

## Three broad objectives: growth, enhanced efficiency, and a stronger management base

To implement our medium-term management plan, “Challenge 2005,” I have drawn up nine strategies to assist in achieving our three broad objectives — growth strategies, efficiency boosting strategies, and strategies for strengthening our management base. In particular, we plan to thoroughly review and reorganize our business portfolio with a focus on profitability and efficiency, clearly positioning each individual business in terms of importance. By so doing, we will be able to allocate management resources in a more balanced way, and thereby realize the optimum portfolio.

Our Endless Management System, which constitutes the core of our strategy, will unite all the Group’s wide variety of business categories in a concerted drive to realize a customer-centric value-creation business style. By building a system that brings forth synergistic effects, we will be able to maximize the Group’s potential.

Firstly, the priority for our core business of housing is to expand our market share in Tokyo and the surrounding region. We must effectively respond to newly emerging customer needs, such as the ongoing trend toward a return to the inner city, as consumers take advantage of the fall in land prices. We must focus on providing new housing to meet the needs of people in their early 30s, who are the children of the baby boomer generation. For

this reason, the Daiwa House Group is working together to create a system offering a range of products and services, from construction of new housing to lifestyle services after a home is purchased. We are also building a system to operate and manage customers’ assets that will maintain the value of housing assets.

In our condominium development division, we are working to create a good living environment in provincial cities throughout Japan, by using our sales branches nationwide to obtain and utilize information on land owned by local governments. The rental housing market is expected to expand, as, spurred by a low interest-rate policy, real estate investment attracts greater attention. The single-person household market is also expanding. Thus Daiwa House Group companies must work cohesively to strengthen our management support services system — from tenant mediation to asset management — as well as provide these markets with housing products in response to these new rental needs.

The market for home renovation is expected to expand to ¥10 trillion. The Company aims to make its renovation business independent by revitalizing relationships with customers in 310,000 housing units, and offering proposals to meet new needs related to changes in family structures, increased longevity, and diversification of lifestyles.

### Daiwa House Group Medium-Term Management Plan “Challenge 2005”

