

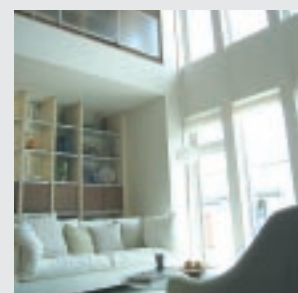


The operating environment is severe in the commercial construction business, another core Group business. The market has shrunk to two-thirds that of the construction investment peak, and every year 1% of the construction companies in this market fail. Despite these circumstances, we achieved a 31.4% increase in consolidated sales. This growth was underpinned by our high technology, and our consulting expertise. In Commercial Facilities, we are showing our competitiveness in many markets, based on our “LOC system,” in which we provide total support, including land assessment for owners, business planning, introduction of tenants, and facility construction and management. We are also honing our capabilities in the planning and development of commercial facilities, where the need for larger-scale projects is increasing, and the conversion business, to effectively utilize the low-cost needs of potential tenants by matching them with properties in our existing stock.

In the distribution facilities, the areas of concern in the retail and distribution industries are efficiency of logistics systems and outsourcing. We are responding to these needs by strengthening our planning and design systems for large-scale, multi-function, high-performance distribution centers. We also plan to introduce American and European real estate securitization programs into Japan at an early date, and start a land development

investment business and a development-style business using the SPC (special-purpose company) method. In medical and nursing care facilities, with the rise in the average age of the population and the amendment of the Nursing Care Insurance Law, market needs have changed from large-scale residential facilities for care of the elderly to small-scale multi-purpose homes and satellite-type nursing homes. Using our Silver Age Research Center, we have strengthened our specialized consulting business from facility construction to business management, and are cultivating new markets in care for the aged.

Finally, as a measure to improve overall Group efficiency, the Company has centralized its purchasing system and strengthened its production system to reduce costs. In addition, our logistics system has been rebuilt as a joint shipping system used by Group companies and suppliers, to create a robust supply chain capable of responding flexibly to all market needs.



Flow-to-Stock Property Management System

Endless Management System

