

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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### **Notice of Revision of Business Forecasts**

In consideration of current trends in the business results of Daiwa House Industry Co., Ltd. (the “Company”), we have revised the consolidated business forecasts, which made public upon the announcement of the financial results on May 13, 2008 as follows.

1. Revision of Full-Year Consolidated Business Results Forecasts for the fiscal year ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previously announced forecasts (A)	1,750,000	95,000	93,500	52,000
Revised forecasts (B)	1,665,000	70,000	60,000	26,500
Change ((B) – (A))	(85,000)	(25,000)	(33,500)	(25,500)
Rate of change (%)	(4.9)	(26.3)	(35.8)	(49.0)
(Ref.) Previous fiscal year results (ended March 31, 2008)	1,709,254	89,120	61,290	13,079

2. Reasons for Revision

Consolidated business results of the second quarter (results of the first six months of fiscal year 2008) were successfully maintained at the level of the revised consolidated business forecasts announced on June 20, 2008.

However, with the increasing risk of an economic slowdown due to factors such as confusion in the global financial markets, the real estate market is likely to contract and the future is obscured. In such conditions, plans for the sale of real estate and other assets to Daiwa House REIT Investment Corporation have been put on hold as of now, as the listing of that company on the exchange was

suspended. In addition, market conditions for the Condominiums Division have worsened beyond expectations. Consequently, we revised the full-year consolidated net sales and operating income forecasts for fiscal year 2008.

On the other hand, the corporate pension fund system in which Daiwa House Industry Co., Ltd. and some domestic consolidated subsidiaries participate is expected to incur an amortization of actuarial loss for employees' retirement benefits of approx. 9,000 million yen to be accounted as other expenses following the partial revision of actuarial assumptions and other estimates leading to the revision of the consolidated ordinary income forecast. The difference between the expected return on plan assets and actual operating results is not included in the current consolidated business forecasts, because plan assets fluctuate greatly depending on their management conditions and market trends.

In addition, the expected 9,000 million yen in impairment loss on some business assets whose return to profitability is considered difficult due to worsening performance in the wake of falling real estate prices and intensifying competition has led to a revision of the consolidated net income forecast.

(Reference)

1) Revised Full-Year Net Sales by business segment (forecasts)

(Millions of yen)

Business Segment	Previously announced forecasts (A)	Revised forecasts (B)	Change ((B) - (A))
Residential Business	970,000	978,000	8,000
Commercial Construction Business	565,000	493,000	(72,000)
Resort Hotels and Sports Life Business	68,000	63,600	(4,400)
Home Center Business	67,000	66,400	(600)
Other Businesses	160,000	151,500	(8,500)
Eliminations/Corporate	(80,000)	(87,500)	(7,500)
Total	1,750,000	1,665,000	(85,000)

2) Revised Full-Year Operating Income by business segment (forecasts)

(Millions of yen)

Business Segment	Previously announced forecasts (A)	Revised forecasts (B)	Change ((B) - (A))
Residential Business	45,500	40,800	(4,700)
Commercial Construction Business	64,500	48,500	(16,000)
Resort Hotels and Sports Life Business	100	(400)	(500)
Home Center Business	2,200	1,400	(800)
Other Businesses	5,200	3,500	(1,700)
Eliminations/Corporate	(22,500)	(23,800)	(1,300)
Total	95,000	70,000	(25,000)

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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 4, 2008.