

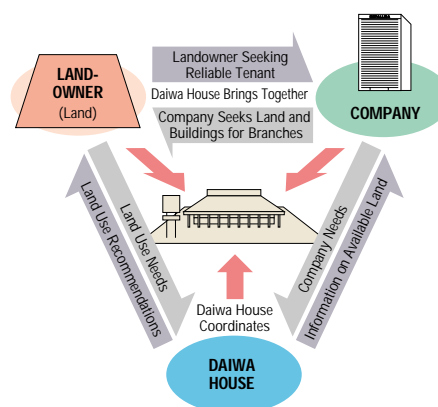
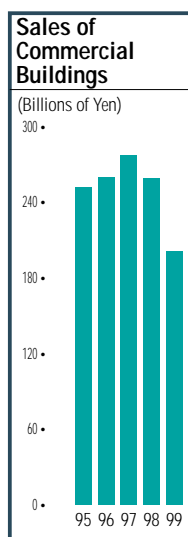
P private sector fixed capital investment dropped sharply during the term under review, due to depressed corporate business results. Owing to this, the market was sluggish for all categories of commercial buildings—retail outlets, office buildings, factories, warehouses and others. Sales in the term were down 22.3% to ¥201,414 million (US\$1,665 million). In response to this, we are attempting to raise the value added level of our products and concentrate our efforts on areas in which we have particular strength in a bid to reorganize our commercial buildings operations.

In our commercial buildings operations, we do not simply undertake construction work, but also offer a unique, total-support system, named the Daiwa House LOC (Land-Owner-Company) System, which brings together landowners seeking the optimum utilization of their land and prospective tenants looking for new business locations. The Company offers the landowner a choice of plans featuring different funding schemes and building designs. For the prospective corporate tenant, we have a total consulting service encompassing market analysis, store-opening plans, and management strategies. Over 20,000 cases throughout Japan have been successfully handled by this system.

The Company has created a new business area for the LOC System by teaming up with major supermarket operator Jusco to establish a joint venture development company, LOC Kaihatsu Co., Ltd. Plans are under way for the construction of three shopping centers in fiscal 2000.

Taking into account the increased likelihood of securitization of commercial facilities, we plan to utilize the LOC System to conduct development that improves the value and safety of real estate as form of collateral backing securities.

In the field of general construction, we are reinforcing our marketing of products that are particularly competitive, such as tax-saving structures, construction systems employing H-section steel beams (which allow reductions in both costs and erection time), and exterior wall panels that combine the advantages of concrete and steel.





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- ◆ 1 The Uni-Qlo clothing warehouse, located alongside a heavily trafficked road
- ◆ 2 The Sports Plaza Ibaraki in Osaka Prefecture, an example of the effective utilization of urban land
- ◆ 3 Jagar Green in Osaka Prefecture, one of our multipurpose commercial facilities
- ◆ 4 The Rock Shopping Center Kamiita, Tokushima Prefecture, boasts an area of over 40,000m².