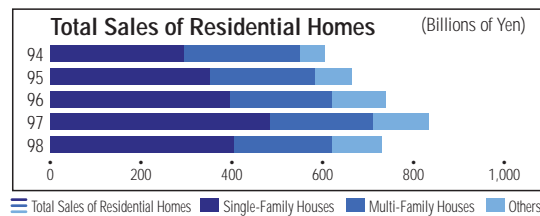


Residential Homes

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.

