

November 9, 2007

Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange
and the Osaka Securities Exchange)
Representative: Kenji Murakami, President and COO
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Director and Managing Executive Officer
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**Notification of the Conclusion of a Basic Agreement
on the Acquisition of a Home Center Business**

Daiwa House Industry Co., Ltd. hereby announces that the Company resolved at the meeting of the Board of Directors held on November 9, 2007 to conclude a basic agreement on the takeover of the home center business of Royal Home Center Co., Ltd., a 100%-owned consolidated subsidiary of Daiwa House Industry.

1. Reason for the business takeover

Royal Home Center was established as the home center business division of Daiwa House Industry in 1980. Following a spin-off of this business division in 1993, and currently manages 42 “Royal Home Center” stores nationwide. In recent years, Royal Home Center has placed its management focus on the Kansai and Kanto regions, where the populations are concentrated, and promoted sales expansion and streamlining in order to cope with the intensification of competition associated with the maturation of the home center market and the homogeneity of home center stores. However, in comparison to the Kansai region, the birthplace of Royal Home Center, the store network in the Kanto region remains comparatively thin and sales activities insufficient. Recently, Royal Home Center resolved to become dominant in the Kanto area and contribute to the strengthening of its management base and thus decided to acquire a home center business from Daiya Tsusho Co., Ltd., which operates six “Big Sam” home center stores in Tokyo and two Kanto prefectures.

2. Details of the business takeover

(1) Overview

Royal Home Center will take over six “Big Sam” stores of the home center division of Daiya Tsusho.

(2) Details of the home center business takeover

① Assets to be taken over

The assets to be taken over include the management rights, inventory and fixed assets of six “Big Sam” stores operated by the home center business of Daiya Tsusho.

② Employees

Employees belonging to the home center business of Daiya Tsusho will be transferred.

③ Takeover price and method of settlement

The takeover price and method of settlement are currently under discussion.

3. Schedule of the business takeover

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| (1) November 9, 2007: | Conclusion of a basic agreement |
| (2) December 2007: | Conclusion of a business takeover contract (planned) |
| (3) March 2008: | Date of business takeover (planned) |

4. Impact on business results

The sales of the home center business of Daiya Tsusho for the fiscal year ended March 2007 were ¥8,826 million.

The impact on the consolidated business results of Daiwa House Industry for the fiscal year ending March 2008 will be minor.

5. Overview of the transferring company

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| (1) Business name: | Daiya Tsusho Co., Ltd. |
| (2) Head office address: | 1-6-10 Sugamo, Toshima-ku, Tokyo |
| (3) Name and position of representative: | Takeshi Mori, President and Representative Director |
| (4) Establishment: | May 1949 |
| (5) Capital: | ¥1,579 million (as of September 2007) |
| (6) Description of business: | Wholesale and retail sales of oil products, home center business |
| (7) Number of employees: | 199 (the fiscal year ended March 2007) |
| (8) Net sales: | ¥17,800 million (the fiscal year ended March 2007) |

6. Overview of the subsidiary taking over the business

- (1) Business name: Royal Home Center Co., Ltd.
- (2) Head office address: 1-5-16 Awaza, Nishi-ku, Osaka
- (3) Name and position of representative: Shinsei Yoshimori, President and Representative
Director
- (4) Establishment: July 1993
- (5) Capital: ¥100 million (as of September 2007)
(a 100%-owned consolidated subsidiary of Daiwa House Industry)
- (6) Description of business: Home center business
- (7) Number of employees: 454 (as of the end of September 2007)
- (8) Net sales: ¥62,200 million (the fiscal year ended March 2007)

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Remarks on appropriate use of forecasted results of operation and other special matters:

The above consolidated business forecasts are based on assumptions in light of the information available as of the date of announcement of this material and the factors of uncertainty that may possibly impact the future results of operation. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as economic conditions, competitor situations and fluctuations in land prices.

Disclaimer:

This English translation has been prepared for general reference purposes only. The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text of the press release dated November 9, 2007.