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.
## Looking Back at FY2011 (1) Principal Strategies and Measures Taken

<table>
<thead>
<tr>
<th>Principal Strategies</th>
<th>Measures Taken</th>
</tr>
</thead>
</table>
|                      | **✓** 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 |
| **1. Contributing to reconstruction efforts after the Great East Japan Earthquake** | **✓** 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 |
| **2. Expanding market share through marketing tailored to local needs** | **✓** Set up branch in Taiwan with operations started from FY2012  
  ✓ Started development of industrial park in suburbs of Ho Chi Minh City, Vietnam  
  ✓ Acquired land in Changzhou, China for development of combined condominium and commercial facilities project |
| **3. Accelerating business development overseas** | **✓** 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 |
| **4. Promoting productivity reform** | **✓** 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) |
| **5. Developing a personnel development system** | *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* |
Looking Back at FY2011 (2) Main Topics

<table>
<thead>
<tr>
<th>Single-Family Houses</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Eco-friendly SMA×Eco-Original launched (Oct. 2011)</td>
</tr>
<tr>
<td>✓ xevo Li model, for double-income couples with young children, launched (Oct. 2011)</td>
</tr>
<tr>
<td>✓ xevo 03 three-story house, designed for cramped urban sites, launched (Feb. 2012)</td>
</tr>
<tr>
<td>✓ xevo K and xevo K-II launched, to assist in recovery from March 11 disaster</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rental Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Séjour WIT-SW and Séjour OTT’s-SW models launched, with anti-burglary features, targeted at female tenants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eco-friendly office products</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ D’s SMART OFFICE launched</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Foleo Osaka Dome City opened (June 2011)</td>
</tr>
<tr>
<td>✓ CARGOES shopping mall opened on Kokusaidori (International Boulevard) in Naha, Okinawa (Sep. 2011)</td>
</tr>
<tr>
<td>✓ Outlet mall ASHIBINAA reopened after a renovation in Okinawa (Dec. 2011)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vegetable grower units</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ agri-cube launched (April 5, 2012)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Daiwa House Group given priority by Sakai City in negotiations over development of “Harumidai Eco-Model Town” project</td>
</tr>
</tbody>
</table>
Business Results in FY2011 and Forecasts for FY2012

2nd Medium-Term Management Plan

3rd Medium-Term Management Plan

Net Sales

Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (¥ billion)</th>
<th>Operating Income (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,690.9</td>
<td>73.5</td>
</tr>
<tr>
<td>2009</td>
<td>1,609.8</td>
<td>62.7</td>
</tr>
<tr>
<td>2010</td>
<td>1,690.1</td>
<td>87.6</td>
</tr>
<tr>
<td>2011</td>
<td>1,848.7</td>
<td>114.9</td>
</tr>
<tr>
<td>2012</td>
<td>1,900.0</td>
<td>118.0</td>
</tr>
<tr>
<td>2013</td>
<td>2,000.0 (¥ billion)</td>
<td>120.0</td>
</tr>
</tbody>
</table>
## Businesses Results by Segment

<table>
<thead>
<tr>
<th>Business Domain</th>
<th>Net Sales</th>
<th>(YoY)</th>
<th>Operating Income</th>
<th>(YoY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Houses (contracting, subdivision)</td>
<td>336.3</td>
<td>4.3%</td>
<td>11.0</td>
<td>52.7%</td>
</tr>
<tr>
<td>Rental Housing (contracting, management/operation)</td>
<td>526.7</td>
<td>6.2%</td>
<td>52.9</td>
<td>12.8%</td>
</tr>
<tr>
<td>Condominiums (subdivision, management/operation)</td>
<td>128.8</td>
<td>-8.6%</td>
<td>3.7</td>
<td>-29.8%</td>
</tr>
<tr>
<td>Existing Home Business (renovation work, real estate agency services)</td>
<td>68.1</td>
<td>12.1%</td>
<td>4.5</td>
<td>7.1%</td>
</tr>
<tr>
<td>Commercial Facilities (construction, management/operation)</td>
<td>306.9</td>
<td>12.0%</td>
<td>33.1</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Logistics, Business &amp; Corporate Facilities (construction)</td>
<td>257.0</td>
<td>32.3%</td>
<td>25.8</td>
<td>124.9%</td>
</tr>
<tr>
<td>Health &amp; Leisure</td>
<td>58.6</td>
<td>1.0%</td>
<td>0.0</td>
<td>-</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>255.6</td>
<td>14.3%</td>
<td>8.1</td>
<td>124.4%</td>
</tr>
<tr>
<td>(Adjustments)</td>
<td>(89.5)</td>
<td>-</td>
<td>(24.6)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,848.7</td>
<td>9.4%</td>
<td>114.9</td>
<td>31.1%</td>
</tr>
</tbody>
</table>
Management Policies for FY2012

3rd Medium-Term Management Plan: Basic Policies

**Group -sustained growth-**
- Raise competitiveness of core businesses
- Seek out new earnings opportunities

**Great -groundwork for growth-**
- Upgrade management infrastructure
- Strengthen human resource development

**Global -pathway to growth-**
- Build up overseas bases
- Expand business portfolio overseas

**Principal Strategies in FY2012**

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

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

Take stronger measures to develop Group’s business globally
Business development with “community-based” as key concept

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

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

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

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)
Business development with “the environment” as key concept

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)

- **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)*

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* 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.
Reinforce marketing of housing for the elderly with nursing care services

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

- 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.

Strengthen development of private nursing homes

- Expand number of facilities operated by Jukeikai Co., Ltd.
Business development with “Group strength” as key concept (1)

**Expand number of rental housing units under management**

**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

**Daiwa Living companies**

- **Daiwa Living Management** (Sub-leasing business)
- **Daiwa Living** (Rental housing management business)
- **Daiwa Estate** (Real estate agency services)

**Strengthen condominium management business**

**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

<table>
<thead>
<tr>
<th>Region</th>
<th>Daiwa LifeNext</th>
<th>Daiwa Service</th>
<th>Global HD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kanto</td>
<td>105,499</td>
<td>20,219</td>
<td>1,297</td>
</tr>
<tr>
<td>Kansai</td>
<td>29,113</td>
<td>23,222</td>
<td>66,672</td>
</tr>
</tbody>
</table>

* Results for FY2011 (Kanto, Kansai only)
Business development with “Group strength” as key concept (2)

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
Business development with “Group strength” as key concept (3)

Home Centers, Shopping Centers

Royal Home Center Shiroi: opened April 20, 2012
Royal Home Center Morinomiya: to open Oct. 2012
Fresco Kuboten Town: to open Sept. 2012
Fresco Nagata North Bldg: to open June 2012
Fresco South Bldg: to open Sept. 2012
Fresco Omochanomachi: to open July 2012
Fresco Takayama: to open fall 2012
Aoyama-Cho Commercial Facility: to open fall 2012

Sports Clubs

Sports Club NAS Nakayama: to open June 2012

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

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
Develop Group’s business globally (1)

- 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】

<table>
<thead>
<tr>
<th>Start of operations/ completion</th>
<th>Started: May 2009; Completed: October 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer</td>
<td>Daiwa House (Suzhou) Real Estate Development Co., Ltd. (Daiwa House 100% equity)</td>
</tr>
<tr>
<td>Site area / floorspace</td>
<td>76,572m² / 122,501m²</td>
</tr>
<tr>
<td>Number of units to be marketed</td>
<td>902 (condominiums)</td>
</tr>
<tr>
<td>Investment</td>
<td>¥8.8 billion</td>
</tr>
</tbody>
</table>
Develop Group’s business globally (2)

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

Total development area: 200 ha
Subdivision area: 187 ha
## Segment Breakdown of Plans for FY2012

<table>
<thead>
<tr>
<th>Business Domain</th>
<th>Net Sales FY2011 (¥billion)</th>
<th>Net Sales FY2012 (est.) (¥billion)</th>
<th>Operating Income FY2011 (¥billion)</th>
<th>Operating Income FY2012 (est.) (¥billion)</th>
<th>Main measures for this term</th>
</tr>
</thead>
</table>
| Single-Family Houses               | 336.3                       | 340.0                             | 11.0                              | 14.5                                      | • 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                                      | • 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                                       | • Create new brands  
                                         |                              |                                   |                                   |                                            | • Acquire more land in Tokyo area  
                                         |                              |                                   |                                   |                                            |  
| Existing Home Business             | 68.1                        | 73.0                              | 4.5                               | 4.5                                       | • 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                                      | • 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                                      | • 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                                       | • Improve ability to attract customers  
                                         |                              |                                   |                                   |                                            | • Reform and strengthen management culture  
                                         |                              |                                   |                                   |                                            |  
| Environmental Energy, Overseas Business, Others | 255.6                     | 252.0                             | 8.1                               | 10.0                                      | • 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