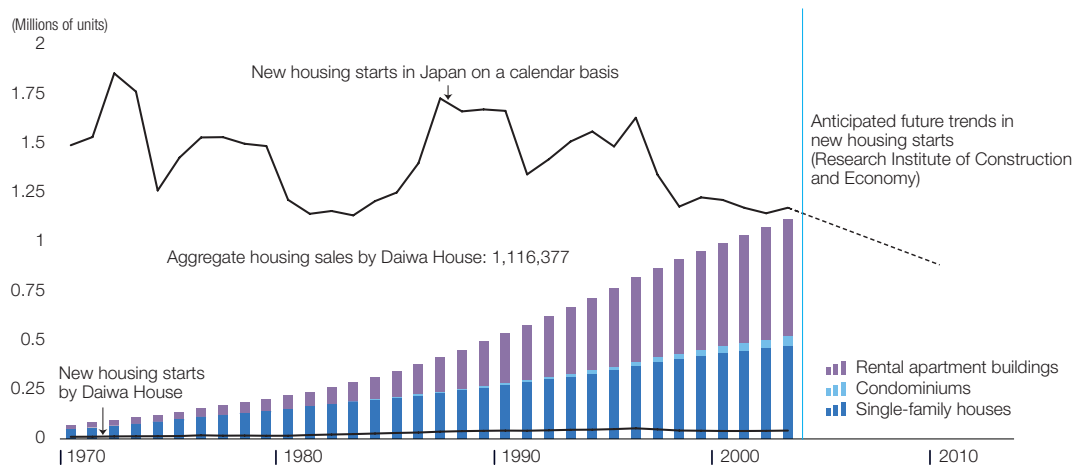


Message from the CEO



Toward a Brighter Future for Housing in Japan

Total housing starts and Daiwa House aggregate sales



The mission of the Daiwa House group is to inspire new value in the housing industry in Japan. Our aim is to generate demand and explore a brighter future together with all of our stakeholders.

In step with socioeconomic change, housing needs in Japan have also experienced a number of phases during the 20th century, from a shortage of housing to a satisfaction of basic housing needs. We have now entered a period in which homeowners demand quality and affluence. During the period of high economic growth, the emphasis was on the value of goods, and the source of growth for the Daiwa House group was the market for new housing construction.

But in the more mature society that has emerged following the bursting of the economic bubble, the concept of housing is also changing dramatically, as the characteristics of the social environment shift from population growth to an aging population with a declining birthrate, and from lifelong employment to labor market liquidity.

As a pioneer, Daiwa House has continuously contributed to the development of prefabricated housing in the Japanese market, which first came into being in the immediate postwar period. Since then, we have constructed approximately 1.12 million housing units, and have grown into a major player in Japan's housing industry. I believe that the basis for future growth in our maturing society is to continue to provide long-lasting value for individual customers, by properly understanding their lifestyles. I want to paint a brighter future for housing as the first group of companies in Japan to build a bridge between "housing" and "lifestyles," by expanding our business portfolio into new lifestyle support businesses, from our traditional operations focused on new housing construction oriented operations. This is because I strongly believe that creating new value for living, and realizing that value in our group, will lead to a new era for the housing industry.