

Overview of operations

Commercial buildings operations

Business review

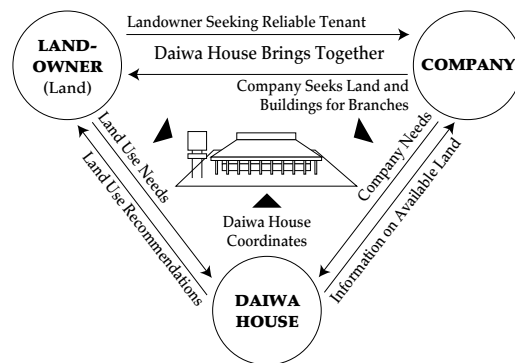


Across Tamasakai

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.

