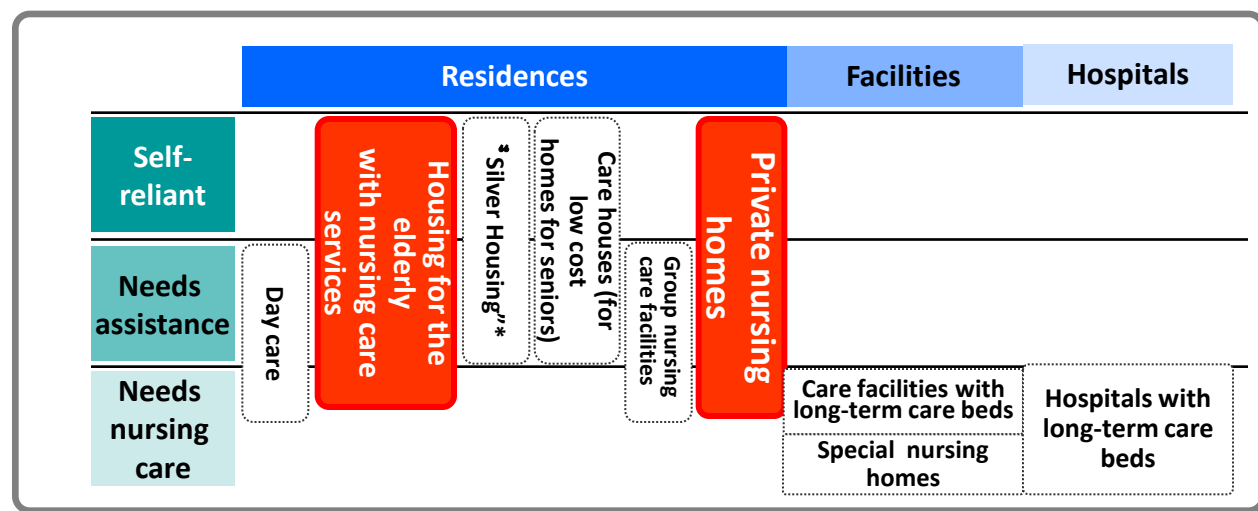
Reinforce marketing of housing for the elderly with nursing care services

- Seek increased orders by holding more seminars, mainly for staff of healthcare corporations

Rental Housing

Senior’s Lifestyle Support Business

- Daiwa Living to strengthen its operations in fields of management, services, and master leases for housing for the elderly with nursing care services



*“Silver Housing” is rental housing where a “life support” advisor is on site for dealing with emergencies.

Facility Management

Strengthen development of private nursing homes

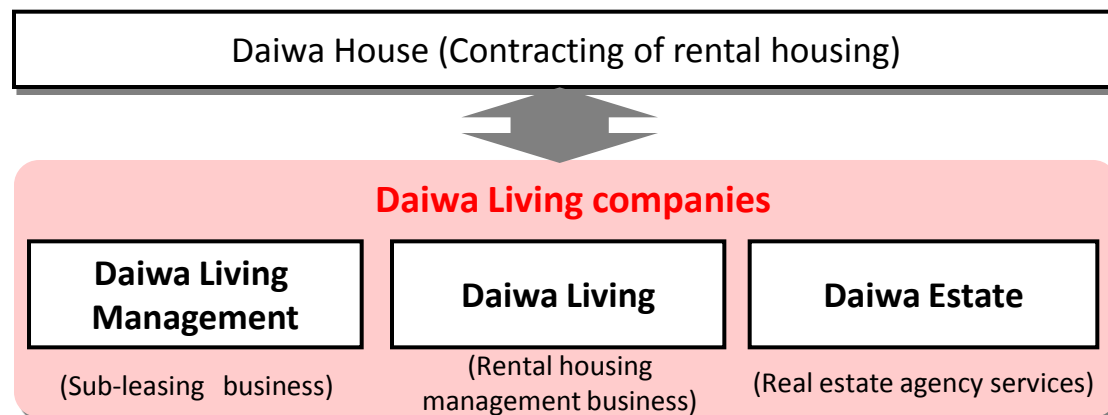
- Expand number of facilities operated by Jukeikai Co., Ltd.

Expand number of rental housing units under management

Rental Housing

Establishment of Daiwa Living Management Co., Ltd.

- Aiming at 340,000 rental housing units under management by FY2013 through structural reorganization involving separation of subleasing and housing management operations under dedicated companies



Strengthen condominium management business

Condominiums

Acquisition of Global Holding Co., Ltd.

- Acquired condominium management company with strength in Kansai to complement Company's strength in that region and expand market share

	Daiwa LifeNext	Daiwa Service	Global HD	(units)
Kanto	105,499	20,219	1,297	
Kansai	29,113	23,222	66,672	

* Results for FY2011
(Kanto, Kansai only)

Pursue real estate projects that leverage our strengths in development and management

Investment in real estate development

Roughly ¥300 billion investment scheduled during 3rd Medium-Term Management Plan

Approx. ¥80 billion investment in FY2011



Royal Parks Sasashima
(Aichi, Tentative name)
(Residential Properties)



D Project Misato B
(Tokyo, Tentative name)
(Multi-tenant Logistics)

Reinforcement of intra-Group collaboration

Commercial Facilities

Entry into general market for home renovation services

- Strengthen operations in home renovation field through collaboration with Nihon Jyutaku Ryutu's real estate agency services
- Expanding sales at Royal Home Centers through dealership contracts (with establishment of special counters for Daiwa House Renew products and services)

Group Facilities

Pursue development of Group-operated facilities

- Royal Home Centers, Roynet Hotels, NAS Sports Clubs, others



Royal Home Center
Morinomiya



Frespo Takayama

Home Centers, Shopping Centers

Royal Home Center Shiroyi: opened April 20, 2012

Royal Home Center Morinomiya: to open Oct. 2012

Frespo Kuboten Town: to open Sept. 2012

Frespo Nagata North Bldg: to open June 2012

South Bldg: to open Sept. 2012

Frespo Omochanomachi: to open July 2012

Frespo Takayama: to open fall 2012

Aoyama-Cho Commercial Facility: to open fall 2012

Sports Clubs

Sports Club NAS Nakayama: to open June 2012

Sports Club NAS Nishi-Nippori: to open Aug. 2012



Sports Club NAS
Nakayama



Daiwa Roynet Hotel
Kyoto Shijo-karasuma

City Hotels

Daiwa Roynet Hotel Takamatsu: opened April 19, 2012

Daiwa Roynet Hotel Kyoto Shijo-karasuma: opened April 20, 2012

Daiwa Roynet Hotel Sapporo Susukino: to open summer 2012

*Time of opening and name are subject to change

Reform the head-office organization

- ✓ **Transfer around 1,100 staff from head-office divisions to operating divisions**
 - Unify system of directions and orders relating to product development
 - Speed up response by operational divisions to demand changes in specific geographic areas
- ✓ **Simplify '*ringisho*' in-house consultation procedure**
 - Realize faster decision-making through transfer of authority to marketing block personnel

Strengthen the Group's overall information system framework

- ✓ **Adoption of new core computer system DG-CORE**
 - First introduce personnel and accounting systems
 - Subsequently, introduce system in Group companies
 - Simultaneously, introduce system of shared services for human resources and accounting work

Enhance staff training capabilities

- ✓ **Foster new management talent**
 - 5th term of Daiwa House Juku started (47 employees currently studying)
 - "Technology Management Dojo" now in 1st term implementation phase (15 employees) 2nd term to start in October
- ✓ **Nurture human resources on global scale**
 - Implement on-the-job training for technical staff through overseas postings
 - System enabling study in Japan by staff at overseas subsidiaries
 - 5 employees from China in 1st term, further expansion planned for 2nd term

Pursue condominium
development
business in China

- ✓ Completion of The Grace Residence, Suzhou
- ✓ Start of work on Wu Culture Expo Park Project, Wuxi
- ✓ Start of work on Tianning District Project, Changzhou (scheduled)

【Overview of The Grace Residence, Suzhou】



Start of operations/ completion	Started: May 2009; Completed: October 2011
Developer	Daiwa House (Suzhou) Real Estate Development Co., Ltd. (Daiwa House 100% equity)
Site area / floorspace	76,572m ² / 122,501m ²
Number of units to be marketed	902 (condominiums)
Investment	¥8.8 billion

Steps toward
global development
of each
business domain

Vietnam

Press ahead with development of Long Duc Industrial Park

Taiwan

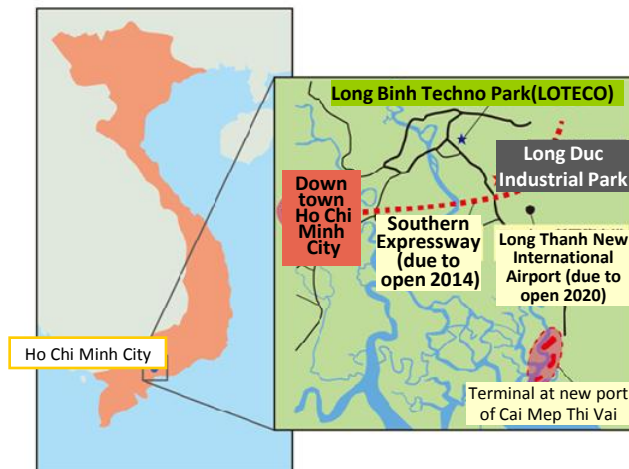
Opened branch office in April 2012

- Sales office for retail/wholesale facilities
- Sales office for condominiums and rental apartment buildings

Malaysia

Continue developing single-family house lineup targeted at ASEAN market

【Long Duc Industrial Park in Vietnam】



Features

- Will be only 40 minutes from the center of Ho Chi Minh City (*once the southern expressway opens in 2014)
- Located only 33 km from the new port of Cai Mep Thi Vai, which can handle large vessels
- Japanese-owned companies account for over 80% of the park's occupants
- Japanese staff are stationed at the park, providing full support to new tenants, including with applications for all kinds of permits



Segment Breakdown of Plans for FY2012

(¥billion)

Business Domain	Net Sales		Operating Income		Main measures for this term
	FY2011	FY2012 (est.)	FY2011	FY2012 (est.)	
Single-Family Houses	336.3	340.0	11.0	14.5	<ul style="list-style-type: none"> • Increase number of business bases in Tokyo area • Expand lineup of products offered only in certain areas
Rental Housing	526.7	566.0	52.9	52.0	<ul style="list-style-type: none"> • Expand lineup of products with anti-burglary features and targeted at female tenants • Expand business in medium- to high-rise properties
Condominiums	128.8	154.0	3.7	7.0	<ul style="list-style-type: none"> • Create new brands • Acquire more land in Tokyo area
Existing Home Business	68.1	73.0	4.5	4.5	<ul style="list-style-type: none"> • Strengthen marketing in field of renovation for condominiums and rental apartment properties • Increase personnel hiring
Commercial Facilities	306.9	330.0	33.1	39.0	<ul style="list-style-type: none"> • Focus on development of properties in urban districts • Seek to improve ratio of repeat orders from existing land-owner customers
Logistics, Business & Corporate Facilities	257.0	230.0	25.8	17.0	<ul style="list-style-type: none"> • Strengthen development of multi-tenant-type logistics centers • Take steps to bolster business in homes for the elderly with nursing care services
Health & Leisure	58.6	60.0	0.0	1.0	<ul style="list-style-type: none"> • Improve ability to attract customers • Reform and strengthen management culture
Environmental Energy, Overseas Business, Others	255.6	252.0	8.1	10.0	<ul style="list-style-type: none"> • Strengthen proposal capabilities in fields of renovation for improved energy conservation, renewable energy use, and energy storage
(Elimination or corporate)	(89.5)	(105.0)	(24.6)	(27.0)	
Total	1,848.7	1,900.0	114.9	118.0	

Disclaimer regarding business forecasts, etc.

(Notes regarding forward-looking statements)

The above business forecasts are based on information available as of the date of announcement of this material, and are subject to factors of uncertainty that may possibly impact the future results of operations. 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.

(Notes regarding the Group's business operations in China)

These materials reflect the situation as of the time of writing at the end of March 2012. The Group's plans, and detailed statements contained herein, may subsequently be revised in the light of changes in circumstances, including the enactment by the People's Republic of China or by municipal governments in China of laws and regulations relating to the real estate development business.

(Notes regarding numerical values)

Management figures contained in these materials, unless otherwise specified, relate to the situation as of the end of March 2012.



Thank you for your attention

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