

August 8, 2008

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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**Notification of the Succession of Part of a Subsidiary Company's Business
by a Company Split**

Daiwa House Industry Co., Ltd. hereby announces that it resolved at the meeting of the Board of Directors held on August 8, 2008 to succeed to part of the business of Daiwa Lantec Nishinohon Co., Ltd., a 100%-owned consolidated subsidiary of Daiwa House Industry on October 1, 2008.

1. Purpose of the company split

Daiwa House Industry. will succeed to the home renovation and contract business and after-sales service contract business operated by Daiwa Lantec Nishinohon. in the Kinki region. Thus, Daiwa Lantec Nishinohon will specialize in soil surveying and soil improvement work and business within the Daiwa House Group will be streamlined.

2. Summary of the company split

(1) Schedule for the company split

Meetings of the Boards of Directors to make a resolution on the company split:

August 8, 2008

Date of conclusion of the contract for the company split: August 22, 2008 (planned)

Effective date of the company split: October 1, 2008 (planned)

* Because this company split fulfills the requirements for simple absorption-type company splits laid out in Article 796.3 of the Company Law at Daiwa House Industry, the successor company, and for summary absorption-type company splits laid out in Article 784.1 of the same law at Daiwa Lantec Nishinohon, the splitting

company, the split will be carried out without requiring a resolution approved by either company's General Meeting of Shareholders.

(2) Split method

Absorption-type company split with Daiwa House Industry as the successor company and Daiwa Lantec Nishinohon as the splitting company

(3) Increased capital due to succession

There will be no increase in capital due to the succession of the business.

(4) Handling of the share warrants and convertible bonds of the splitting company

Daiwa Lantec Nishinohon has not issued any share warrants or convertible bonds.

(5) Rights and obligations that the successor company will succeed to

Daiwa House Industry will succeed to the assets, liabilities, contractual positions and all rights and obligations generated based on these contracts that Daiwa Lantec Nishinohon possesses in relation to the business concerned in this company split.

(6) Forecast for the discharge of liabilities

Daiwa House Industry and Daiwa Lantec Nishinohon have judged that there is a good prospect for the discharge of the liabilities that each company will bear following this company split.

3. Overview of the companies concerned in the split (as of June 30, 2008)

(1) Business name	Daiwa House Industry Co., Ltd. (successor company)	Daiwa Lantec Nishinohon Co., Ltd. (splitting company)
(2) Description of business	Residential housing business, commercial building business, resort and sports facility business, etc.	Soil surveying and soil improvement work
(3) Date of establishment	April 5, 1955	June 3, 1993
(4) Head office address	3-3-5 Umeda, Kita-ku, Osaka	3-3-5 Umeda, Kita-ku, Osaka
(5) Name and position of representative	Kenji Murakami, President and COO	Osamu Takimoto, President and Representative Director
(6) Capital	¥110,120 million	¥100 million
(7) Total number of issued and outstanding shares	599,921,851 shares	2,000 shares

(8) Equity	¥642,537 million (consolidated)	¥87 million (non-consolidated)
(9) Total assets	¥1,830,801 million (consolidated)	¥2,824 million (non-consolidated)
(10) Date of settlement of accounts	March 31	March 31
(11) Principal shareholder and percentage of holdings (as of March 31, 2008)	The Master Trust Bank of Japan, Ltd. (trust account): 4.73%, Japan Trustee Services Bank, Ltd. (trust account): 4.39%, The Bank of Tokyo-Mitsubishi UFJ, Ltd.: 2.58%	Daiwa House Industry Co., Ltd.: 100%

4. Overview of business division to be succeeded to

(1) Description of business of the division to be succeeded to

Home renovation and contract business and after-sales service work for housing contracted by Daiwa House Industry.

(2) Business results of the division to be succeeded to

	Period ended March 2008 Business to be transferred (a)	Period ended March 2008 Daiwa House (b)	Ratio (a/b)
Net sales	¥3,850 million	¥1,157,660 million	0.3%

(3) Value of assets and liabilities to be succeeded to (as of June 30, 2008)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥560 million	Current liabilities	¥569 million
Fixed assets	¥68 million	Fixed liabilities	¥59 million
Total	¥628 million	Total	¥628 million

5. Status of Daiwa House Industry after the succession

- (1) Business name, description of business, head office address, name and position of representative, capital, date of settlement of accounts

There will be no changes to any of these items due to the company split.

- (2) Forecast of the impact on results due to the company split

There will be no impact on the consolidated results of Daiwa House Industry due to this company split. The impact on non-consolidated results is forecast to be minor.

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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 August 8, 2008.