

Commercial Facilities

Sales ¥238.6 billion

Actively addressing market need for multiplex/ large-scale commercial facilities

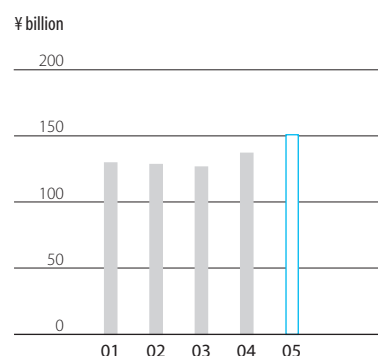
Until relatively recently, retail store chains and restaurant/bar chains seeking to expand their sales by opening new outlets have concentrated on two categories of location: either in the crowded shopping and entertainment areas close to railway stations, or at suburban sites by main roads, where there is space for a large parking lot. Nowadays, however, there is a growing need to open new outlets within multiplex/large-scale commercial facilities, such as shopping malls. Against this background, during the reporting period the Company employed its "LOC System" to develop new multiplex/large-scale commercial facilities in suburban locations. We will take measures to accommodate diversified multiplex/large scale commercial facilities such as the simple type in which a number of independent stores face a central parking lot, the open-type mall in which the external designs of all the tenants are unified and the tenant stores are arranged around the common-use parking lot, and the internally enclosed type of shopping mall, where the stores face internal walkways.



The conversion business

Our conversion business addresses the needs of property owners who must respond to change circumstances, such as tenants terminating their contracts or changes in the surrounding environment, as well as their seeking higher earnings. Demand for this type of service is growing steadily. We are aggressively moving into the "conversion market," understood in a broad sense, including the expansion or contraction of properties to suit new uses, as well as large-scale renovation projects. This business requires not only expertise in the construction field, but also know-how relating to the legal aspects of the real estate business, including an extensive acquaintance with property rental contracts and the ability to provide legal support in clarifying property ownership/usage rights and resolving conflicts. Finally, it also requires strong marketing capabilities to find the right tenants for refurbished buildings. Given our particular areas of expertise, we feel that this is precisely the sort of market for which we are qualified. With effect from the start of fiscal 2005, we have set up specialist sections at our Tokyo, Osaka, and Nagoya offices. In three years time, we project that this business will employ some 100 staff and generate revenues on the scale of around ¥30 billion per annum.

Sales of commercial facilities segment
(Daiwa House Industry, non-consolidated)



Large-scale buildings in Japan
(FY2004)

