

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 Acquisition of Shares in Morimoto Asset Management Co., Ltd. and the Acquisition of Investment Units in BLife Investment Corporation

Daiwa House Industry Co., Ltd. has made basic agreements as described below with Morimoto Co., Ltd. (hereinafter referred to as “Morimoto”), the principle shareholder in Morimoto Asset Management Co., Ltd. (hereinafter referred to as “MMAM”), which is in turn the asset management company for BLife Investment Corporation (hereinafter referred to as “BLife”), and CapitaLand (Japan) Kabushiki Kaisha, (hereinafter referred to as “CLJ”), in regard to acquiring 7,620 shares in MMAM from Morimoto and CLJ and making MMAM a subsidiary, as well as acquiring 5,060 investment units issued by BLife from Morimoto.

In addition, Daiwa House Industry and Morimoto have decided to cooperate in business aimed at supporting strategies for the further growth of BLife and MMAM, including the development of residential facilities and commercial facilities as real estate for use in BLife investment operations.

1. Purpose of the basic agreement

The Daiwa House Group has raised the “strengthening comprehensive real estate business through closer collaboration within the Group” as the basic policies of “Daiwa House Group’s 2nd Medium-Term Management Plan—Challenge 2010—” (announced publicly on May 13, 2008). The Group is aiming at positive investment and retention of real estate development and the expansion of its property management business as well as the strengthening of asset management functions to cope with the increase in retained assets.

Meanwhile, the use of the J-REIT market is envisioned as an exit strategy in real estate development, but due to factors such as the confusion in global financial markets, the J-REIT market continues to be very difficult and the prices of investment units are

also flagging in general. However, the company believes that the J-REIT market, which began operating in 2001, is an indispensable element of the social infrastructure in the real estate market overall. Consequently, along with strengthening relations with BLife, a company with which Daiwa House Industry has had cooperative relations for some time, Daiwa House Industry will turn MMAM into a subsidiary company. By continuing to manage MMAM in association with Morimoto, Daiwa House Industry believes that it will be possible to realize the strengthening of its real estate business quickly and expansively, and will also be able to take advantage of the know-how in residential and commercial facility development and management that the Company has accumulated over many years to contribute to the growth of BLife, a J-REIT investment company, and eventually to the development of the J-REIT market itself.

2. Summary of the basic agreement

【Basic agreement with Morimoto】

- ① Daiwa House Industry will purchase 3,612 shares out of the total of 6,012 shares in MMAM held by Morimoto.
- ② Daiwa House Industry will purchase all 5,060 investment units in BLife held by Morimoto.
- ③ Daiwa House Industry and Morimoto will cooperate in business aimed at supporting strategies for the further growth of BLife and MMAM including the development of residential facilities and commercial facilities as real estate for use in BLife investment operations.

【Basic agreement with CLJ】

- ④ Daiwa House Industry will purchase all 4,008 shares in MMAM held by CLJ.
- When elements ① and ④ of the agreements above are implemented, Daiwa House Industry will come into possession of 8,820 shares in MMAM when combined with the 1,200 shares it already holds. Daiwa House Industry will thus become the largest shareholder in MMAM with an equity stake of 73.5%, and MMAM will become a consolidated subsidiary of Daiwa House Industry. With 2,400 shares (20.0% equity stake), Morimoto will be the second-largest shareholder in MMAM. Daiwa House Industry, Morimoto and CLJ will agree separately upon the planned date for the share acquisitions described in ① and ④ by December 19, 2008.

Also, when element ② of the agreement with Morimoto is implemented, Daiwa House Industry will come into possession of 5,060 investment units in BLife and thereby become the largest investor in BLife, with an investment stake of 10.27%. Daiwa House Industry and Morimoto will agree separately upon the planned date for the investment unit acquisition described in ② by December 19, 2008.

【Basic agreement with MMAM】

- © Daiwa House Industry will change the trading name of MMAM to “Daiwa House Morimoto Asset Management Co., Ltd.”.

As for the “Basic Memorandum of Agreement on Pipeline Support, etc. ”, rules on the provision of information concerning investment real estate have been determined among BLife, MMAM, Morimoto and CLJ and there will be no changes in association with these undertakings.

Rules on the provision of information concerning investment real estate have been determined among Daiwa House Industry, BLife and MMAM, and in addition to information on current commercial facilities, it is also planned to prioritize the provision of information on residential facilities in the future.

2. Regarding the future impact of the acquisitions described above

The impact on the consolidated results of Daiwa House Industry associated with the acquisition of shares and investment units as laid out in these basic agreements is expected to be minor.

【Reference】

1. Overview of Morimoto Co., Ltd.

- (1) Name: Morimoto Co., Ltd.
(2) Description of business: Rental real estate development, real estate subdivision sale and rental, subdivision management, real estate services conducting agency and contract work
(3) Date of establishment: July 1983
(4) Head office address: 3-7-4 Ebisu-Minami, Shibuya-ku, Tokyo
(5) Representative: Hiroyoshi Morimoto, President and Representative Director

2. Overview of Morimoto Asset Management Co., Ltd.

- (1) Name: Morimoto Asset Management Co., Ltd.
(2) Description of business: Investment trust, investment business asset management, work in investment corporation establishment plans, real estate transactions, real estate management, contracting of general work based on the Investment Trust and Investment Corporation Law, all work supplemental to the above

- (3) Date of establishment: September 2004
- (4) Head office address: 3-9-10 Shibuya, Shibuya-ku, Tokyo
- (5) Representative: Takeshi Fujita, President and Representative Director

3. Overview of BLife Investment Corporation

- (1) Name: BLife Investment Corporation
- (2) Description of business: Investment in and management of specified assets including real estate, etc., and real estate securities, etc., mainly as assets based on the Investment Trust and Investment Corporation Law
- (3) Date of establishment: June 2005
- (4) Head office address: 3-9-10 Shibuya, Shibuya-ku, Tokyo
- (5) Representative: Motomu Ueda, Executive Officer

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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 27, 2008.