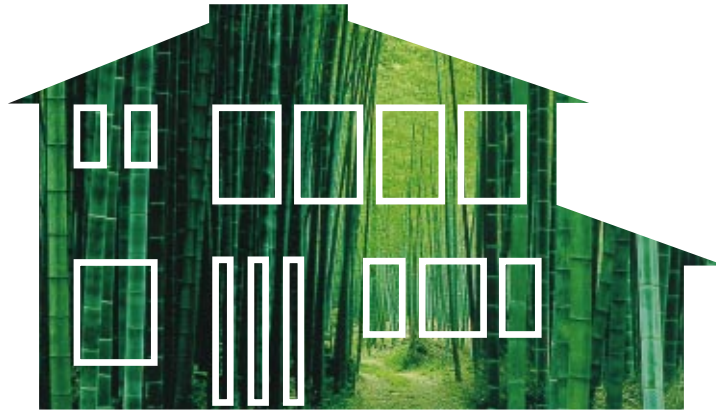


A N N U A L



R E P O R T



1 9 9 8

YEAR ENDED MARCH 31, 1998



**DAIWA HOUSE INDUSTRY CO., LTD.**

## ***Company Profile***

Daiwa House Industry Co., Ltd., is a pioneer in the “industrialization” of construction in Japan, and since it was established in 1955, it has been developing and supplying high-quality housing that stresses the needs of the inhabitants. Today it has grown into one of Japan’s leading home builders. It has a wide range of business developments, centered around housing and extending to the construction of shops and office buildings, and it also includes the Company’s own special brand of resort operations and retail do-it-yourself home centers.

In this way we are following our own distinctive path as a “comprehensive life-related company” that creates rich, comfortable lifestyles. Daiwa House boasts a strong management base and a sound financial condition.

As of March 31, 1998, the Company had consolidated net sales of ¥1,070 billion (US\$8,104 million), a shareholders’ equity ratio of 58.8%, and total assets of ¥1,013 billion (US\$7,675 million).

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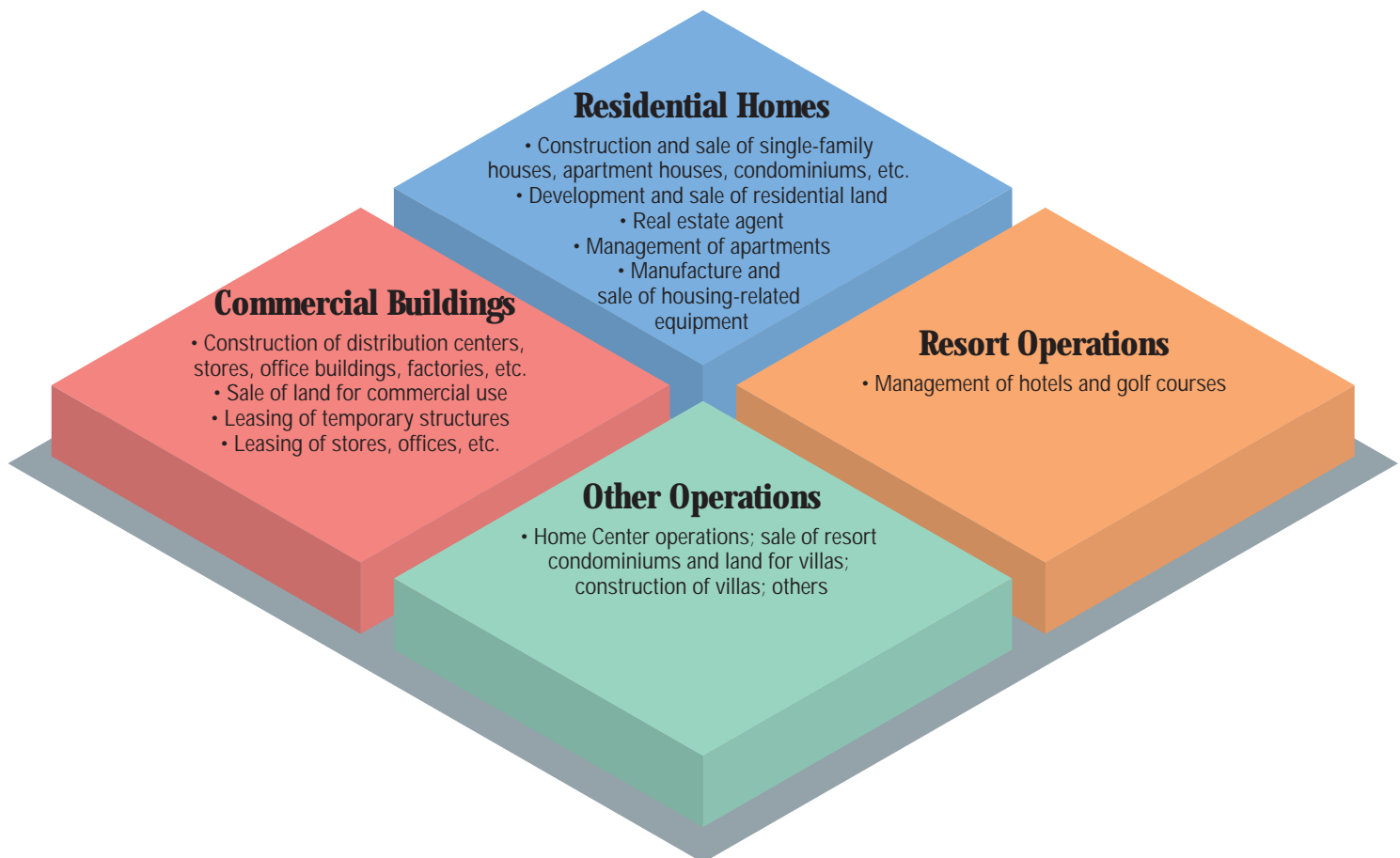
## Financial Highlights

### CONSOLIDATED

Years ended March 31, 1998, 1997 and 1996	Millions of yen			Thousands of U.S. dollars
	1998	1997	1996	1998
Net sales .....	<b>¥1,069,789</b>	¥1,188,295	¥1,066,218	<b>\$8,104,462</b>
Net income .....	<b>20,373</b>	42,452	38,992	<b>154,341</b>
Per share of common stock (in yen and dollars):				
Net income .....	<b>38.89</b>	82.76	80.91	<b>0.29</b>
Diluted net income .....	<b>37.91</b>	79.89	77.66	<b>0.29</b>
Cash dividends applicable to the year .....	<b>17.00</b>	17.00	17.00	<b>0.13</b>
Capital expenditures .....	<b>28,700</b>	34,133	20,640	<b>217,424</b>
Depreciation and amortization .....	<b>18,710</b>	19,961	21,060	<b>141,742</b>
Total assets .....	<b>1,013,072</b>	1,145,944	1,241,217	<b>7,674,788</b>
Shareholders' equity .....	<b>595,429</b>	584,157	515,745	<b>4,510,825</b>

Note: The U.S. dollar amounts represent translations of Japanese yen for convenience only at the approximate exchange rate on March 31, 1998 of ¥132 =U.S.\$1.

## Group Dynamism



## *Interview with the Management*

Focusing on developing distinctive products amid harsh management conditions

**Q:** *In the term under review, the housing industry saw a bigger than expected drop, suffering from the accumulated effects of a hike in the consumption tax rate in April 1997 and growing economic uncertainty caused by the collapse of major financial institutions. How did you cope with these difficult conditions?*

**A:** The slump in spending after the hike in the consumption tax included housing demand entering a downward trend. The number of new housing starts during the term was 1,340,000, down 18% from the previous year. Further, general construction was sluggish, reflecting the still cautious attitude toward capital investment in many sectors. As a result, consolidated net sales fell 10.0% from the previous period, to ¥1,069,789 million (US\$8,104 million), income before income taxes and translation adjustment was down 42.5% to ¥48,643 million (US\$369 million), and net income fell 52.0% to ¥20,373 million (US\$154 million), all of which are less than satisfactory results. We, the management, take these results very seriously, and we will pour all our energies into efforts to strengthen our corporate structure so that it can win through in an era of competition.

**Q:** *Sluggish demand for housing is likely to lead to even fiercer competition within the industry. What measures have been taken as a strategy to distinguish Daiwa House from its competitors?*

**A:** The Company will push forward with developing products on the premise that the main features of housing should reflect the four concepts of health, comfort, safety, and peace of mind. We believe that quality and environmental awareness will be major turning points in the coming battle for sales. Therefore in March 1998 we implemented measures against volatile organic compounds emitted from building materials in all our single-family housing and apartment building products. We are the one of the first in the industry to take this stand, and we are convinced that this will have a large influence on customer choice.

On the sales front we focused our energies on supplying a wide range of products and plans that offer a great deal of variety in order to accurately respond to diverse customer needs. Among the term's new products, "Le Grand Cher," a 2-story house that offers quality at an affordable price, was chosen as a Good Design Product by the Ministry of International Trade and Industry. We also launched "Le Grand

Sylphe," a 2-story free-design house that allows customers to choose from a copious array of exteriors, interiors, and fittings. Further, we responded speedily to deregulation, under which 3-story apartment buildings can be freely erected, even in large cities, if they meet fire-prevention standards, by improving the fireproofing of our 3-story apartment building "High Camour ST," which has thus become the first product in the prefabricated housing industry to be certified as a quasi-fireproof construction.

Promoting high-quality management that pays attention to the environment from product development to the production site

**Q:** *With 12 of the Company's domestic plants receiving ISO9002 certification for quality assurance and quality control, Daiwa House is taking a lead in the industry. What progress was seen in quality assurance and production systems during the term under review?*

**A:** In November 1997 our technical development divisions obtained ISO9001 certification for quality assurance. This means that everything from the Company's research and development to its production divisions is recognized as being of world-class quality. Daiwa House is committed not to merely achieving quality in line





Nobuo Ishibashi (Center)  
Representative Director &  
Senior Adviser  
Keiichi Uemura (Left)  
Representative Director &  
Chairman of the Board  
Nobuyasu Ishibashi (Right)  
Representative Director &  
President

with domestic and international standards, but to creating its own customer-oriented standards by doing the utmost to do business from the customer's point of view. Turning to supply systems, work was completed on the Okayama Plant, which is to act as central manufacturing base for prefabricated housing components, and it began shipping components to nearby plants and construction sites in October 1997. It will create an efficient production system and further strengthen operational capabilities.

**Q: In November 1997 the Company launched an environmental policy under the theme of "aiming to be an even more fruitful 'comprehensive life-related enterprise' by pressing ahead with the 'industrialization' of construction while being in harmony with the environment." Could you elaborate on this?**

**A:** As an enterprise involved in the manufacturing and construction

of housing, we believe that it is necessary for the Company not only to set up its own environmental standards, but also to offer products that meet standards in areas such as environmental friendliness, low energy consumption, health and safety, and creating a barrier-free environment. The Environmental Technology Division, which was established in October, carries out environmental appraisals on any given material, and sets its own appraisal standards. In concrete terms, our goal is to bring about what we call "Century Housing," easy-maintenance, high-performance housing that can be recycled or reused and can last a hundred years.

Furthermore, we are vigorously expanding our environmental activities of reducing consumption of resources and energy across the whole company, including at head office, the plants, branch offices, display sites, and construction sites. Over the medium to long term, we have a policy that calls for the complete elimination of emissions and waste products

from production and other corporate activities. As part of this, in April 1998 the Mie Plant was granted ISO14001 certification for environmental management and inspection. Preparations are underway to achieve this certification at the other 12 plants at the earliest opportunity.

#### Home center operations — on track for substantial growth

**Q: What trends were seen in home center operations, which is to become a major core business in the future, and resort operations, which center on the Daiwa Royal Hotels?**

**A:** Our home center operations are growing year by year, and it is a business area that holds a great deal of future promise. We opened 3 new branches during the term under review, bringing the total number of stores to 35 nationwide. Each store is trying to increase its appeal to customers not only by offering a plentiful assortment of lifestyle and housing

related goods, but also with various other measures, including developing store complexes together with retailers in other sectors, and offering house remodeling seminars.

Looking at resort operations during the term, we opened the Yatsugatake Royal Hotel in Yamanashi Prefecture and the Tonami Royal Hotel in Toyama Prefecture, bringing the total number of resort hotels to 29. With the opening of the Kushimoto Royal Hotel in Wakayama Prefecture in April 1998, we have achieved our preliminary goal of creating a nationwide chain of 30 hotels. We will strive to maintain stable earnings by accelerating the expansion of home centers across the country and strengthening the marketing capabilities of our resort operations by, for example, attracting corporate training sessions and conventions.

**Pushing forcefully ahead with strengthening marketing capabilities and responding to environmental concerns, based on a new corporate structure that will allow us to win out against the competition**

**Q: In closing, could you tell us about the Company's business directions for the years ahead?**

**A:** Although the government's comprehensive stimulus measures are expected to buoy the economy, a real recovery in

housing investment is still likely to be some way off, and the economic environment will probably remain harsh throughout the current term. Faced with such severe conditions, we have made expanding sales to beat the competition our top priority. Thus we are pushing ahead with enhancing our marketing capabilities, based on our business division system, which was partially revised in April 1998, and with rationalizing and strengthening our corporate structure so that we can respond promptly to customer needs.

In residential housing, we are working to develop sales and product strategies that are tailored to the customer, such as initial acquisition, rebuilding, and moving house, by carefully studying with local needs. In addition, we are involved in expanding the extension and remodeling business, a market with future growth potential. In April 1998 we launched a new 2-story house, which features high levels in areas such as the control of volatile organic compounds, environmental conservation, reducing energy consumption, and creating a barrier-free environment. It is a truly pioneering product in environmentally friendly housing, and as such it is gaining a great deal of attention in the industry.

In home center operations, we have established our own standards in all areas such as products, store development, store

facilities, and store management, under the concept of being friendly to people and the environment, and we opened a model store that offers the customer the latest in comfort.

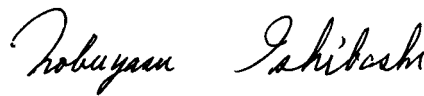
We intend to pour our efforts into improving results and maximizing earnings by expanding sales and further strengthening our competitive power across all business activities, while at the same time further strengthening our systems for dealing with environmental issues ahead of the competition.



Nobuo Ishibashi  
*Representative Director & Senior Adviser*



Keiichi Uemura  
*Representative Director & Chairman of the Board*



Nobuyasu Ishibashi  
*Representative Director & President*

## Highlights of the Year

### Start of operations at the Okayama Plant

The Okayama Plant, where construction work had been proceeding for some time, was completed, and on October 1, 1997, it began shipping components. The Okayama Plant is the Company's 13th. On a site covering 420,000 m<sup>2</sup>, and with a floor space of 46,165 m<sup>2</sup>, it is a central manufacturing base for components for single-family houses and apartment buildings. Located a mere 20 minutes from an expressway interchange, it supplies four surrounding plants, as well as carrying out centralized supply to construction sites. This plant will help the Company to further improve its quality and productivity.



Okayama Plant

### 3-story apartment building wins quasi- fireproof certification

Under deregulation measures that came into force in September 1997, 3-story apartment buildings can be built even in quasi fire-preventive districts, which are mostly in large cities, if they meet fire prevention standards. In response, the Company improved the fire-resistant properties of its existing 3-story apartment building "High Camour ST," which was subsequently



"High Camour ST"

granted quasi-fireproof construction certification, allowing it to be erected in quasi fire-preventive districts. This was the first-product in the prefabricated housing industry to be certified, and it is sure to help us increase orders for 3-story apartment buildings in large cities, where there are many quasi fire-preventive districts.

### Shinshu Matsushiro Royal Hotel assists Nagano Olympics as an NOC hotel

The Nagano Winter Olympics was an event that produced many records and scenes of great emotion. The Company's Shinshu Matsushiro Royal Hotel played its part in the Olympics as the residential hotel for National Olympic Committees (NOCs) from many countries and regions, playing host to VIPs from all over the world, including the chairpersons and officials of each NOC. During the games, the hotel hosted receptions and parties almost every day, and the entire staff made an all-out effort to offer the highest-quality service, and the hotel fulfilled its important role as one more venue for the Olympics.



Shinshu Matsushiro Royal Hotel

### ISO9001 certification for technical development divisions

In November 1997 the Company's technical development divisions (the development divisions of Technical Headquarters and the Central Research Laboratory) were awarded ISO9001 certification for quality assurance by the Japan Quality Assurance Organization. This certification came in recognition of the fact that planning and development of our industrialized single-family housing, apartment building, and systematized architecture products, and our basic technology research and development systems, meet international standards. We will use this as an opportunity to further strengthen our research and development system with a view to creating both world-class quality and high productivity.



ISO9001 certificate



## ***Daiwa House — aiming for the perfect interfaces between housing and nature, and between housing and people***

### **Creating a company-wide organization centered around the Environmental Technology Division**

On October 1, 1997, the Company established the Environmental Technology Division as a research section to work exclusively on environmental issues. In November we launched a new environmentally-oriented management policy under the theme of “aiming to be an even more fruitful ‘comprehensive life-related enterprise’ by pressing ahead with the ‘industrialization’ of construction while being in harmony with the environment.”

Based on this policy, we set up the “Environmental Promotion Committee,” with President Ishibashi as general chairman, and by establishing six subcommittees on reducing energy consumption, waste products, environmental pollutants, lifestyle-related information, the workplace, and environmental assessment, we have lined up a full-fledged promotion system. In particular, with its own special standards and ways of thinking that take a global viewpoint, it will promote house-building and urban development that achieves comprehensive reductions in energy consumption. In addition, we are making vigorous efforts to expand environmental conservation activities at head office, the plants, display sites, and construction sites, with the medium to long-term aim of completely eliminating emissions and waste products.



***Through experimental housing we are aiming to develop housing that is in harmony with the environment, based on three themes.***

### **“Healthy Housing Specifications” used as standards for all products to deal with chemicals**

As part of our environmental measures, we have been applying our “Healthy Housing Specifications” to all our single-family housing and apartment building products since the plant shipments of March 1, 1998. These specifications are designed to deal with formaldehyde, a chemical that can be given off by building materials and other substances into the atmosphere and can cause dizziness, headaches, and other symptoms.

In July 1996 we led the industry by eliminating formaldehyde from adhesives used on wall coverings. Now we have implemented comprehensive measures to remove it from everything from backing materials for floors and walls to finishing

materials. Again, we are one of the first in the housing industry to try this.

Carrying on from this, we began to apply the specifications to sink housings and other built-in storage units from the June shipments onwards. As a measure to deal with the problem of dioxins, we are successively replacing approximately 400 cloth products that we use by non-PVC “eco-cloths,” and we will replace carpet backing materials with non-PVC products as soon as the manufacturers change their production systems.

Further, we are working to develop products that can respond to all the various issues surrounding the environment, by, for example, reusing and recycling housing components, and developing construction methods that eliminate the production of waste material at construction sites.



***In addition to using flooring materials with low emissions of volatile organic compounds, we apply anti-bacterial specifications.***



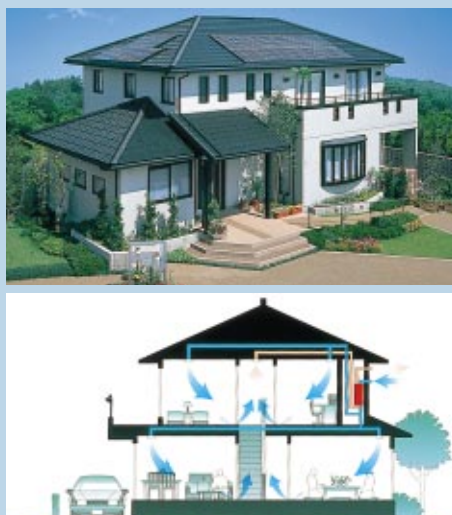
***Daiwa House Industry Co., Ltd. has been making vigorous efforts in comprehensive technical innovation toward environmental conservation, based on its four key themes of environmental friendliness, health and safety, creating a barrier-free environment, and low energy consumption. Now, however, we have established our own environmental targets, and the Daiwa House group of companies will put all its energies into becoming an enterprise that contributes to a sustainable society in all business activities, including product development, production and construction, and building maintenance and administration.***

## **Toward the development of “low-energy housing”**

The question of reducing energy consumption is closely related to the environment, and is an important theme for Daiwa House. In particular, we are focusing on the functions and safety of housing itself, with the aim of developing housing that allows a comfortable lifestyle using only a quarter of the energy currently used, under the theme of “low-energy housing” that makes excellent use of natural light and wind.

With attention being paid to solar energy, which is clean and limitless, in July 1997 we began sales of “low-energy housing” equipped with a solar power generator. The generator has a capacity of about 3 kilowatts, which is enough to meet the electricity consumption needs of the average family, and it is possible to sell surplus power generated on particularly sunny days back to an electricity supply company. Such housing not only receives government aid, but also falls under the premium financing system of Housing Loan Corporation.

We also offer a heat-exchanger based on a 24-hour air circulation system that exchanges the air inside with outside air while preserving all of the energy-saving advantages of good insulation and draft-proofing. Instead of merely exchanging



***Our 24-hour air circulation system keeps indoor air fresh, while preserving all the benefits of good insulation and draft-proofing.***

the air, it brings the temperature of the incoming air close to that in the room, thus reducing heat loss and allowing great savings in heating and cooling bills.

## **Mie Plant awarded ISO14001 certification**

We are actively implementing environmental protection and energy consumption reduction measures at our plants, including the development of production methods for steel frames and panels that do not release harmful substances and carbon dioxide, which damage the environment.

In addition, we have addressed a wide range of related issues, including testing for harmful emissions, educating workers about the environment, reducing energy consumption by 15% at offices and production facilities, appraising the environmental impact of materials purchased, and reducing packaging materials, all with the aim of making the Company a “circulatory enterprise” that reduces wastes and emissions and promotes reuse and recycling.

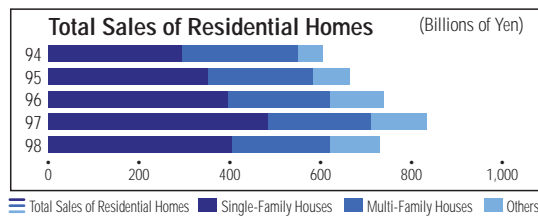
Amid these emission reduction efforts, in April 1998 the Company’s Mie Plant was awarded ISO14001 certification for environmental management and inspection. We are planning to spread the world-class environmental management systems employed at Mie to all the Company’s plants.



***The Mie Plant, which has been awarded ISO14001 certification for its world-class environmental management systems.***

## Residential Homes

*The term under review saw new housing starts fall to below 1,400,000, the lowest level for six years, while new starts of condominiums and apartment buildings for rent were stagnant. Faced with these severe conditions, the Company strove to strengthen its marketing capabilities, while responding to a broad array of customer needs by enhancing the specifications of existing products and developing new ones in an effort to improve sales. However, the Company was unable to avoid being hit by the slump in demand, and as a result, sales of residential housing fell 12.7% to ¥729,305 million (US\$5,525 million).*



“Le Grand Cher,” with its enhanced performance and ventilation systems, is a comfortable home that meets next-generation standards.

“Le Grand Sylphe” is a free-design product that offers a wide range of external finishes, floor plans, interiors, and fixtures and fittings.





In single-family housing, we worked to develop new products that take respect for environmental concerns and health as their theme. We launched “Le Grand Cher,” a 2-story house that was chosen as a Good Design product by the Ministry of International Trade and Industry, and “Le Grand Sylphe,” a free-design product with a host of choices of exteriors and fittings. We strove to strengthen our marketing capabilities in response to intensifying sales competition by, for example, extending our sales system that can pinpoint target groups, based on the analysis of customer needs and market conditions by city.

Turning to apartment buildings, we improved the fireproofing of our 3-story apartment building “High Camour ST” in order to increase orders for apartment buildings in large cities, where there are many quasi fire-preventive districts. In addition, our affiliate Daiwa Danchi Co., Ltd. launched a new apartment building product for the rental sector that uses two-by-four construction methods, in a bid to expand sales.

The March 1998 factory shipments were the first that came under the new measures to deal with volatile organic compounds, which apply to all single-family housing and apartment building

products, and in April we launched “Basia 21,” a 2-story house that offers the furthest advances yet in dealing with volatile organic compounds, as well as offering reductions in carbon dioxide emissions and lowering heating and cooling bills by improving insulation. It can also be equipped with solar power systems or solar water heaters. It is a product that is truly in the vanguard of environmental friendliness and low energy consumption, and we expect much of it as our strategic product from the current term onwards.



By reducing formaldehyde to the lowest possible levels and eliminating other volatile organic compounds, “Basia 21” offers an even better living environment.

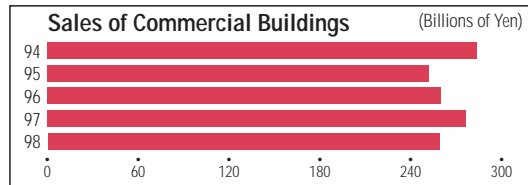
The simple yet functional design of “Le Grand Crea R” makes housework easier, reducing the burden placed on housewives.





## Commercial Buildings

*Retail stores, office buildings, factories, warehouses, and other commercial buildings were generally depressed, reflecting the harsh economic conditions faced by businesses. As a result, sales were down 6.4% to ¥259,161 million (US\$1,963 million).*



LOC Shopping Town Bungotakada, a commercial complex featuring a large supermarket and household goods stores, opened in September 1997.

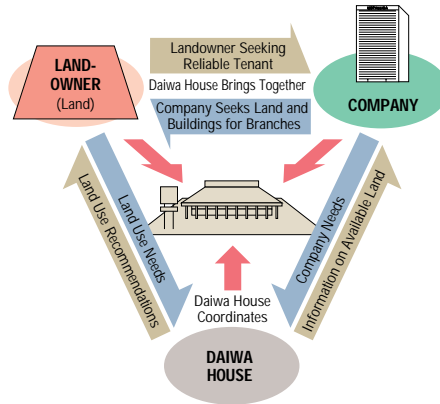


“Royment Sendai” takes advantage of its good location to achieve highly efficient use of city center land, with its restrictions on floor space expansion.



Looking at retail stores, the Daiwa House LOC (Land-Owner-Company) System, a total support system whereby the Company brings together landowners seeking the optimum utilization of their land and prospective tenants in search of new business locations, undertakes construction, and then offers management consultation services, was further extended across the nation, and now boasts over 20,000 successful cases.

The Company has created a new business area for the LOC system by teaming up with major supermarket operator Jusco to establish the joint venture LOC Kaihatsu Co., Ltd., which operates 8 neighborhood shopping centers across Japan. In September 1997,



it opened LOC Shopping Town Bungotakada, a commercial complex consisting of a large supermarket, a home center, fashion stores, household goods stores, and others. LOC Kaihatsu is currently planning to construct a new

shopping town in Sasebo, Nagasaki Prefecture.

Although commercial buildings have suffered from the slump in demand, as part of its efforts to invigorate the economy, in the fall of 1997 the government passed a total of 120 emergency economic stimulus measures, which included deregulation and policies to improve the liquidity of land. In order to stimulate the replacement of buildings in city centers, deregulation was announced, under which the floor-area ratio of city-center commercial districts can be raised by up to 1,300%. This is expected to lead to future growth.



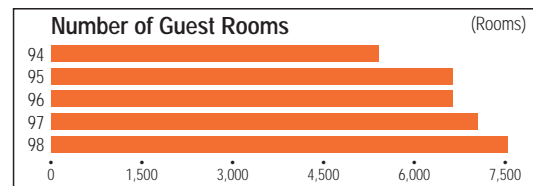
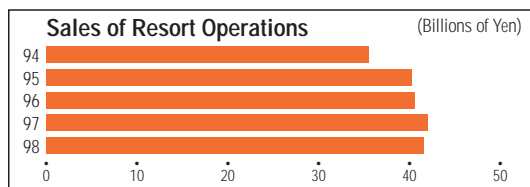
By developing sites in a way that takes account of the features of the region and the commercial environment, we can increase the value of assets.

**"Snow Brand Access"**  
We have leased this entire building to a high-quality corporate tenant that is looking to expand its business bases.



## Resort Operations

*In addition to expanding the “Daiwa Royal Hotels” chain of membership resort hotels across the country, from Hokkaido in the north to Okinawa in the south, the Company also operates golf courses. During the term, we opened 2 new hotels and worked to attract conventions, training programs, wedding receptions, and others to our existing facilities in an effort to improve performance irrespective of room occupancy rates. However, the slump in consumer spending meant that total sales were down 1.1% to ¥41,593 million (US\$315 million).*



“Yatsugatake Royal Hotel,” a mountain resort hotel that offers spectacular views of the surrounding countryside.

The superbly located “Tonami Royal Hotel” is Daiwa House’s 29th hotel.





“Daiwa Royal Hotels” develops high-class hotels across Japan, and is expected to see major growth on the back of expansion in the leisure market and increasing regional development. In August 1997 we opened the “Yatsugatake Royal Hotel” at the foot of Mt. Yatsugatake in Yamanashi Prefecture, the largest mountain resort hotel in the prefecture, and in March 1998 we opened the “Tonami Royal Hotel” in Toyama Prefecture, a hotel fully equipped with comfortable resort facilities. This

brings our hotel chain to 29 (26 Daiwa Royal Hotels and 3 affiliated hotels).

When the Company began its resort operations, it had a plan to construct a nationwide chain of 30 big resort hotels. With the opening of our 30th hotel in April 1998, the Kushimoto Royal Hotel in Wakayama Prefecture, we have attained our goal of many years.

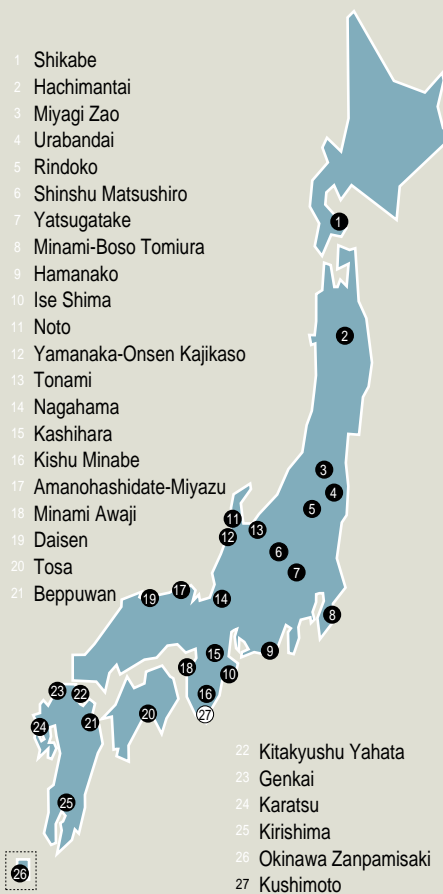
Daiwa House’s chain of hotels does not merely offer a comfortable and full leisure experience to guests, but by

stimulating the regional economy and promoting employment, it also contributes to sound regional development. We have now entered a period of reaping the full rewards of investment, and we will strive to improve earnings by strengthening our marketing capabilities, in particular by attracting conventions.



The Company opened its 30th hotel, “Kushimoto Royal Hotel,” in the scenic town of Kushimoto, which lies on the southernmost point of Honshu.

#### Network of Daiwa Royal Hotels

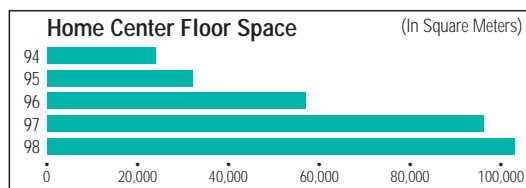
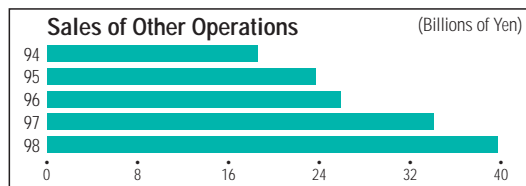


NB: Sanraku\*, Royton Sapporo\*\* and Nishiwaki Royal Hotel\*\*\* are affiliated hotels of Daiwa Royal Hotels.

## Other Operations

*This segment covers the development of resort villa and condominium projects and the operation of home center retail outlets, which are frequently sited in suburban areas with good road access. Home center operations are one of the most prominent areas of growth within the Company, and we are forging ahead with their further development. During the term we opened 3 new stores, mainly in western Japan, bringing the total number of stores to 35 nationwide. Total sales for this segment during the term rose 16.4% to ¥39,730 million (US\$301 million).*

Under the theme of “an even more comfortable living environment,” “Royal Home Centers” focus not just on home improvement, housekeeping, and home furnishings, but also on home leisure activities. Their line-up of over 50,000 shelf items includes do-it-yourself supplies, interior design supplies, and outdoor goods. In addition, they hold DIY classes and other activities in order to “offer a more comfortable lifestyle,” not to merely supply goods. In this way they offer the happiness of creating one’s own lifestyle both in terms of equipment and information. Three new stores were opened during the term: the “Royal Home Center Fukuyama Nishi” in Hiroshima Prefecture in April 1997; the “Royal Home Center Nishi Biwajima” in Aichi Prefecture in May 1997; and the “Royal Home Center Mozume”



Our store interiors have high ceilings and are very spacious.

in Kyoto Prefecture in March 1998. Further, we opened the “Royal Home Center Shiogama” in Miyagi Prefecture under the concept of a store that is in harmony with the environment.

Turning to resort condominiums, we continued sales of units in “Royal Ventvert Shima-Matoya Bay,” which started in October 1996, and in July 1997 we began selling units in “Royal Ventvert Shima-Daiozaki,” also in Shimagun, Mie Prefecture. This development lies in a region with a temperate, maritime climate, and it offers a huge variety of leisure facilities, such as all manner of marine sports, and the opportunity to enjoy a round of golf at the Company’s “Ise-Shima Country Club,” which lies nearby.



Royal Home Center Fukuyama Nishi



Royal Home Center Mozume



## Contributing to Society

***Daiwa House makes steady contributions to society both technically and culturally, by, for example, holding symposia and open seminars on the subjects of lifestyle and the home at its Central Research Laboratory and the Life Research Center, and holding cultural classes for local customers at Royal Home Centers.***

The Central Research Laboratory is situated in Kansai Science City, and under the key phrase of two-way communication with the customer, it publicizes the fruits of its research to a broad public by setting up a great number of visitor facilities, with an eye to becoming a friendly research center that is open to local society.

Further, it holds public symposia throughout the year, with one held

### Public symposia at the Central Research Laboratory



on the subject of “Housing that is Comfortable for the Elderly” during the term. Researchers and technicians at the forefront of this field were invited on the panel, and there was a lively discussion about such topics as care in the home and the impaired vision of the elderly. The results of these symposia are of real use in the Company’s efforts to develop new housing that is kind to the resident.

The Life Research Center holds a regular seminar called “Life, Living, and the Home” every two months, open to consumers, that tackles familiar issues related to living and housing. Each time a lecturer is invited to give a talk on a wide range of familiar themes related to basic necessities, and the seminars are very popular with those attending.

In addition to holding these seminars, the Life Research Center draws up reports based on the results of all kinds of investigative activities, and releases this information to the mass media and the general

### The Life Research Center with think-tank functions



public. During the term, the Center carried out a survey into safety in the home to shed light on city dwellers’ awareness and response to safety and crime prevention. In addition, we published the results of a survey into remodeling, which discovered how people are remodeling their homes up and down the country.

Further, four times a year we publish “Take Off,” a magazine loaded with all manner of useful information for daily life, and around 15,000 copies are distributed to Daiwa House customers.



## Board of Directors



Nobuo Ishibashi



Keiichi Uemura



Nobuyasu Ishibashi



Katsumi Morimoto



Takeshi Togo



Takeshi Murakami



Katsuhiko Ohgita



Takao Tsuda



Sadao Yoshii



Tamio Ishibashi



Yasuhiko Miyake



Mitsuo Funatsu



Moritsugu Kawai



Kentaro Yoshida



Kazuharu Kimoto



Tetsuya Ishikawa



Kimitaka Komatsu

### Senior Adviser

Nobuo Ishibashi\*

### Chairman of the Board

Keiichi Uemura\*

### President

Nobuyasu Ishibashi\*

### Executive Vice Presidents

Katsumi Morimoto\*

Takeshi Togo\*

### Executive Managing Directors

Takeshi Murakami

Katsuhiko Ohgita

Takao Tsuda

Sadao Yoshii

Tamio Ishibashi

### Managing Directors

Yasuhiko Miyake

Mitsuo Funatsu

Moritsugu Kawai

Kentaro Yoshida

Kazuharu Kimoto

Tetsuya Ishikawa

Kimitaka Komatsu

### Directors

Shunichi Ishibashi

Masao Suzuki

Yoshikazu Tano

Jiro Torio

Hiromitsu Yamada

Yuzo Kawahara

Katsuaki Handa

Hiroshi Azuma

Minoru Fujita

Katsuyoshi Tateno

Sachio Obata

Mutsuo Kajimoto

Toshio Tanaka

Tokuji Ishino

Takeshi Kajimoto

Kenji Murakami

### Corporate Auditors

Yoshihiro Awata

Hiroshi Hasuike

Hiromasa Kobayashi

Osamu Hirayama

\*Representative Director

(As of June 26, 1998)

## Corporate Data

### ■ Established

April 5, 1955

### ■ Common Stock

¥108,781 million (US\$824,098 thousand)

### ■ Authorized Shares

1,900,000,000 shares

### ■ Principal Shareholders

	(thousands of shares)
The Sumitomo Bank, Limited .....	23,930
The Tokai Bank, Limited .....	23,930
The Fuji Bank, Limited .....	23,930
The Dai-ichi Mutual Life Insurance Company .....	23,209
The Mitsui Trust and Banking Company, Limited .....	16,489
The Mitsubishi Trust and Banking Corporation .....	14,528
Nippon Life Insurance Company .....	14,501
Nippon Steel Corporation .....	13,120
Caisse Nationale de Credit Agricole Jasdec Account .....	11,126
The Toyo Trust and Banking Company, Limited .....	10,586

(As of March 31, 1998)

### ■ Securities Traded

Tokyo, Osaka, Nagoya, Sapporo, Niigata, Kyoto, Hiroshima, and Fukuoka Stock Exchanges

### ■ Auditors

Deloitte Touche Tohmatsu

### ■ Subsidiaries and Affiliates

26 consolidated subsidiaries, 17 affiliates under the equity method and 3 affiliates under the non-equity method.

### ■ Domestic Offices

#### Head Office

5-16, 1-chome, Awaza, Nishi-ku, Osaka 550-8511

Phone: (06) 532-5111

Fax: (06) 532-5806

<http://www.daiwahouse.co.jp/>

#### Tokyo Head Office

3-13, 1-chome, Nihonbashi, Chuo-ku,

Tokyo 103-8246

Phone: (03) 3274-0308

Fax: (03) 3281-3252

#### Nagoya Office

20-22, 1-chome, Aoi, Naka-ku, Nagoya 460-8491

Phone: (052) 933-2703

Fax: (052) 933-4484

#### Central Research Laboratory

6-2, 6-chome, Sakyo, Nara 631-0801

Phone: (0742) 70-2110

#### Branch Offices

Sapporo, Iwate, Aomori, Akita, Sendai, Yamagata, Fukushima, Joto, Meguro, Shinjuku, Tama, Gunma, Utsunomiya, Ibaraki, Chiba, Funabashi, Matsudo, Saitama, Kawagoe, Yokohama, Shonan, Atsugi, Nagano, Niigata, Aichi-Kita, Okazaki, Gifu, Shizuoka, Numazu, Hamamatsu, Mie, Yokkaichi, Kanazawa, Fukui, Toyama, Shiga, Kyoto, Hokusetsu, Osaka-Chuo, Sakai, Nara, Wakayama, Kobe, Akashi, Himeji, Okayama, Kurashiki, Yonago, Hiroshima, Fukuyama, Yamaguchi, Takamatsu, Tokushima, Kochi, Ehime, Fukuoka, Kurume, Saga, Nagasaki, Kita-Kyushu, Oita, Kumamoto, Miyazaki, Kagoshima and 123 other offices.

#### ■ Plants

Sapporo, Tohoku, Niigata, Tochiginomiya, Ryugasaki, Chubu, Mie, Nara, Sakai, Okayama, Shikoku, Kyushu, Kyushu No.2

### ■ Overseas Subsidiaries and Affiliates

#### La Tour-Wilshire Development Company, Inc.

2082, Business Centre Drive, Suite 170, Irvine, CA 92715, U.S.A.

Phone: (714) 955-0992

Fax: (714) 955-1039

#### Daiwa House (Australia) Pty. Ltd.

Suite 4, Level 3, Cavill Park 46, Cavill Avenue, Surfers Paradise, QLD 4217, Australia

Phone: (075) 92-3544

Fax: (075) 92-0039

#### Beijing East Palace Apartment Co., Ltd.

25, Zaoying lu, Chaoyang District, Beijing, China

Phone: (10) 467-8811

Fax: (10) 467-8006

#### Shanghai International Realty Co., Ltd.

Room 1507, Shanghai International Trade Centre

2200, Yanan xi lu, Shanghai, China

Phone: (21) 275-9646

Fax: (21) 275-0031

#### Tianjin Jiuhé International Villa Co., Ltd.

140, Weiguo Road, Hedong District, Tianjin, China

Phone: (22) 434-7645

Fax: (22) 434-7647

#### 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) 761-7584

Fax: (411) 761-7594

#### Dalian Fujiazhuang International Villa Co., Ltd.

63, Binhai xi lu, Dalian, China

Phone: (411) 238-1156

Fax: (411) 267-1154