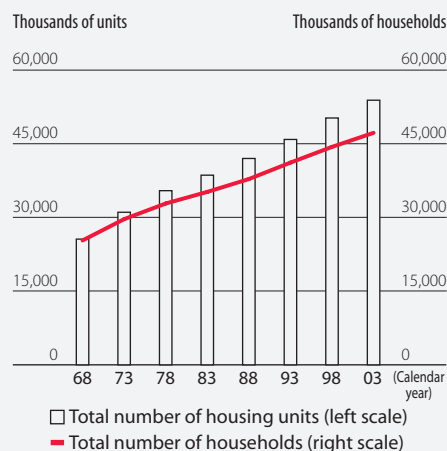
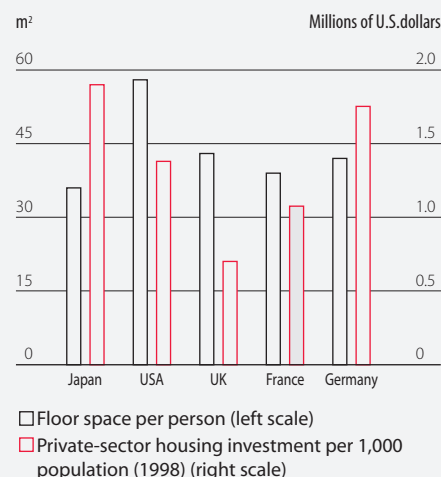




Housing in Japan and the number of households



Average housing space and investment



Responding to demands in welfare, the environment, health, and information technology to realize dreams

The Daiwa House Group has been deploying its resources to generate ideas in every area of housing, and has been creating new values together with its customers ever since its foundation. We have always possessed the innovative spirit needed to explore new horizons.

We understand the key concerns for Japan for the future, including welfare, the environment, health, and IT. We will address these issues and develop new markets that help achieve people's dreams.

We aim to become a leader in welfare, centered on the Silver Age Research Center, a pioneer in nursing care and welfare operations, and leveraging our sophisticated consulting capabilities in the construction and operation of welfare facilities. The capabilities have been developed over many years and encompass a broad range of facilities, from healthcare for the elderly to multi-function homes. We hope to create a truly affluent society by re-considering our true purpose in life as citizens of an aging society.

With respect to the environment, which encompasses the Kyoto Protocol, there remain many issues that we must continue to address, such as attenuating the environmental burden of construction through longer useful lives for

residences, energy saving, wind- and solar-power generation systems, storage batteries, recycling of construction by-products, and rooftop gardening. We will aggressively take up the challenge of introducing new commercial solutions in these areas, through technological development undertaken jointly with other industries and as well as cooperation involving industry, the government and academic institutions. Our Central Research Laboratory is playing a central role in this initiative.

Concern with health matters is also high in Japan, and the Daiwa House Group will introduce competitive products that anticipate market needs, including next-generation household equipment that allow people to manage their health in their own home, as already achieved with the development of the Intelligence Toilet.

In information technology, as the broadband penetration rate in households has topped 30% in Japan, we will make steady progress in finding practical applications for IT in the home, particularly housing equipped with consumer electronics networks.