

March 11, 2008

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  
Contact: Eiichi Takeda, Director and Managing Executive Officer  
Tel: +81-6-6342-1398

Company: Odakyu Construction Co., Ltd.  
(Code number: 1834,  
First Section of the Tokyo Stock Exchange)  
Representative: Masahide Yukitake, President and Representative Director  
Contact: Kenji Nakazawa, Manager of Administration Division  
Tel: +81-3-3376-3101

Company: Odakyu Electric Railway Co., Ltd.  
(Code number: 9007,  
First Section of the Tokyo Stock Exchange)  
Representative: Yorihiro Osuga, Executive President  
Contact: Toshiro Yamamoto, Manager, IR Department  
Tel: +81-3-3349-2526

**Notification of a Capital and Business Alliance, a Share Transfer  
(Odakyu Electric Railway Co., Ltd.) Entailing a Transfer of Subsidiary,  
a Change of Representative Director and a Change of Business Name  
(Odakyu Construction Co., Ltd.)**

As included in the announcement “Concerning a Basic Agreement on a Capital and Business Alliance (Notification of a Capital and Business Alliance and a Share Transfer Entailing a Transfer of Subsidiary at Odakyu Electric Railway Co., Ltd.)”, made on December 10, 2007, Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House Industry”), Odakyu Construction Co., Ltd. (hereinafter referred to as “Odakyu Construction”) and Odakyu Electric Railway Co., Ltd. (hereinafter referred to as “Odakyu Electric Railway”) have concluded a Basic Agreement on a Capital and Business Alliance (hereinafter referred to as the “Basic Agreement”). The three companies hereby announce as described below that they have resolved at meetings of the Board of Directors held today at each company to carry out a capital and business alliance with the involvement of all three companies and have concluded a capital and business alliance contract today as well.

## 1. Purpose

Daiwa House Industry is working on the strengthening of its construction business and also on the strengthening of its business infrastructure in the Tokyo metropolitan region, where an increase in orders is anticipated in the future. Meanwhile, Odakyu Construction is aware that it needs to improve its corporate value through further strengthening of its business operations in a severe environment where the competition for orders is increasing due to the contraction of public works, etc.

In such an environment, the companies determined that using both companies' management resources in mutual fashion and strengthening their businesses would contribute into the future to the development of both companies' operations and thus concluded a Basic Agreement and exchanged in debate, but the companies recently concluded a contract for a capital and business alliance as described below.

## 2. Details of the alliance

### (1) Regarding the capital and business alliance between Daiwa House Industry and Odakyu Construction

#### ① Regarding the capital alliance

Daiwa House Industry will acquire 7,168 thousand shares in Odakyu Construction from Odakyu Electric Railway (hereinafter referred to as "this share transfer") aiming at deepening the relations of trust and cooperation between Daiwa House Industry and Odakyu Construction and at the smooth promotion of the business alliance. By acquiring these shares, Daiwa House Industry will newly become the largest shareholder in Odakyu Construction and Odakyu Construction will work on the further improvement of corporate value as a member of the Daiwa House Group. However, Odakyu Electric Railway will continue its cooperative relationship with Odakyu Construction in operating terms.

This share transfer will entail a transfer of subsidiary for Odakyu Electric Railway and will fall under the category of a change of holding company (etc.) for Odakyu Construction.

#### (a) Overview of the subsidiary company (Odakyu Construction) to be transferred

Refer to "5. Overview of the companies concerned"

#### (b) Number of shareholder voting rights held (number of shares held) and proportion of shareholder voting rights held before and after this share transfer

	Before the transfer (as of the end of September 2007)			After the transfer		
	Number of shareholder voting rights (Number of shares held)	Proportion	Shareholder position	Number of shareholder voting rights (Number of shares held)	Proportion	Shareholder position
Daiwa House Industry	—	—	—	14,336 votes (7,168,000 shares)	33.1%	1 <sup>st</sup>
Odakyu Electric Railway	19,056 votes (9,528,255 shares)	44.0%	1 <sup>st</sup>	4,720 votes (2,360,255 shares)	10.9%	2 <sup>nd</sup>

\*Including the indirectly held portion, the proportion of the total number of issued and outstanding shares in Odakyu Construction held by Odakyu Electric Railway is 47.2% before the transfer and is planned at 14.2% after the transfer.

(c) Transfer (acquisition) price

¥1,670 million

② Regarding the business alliance

Both companies will implement a business alliance centered on the following matters and work on the improvement of results.

- (a) Exchanges of sales and credit information concerning customers and real estate, etc., and sales strengthening based on sales instruction, etc., given by Daiwa House Industry
- (b) Technical strengthening based on cooperative technology development and technology exchange
- (c) Cost reduction activities based on cooperative purchasing of materials and mutual use of contractors, etc.
- (d) Provision of information on ordered properties of the Daiwa House Group
- (e) Effective use of personnel resources based on personnel exchanges and exchanges of educational know-how, etc.
- (f) Mutual cooperation in fund procurement and management
- (g) General management guidance by Daiwa House Industry

(2) Regarding the business alliance between Daiwa House Industry and Odakyu Electric Railway

Both companies will continue to advance discussions in regard to the implementation of a business alliance in regard to information exchange, etc., aimed at mutual cooperation and promotion in the development business, etc., and the

acquisition of new customers, for the purpose of further expanding the business operations of both companies.

### 3. Regarding the change of representative director

Daiwa House Industry, Odakyu Construction and Odakyu Electric Railway have agreed that Daiwa House Industry will send the Representative Director to Odakyu Construction in association with this capital and business alliance. This will lead to Masahide Yukitake, the current President and Representative Director of Odakyu Construction resigning from the position of Representative Director. In addition, the name and career summary of the new President and Representative Director is as follows.

This matter is scheduled for formal determination at the Ordinary General Meeting of Shareholders of Odakyu Construction, planned to be held in June 2008 and at the meeting of the Board of Directors to be held thereafter.

#### New President and Representative Director of Odakyu Construction

• Name: Yoshiaki Takamura

• Date of birth: July 20, 1942

• Career summary:

March 1965: Graduated from Chuo University

April 1965: Entered Daiwa Danchi Co., Ltd.

June 1985: Appointed Director of Daiwa Danchi Co., Ltd.

June 1987: Appointed Managing Director of Daiwa Danchi Co., Ltd.

June 1991: Appointed Executive Managing Director of Daiwa Danchi Co., Ltd.

(April 2001: Daiwa Danchi Co., Ltd taken over by Daiwa House Industry)

April 2001: Resigned from position of Director of Daiwa House Industry

May 2001: Appointed President and Representative Director of Jukeikai Co., Ltd.

April 2004: Appointed Chairman and Representative Director of Jukeikai Co., Ltd. (current position)

June 2004: Appointed Managing Director of Daiwa House Industry  
Deputy General Manager of Daiwa House Industry  
Administrative Division

April 2005: General Manager of Management Planning Division

June 2006: Appointed Chairman and Representative Director of Daiwa Kosho Lease Co., Ltd. (currently Daiwa Lease Co., Ltd.)  
(current position)

- Scheduled date of appointment:

Date of the Ordinary General Meeting of Shareholders and meeting of the Board of Directors planned to be held in June 2008

#### 4. In regard to the change of business name

Odakyu Construction has resolved to change its business name as follows when this capital and business alliance takes place and has decided to raise the matter for discussion at the Ordinary General Meeting of Shareholders planned to be held in June 2008.

- (1) New business name: Daiwa Odakyu Construction Co., Ltd.
- (2) Date of implementation of new business name: Not yet determined (Scheduled to be determined at the Ordinary General Meeting of Shareholders planned to be held in June 2008)
- (3) Reason for the change: Odakyu Construction will make efforts towards the further improvement of corporate value under the cooperation of Daiwa House Industry and Odakyu Electric Railway as a member of the Daiwa House Group, and this change of name is intended to clarify that positioning within the Company group.

#### 5. Overview of the companies concerned (as of the end of September 2007)

##### (1) Daiwa House Industry

Business name	Daiwa House Industry Co., Ltd.
Representative	Kenji Murakami, President and COO
Address	3-3-5 Umeda, Kita-ku, Osaka
Founding	April 5, 1955
Description of main business	Residential housing, commercial construction, etc
Month of settlement	March
Number of employees (consolidated)	23,679 people
Main business locations	Head Office (Osaka City), Tokyo Branch (Chiyoda-ku, Tokyo)
Equity (consolidated)	¥668,066 million
Total assets (consolidated)	¥1,720,362 million
Net sales (consolidated)	¥1,618,450 million (the fiscal year ended March 2007)

## (2) Odakyu Construction

Business name	Odakyu Construction Co., Ltd.
Representative	Masahide Yukitake, President and Representative Director
Address	4-32-22 Nishi Shinjuku, Shinjuku-ku, Tokyo
Date of establishment	January 26, 1939
Description of main business	Contractor for construction work and civil engineering project
Month of settlement	March
Number of employees (consolidated)	1,049 people
Main business locations	Head Office (Shinjuku-ku, Tokyo), Yokohama Branch (Yokohama City, Kanagawa Prefecture)
Equity (consolidated)	¥8,832 million
Total assets (consolidated)	¥63,467 million
Net sales (consolidated)	¥91,891 million (the fiscal year ended March 2007)

## (3) Odakyu Electric Railway

Business name	Odakyu Electric Railway Co., Ltd.
Representative	Yorihiko Osuga, Executive President
Address	2-28-12 Yoyogi, Shibuya-ku, Tokyo
Date of establishment	June 1, 1948
Description of main business	Transportation and real estate
Month of settlement	March
Number of employees (consolidated)	14,333 people
Main business locations	Head Office (Shinjuku-ku, Tokyo)
Equity (consolidated)	¥217,936 million
Total assets (consolidated)	¥1,338,970 million
Net sales (consolidated)	¥623,092 million (the fiscal year ended March 2007)

## 6. Schedule

March 11, 2008: Conclusion of capital and business alliance contract

April 1, 2008 (planned): Date for share transfer (shares in Odakyu Construction)

June 2008 (planned): Ordinary General Meeting of Shareholders for the selection of directors and the change of business name (Odakyu Construction)

## 7. Future prospects

### (1) Impact due to this capital and business alliance

This capital and business alliance is anticipated to contribute to the improvement of the results of both Daiwa House Industry and Odakyu Construction, but no specific calculation of figures has been pursued in this regard. The impact exerted on future results will be incorporated into results forecasts in accordance with the progress of this capital and business alliance.

### (2) Impact due to this share transfer

Due to this share transfer, Odakyu Construction and Kenkey Kogyo Co., Ltd. (hereinafter referred to as “Kenkey Kogyo”), a subsidiary of Odakyu Construction, will be removed from the consolidated results of Odakyu Electric Railway and are scheduled to become associated companies (equity method applied) of Daiwa House Industry.

Consequently, it is expected that about ¥1,500 million will be generated as profit from the disposal of shares in associated companies in the consolidated financial statement of Odakyu Electric Railway for the period ending March 2008, and the companies have been incorporated in forecasts of consolidated results. Furthermore, for the period ending in March 2009 onwards, revenue and profits related to Odakyu Construction and Kenkey Kogyo are expected to decrease.

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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 March 11, 2008.