



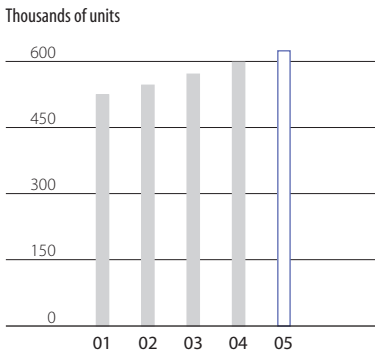
Concentrating sales efforts on the three metropolitan areas

The rental housing market is showing significant growth in the three major metropolitan areas and the trend toward their revival will continue into the future. Given this revival, we have set the goal of providing 4,000 apartment units in the three major metropolitan areas and 7,000 units nationally over the next three years. To do this, we will concentrate our human resources on urban centers and establish sales offices specializing in medium-height and high-rise buildings. We plan to aggressively use leasehold properties to build rental housing in urban areas. To respond to the diversified needs of occupants, we aim to provide rental housing which even takes into consideration renovation while employing not only heretofore factory-based production methods, but also introducing general construction-based production methods. In particular, we are promoting business development that puts energy into the development and sales of products directed towards second-generation baby boomer singles and newlyweds.

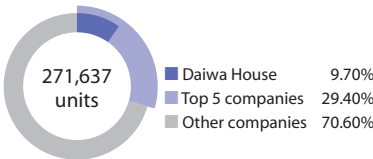
Strengthening the “D-Room” brand and services

In the future, while correctly ascertaining rental housing market trends from both owners’ and occupants’ perspectives, we will uncover latent demand and will promote the development of quality products reflecting greater awareness of the lifestyles of occupants. Furthermore, by seeking to strengthen management support and facilities management support for existing owners of rental apartment buildings who are trying to establish stable management, we aim to strengthen the development the “D-Room (Daiwa House’s rental apartment buildings)” brand and expand our market share. Additionally, to respond to landowners’ various needs, we are advancing proposals for effective methods for the utilization of assets through real estate securitization, such as our exclusive non-recourse loan, “Partner Plus – Limited Mortgage Apartment Loan,” introduced in February, 2005. Furthermore, by increasing staff and expanding training systems, we plan to develop more complete community-based management.

Aggregate of rental apartments
(Daiwa House Industry, non-consolidated)



Share of rental apartment market
(FY2003)



Note: The share for Daiwa House and the top 5 companies were taken from the *Tokei Geppo* (Statistics Monthly), by TOYO KEIZAI INC.

Indices of rental apartment sales and construction starts

