

## Message from the COO



Kenji Murakami

## “Challenge 2005” Medium-Term Management Plan — Creating Lasting Bonds, with “Endless Management” as Our Core Strategy

The Daiwa House Group, which has grown to a scale of 30,000 employees and which is steadily diversifying its business activities, sees itself in the next half-century as a Group that will continue to co-create value for individuals, communities, and people's lives. Today, with the arrival of a new Japanese society, we are at a turning point. We must take a new look at our businesses that, based on supplying housing, have diversified and expanded since our founding. We intend to remain a unified group that can continue to grow forever into a new multi-business enterprise. In the first year of our second half-century we have created a new corporate symbol — the “Endless Heart” — signifying the reliability of our Group companies and the promise of

endless service. We have also formulated “Challenge 2005,” a medium-term management plan for the next three years, with targets for fiscal 2007 (the last year of the plan) of ¥1.7 trillion in sales, ¥100 billion in recurring income, and return on equity of 9% or more.

To achieve these goals, we in the Daiwa House Group have designed a Groupwide strategy to greatly expand our operations with “Endless Management” as our core activity in diverse areas — in business and lifestyle-support services as well as housing. We have started these activities to create lasting bonds with our customers.

Group Management Vision		Our Target Business Model			New Group Symbol	
Connecting Hearts		Co-creating value for individuals, communities and people's lifestyles			Endless Heart	
Highlights of Our Business						
Single-family houses	Rental apartment buildings	Condominiums	Retail and wholesale facilities	Distribution and medical and nursing care facilities	Resort hotel users (per year)	Home center customer club members
480,000	620,000	50,000	24,000	2,600	4.27 million	2.27 million

(Aggregate total of houses, condominiums and other facilities completed as of March 2005)