

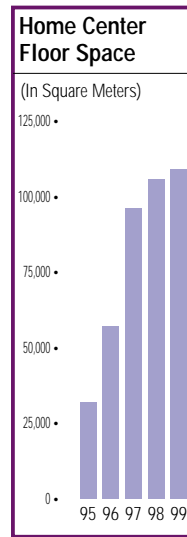
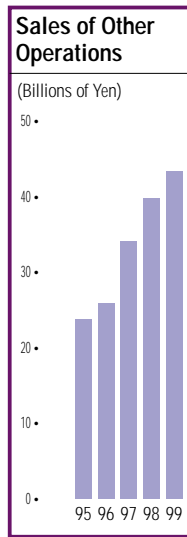
OTHER OPERATIONS

This segment covers the Company's home center operations, which registered steady growth in the term under review, and the development and subdivision of resort villas and condominiums. Total sales for this segment in fiscal 1999 rose 8.9% to ¥43,262 million (US\$357 million).

Right from the start, the Company's chain of "Royal Home Centers," which has now grown to 37 outlets (as of March 31, 1999), did not simply sell DIY goods, but also sponsored courses in home renovation and related subjects, which drew extensively on Daiwa House's construction and installation know-how. These efforts successfully distinguished our home centers from the competition, and have allowed us to build up a large regular customer base. To further solidify this area of the Company's strength, we began opening outlets specializing in DIY products and services in fiscal 1999.

During the term, we opened one store in Miyagi Prefecture and two in Osaka City. These outlets feature a new "construction service system" that provides support in the areas of installation, assembly, finishing, and so on

to customers who have purchased products for use in home renovation. We intend to steadily expand this service to existing outlets, in parallel with our policy of transforming these stores into specialist outlets for DIY goods, including gardening goods and interior decoration products. Through this unique policy, Daiwa House aims to demonstrate its superiority over its competitors even more clearly.



◆Royal Home Center Mozume in Kyoto Prefecture.



◆Royal Home Center Kawachinagano in Osaka Prefecture.



◆Royal Home Center Nishikanmuri in Osaka Prefecture.