

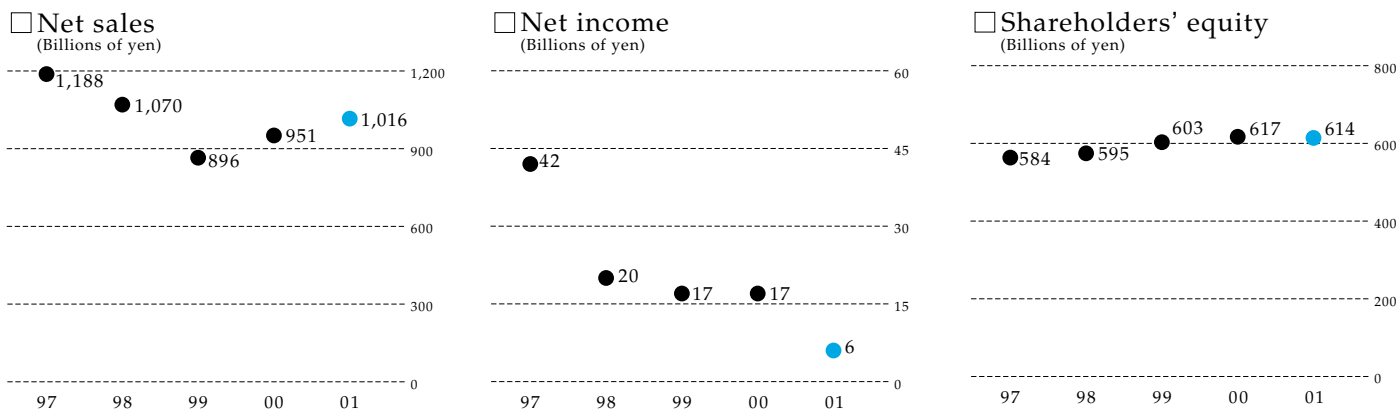
Financial Highlights

Daiwa House Industry Co., Ltd. and Subsidiaries

Consolidated

Years ended March 31, 2001, 2000 and 1999	Millions of yen			Thousands of U.S. dollars
	2001	2000	1999	2001
Net sales	¥1,016,237	¥951,073	¥896,006	\$8,195,460
Net income	6,256	17,450	16,699	50,452
Per share of common stock (in yen and dollars):				
Net income	12.05	33.52	31.88	0.10
Diluted net income		33.50		
Cash dividends applicable to the year	17.00	17.00	17.00	0.14
Purchases of property, plant and equipment	19,235	11,960	47,545	155,121
Depreciation and amortization	20,044	20,327	18,453	161,645
Total assets	1,066,457	981,893	950,701	8,600,460
Shareholders' equity	613,867	617,421	603,060	4,950,540

Note: The U.S. dollar amounts represent translations of Japanese yen for convenience only at the approximate exchange rate on March 31, 2001 of ¥124 = U.S.\$1.



Forward-Looking Statements:

Statements contained in this report concerning plans, predictions, and strategies to improve future performance ("forward-looking statements") are based information currently available to the Company's management, and inevitably involve a certain element of risk and uncertainty.

To our shareholders



Nobuo Ishibashi
Senior Adviser



Takeo Higuchi
President

Nobuo Ishibashi

Takeo Higuchi

Ever since its establishment in 1955, Daiwa House Industry Co., Ltd. has adopted “the industrialization of construction” as its corporate mission. Prefabrication methods enable the speedier provision of high-quality housing, and by becoming the first company in Japan to enter this field, Daiwa House has played an invaluable role in the supply of housing. The Company has broadened its sphere of operations to include not only its core business of housing, but also the construction of commercial buildings such as retail outlets and offices, as well as other businesses such as our resort and home center operations. With 32 consolidated subsidiaries as of March 31, 2001, the Daiwa House Group has effectively realized its long-cherished dream of becoming a comprehensive housing enterprise.

In April 2001 we effected a merger with our equity-method affiliate, Daiwa Danchi Co., Ltd., which possesses strengths in both wooden houses and condominium buildings. This merger will facilitate the effective apportionment of management resources and the reinforcement of corporate governance. Moreover, by optimally leveraging the synergy that will result from this merger in the areas of marketing, product development, and service, we are confident of raising our position in the industry and our competitiveness still further, thereby meeting the expectations of our shareholders.

In the business term under review, ended March 31, 2001, net sales on a consolidated basis came to ¥1,016.2 billion (US\$8,195 million), up 6.9% year-on-year, but net income declined 64.1% to ¥6,256 million (US\$50 million), owing to an additional provision to the reserve for employees’ prior service obligations resulting from a change in pension accounting standards.

The Daiwa House Group will continue to pursue its policies of living in harmony with the environment and responding promptly to the changing needs of the times.

| *Message from
the president*

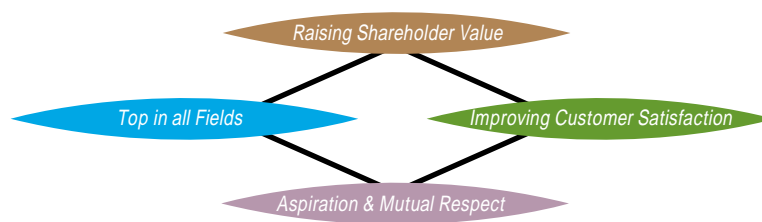


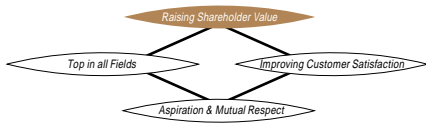
Speed & Truthfulness

I believe that the principal concepts that will dominate the business world in the 21st century are “speed” and “innovation.” Based on this belief, I am placing top management priority on speed in all aspects of our business, including decision making, asset turnover, and construction time. At the same time, I am emphasizing the necessity for the truthful and transparent conduct of management, in which realistic goals are set and the utmost efforts are made to attain them. By shedding conventional ways of thought and basing managerial decisions on data fresh from the marketing front line, we aim to create a new-look Daiwa House management that can give precise, numerical replies to any question about business performance. To help thoroughly imbue our management style with an understanding of the overriding importance of speed and profitability, from fiscal 2001 we have reduced the term of office of directors from 2 years to one.

Moreover, with the start of the new century, Japanese industry is entering the full-scale age of consolidated accounting. In response, from April 2001, Daiwa House established a Consolidated Management Supervision Department, under the direct control of the Company’s president, to strengthen the group’s financial position and ensure strict risk management.

I have drawn up the four goals detailed below and am aiming to realize non-consolidated sales and operating income of ¥1,300 billion and ¥90 billion, and consolidated sales and operating income of ¥1,420 billion and ¥99 billion, respectively, in fiscal 2003.





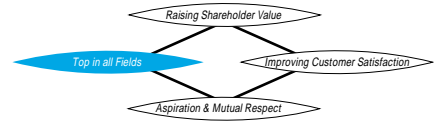
Goal 1

Raising Shareholder Value

The first goal is to remold Daiwa House's corporate structure in a more profit-oriented direction, using the two principal tools of expansion of orders received and reduction of expenses. In short, we will set out clear, realizable numerical targets and achieve them without fail. Specifically, our short-term targets are as follows.

For the current term we are targeting ¥1,130 billion in net sales and ¥19 billion in net income on a non-consolidated basis, and a ratio of gross profit to net sales on a consolidated basis of 22.0%. For fiscal 2003, the net income target on a non-consolidated basis is ¥50 billion, and the target on a consolidated basis is ¥54.4 billion, with a per-share dividend of ¥20. By fiscal 2004, we intend to repay all interest-bearing debt, which has swollen to ¥134 billion as a result of the recent merger with Daiwa Danchi, and establish the Company's management on a debt-free basis.

The Company's overall goal for fiscal 2003 is to become the leading enterprise in every business field in which it is engaged. We aim to attain this goal by meeting the following sales targets (on a non-consolidated basis): Total Residential operations sales of ¥880 billion, broken down into ¥510 billion for single-family houses, ¥220 billion for low-rise apartment buildings, and ¥150 billion for condominium buildings; Commercial buildings operations sales of ¥300 billion; Resort operations sales of ¥63 billion; and Home center operations sales of ¥57 billion. I intend to exert my full efforts to maximize shareholder value by rapidly achieving improved business performance and higher share prices, and by pursuing profit-focused management.



Goal 2

Top in all Fields

The second goal is to be the leading company in each business field in which Daiwa House is engaged. In our mainstay sector of housing, new housing starts are expected to decline to around 800,000 within the next ten years. However, Daiwa House will do its utmost to obtain a 10% share of that market. Looking at the example of other industries, there is every reason to believe that Daiwa House has sufficient potential for expansion. To help attain our sales target of ¥1,300 billion per annum on a non-consolidated basis, we plan to expand our nationwide network of sales offices to 90 three years from now.

The expansion of orders received depends on three key factors – marketing capability, product development capability, and quality of service. Thanks to the merger with Daiwa Danchi, we now possess the largest sales force in the industry, and we plan to make full use of this in further strengthening our system of marketing closely tailored to the particular needs of each region. We moved our marketing headquarters to Tokyo last year to reinforce our marketing system in the Kanto region, Japan’s largest housing market. In July this year, we set up 8 regional sales subsidiaries across the country to further bolster our marketing network. From here onward, to provide support to this expanded marketing system from the product supply side, we will be directing the main thrust of our efforts into speeding up the supply of products to the market by shortening construction times and raising the ratio of products prefabricated in our factories.

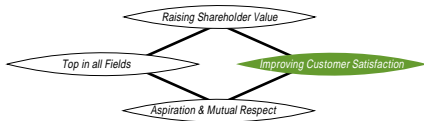
Turning to product development, the Company’s strong point, we further refined our unique technological know-how to develop the first prefabricated house in Japan utilizing earthquake vibration-dampening technology. This new product, launched in April this year, has helped to raise our competitive superiority over our rivals still further.

In addition, we have ascertained that the house market is polarizing into two separate trends. First-time home buyers give preference to houses with superior cost-performance, while older home owners who wish to have their existing houses demolished and replaced show a preference for high-quality houses. We have therefore expanded our product lineup to meet these needs. We have also stationed specialist staff members in charge of house design at all our showrooms, thereby bolstering our ability to make design proposals to prospective customers.

Targeting
10% share
in new housing starts

Meanwhile, in the field of condominium buildings, which is the specialty of the former Daiwa Danchi Co., Ltd., now part of Daiwa House Industry, we are looking forward to enjoying the benefits of the merger at an early date. If the marketing know-how of Daiwa Danchi can be combined with Daiwa House’s extensive data collection capability and financial resources, there is no reason why the Company could not double its sales of condominium buildings over the next 5 years.

We are also planning to increase the number of marketing offices and staff in non-housing operations such as commercial buildings and the home center business.



Goal 3

Improving Customer Satisfaction

Recognizing that improved customer satisfaction is the key to business success, we have positioned it as a top management priority. Through the pursuit of this policy, we aim to raise the proportion of new customers introduced to us by existing customers from the current 40% to 70%. As means of improving customer satisfaction, we have established a flexible and fast-acting after-sales service system, have set up 24-hour customer advice centers, and have started a house spot-check service that customers can utilize for up to 40 years after construction under the Company's unique long-term guarantee system, called the 21st Century Support System.

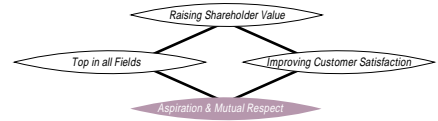
In addition to the superior abilities that Daiwa House possesses in marketing, product development, and construction technology, the Company is also making use of its high-quality services to secure a high success rate in competition for orders from small-scale builders in provincial regions of Japan.

We regard one-to-one communication with customers utilizing information technology as a crucial factor in achieving the desired level of customer satisfaction. In February of 2001, we set up a new home planning consultation page on our main website, and then in June of the same year we set up a separate, specialist website for buyers of our single-family houses. In these ways, we are catering to the wide variety of housing-related needs, including new-house buying, renovation, and complete demolition-and-rebuilding work.

In addition, we have been developing housing that incorporates information technology. This ground-breaking technology allows home owners to use their mobile phones as remote control devices for locking or unlocking the door, or for switching on/off or adjusting electric appliances when not at home.

Meanwhile, amid ever-growing concern over environmental issues, Daiwa House takes its responsibilities as a corporate citizen very seriously. We have drawn up a Voluntary Environment Action Plan, under which we have set environmental targets to be attained over a 5-year period starting from 2000. The specific targets set under the plan range over a wide field including reduction of greenhouse gas emissions and the promotion of energy conservation. In June this year we acquired ISO 14001 environmental management systems certification for all our factories, and we aim to reduce emissions of harmful substances to zero by fiscal 2005. Moreover, over the next 2-3 years, we plan to install in-house power generation facilities utilizing "clean energy" fuels at all our factories, hotels, and home centers. This will enable considerable cost savings.

Targeting
70% ratio
for customer referrals



Goal 4

Aspiration & Mutual Respect

Our policy is to ensure that Daiwa House is not only an organization dedicated to successfully competing in the markets, but is also the stage on which its employees can realize their aspirations.

The management of Daiwa House believes that, by applying the practical knowledge gained at various work sites, the Company's staff can overcome any difficulties. With this in mind, we ensure that all foremen, section leaders, branch managers and other employees placed in command over subordinates are fully aware of their responsibilities as individuals. They are required to show the essential qualities of leadership, including fairness and a realistic assessment of their own and their subordinates' capabilities, and the ability to fire their staff's imaginations with a concrete vision of the Company's future.

We encourage all our employees to frankly discuss their work with their colleagues and superiors, thereby creating a working environment that is both friendly and efficient. Daiwa House's traditional corporate spirit of tackling any challenge without fear of failure is now more essential than ever before. By creating a corporate environment in which our employees are happy to work, and which provides each of them with motivation and the opportunity to display their abilities to the maximum, Daiwa House is confident of emerging as one of the survivors from the current period of intense competition.

In conclusion, I would like to affirm that the Company is actively tackling the task of building a corporate structure that will receive high marks from our shareholders. We will keep shareholders and investors thoroughly informed of developments through all forms of conventional public relations media in addition to our websites and the holding of small meetings with analysts. In this way, we will maintain our policy of prompt disclosure of all important management information.

Board of directors



Nobuo Ishibashi*
Senior Adviser



Takeo Higuchi*
President



Sadao Yoshii*
Executive Vice President



Tamio Ishibashi*
Executive Vice President



Moritsugu Kawai*
Executive Vice President



Mitsuo Funatsu
Executive Managing Director



Kenji Murakami
Executive Managing Director



Takuya Ishibashi
Executive Managing Director



Kimitaka Komatsu
Managing Director



Hiroshi Azuma
Managing Director



Mutsuo Kajimoto
Managing Director



Jiro Torio
Managing Director



Takeshi Kajimoto
Managing Director



Tetsuji Ogawa
Managing Director



Yuzo Kawahara
Managing Director

*Representative Director

Directors Toru Nakanishi
Masanori Nishio
Munemitsu Kimura
Isao Kusunoki

Naotake Ohno
Tsuyoshi Natsume
Tadashi Murakaku
Isao Miyashita

Takashi Uzui
Shigeo Ohtsuka
Nobuyasu Ishibashi
Takeshi Togo

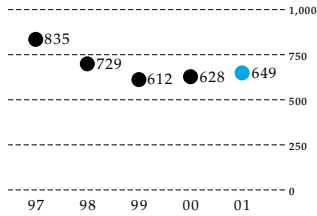
Corporate Auditors Kohei Nakabo
Hiromasa Kobayashi
Toshihiko Emi
Hidetoshi Kawaguchi

(As of June 28, 2001)

Overview of operations

□ Share of sales

□ Residential operations
(Billions of yen)



Residential operations

- Construction and sale of single-family houses, apartment houses, condominiums, etc.
- Development and sale of residential land
- Real estate agent
- Management of apartments
- Manufacture and sale of housing-related equipment

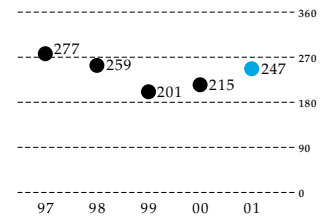
Residential operations
63.8%

Commercial buildings operations
24.3%

Commercial buildings operations

- Construction of distribution centers, stores, office buildings, factories, etc.
- Sale of land for commercial use
- Leasing of temporary structures
- Leasing of stores, offices, etc.

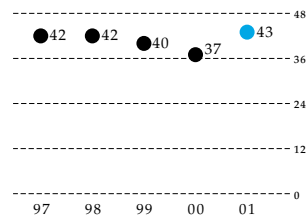
□ Commercial buildings operations
(Billions of yen)



Resort operations

- Management of hotels and golf courses

□ Resort operations
(Billions of yen)



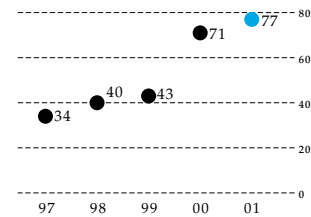
Resort operations
4.3%

Other operations
7.6%

Other operations

- Home Center operations; sale of resort condominiums and land for villas; construction of villas; others

□ Other operations
(Billions of yen)



Overview of operations

Residential operations

*B*usiness review



D001

High-quality 2-story house with tiled exterior walls, giving a feeling of solidity

Residential operations, which are the main strength of the Daiwa House Group, involve everything from the construction of single-family houses, rental apartment buildings and condominiums to the development of residential areas, and increasingly in recent years, reconstruction work. New products are being focused on, including ecological housing that employs solar energy, 3-story dwellings that make the most effective use of limited urban land, and housing that encourages residents to create roof-top gardens and plant other greenery. Other housing products on the market include those that are suited to both first-time buyers and to the demand for rebuilding. In a positive response to the Housing Quality Assurance Act, introduced on April 1, 2000, Daiwa House inaugurated its 21st Century Support System, and set up a toll-free telephone service to help customers on a 24-hour-a-day basis with the goal of becoming the industry leader in the field of quality assurance.

Tasks ahead

The merger with Daiwa Danchi Co., Ltd. brought approximately 5,300 new salesmen and saleswomen to Daiwa, making it the largest company in the industry. In addition to expanding its market shares in the housing industry, Daiwa House enhanced its post-construction customer care. In April 2001, the Company applied a system for monitoring rental apartment buildings for 40 years after construction, as well as a free asset management support services for owners of rental apartment buildings. Daiwa House aims to become a valuable lifelong partner for its customers, and every effort is being made to respond to customer needs in matters such as future housing renovation and rebuilding.

Through the merger, Daiwa House is enhancing its place in the market by using the expertise of Daiwa Danchi in condominium sales as well as its own strengths in making the best use of information and its strong financial position. The Company aims to increase its net sales to ¥200 billion by fiscal 2005 on a non-consolidated basis. This is approximately twice the total output of the two companies before the merger.

Sales of residential operations (Billions of yen)

	97	98	99	00	01
Single-family houses	483	406	340	358	361
Multi-family houses	229	215	186	186	176
Others	123	109	86	85	112
Total	835	729	612	628	649

Group companies

The Daiwa House Group works together as a team to help clients buy, rent, build, and sell housing. DaiwaService Co., Ltd. has built an excellent reputation in the field of condominium management, and DaiwaLiving Co., Ltd. provides comprehensive support to clients managing small apartment buildings. In addition, the Group includes real estate intermediary companies that provide comprehensive back-up services for people moving house, either to rental accommodation or to newly purchased housing.

We will also cooperate with the Daiwa General Research Institute Co., Ltd., which became an independent corporate body in April 2001, to develop proprietary technology for application to the construction of housing which uses information technology.

Royal Court Toyonaka

An 11-story condominium building in Toyonaka, a bed town of Osaka (4 wings, 465 condominiums)



Séjour Willmore

A cost-effective 2-story steel-frame rental apartment house with a classy look



Overview of operations

Commercial buildings operations

Business review

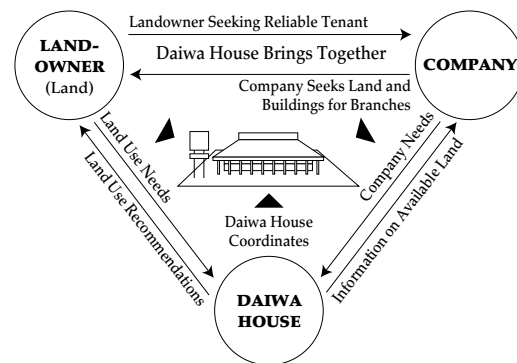


Across Tamasakai

A large-scale shopping mall of approximately 34,000 square meters in area, constructed to take advantage of the district's potential as major shopping center

The Daiwa House LOC System (Land Owner Company System) ties together the needs of land owners, who wish to make effective use of real estate, and companies that want to secure new bases for business operations. We have already constructed some 22,000 retail stores under this system. We have further enhanced our strong points — the prompt delivery of low-cost, high quality products — and have been working on projects with large-scale retail complexes and popular chain stores like Uniqlo and McDonald's. We also leverage our extensive know-how and proprietary technology to offer a comprehensive service from planning to construction for office buildings, stores, factories, warehouses, and facilities for education and nursing care.

Daiwa House LOC System



*T*asks ahead

Daiwa House's LOC System was the first business of its kind to be launched in Japan, and its proven achievements and recognized reliability promise strong growth. In the near future, to complement our existing operations in the field of large-scale retail outlets in suburban locations, which is becoming a mature market, we intend to bolster marketing efforts targeted at companies looking to make more effective use of their assets, such as idle land. We will also be focusing efforts on the expansion and renovation of existing buildings constructed under the LOC System.

We are also putting our energies into the construction of medical and care facilities for seniors, in view of the expected increased nationwide demand for these facilities with the introduction of the nursing care insurance system last year. With the expertise that it has built up thus far, the Company hopes to accept more orders in the near future for the construction of facilities like its group home for seniors with diminished awareness, Daiwa Calm 21, the design of which is based on research by the Daiwa House Silver Age Research Center as well as the appearance of new construction techniques.

In recent years, increasing attention is being given to HACCP (Hazard Analysis and Critical Control Point) certification for food processing facilities. Aiming to comply

with this new system and to respond to the increasing severity of food safety standards, the Company has been improving its system for offering total support for everything from making inspections, drafting plans, and constructing factories, to acquiring HACCP certification. By these means, we are aiming at sales by the Commercial buildings operations of ¥300 billion in fiscal 2003.

*G*roup companies

Daiwa Kosho Lease Co., Ltd. has developed a nationwide service for the leasing of products such as prefabricated buildings and automobiles. LOC Development Co., Ltd. has tied up with the major supermarket chain, Jusco Co., Ltd., and has been engaged in projects such as the development and operation of shopping centers in over 20 locations around Japan. Daiwa Information Service Co., Ltd. promotes the effective use of land, and DaiwaRoyal Co., Ltd. provides services under the name of Roynet Hotels, an example of the effective use of land. The Daiwa General Research Institute Co., Ltd. has also been assisting in this work by researching universal designs.

Shirasagi Care Center

Containing a clinic, this facility for the elderly in Tokyo's Adachi Ward offers a comprehensive care service.



HACCP-compliant food processing plant

This plant, for food for convenience stores, is designed to facilitate easy future expansion without halting operations.



Overview of operations

Resort operations



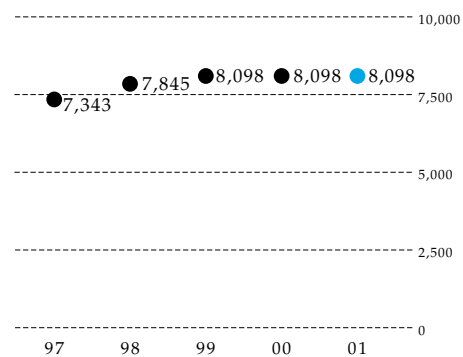
Tosa Royal Hotel

Featuring Japan's first open-air hot spring baths employing deep-sea water

Business review

Daiwa House, through its wholly-owned subsidiary, DaiwaResort Co., Ltd. aims to improve its services in operating and managing resort hotels in 30 locations all over Japan by actively promoting improvements and renovations of facilities for the safety and comfort of guests. The offer of reservations services over the Internet and intranets of customer companies as well as travel packages that include lodging fees and return airfare has contributed to a steady increase in guest room use. DaiwaResort has also made efforts to increase revenues from peripheral businesses by selling such unique products as deep sea mineral water.

Daiwa Royal Hotel number of guest rooms (Rooms)





The Sky Observatory Dome at the Yatsugatake Royal Hotel

*T*asks ahead

DaiwaResort has embarked on the plans to highlight the characteristics of the areas around each hotel, such as installing an observatory and Japan's first deep sea water public baths, in addition to offering day-trip plans that include both a dip in the hot springs and the cost of a sumptuous meal, thus increasing the attractiveness of the hotels to potential guests. The company plans to continue into the current term and beyond with its policy of actively promoting the introduction of "clean energy," which will also be effective in reducing electricity costs. To accomplish this, it will install power generation systems in its hotels that utilize energy sources that place less burden on the environment, such as wind power generation or cogeneration (the simultaneous generation of electric and thermal energy).

The company has started a variety of new projects, including one to sell bottled mineral water that has been extracted from the depths of the ocean. We expect that it will be able to sell 5 million bottles of this deep sea drinking water

annually in the facilities associated with the Daiwa Royal Hotels chain and the Royal Home Center, and plans are to eventually sell it at a large-volume retail outlet. Besides this venture, we are also putting energy into the development and sale of unique food products, based on local specialties from the areas where Royal Hotels are located. Plans are to have stores sell as many as 300 varieties of these products by the end of the year. Daiwa House aims to bring its resort operations into the black within 3 years by increasing guest room occupancy and raising its revenues from sources besides lodging fees and the expansion of product sales.

Following its merger with Daiwa Danchi, Daiwa House now operates a total of 10 golf courses throughout Japan, including the 6 golf courses that were already being operated by the subsidiaries of the former Daiwa Danchi. Daiwa House also took over the operations of the suburban leisure facility Termas Plaza, which incorporates swimming pools and hot springs baths.

Termas Plaza

Suburban-type leisure facility with heated swimming pools open year around and hot springs baths that promote good health.



Cypre's Country Club

This beautiful golf course is located in a part of Nara Prefecture that is said to be the birthplace of the Japanese nation.



Overview of operations

Other operations



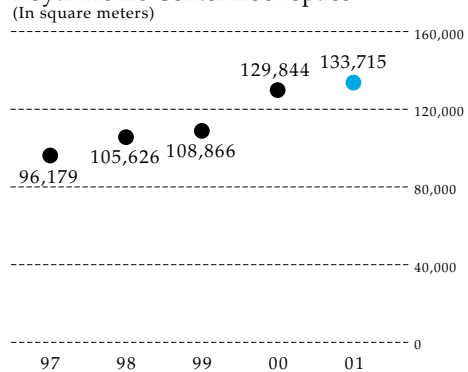
Royal Home Center Sagamihara-Hashimoto

Our 36th large-scale home center, with a product range focusing on DIY goods, interior goods, and gardening goods

Business review

Other operations center on home centers, which sell DIY goods and so on. In addition, this segment includes Daiwa Rakuda Industry Co., Ltd. which manufactures and sells construction materials, Daiwa Logistics Co., Ltd., a distributor of construction materials, and Shinwa Agency Co., Ltd., an advertising agency. Daiwa House has expanded its business into Internet sales and has opened 2 new home centers, giving it a total of 36 home centers located all over Japan. Among these, the Sagamihara-Hashimoto Home Center, which was opened in Kanagawa Prefecture in December last year (floor space area of approximately 7,700 m²) is a large-scale home center complex which incorporates model home gardens of approximately 1,350 m². In establishing this home center, the Company made the best use of its expertise in the manufacture of housing by adopting the new concept of meeting all possible customer needs by providing staff who are trained to offer advice concerning home-related matters.

Royal Home Center floor space



*T*asks ahead

Home center operations are facing a period of intense competition. Daiwa House is developing a variety of measures to differentiate itself from others in the industry, including the expansion of services and products with its own brand name as well as the hosting of various events and activities based in local communities. A unique feature of Royal Home Centers, and one which attracts new customers, is the “workshops” where customers can enjoy engaging themselves in a variety of creative activities. The Company is making efforts to enhance its profitability through an active program of renovating unprofitable stores and improving product selection and display. As a key player in the housing manufacturing industry, with a broad network encompassing approximately 5,000 tie-up construction firms all over Japan, Daiwa House has plans to use its expertise to increase the numbers of orders received for building renovations, expand sales of related products, and attain net sales of ¥57 billion by fiscal 2003.

The Daiwa House Group also acquired Daiwa Technica Co., Ltd., which carries out the development, manufacture, and sale of bathroom fixtures like the “AQAPRO” brand for use in single-family houses, condominiums and apartments, and Jukeikai Co., Ltd., which cooperates with nearby hospitals in operating the “Neo Summit Yugawara” senior citizens’ home, which is run on a fee basis and offers residents comfort and ease.

Model home garden, in Royal Home Center Sagamihara Hashimoto incorporating gateway and front drive.



Distribution Center

This logistics base for the Northern Kanto region operations of Daiwa Logistics Co., Ltd. provides a comprehensive service.



Happy Life Camel Shop

This Daiwa Rakuda Industry Co., Ltd. outlet provides advice by qualified interior decorators, and also undertakes home renovation work.



Environmental measures

At Daiwa House, the protection of the environment is a matter of the greatest priority. Daiwa House aims to use its Voluntary Environment Action Plan to ensure that the whole range of its corporate activities places as little burden as possible on the environment.

Operations-related measures

Daiwa House will continue to conduct prior assessments of environmental impact at every stage of operations so as to both minimize the effects of its activities on the environment and prevent pollution.

In order to make effective use of resources and achieve zero emissions of harmful substances by fiscal 2005, the Company will cut back on and recycle the packing and other materials it utilizes at its factories and construction sites. The Company has addressed the suppression of environmental pollutants by reducing the quantities of chemical substances, such as lead compounds, toluene, and xylene, used at and emitted from its factories. It has also been proactive in its use of natural sources of energy, and it plans to increase, to 10 locations or more, the number of wind power generator systems (*1) operating in its hotels throughout Japan, eventually meeting approximately 30% of the energy consumption needs of these hotels with the use of natural energy resources.

Product-related measures

Daiwa House incorporates environmental considerations into its designs in order to reduce consumption of fossil fuels, make more use of the bounties of nature and thereby offer products that place less burden on the environment.

The Company is tackling the issues of preventing global warming and protecting the natural environment from every possible angle. More specifically, it has created well-insulated housing that decreases the levels of carbon dioxide emissions to one-third of the general energy conservation housing standards (*2). It has also set up cogeneration systems to provide electricity to condominiums (*3) and developed not only four types of solar energy generating systems but also a rainwater recycling system.

Further, in an effort to combat the issue of volatile organic compounds (VOC), said to be the cause of the "sick house syndrome," the Company has pledged to use construction materials that contain the smallest levels possible of formaldehyde and other substances harmful to human beings.

*1: A wind power system that generates up to 600kw of electricity is in operation at the Okinawa Zanpamisaki Royal Hotel (1 generator) and the Noto Royal Hotel (2 generators).

*2: General energy conservation standards for housing laid down by the Housing Loan Corporation

*3: Introduction of Japan's first system at the Royal Court Ohyachi Station in Sapporo City, Hokkaido



Okinawa Zanpamisaki Royal Hotel has cut its electricity bills by around 15% through the use of in-house wind-powered generation facilities.



The roof of the offices at the Company's Mie Plant is covered with 360 solar panels with 167W modules.

Domestic network

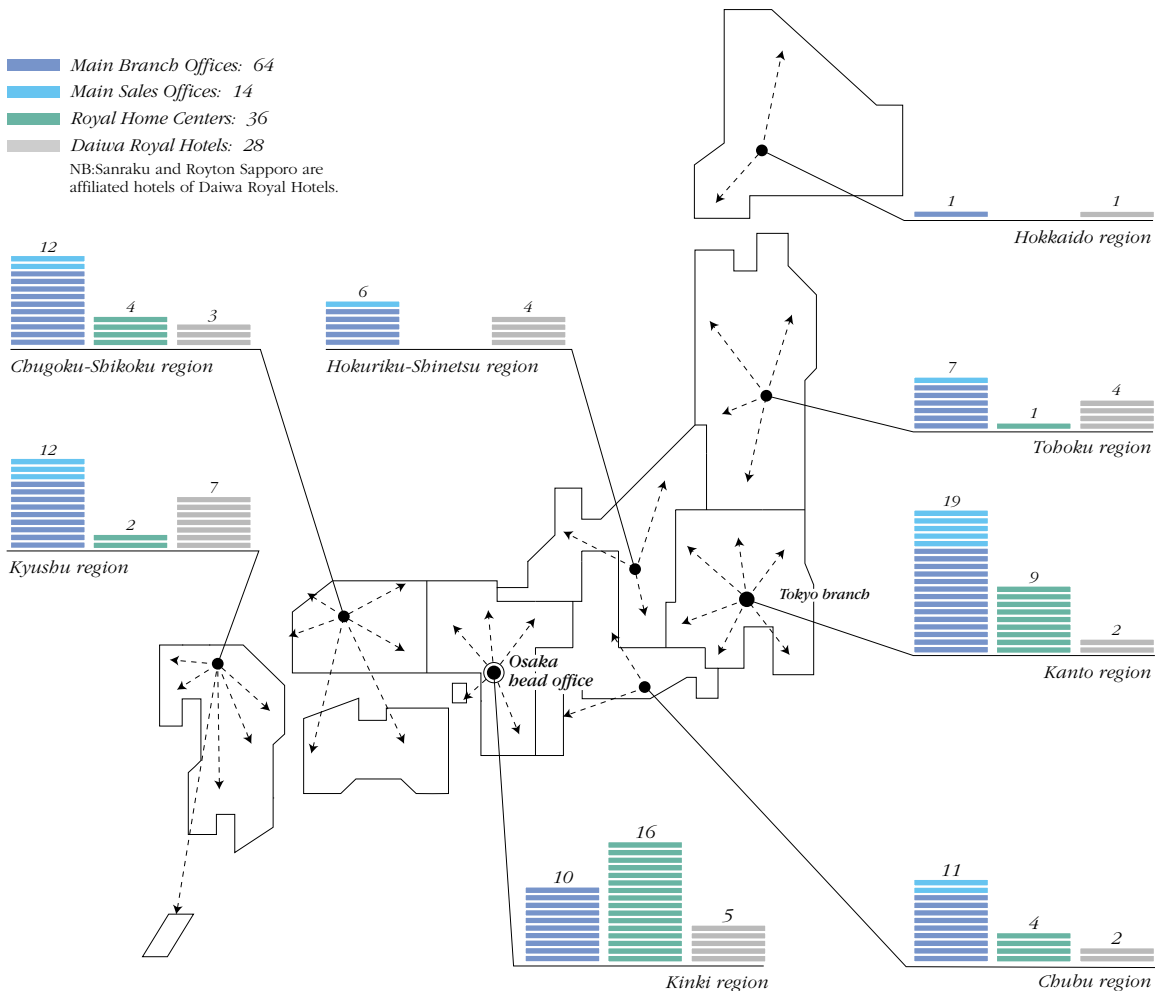
■ Main Branch Offices: 64

■ Main Sales Offices: 14

■ Royal Home Centers: 36

■ Daiwa Royal Hotels: 28

NB: Sanraku and Royton Sapporo are affiliated hotels of Daiwa Royal Hotels.



(As of April 1, 2001)

Head office

3-5, 3-chome, Umeda, Kita-ku, Osaka 530-8241
 Phone: (06) 6342-1402
 Fax: (06) 6342-1591
<http://www.daiwahouse.co.jp/>

Tokyo office

13-1, 3-chome, Iidabashi, Chiyoda-ku,
 Tokyo 102-8112
 Phone: (03) 5214-2115
 Fax: (03) 5214-2129

Nagoya office

20-22, 1-chome, Aoi, Naka-ku, Nagoya 460-8491
 Phone: (052) 933-2703
 Fax: (052) 933-4484

Branch offices

Sapporo, Aomori, Iwate, Sendai, Akita, Yamagata, Fukushima, Ibaraki, Tsukuba, Utsunomiya, Gunma, Saitama, Kawagoe, Chiba, Funabashi, Kashiwa, Tama, Musashino, Yokohama, Kanagawa-Chuo, Atsugi, Nagano, Niigata, Toyama, Kanazawa, Fukui, Gifu, Shizuoka, Hamamatsu, Numazu, Nagoya, Okazaki, Aichi-Kita, Mie, Yokkaichi, Shiga, Kyoto, Sakai, Osaka-Chuo, Hokusetsu, Nara, Wakayama, Kobe, Hanshin, Himeji, San-in, Okayama, Kurashiki, Hiroshima, Fukuyama, Yamaguchi, Tokushima, Takamatsu, Ehime, Kochi, Fukuoka, Kitakyushu, Kurume, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and 116 other offices.

Plants

Sapporo, Tohoku, Ryugasaki, Tochigi-Ninomiya, Niigata, Chubu, Mie, Sakai, Nara, Okayama, Shikoku, Kyushu, Kyushu No.2

Corporate data

As of March 31, 2001

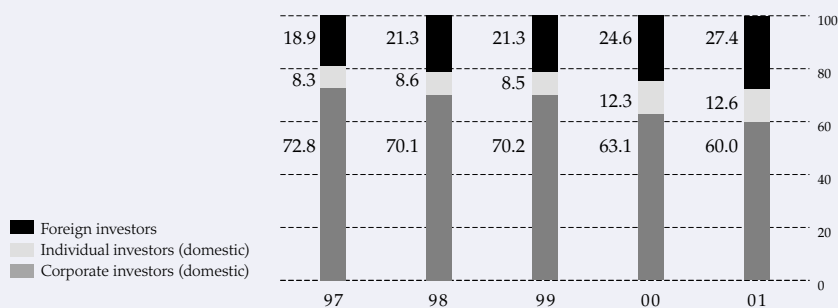
Established	April 5, 1955	
Common stock	¥108,781 million (US\$877,266 thousand)	
Employees (consolidated)	16,494	
Securities traded	Tokyo, Osaka, Nagoya, Sapporo, and Fukuoka Stock Exchanges	
Auditors	Deloitte Touche Tohmatsu	
Subsidiaries and affiliates	32 consolidated subsidiaries, 11 affiliates under the equity method	
Shares	Authorized	1,900,000,000 shares
	Issued and outstanding	523,893,045 shares
	Shareholders	31,694

Principal shareholders

(thousands of shares)

The Sumitomo Bank, Limited	23,930
The Tokai Bank, Limited	23,930
The Fuji Bank, Limited	23,930
EUROCLEAR BANK S.A./N.V.	17,477
The Dai-ichi Mutual Life Insurance Company	15,546
The Chase Manhattan Bank, N.A., London	15,380
The Chuo Mitsui Trust and Banking Company, Limited	15,153
Nippon Life Insurance Company	14,500
The Mitsubishi Trust and Banking Corporation (Trust Account)	12,152
Sumitomo Life Insurance Company	10,500

Foreign shareholding ratio (%)



Information on the Daiwa House group companies

As of March 31, 2001

Consolidate subsidiaries and affiliated companies

Company name	Capital (¥ million)	Area of operations	Types of business
(Consolidated subsidiaries)			
DAIWA RAKUDA INDUSTRY CO., LTD.	4,345	Other operations	Purchase of construction materials, etc.; Lease of showrooms and company-owned buildings
DAIWA LOGISTICS CO., LTD.	3,764	Other operations	Transportation of company products; Lease of company-owned buildings
DAIWA SERVICE CO., LTD.	50	Residential and other operations	Cleaning and security services for company offices and construction sites; Lease of company-owned buildings
DAIWA SYSTEM CO., LTD.	634	Residential, commercial buildings, and other operations	Lease of company-owned buildings
SHINWA AGENCY CO., LTD.	60	Other operations	Management and creative for company ads; Lease of company-owned buildings
DAIWARESORT CO., LTD.	84	Resort operations	Subcontracted management of company-owned golf courses and hotels; Lease of company-owned buildings
ROYAL HOME CENTER CO., LTD.	100	Other operations	Management and operation of company-owned home centers; Lease of company-owned buildings
DAIWALIVING CO., LTD.	140	Residential operations	Lease of company-owned buildings
DAIWA INFORMATION SERVICES CO., LTD.	200	Commercial buildings operations	Lease of company-owned buildings
DAIWAROYAL CO., LTD. ^(*)	125	Commercial buildings operations	Lease of company-owned buildings
22 Other companies			
(Equity method affiliates)			
DAIWA DANCHI CO., LTD. ^(*)	14,947	Residential, commercial buildings, resort, and other operations	Lease of company-owned buildings
DAIWA KOSHO LEASE CO., LTD.	21,768	Commercial buildings operations	Orders for constructing prefabricated buildings, car leases, etc.; Lease of company-owned buildings
NIHON JYUTAKU RYUTU CO., LTD.	729	Residential operations	Lease of company-owned buildings
8 Other companies			

*1. The company name changed in January 2001 from R&D Planning Co., Ltd. to DaiwaRoyal Co., Ltd.

*2. Daiwa Danchi Co., Ltd. merged with the parent company Daiwa House Industry Co., Ltd. on April 1, 2001.

Overseas affiliates

Beijing East Palace Apartment Co., Ltd.

25, Zaoying lu, Chaoyang District, Beijing, China
Phone: (10) 6467-8811
Fax: (10) 6467-8006

Shanghai International Realty Co., Ltd.

Room 1506, Shanghai International Trade Centre 2200, Yanan xi lu, Shanghai, China
Phone: (21) 6275-9646
Fax: (21) 6275-0031

Tianjin Jiuhe International Villa Co., Ltd.

140, Weiguo Road, Hedong District, Tianjin, China
Phone: (22) 2451-4888
Fax: (22) 2455-7980

Dalian Civil Aviation Hotel Co., Ltd.

143, Zhongshan lu, Dalian, China
Phone: (411) 363-3111
Fax: (411) 363-8211

Dalian Acacia Town Villa Co., Ltd.

Longjiang lu, Economic & Technical Development Zone, Dalian, China
Phone: (411) 764-1171
Fax: (411) 764-0594

Dalian Fujiashuang International Villa Co., Ltd.

61, Binhai xi lu, Dalian, China
Phone: (411) 240-1411
Fax: (411) 240-0979