

Company: Daiwa House Industry Co., Ltd.  
(Code number: 1925,  
First Section of the Tokyo Stock Exchange  
and the Osaka Securities Exchange)

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Company: Yukiguni Maitake Co., Ltd.  
(Code number: 1378,  
Second Section of the Tokyo Stock Exchange)

Representative: Yoshinobu Ohdaira, President

Contact: Tadayoshi Yamamoto, Representative Executive Officer  
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## Notification of Capital and Operational Alliance

Daiwa House Industry Co., Ltd. (below, “Daiwa House Industry”) and Yukiguni Maitake Co., Ltd. (below, “Yukiguni Maitake”) hereby announce their decision to form a capital and operational alliance, following approval at meetings of the boards of directors of both companies held on February 10, 2010, as detailed below.

### 1. Reasons for the Operational Alliance

With its commitment to co-creating value for individuals, communities and people’s lifestyles through its wide-ranging businesses, Daiwa House Industry is working to create new value for society as a whole by creating, leveraging and increasing value together with the customer. Furthermore, through earlier initiatives such as its lithium-ion battery and robot-suit businesses, and its research into the industrialization of agriculture, Daiwa House Industry is addressing the challenge of creating the value demanded by all society by opening up new fields and building up new businesses, always with the perspective of the customer.

Since its founding, maitake mushroom processor Yukiguni Maitake has built up its business by harvesting the bounty of nature to deliver products that offer a safe and worry-free dining experience for all under the slogan “new flavor and health for your table.” Yukiguni Maitake has gone beyond revolutionizing mushroom cultivation technologies. By seeking to achieve the “impossible” through a rigorous quality focus and development of proprietary retail channels, and by upgrading quality inspection mechanisms, Yukiguni Maitake has built up a brand that guarantees peace of mind and a quality and healthy eating experience, enabling it to bring safe and fresh food products of real value to all its customers. Based on its long years of expertise, Yukiguni Maitake is embracing new challenges as it seeks to become a comprehensive high-quality mushroom supplier with a reputation that other companies cannot match. It is evolving into an all-round food company that supplies safe, worry-free food products, with expansion of local production in China and entry into the sliced-vegetable business, without use of agrochemicals or chemical fertilizers, maximized use of natural energy sources, and cutting of costs to the minimum. The goal is to create a “closed-system,” resource-saving agribusiness complex using industrial methods.

Daiwa House Industry and Yukiguni Maitake share each other’s visions for their agricultural businesses, and have discussed in depth possible areas of cooperation. The two companies have now agreed to sign a capital and operational alliance with a view to strengthening, expanding and developing their businesses jointly by synergetic leveraging of their corporate resources.

## **2. Details of the Alliance**

### **(1) Operational Alliance**

The two companies plan to crystallize details of their operational alliance in future discussions. By efficiently leveraging corporate resources of both companies, they plan to expand the scale of existing businesses and create new businesses.

Key aspects of the operational alliance are as follows.

- (a) Exchange of personnel and sharing of information regarding marketing channels
- (b) Joint development of production and marketing businesses for mushrooms in overseas markets (especially China)
- (c) Promotion of the concept of a “closed-system,” resource-saving agribusiness complex using industrial methods, at the initiative of Yukiguni Maitake.

### **(2) Capital Alliance**

To strengthen capital ties and create firmer bonds of trust, Daiwa House Industry will accept via private placement 1,794,500 ordinary shares of Yukiguni Maitake held in treasury (representing 4.6% of all its issued shares). Details of the private placement can be seen in Yukiguni Maitake’s “Notification of sale of treasury shares by private placement” (Japanese language only).

### 3. Business Outline: Daiwa House Industry and Yukiguni Maitake (March 31, 2009)

(1) Company name	Daiwa House Industry Co., Ltd.	Yukiguni Maitake Co., Ltd.
(2) Head office:	3-3-5 Umeda, Kita-ku, Osaka	89 Yokawa, Minami-Uonuma, Niigata
(3) Representative director	Kenji Murakami, President and COO	Yoshinobu Ohdaira, President
(4) Nature of business	Housing and commercial facility construction, etc	Production and marketing of mushrooms and bean sprouts, etc
(5) Paid-in capital	¥110,120 million	¥1,605 million
(6) Date of establishment	April 5, 1955	October 19, 1972
(7) Major shareholders and equity stakes	<p>Japan Trustee Services Bank, Ltd. (Trust Account): 6.1%</p> <p>The Master Trust Bank of Japan, Ltd. (Trust Account): 5.7%</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account 4G): 4.9%</p> <p>Moxley and Company: 3.1%</p> <p>The Bank of Tokyo-Mitsubishi UFJ, Ltd., : 2.5%</p> <p>Nippon Life Insurance Company: 2.4%</p> <p>Sumitomo Mitsui Banking Corporation: 2.0%</p> <p>The Dai-Ichi Mutual Life Insurance Company: 1.9%</p> <p>Mizuho Corporate Bank, Ltd.: 1.8%</p> <p>The Chuo Mitsui Trust and Banking Co., Ltd. : 1.5%</p>	<p>Ohdaira Shoji 32.2%</p> <p>Yoshinobu Ohdaira 21.3%</p> <p>Takeshi Wakai 2.4%</p> <p>Masao Ohdaira 2.0%</p> <p>Yoichi Ohdaira 1.9%</p> <p>Hideko Ohdaira 1.2%</p> <p>Niimura Co. 1.1%</p> <p>Yasuo Ohdaira 1.0%</p> <p>Nitaro Ohdaira 0.8%</p> <p>Yoshitomi Ohdaira 0.7%</p>
(8) Corporate relationships		
Capital	No significant capital relationship exists between the two companies, or between persons or affiliates connected with the two companies.	
Personal	No significant person-to-person relationships exist between the two companies, or between affiliates connected with the two companies.	
Trade	No significant trading relationship exists between the two companies, or between persons or affiliates connected with the two companies.	
Related-party transactions	No related party transactions exist between the two companies, or persons or affiliates connected with the two companies.	

(9) Financial position and business performance of both companies in recent years

(Consolidated; millions of yen)

As of	Daiwa House Industry Co., Ltd.			Yukiguni Maitake Co., Ltd.		
	FYE 3/07	FYE 3/08	FYE 3/09	FYE 3/07	FYE 3/08	FYE 3/09
Net assets	661,145	649,440	607,427	6,744	6,454	5,811
Total assets	1,630,022	1,791,052	1,810,573	33,460	32,666	31,605
Net assets per share (¥)	1,122.88	1,092.04	1,047.50	216.16	207.18	187.50
Net sales	1,618,450	1,709,254	1,690,956	25,073	27,337	25,632
Operating income	85,678	89,120	73,580	681	1,131	1,299
Ordinary income	89,356	61,290	39,855	139	539	535
Net income	46,393	13,079	4,170	104	130	143
Net income per share (¥)	81.15	22.46	7.20	3.44	4.30	4.78
Dividends per share (¥)	20.00	24.00	24.00	10.00	10.00	10.00

#### 4. Alliance Schedule

Board of Directors' resolutions: February 10, 2010

Conclusion of agreement for capital alliance: February 10, 2010

Payment date: March 5, 2010 (scheduled)

#### 5. Outlook

This capital and operational alliance is expected to help improve the business performance of both Daiwa House Industry and Yukiguni Maitake. No specific numerical forecasts are possible at this stage, but future business performance forecasts will factor in this alliance in line with its gradual evolution.

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#### 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 February 10, 2010.