

Distribution and Medical and Nursing Care Facility Construction

Sales ¥116.4 billion

Distribution facilities

Asset utilization: partner coordination system

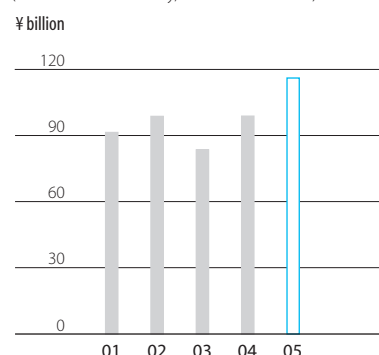
The construction division has aggressively promoted the construction and utilization of physical distribution facilities related to food and medical-service businesses that require specialized knowledge. In particular, as greater efficiency in distribution systems makes advances in the retail/distribution industry possible, and as outsourcing progresses, demand is growing for more multifunctional and segmented services. This is generating new business opportunities. For this reason, the Company views distribution strategically. To make concrete land and distribution solution proposals fully utilizing information resources on a national scale, the Company is promoting a partner coordinate system that includes distribution businesses and shippers.

*1. HACCP (Hazard Analysis Critical Control Point): International food safety management system standard.

*2. D Project: Daiwa House Industry buys a plot of commercial use land, for a leasing company which then builds structures on it. The owner of the structures, the leasing company, signs rental contracts with tenant companies and a land leasing contract with Daiwa House Industry. Later, Daiwa House Industry is entitled to buy the structures back, regaining ownership of both land and buildings. In this way, Daiwa House Industry expects to secure profits on construction, leasing and sale to Real Estate Investment Trusts (REITs), enabling it to meet the requirements for securitization of real estate when market conditions are favorable.

*3. FFL (Food Factory Lease): Food plant leasing business. We have developed a special scheme in which Daiwa House Industry proposes builds and rents out HACCP-certified food plants.

Distribution and medical and nursing care facility construction sales
(Daiwa House Industry, non-consolidated)



Towards comprehensive solution proposals for the end users

In the future, the Company will not only develop specialized business plan proposals for construction, but will also make proposals directed towards creating comprehensive distribution systems that more fully take into consideration the end user. In addition to construction plans, the Company will offer more effective comprehensive distribution systems by narrowly targeting firms and positively undertaking information exchanges and will increase its business alliances.

We will also make full use of our information resources, social networks, specialist's know-how such as HACCP*¹, which has been cultivated through the consulting we have undertaken, and we will promote support for distribution and food-related facilities while introducing new schemes such as the D Project*² real estate securitization. We also make solution proposals for distribution and food-related facilities, such as the FFL*³ leasing arrangement for food producing plants. Through these efforts the Company will work to expand its market share.

Construction incorporating the HACCP method
(as of May 31, 2005)

