



Medium-Term Management Plan “3 Gs” for New Growth

(April 2011 to March 2014)

Daiwa House Industry Co.,Ltd.

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A mission to rebuild

On March 11, 2011, a once-in-a-lifetime earthquake struck northeastern Japan, reminding us again of the importance of the management vision “Connecting Hearts.”

We believe now is the time to mobilize our strength as a group and guide Japan to realize a brighter future, based on the connections between people and among communities.

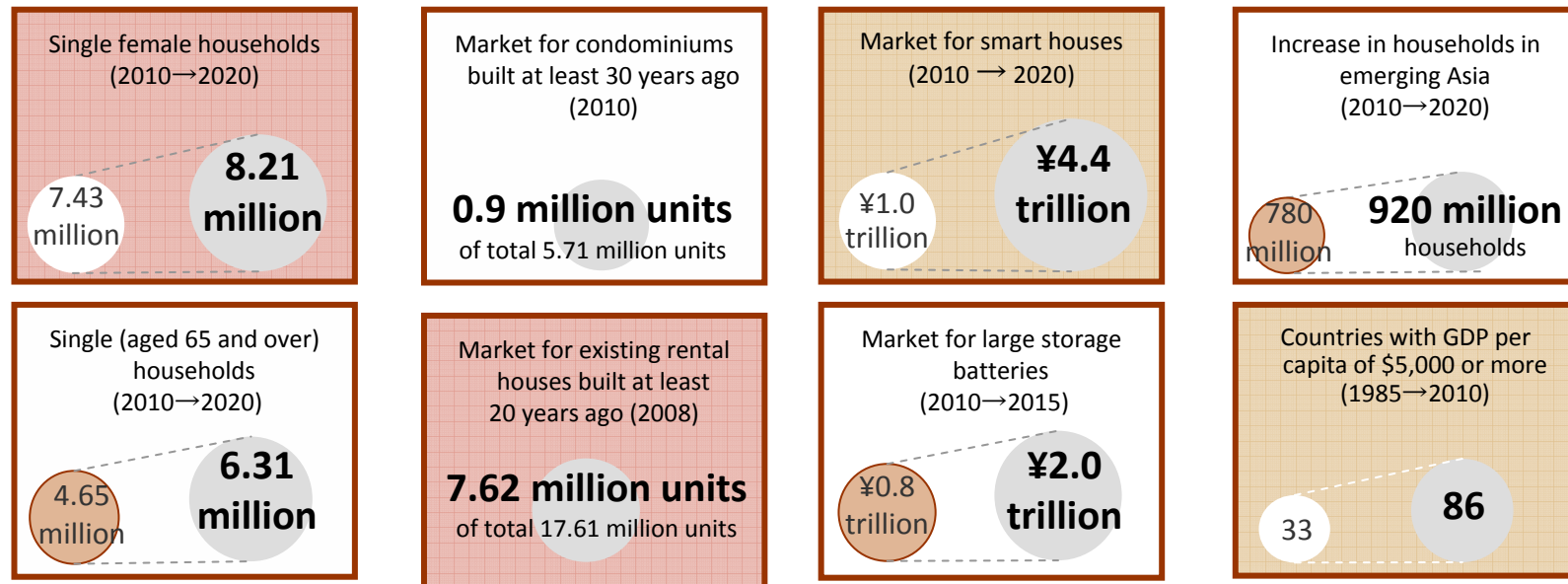
We will make every effort to continue to make ourselves indispensable to society through our products and services, which today are so urgently needed.

“Connecting Hearts”



Daiwa House Group aims to create, use and bolster new values together with its customers as a Group that co-create value for individuals, communities and people’s lifestyles. In doing so, we hope to realize a society in which people can live fulfilled lives. And, placing importance on the bonds with each and every customer, as their partner, we will share joy with them over their lives, and create lasting trust.

[Market environment]



[Progress in 2nd Medium-Term Management Plan (end of fiscal 2010)]

	During 2nd Medium-Term Management Plan	Total over time
Housing (units completed and sold)	Single-family houses: 29,000 Rental housing units: 81,000 Condominiums: 9,000	Single-family houses: 540,000 Rental housing units: 790,000 Condominiums: 73,000
Rental housing under management (units)	Rental housing units: 78,000 Condominiums: 145,000	Rental housing units: 280,000 Condominiums: 200,000
Logistics, business and corporate facilities (completed projects)	Medical and nursing care facilities: 661 Logistic centers: 242	Medical and nursing care facilities: 2,800 Logistic centers: 1,300
Other	Total of Daiwa House's Land Owners' Association members (rental housing and commercial facilities): 31,000 Creation of <i>Daiwa House Juku</i> school (23 executives selected out of 129 course participants)	

Better positioned to seize growth opportunities

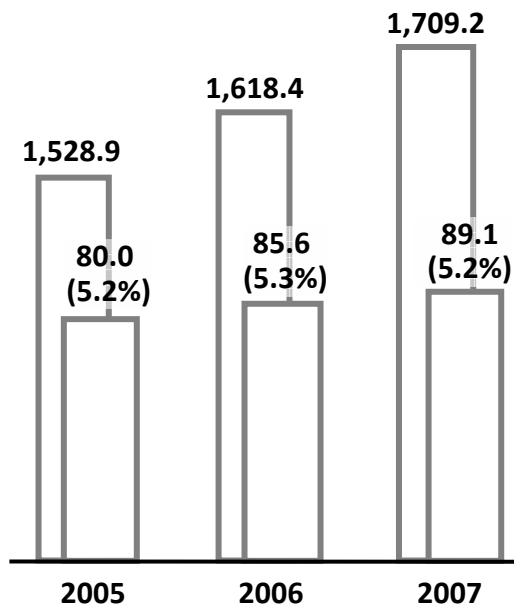
Themes of the 3rd Medium-Term Management Plan

1st Medium-Term Management Plan

Period of market recovery and stability
Strengthen partnerships within Group

Expansion of sales

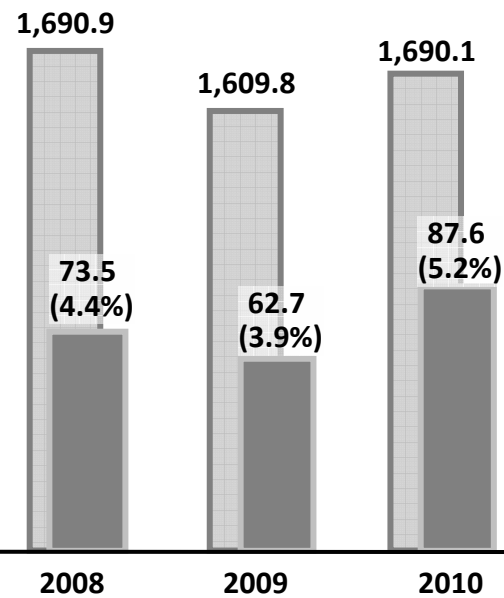
(¥ billion)



2nd Medium-Term Management Plan

Economy deteriorates, market slumps
Focus on efficiency before expansion

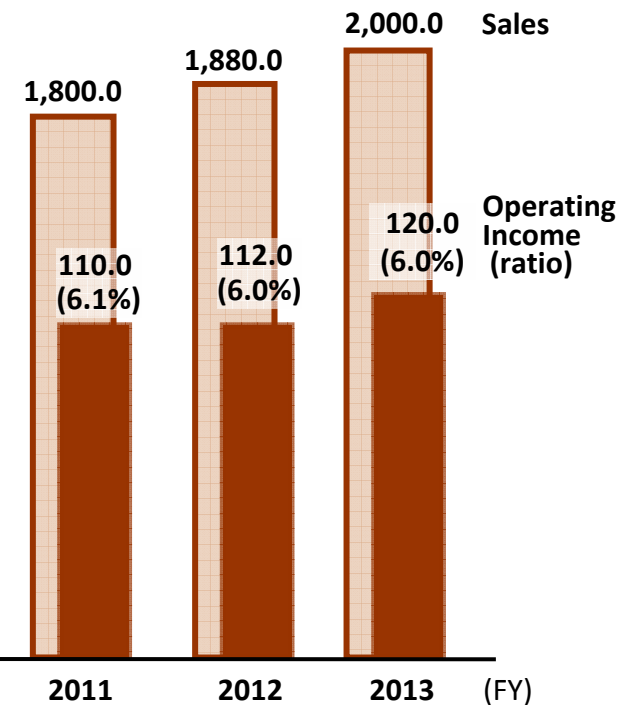
Improve profit structure



3rd Medium-Term Management Plan

Structural changes in market in Japan
Develop new customer segments

New Growth



Group - Sustained growth -

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

Great - Groundwork for growth -

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- Upgrade management infrastructure
- Strengthen human resource development

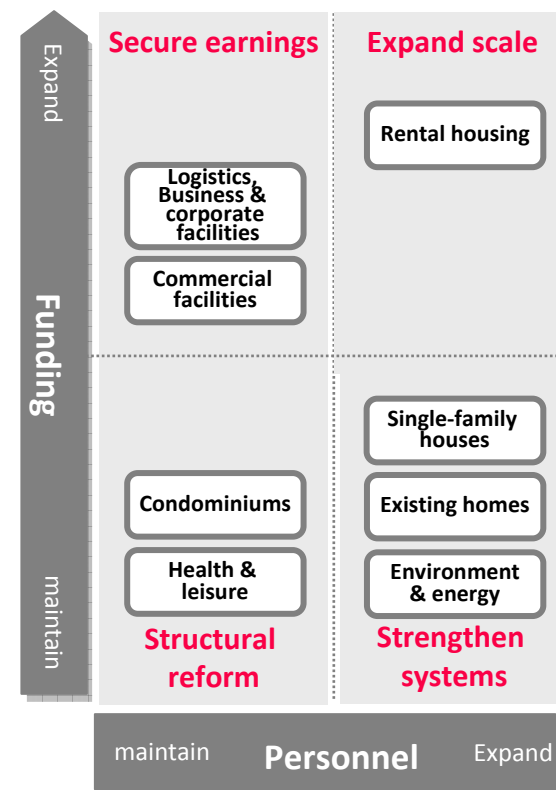
Global - Pathway to growth -

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- Build up overseas bases
- Expand business portfolio overseas

Group: Raise competitiveness of core businesses, and seek out new earnings opportunities

(¥ billion)	Sales				Operating income			
	FY2010	FY2011 (est.)	FY2012 (est.)	FY2013 (est.)	FY2010	FY2011 (est.)	FY2012 (est.)	FY2013 (est.)
Single-family houses	322.4	336.0	360.0	380.0	7.2	16.0	17.5	19.0
Rental housing	496.1	530.0	570.0	610.0	46.9	50.0	51.0	55.0
Condominiums	140.9	124.0	135.0	150.0	5.3	2.5	6.0	7.0
Existing home business	60.7	69.0	75.0	85.0	4.2	4.5	5.0	6.0
Commercial facilities	274.0	294.5	320.0	340.0	33.5	32.0	34.5	37.0
Logistics, business and corporate facilities	194.3	228.5	200.0	210.0	11.5	22.0	13.0	14.0
Health & leisure	58.0	57.0	60.0	65.0	-0.8	-1.0	0.0	0.5
Other businesses	223.6	254.0	260.0	265.0	3.6	9.0	9.5	10.0
Total	1,690.1	1,800.0	1,880.0	2,000.0	87.6	110.0	112.0	120.0



Group: Raise competitiveness of core businesses, and seek out new earnings opportunities

Single-family houses

Strategic theme

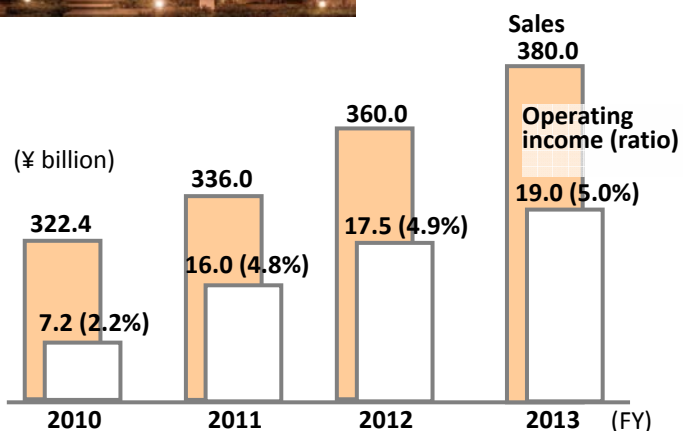
Grow market share in Japan

Key measures

- Expand business bases in urban area
(In Kanto Area, open four bases and hire 415 staff over 3 yrs)
- Strengthen product planning and development capabilities tailored to local needs
- Promoting eco-friendly housing products
(SMA × Eco Original)



SMA × Eco Original



Rental housing

Strategic theme

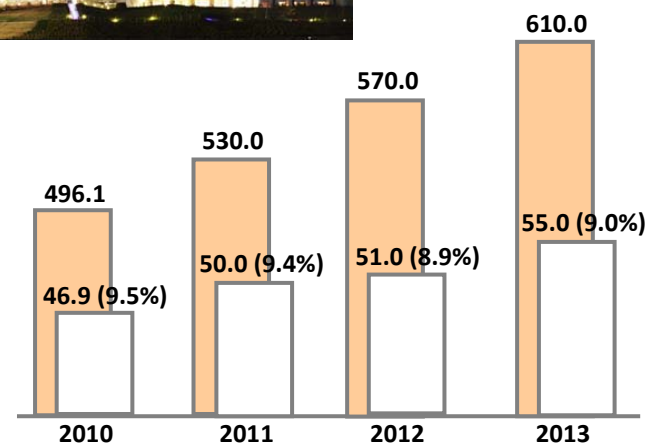
Build business scale

Key measures

- Expand bases and staff for market share expansion
(101 bases and 1,063 staff in FY2010→130 bases and 1,350 staff in FY2013)
- Expand number of units under management
(280,000 units in FY2010→400,000 units in FY2013)
- Expand development for elderly housing with care services
(Grow sales from ¥0 billion in FY2010 →¥8 billion in FY2013)
- Increase medium-to-high-rise properties mainly in urban area
(Grow sales from ¥29.3 billion in FY2010→¥55 billion in FY2013)



Royal Parks Wakabadai



Group: Raise competitiveness of core businesses, and seek out new earnings opportunities

Condominiums

Strategic theme

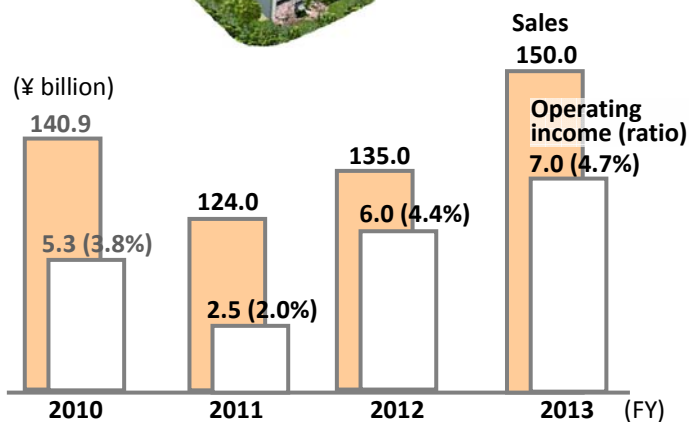
Reinforce brand strategies in metropolitan area

Key measures

- Strengthen eco-friendly condominium business
(Eco-friendly condos ratio: 54% in FY2010→100% in FY2013)
- Rebuild brand strategies to maintain high asset value
(Durability, high quality, stylish design, superior management)
- Expand number of units under management
(Total 204,000 units in FY2010→232,000 units in FY2013)



Premist Minami-Senri
Tsukumodai
Park Front/Park Breeze



Existing Homes

Strategic theme

Strengthening the business base

Key measures

- Expand orders from existing customers
(single family house and rental housing)
- Embark on full-scale development of general home renovation by boosting sales personnel
(777 staff in FY2010→985 staff in FY2013)
- Create new customer contact points in the Group's home center business (Royal Home Center)

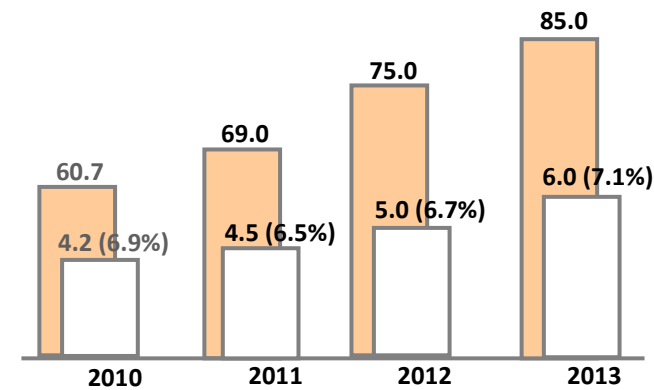


(Before)



(After)

Rental housing renovation



Group: Raise competitiveness of core businesses, and seek out new earnings opportunities

Commercial facilities

Strategic theme

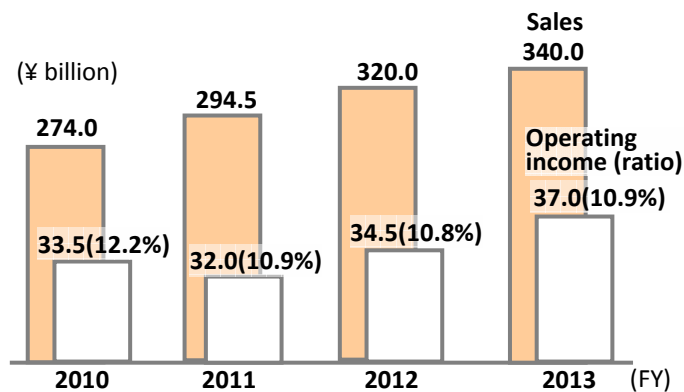
Develop new business initiative

Key measures

- Strengthen business in urban areas by repositioning bases and staff
(Six new bases Kanto Area)
- Strengthen urban property development
(Grow sales from ¥0 billion in FY2010→¥10 billion in FY2013)
- Prepare bases for overseas development
(Open a Taiwan branch, target sales of ¥2.0 billion by FY2013)



Foleo Osaka Dome City



Logistics, business and corporate facilities

Strategic theme

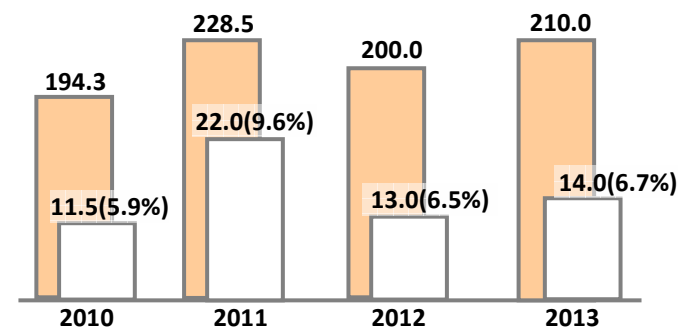
Strengthen ability to make logistics and medical nursing care facility proposals

Key measures

- Contribute to earthquake disaster reconstruction
- Strengthen ability to develop logistic centers
(Grow sales from 53.6 billion in FY2010→¥56 billion in FY2013)
- Increase orders for homes for the elderly
(Grow orders from ¥16.2 billion in FY2010→¥19 billion in FY2013)



C Amille Kyoto Sagano



Group: Raise competitiveness of core businesses, and seek out new earnings opportunities

Related businesses

Strategic themes

Daiwa House (Environment & Energy business)

- Aggressively develop megasolar facilities

Daiwa Lease Co., Ltd. (Leasing business)

- Strengthen environmental greening business

Daiwa Rakuda Industry Co., Ltd.
(Construction material manufacturer)

- Expand *dia collection* furnishing outlets

Sports Club NAS Co., Ltd.

- Strengthen development of new formats and services, by combination with bathing facilities

Daiwa Royal Co., Ltd.
(Commercial Facility Management)

- Increase Daiwa Roynet Hotels in urban areas, mainly targeting business people openings

Royal Home Center

- Expand sales of construction materials to renovation companies



Megasolar



dia collection home-interior showroom in Nagoya



Daiwa Roynet Hotels Naha-Omoromachi

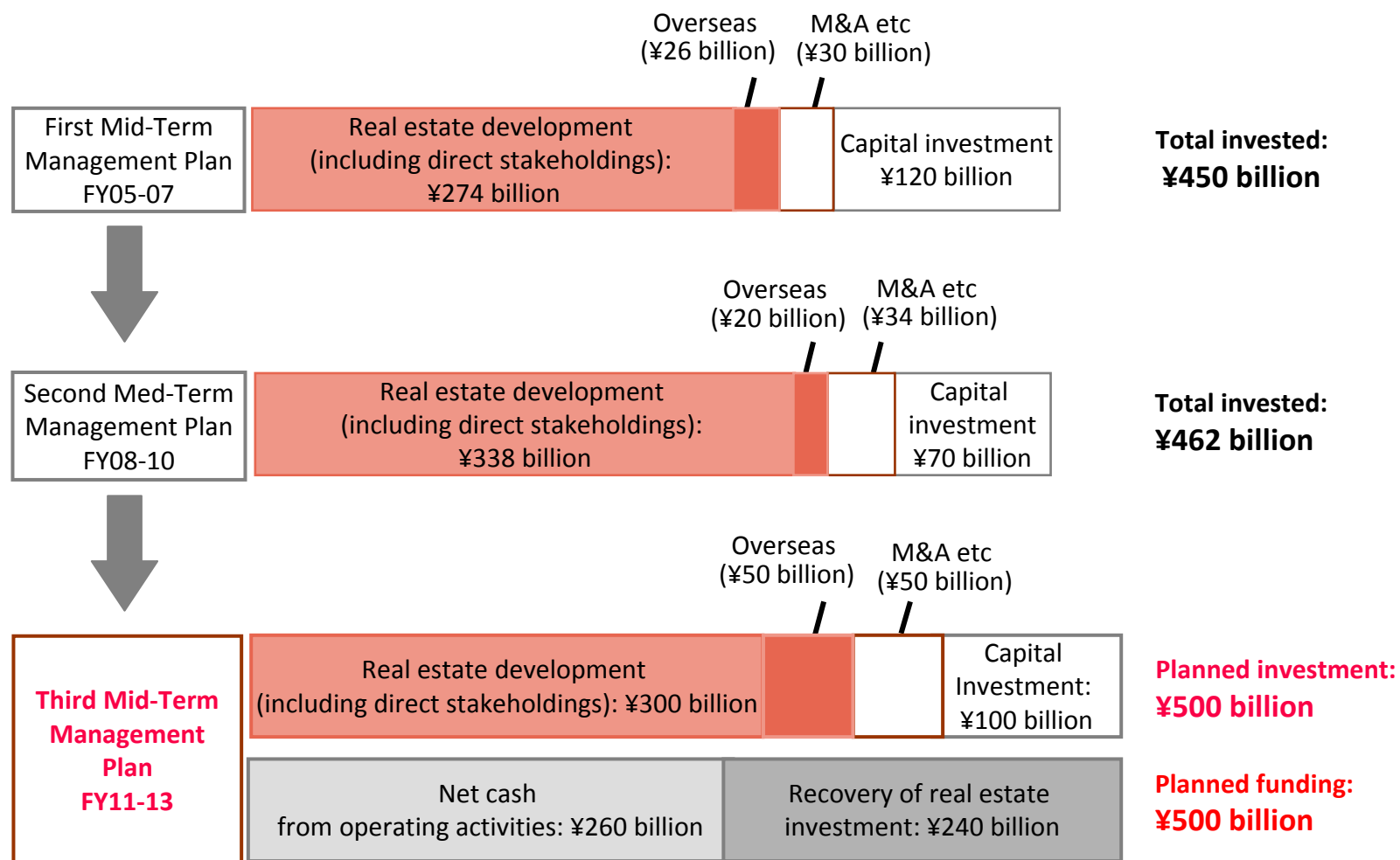


Greenery-covered walls



Shin-Kawasaki Sports Club NAS

Group: Raise competitiveness of core businesses, and seek out new earnings opportunities



Foreign investment including M&A activities continues to grow

Great: Upgrade management infrastructure

Speed up decision-making

[Delegate responsibilities]

- Delegate more authority to sales areas in product development and land purchasing

[Simplify chains of command]

- Streamline head office organization
-

Upgrade infrastructure for growth

[Improve marketing functions]

- Organized, professional skills training

[Enhance support for Group companies]

- Upgrade support organizations to construct strategic initiatives for merged and affiliated companies and other strategic initiatives.
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Leverage Group synergies

[Ensure more efficient, sophisticated head office operations]

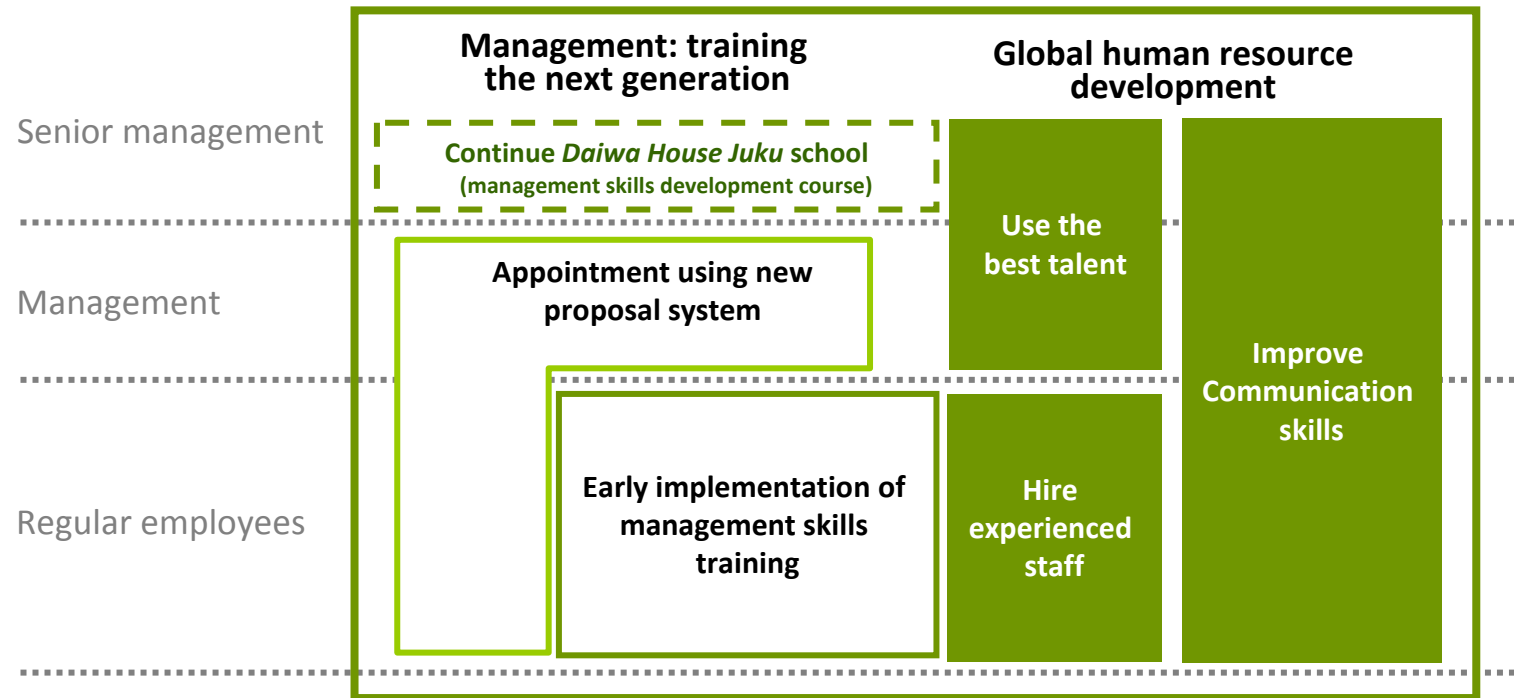
- Joint accounting, payroll and welfare administration

[Reconfigure IT infrastructure]

- Integrate Group personnel and accounting operations by introducing SAP

Enhance support mechanisms to accelerate Group business growth

Great: Strengthen human resource development



Establish a Human Resources Development Center

➤ Step up cross-departmental training

Launch a *Daiwa House Juku* school for technical experts

➤ Nurture executives and managers from technological fields

Introduce administrative officers

➤ Ensure knowledge is transferred from veterans to younger employees

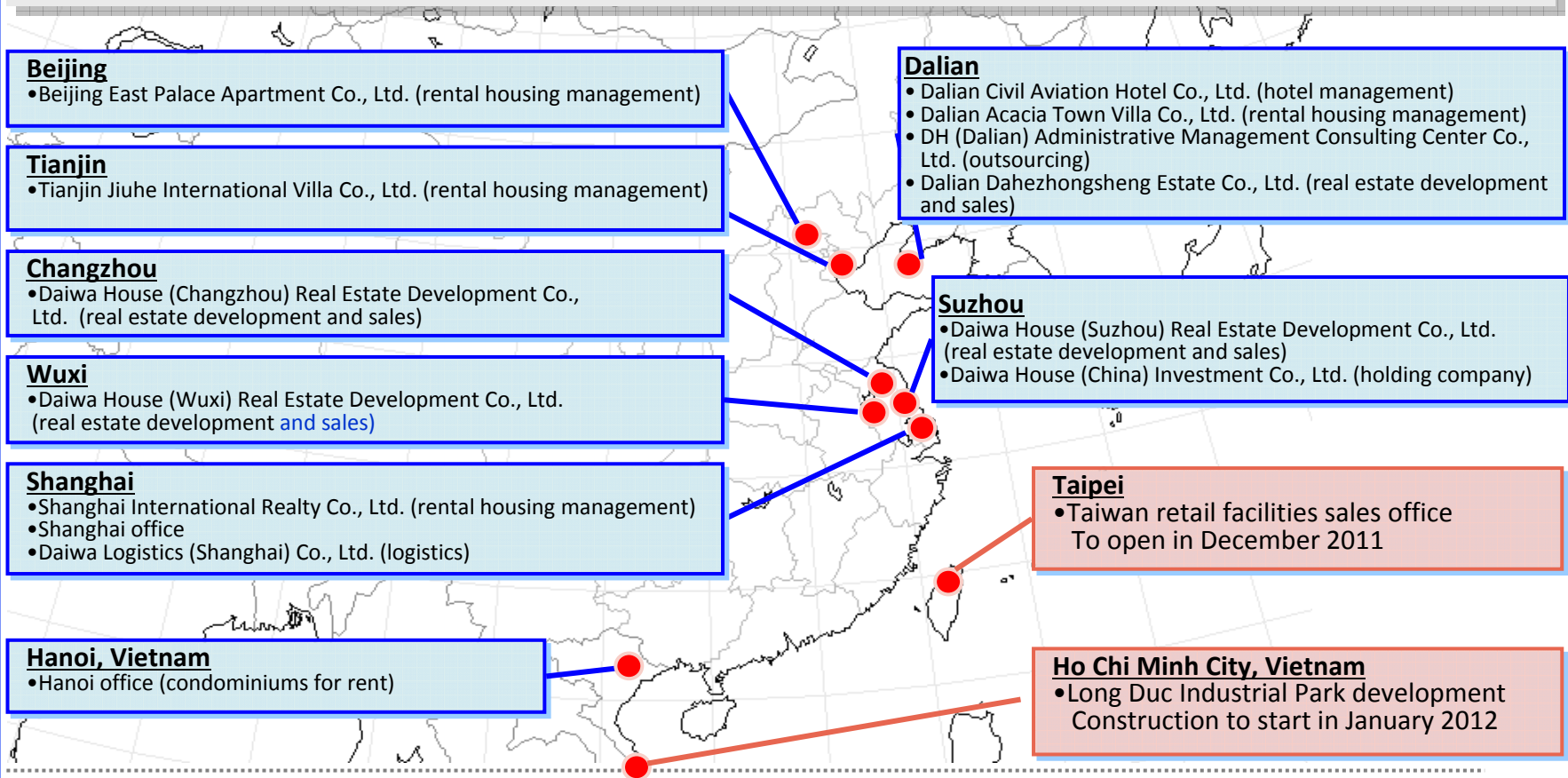
Expand training programs to prepare for possible overseas development

Global: Build up overseas bases

Global Vision

By leveraging technology born from “**industrialization of construction**,” create better housing and living environment for all people in the world

Over three years, focus on twin goals of **building overseas bases** and **developing strategies for new Businesses**, mainly in the **Pacific Rim**



[Bases in other regions]

USA

- Daiwa House USA Inc. (real estate development and rental housing management)
- Daiwa House California (real estate development and rental housing management)
- Daiwa House Guam Co., Ltd. (real estate and construction)

Australia

- Daiwa House Australia Pty. Ltd. (real estate development)

Global: Expand overseas business portfolio

[Single-family houses]

- Consider launching housing business in Malaysia

[Condominiums]

- Center developments on China (Dalian, Suzhou, Wuxi and Changzhou)

[Rental housing]

- Buy rental apartment buildings in California

[Commercial facilities]

- Develop mixed complexes including condos for sale, in Changzhou
- Set up base in Taiwan (application under review)

[Other]

- Launch cargo import and export agency in Shanghai
- Launch industrial park development in Vietnam



Changzhou Tianning District Project in Jiangsu Province



Apartments in California (Rental housing)

**Business expansion into single-family housing
as well as rental housing and commercial facilities**



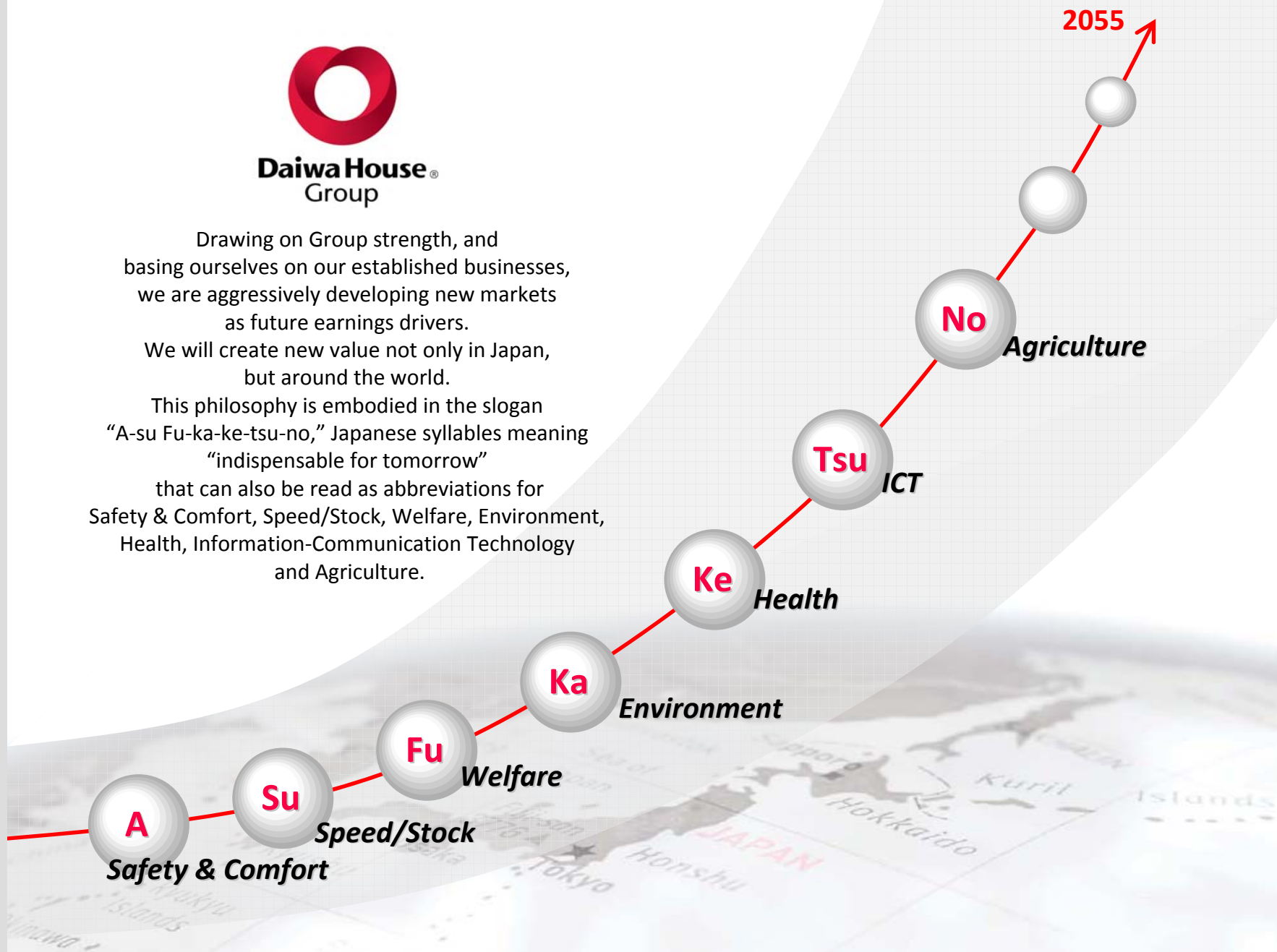
Daiwa House
Group

Drawing on Group strength, and basing ourselves on our established businesses, we are aggressively developing new markets as future earnings drivers.

We will create new value not only in Japan, but around the world.

This philosophy is embodied in the slogan “A-su Fu-ka-ke-tsu-no,” Japanese syllables meaning “indispensable for tomorrow”

that can also be read as abbreviations for Safety & Comfort, Speed/Stock, Welfare, Environment, Health, Information-Communication Technology and Agriculture.



Further notes

(P.3)

- Single female households (2010→2020) Source: National Institute of Population and Social Security Research
- Single (aged 65 and over) households (2010→2020) Source: National Institute of Population and Social Security Research
- Condominiums built more than 30 years ago (2010) Source: Ministry of Land, Infrastructure, Transport and Tourism
- Existing rental housing units built at least 20 years ago (2008) Source: Ministry of Internal Affairs and Communications
- Smart house market (2010→2020) Source: Fuji-Keizai
The 14 products and systems needed in a smart house include: household solar power generation and fuel cell systems, stationary energy storage systems such as lithium ion batteries, electric cars and household heat-pump water heaters.
- Market for large storage batteries (2010→2015) Source: Fuji-Keizai
(including lithium ion batteries, lead batteries, nickel metal hydride batteries, NaS batteries, Electric Double Layer Capacitors and lithium ion capacitors)
- Increase in households in emerging Asia (2010→2020) Source: World Income Distribution
(Singapore, Malaysia, Taiwan, Thailand, Philippines, Vietnam, Indonesia, India and China)
- Countries with GDP per capita of \$5,000 or more (1985→2010) Source: IMF



Notes:

The business forecasts are based on assumptions in light of information available as of the date of announcement of this material, and the 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.