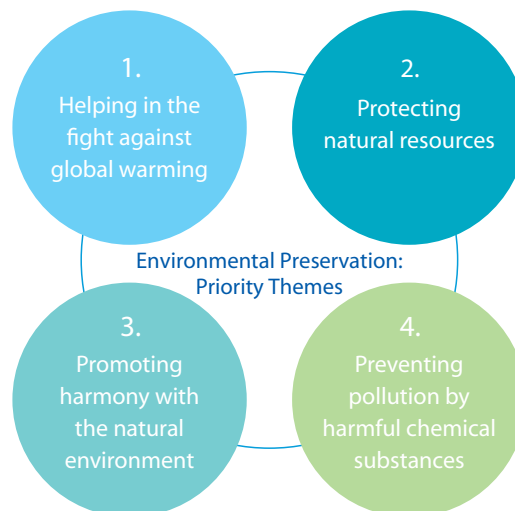


The Environment

Our Environmental Vision

From the current business term, we are extending the framework of environmental activities hitherto pursued by Daiwa House Industry to the whole of the Daiwa House Group. To this end, we have drawn up the Daiwa House Group Environmental Vision, which comprises the Group's principles, priority action themes, and action guidelines relating to environmental preservation. These are aimed at helping realize the Group's management vision — the creation of a society in which people can lead fulfilling lives. Finally, to map out specific measures enabling



us to take the first steps toward realizing this vision, we have drawn up the 2005 Action Plan. This plan includes a number of activities aimed at reducing the environmental load imposed by our business operations.

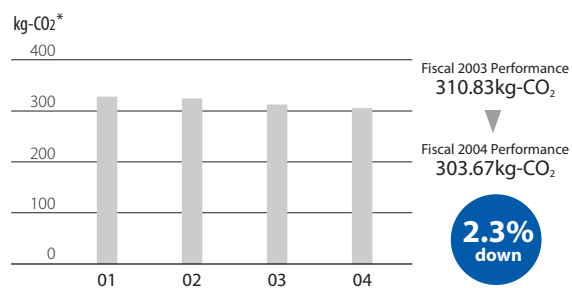


Daiwa House ranks first in environmentally-friendly houses in Japan

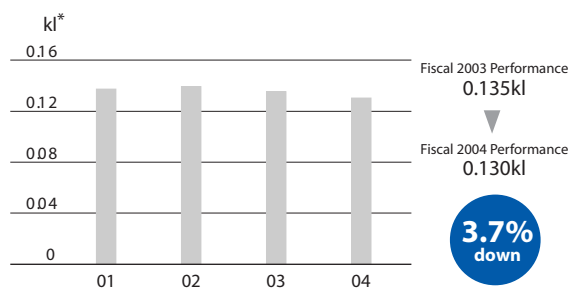
Daiwa House Industry achieved the highest position in overall construction (836 units) of environmentally-friendly houses in fiscal 2004. We remain actively committed to environmental protection through our products and business operations. For that purpose, we have set a target of making 50% of new single-family houses environmentally-friendly by fiscal 2007.

Note: "Environmentally-friendly houses" are houses constructed with a focus on the following three concepts to make a better environment for their residents: protect the global environment; blend in with their surroundings; and create a healthy and comfortable living environment. Environmentally-friendly houses are certified by the Institute for Building Environment and Energy Conservation.

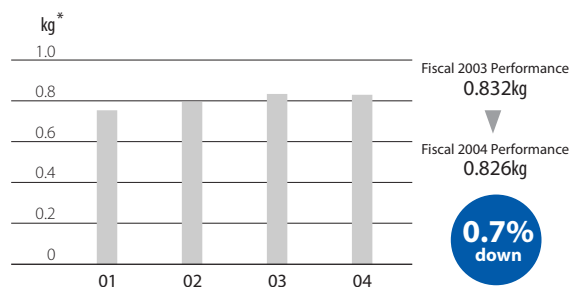
CO₂ emissions



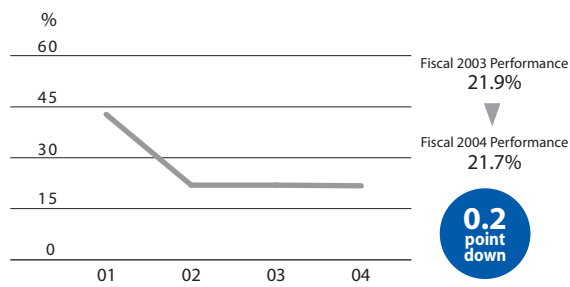
Energy used



PRTR-listed harmful chemicals: Net usage volume



Final waste disposal rate



Note: "Net usage volume" = total volume used, minus volume recycled in addition to volume rendered harmless

Note: The units marked with asterisks in the graphs above are equivalents per ¥1 million in sales by Daiwa House Industry on a non-consolidated basis.