



July 5, 2013

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 Regarding Issuance of New Shares and Disposition of Treasury Shares,  
and Secondary Offering of Shares**

Daiwa House Industry Co., Ltd. (the “Company”) hereby announces that its board of directors has resolved matters relating to the issuance of its new shares, the disposition of its treasury shares and the secondary offering of shares at a meeting held on July 5, 2013, as set forth below.

1. Purposes of the offering

The Company was established in April 1955 with a corporate philosophy of “industrialization of construction,” and since then has pursued wide-ranging business development by providing single-family houses, rental housing, condominiums, commercial facilities and regular buildings for more than half a century. As a “group that is co-creating value for individuals, communities, and people’s lifestyles,” the group is now actively taking on the challenge of expanding its business not only by focusing on the domestic market but also by looking ahead into overseas markets with an aim to achieve a society in which everyone can live spiritually enriched lives by creating, using and refining new value with customers.

The group formulated the “Daiwa House Group 3rd Medium-Term Management Plan ‘3Gs’ For New Growth” (“3Gs” stands for the initial characters of basic management policies of “Group – Sustained Growth,” “Great – Groundwork for Growth” and “Global – Pathway to Growth”) for the three-year period from the fiscal year ended March 31, 2012 to the fiscal year ending March 31, 2014, and has been operating its business based on the theme of “re-growth.” As a result, in the fiscal year ended March 31, 2013, the second year of the plan, the group was able to achieve 2 trillion yen in consolidated sales and 120 billion yen in consolidated operating income, which were the performance targets for the last fiscal year of the plan, one year ahead of schedule. Accordingly, the group decided to formulate the “4th Medium-Term Management Plan,” which is the management plan for the three-year period beginning from the fiscal year ending March 31, 2014.

The Company is currently examining the details of the 4th Medium-Term Management Plan with a view to finalizing and publicly announcing the plan in the autumn of 2013. The framework of the plan will include a

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growth strategy based on the combination of the six core businesses (which are the single-family houses, rental housing, condominiums, existing home, commercial facilities and logistics, business and corporate facilities businesses), the diversified businesses (such as health and leisure, and environment and energy) and new businesses, with the aim of achieving further growth by utilizing the wide range of business areas of the group. In particular, in relation to the core businesses, the Company will strengthen commercial products adapted to respond to changes in society, such as the aging population, disaster prevention, safety and the environment, and establish new business models, as well as endeavor to increase profitability by strengthening and expanding its value chain (the cycle involving a series of transactions in relation to construction contracts or real-estate development, such as the selection and acquisition of land for development, planning and design, construction, tenant leasing, sales, and property management and administration) in each business.

In addition, the Company will strengthen technological and construction systems in connection with the business expansion, promote efficiency by redeveloping production functions, and develop the management base, such as through human resources development.

In light of the above, the group decided today to seek an acceleration of its growth under the 4th Medium-Term Management Plan by positioning three of the six core businesses (namely, the logistics, business and corporate facilities business, the commercial facilities business and the rental housing business) as focused investment areas, and, more specifically, by (i) strengthening and expanding the business cycle (value chain) in those focused investment areas, (ii) developing overseas business mainly in selected ASEAN countries, and (iii) strategically investing in existing and new businesses to respond to changes in social structure.

In addition, the total expected investment amount of the group for the three fiscal years as set out in the 4th Medium-Term Management Plan will be 650 billion yen (consisting of 400 billion yen for real-estate development investment, 50 billion yen for overseas investment, 50 billion yen for M&A and other transactions, and 150 billion yen for capital expenditure). The Company has a policy to invest its funds mainly in the real-estate development business in the above focused investment areas based on its judgment that investment opportunities in real-estate development are increasing mainly in those areas. The Company considers that in order to achieve this plan, it is important to establish a more stable financial base, and it has therefore resolved to issue new shares and dispose of treasury shares, and to conduct an offering of shares of the Company. By procuring funds from this offering, the Company will further reinforce the base of its existing businesses while also further expanding its businesses by providing products and services that meet global needs.

## 2. Issuance of new shares by way of public offering

- |     |                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Class and number of shares to be offered        | 53,150,000 shares of common stock of the Company, the aggregate of (i) through (iii) described below: <ul style="list-style-type: none"> <li>(i) 29,000,000 shares of common stock of the Company, issued for purchase by the Japanese Underwriters in the Japanese Public Offering, described in (4)(i) below;</li> <li>(ii) 21,000,000 shares of common stock of the Company, issued for purchase by the International Managers in the International Offering, described in (4)(ii) below; and</li> <li>(iii) A maximum of 3,150,000 shares of common stock of the Company, additionally issued for purchase by the International Managers upon exercise of the option, described in (4)(ii) below.</li> </ul> |
| (2) | Method of determination of amount to be paid in | The amount to be paid in will be determined on a day in the period between July 23, 2013 (Tue) and July 26, 2013 (Fri) (such date, the "Pricing Date") in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (the                                                                                                                                                                                                                                                                                                                                                                         |

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“JSDA”).

- (3) Amount of stated capital and additional capital reserves to be increased The amount of stated capital to be increased shall be half of the maximum increase amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of capital reserves to be increased shall be the amount obtained by subtracting the said amount of stated capital to be increased from the maximum amount of increase of stated capital.
- (4) Method of offering The Japanese offering and the international offering shall be made simultaneously.

(i) Japanese Public Offering:

The issuance of new shares by way of public offering to be made in Japan (collectively with the disposition of treasury shares by way of public offering as described in “3. Disposition of treasury shares by way of public offering” below, the “Japanese Public Offering”) shall be a public offering, and five Japanese underwriters (collectively, the “Japanese Underwriters”), acting as the Japanese joint lead managers and joint bookrunners, shall underwrite and purchase all of the new shares with respect to the issuance of new shares by way of public offering to be made in Japan.

(ii) International Offering:

In the issuance of new shares by way of public offering to be made outside of Japan, mainly in Europe (with the offering in the United States restricted to sales to “qualified institutional buyers” under Rule 144A of the United States Securities Act of 1933) (the “International Offering”), the aggregate number of shares shall be severally and not jointly purchased by several international managers (collectively, the “International Managers”), acting as the international joint lead managers and joint bookrunners. The Company shall also grant the International Managers the option to purchase additional newly issued shares of common stock, as described in (1)(iii) above.

With regard to the number of shares to be offered in (i) and (ii) above, and “3. Disposition of treasury shares by way of public offering” below, the number of shares to be offered is planned to be 49,000,000 shares for the Japanese Public Offering (29,000,000 shares for the Japanese Public Offering with respect to the issuance of new shares, and 20,000,000 shares for the Japanese Public Offering with respect to the disposition of treasury shares) and 24,150,000 shares for the International Offering (21,000,000 shares to be purchased by the International Managers initially and 3,150,000 additional shares to be purchased upon exercise of the option in (1)(iii) above). However, the final breakdown shall be determined on the Pricing Date by taking into account market demand and other conditions.

The issue price (the offer price) with regard to each of (i) and (ii) shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, based on the preliminary pricing terms

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calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the First Section of the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.

The joint global coordinators for the Japanese Public Offering, the International Offering as well as the offering mentioned below in “4. Secondary offering of shares (offering by way of over-allotment)” shall be three of the Japanese Underwriters (the “Joint Global Coordinators”).

- |      |                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                   |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (5)  | Consideration for underwriters                                                                                                                                                                                                                                                                                                     | The Company shall not pay any underwriting commissions to the Japanese Underwriters and the International Managers, although the aggregate amount of the difference between (a) the issue price (offer price) in the issuance of new shares by way of public offering and (b) the amount to be paid in to the Company by the underwriters shall constitute proceeds to the Japanese Underwriters. |
| (6)  | Subscription period (in Japanese Public Offering)                                                                                                                                                                                                                                                                                  | The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.                                                                                                                                                                                                                                              |
| (7)  | Payment date                                                                                                                                                                                                                                                                                                                       | The payment date shall be any day in the period from July 30, 2013 (Tue) to August 2, 2013 (Fri), provided, however, that such day shall be the fifth business day following the Pricing Date.                                                                                                                                                                                                    |
| (8)  | Subscription unit                                                                                                                                                                                                                                                                                                                  | 1,000 shares                                                                                                                                                                                                                                                                                                                                                                                      |
| (9)  | The amount to be paid in, the amount of stated capital and capital reserves to be increased, the issue price (the offer price), and any other matters necessary for this issuance of new shares by way of public offering shall be determined at the discretion of Tetsuji Ogawa, Executive Vice President and CFO of the Company. |                                                                                                                                                                                                                                                                                                                                                                                                   |
| (10) | The issuance of new shares by way of public offering to be made in Japan shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan.                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                   |

### 3. Disposition of treasury shares by way of public offering

- |     |                                                 |                                                                                                                                                                                                                                                                                                                                                   |
|-----|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Class and number of shares to be offered        | 20,000,000 shares of common stock of the Company                                                                                                                                                                                                                                                                                                  |
| (2) | Method of determination of amount to be paid in | The amount to be paid in will be determined on the “Pricing Date in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc., promulgated by the JSDA. The amount to be paid in shall be the same as the amount to be paid in upon the issuance of new shares by way of public offering. |
| (3) | Method of offering                              | A public offering in Japan shall be made, and the Japanese Underwriters shall underwrite and purchase all of the treasury shares with respect to the disposition of treasury shares by way of public offering.                                                                                                                                    |

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The disposition price (the offer price) with regard to the disposition of treasury shares by way of public offering shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. of the JSDA, based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the First Section of the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions. The disposition price (the offer price) with regard to the disposition of treasury shares by way of public offering shall be the same as the issue price (the offer price) with regard to the issuance of new shares by way of public offering.

- (4) Consideration for underwriters      The Company shall not pay any underwriting commissions to the Japanese Underwriters, although the aggregate amount of the difference between (a) the disposition price (offer price) in the disposition of treasury shares by way of public offering and (b) the amount to be paid in to the Company by the Japanese Underwriters shall constitute proceeds to the underwriters.
- (5) Subscription period      The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date. The subscription period shall be the same as the subscription period (in the Japanese Public Offering) with regard to the issuance of new shares by way of public offering.
- (6) Payment date      The payment date shall be any day in the period from July 30, 2013 (Tue) to August 2, 2013 (Fri), provided, however, that such day shall be the fifth business day following the Pricing Date. The payment date shall be the same as the payment date with regard to the issuance of new shares by way of public offering.
- (7) Subscription unit      1,000 shares
- (8) The amount to be paid in, the disposition price (the offer price), and any other matters necessary for this disposition of treasury shares by way of public offering shall be determined at the discretion of Tetsuji Ogawa, Executive Vice President and CFO of the Company.
- (9) This disposition of treasury shares by way of public offering shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan. If the issuance of new shares by way of public offering is cancelled, this disposition of treasury shares by way of public offering shall be also cancelled.

4. Secondary offering of shares (offering by way of over-allotment) (See “Reference” item 1. below)

- (1) Class and number of shares to be offered      7,350,000 shares of common stock of the Company.  
The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or this offering by way of over-allotment itself may be cancelled, depending on market demand and other conditions. Furthermore, the number of shares to be sold shall be determined on the Pricing Date, taking into

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- account market demand and other conditions in the Japanese Public Offering.
- (2) Seller A certain Japanese underwriter (the “Japanese Lead Manager”)
  - (3) Selling price Undetermined (The selling price shall be determined on the Pricing Date; provided, however, that such selling price shall be the same as the issue price and disposition price (the offer price) in the Japanese Public Offering and the International Offering.)
  - (4) Method of offering Taking into account market demand and other conditions for the Japanese Public Offering, the Japanese Lead Manager will make a secondary offering in Japan of the maximum of 7,350,000 shares that it borrows from certain shareholder(s) of the Company.
  - (5) Subscription period The subscription period shall be the same as the subscription period in the Japanese Public Offering.
  - (6) Delivery date The delivery date shall be the business day immediately following the payment date in the Japanese Public Offering.
  - (7) Subscription unit 1,000 shares
  - (8) The selling price and any other matters necessary for this offering by way of over-allotment shall be determined at the discretion of Tetsuji Ogawa, Executive Vice President and CFO of the Company.
  - (9) This offering by way of over-allotment shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan. If the Japanese Public Offering is cancelled, this offering by way of over-allotment shall be also cancelled.
5. Issuance of new shares by way of third-party allotment (the “Third-Party Allotment”) (See “Reference” item 1. below)
- (1) Class and number of shares to be offered 7,350,000 shares of common stock of the Company.
  - (2) Method of determination of the amount to be paid in The amount to be paid in shall be the same as the amount to be paid in with respect to the Japanese Public Offering and the International Offering.
  - (3) Amount of stated capital and capital reserves to be increased The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the capital reserves to be increased shall be the amount obtainable by subtracting the said amount of stated capital to be increased from the maximum amount of increase of stated capital.
  - (4) Allottee The Japanese Lead Manager
  - (5) Subscription period August 16, 2013 (Fri)
  - (6) Payment date August 19, 2013 (Mon)
  - (7) Subscription unit 1,000 shares
  - (8) Shares not subscribed for within the subscription period in (5) above shall not be issued.

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- (9) The amount to be paid in, the amount of stated capital and capital reserves to be increased, the issue price (the offer price), and any other matters necessary for the Third-Party Allotment shall be determined at the discretion of Tetsuji Ogawa, Executive Vice President and CFO of the Company.
- (10) The Third-Party Allotment shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan. If the Japanese Public Offering is cancelled, this Third-Party Allotment shall be also cancelled.

## Reference

### 1. The offering by way of over-allotment

The offering by way of over-allotment in “4. Secondary offering of shares (offering by way of over-allotment)” above is a secondary offering of shares of common stock of the Company in Japan to be made in conjunction with the Japanese Public Offering in “2. Issuance of new shares by way of public offering” and “3. Disposition of treasury shares by way of public offering” in an amount not to exceed 7,350,000 shares, that will be borrowed by the Japanese Lead Manager from a certain shareholder of the Company (the “Borrowed Shares”) taking into account market demand for the offerings and other conditions. The number of shares in the offering by way of over-allotment is expected to be 7,350,000 shares, which indicates the maximum number of shares to be sold, and depending on market demand and other conditions such number may decrease, or the over-allotment may be cancelled.

In connection with the offering by way of over-allotment, the board of directors of the Company has resolved, at the meeting held on July 5, 2013 (Fri), that the Company will issue 7,350,000 shares of its common stock necessary to return the Borrowed Shares to the certain shareholder(s), by way of third-party allotment to the Japanese Lead Manager with the payment date set to be August 19, 2013 (Mon).

Furthermore, the Japanese Lead Manager may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, Inc., up to the number of shares to be offered in the offering by way of over-allotment (the “Syndicate Cover Transactions”). Shares of common stock of the Company purchased through Syndicate Cover Transactions shall be used to return the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the subscription period of the offering by way of over-allotment and ending on August 12, 2013 (Mon) (the “Syndicate Cover Transaction Period”). During the Syndicate Cover Transaction Period, the Japanese Lead Manager may elect to not conduct any Syndicate Cover Transactions or may terminate Syndicate Cover Transactions before the number of shares purchased through such transactions reaches the number of shares offered in the offering by way of over-allotment.

The Japanese Lead Manager may conduct stabilizing transactions as it conducts the Japanese Public Offering and the offering by way of over-allotment. The shares of common stock of the Company acquired through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

The Japanese Lead Manager plans to accept the allotment under the Third-Party Allotment of an equivalent number of shares of common stock of the Company (the “Planned Acquisition Share Number”) calculated by deducting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares, from (b) the number of shares to be offered in the over-allotment. Accordingly, all or a part of the shares to be issued under the Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of shares planned to be issued under the Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture.

If the Japanese Lead Manager accepts the allotment for the Third-Party Allotment, the Japanese Lead Manager will make payment for the Planned Acquisition Share Number using funds obtained through the offering by over-allotment.

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The Syndicate Cover Transactions and the stabilizing transactions shall be made by the Japanese Lead Manager in consultation with the other Japanese joint lead managers and joint bookrunners.

2. Change in the total number of issued shares as a result of this issuance of new shares by way of public offering and this issuance of new shares by way of the Third-Party Allotment

Total number of issued shares at present:	599,921,851 shares	(As of July 5, 2013)
Increase in number of shares as a result of the issuance of new shares by way of public offering:	53,150,000 shares	(Note 1)
Total number of issued shares after the issuance of new shares by way of public offering:	653,071,851 shares	(Note 1)
Increase in number of shares as a result of the issuance of new shares by way of the Third-Party Allotment:	7,350,000 shares	(Note 2)
Total number of issued shares after the issuance of new shares by way of the Third-Party Allotment:	660,421,851 shares	(Note 2)

Notes:

1. These figures are based on the assumption that the International Managers exercise all of the options set forth in (1)(iii) of "2. Issuance of new shares by way of public offering" above.
2. These figures are based on the assumption that the number of shares to be offered set forth in (1) of "5. Issuance of new shares by way of third-party allotment" are all subscribed for by the Japanese Lead Manager and issued and thus indicates the maximum number of the shares to be issued.

3. Change in the number of treasury shares as a result of this disposition of treasury shares by way of public offering

Number of treasury shares at present:	21,265,001 shares	(As of June 30, 2013)
Number of disposed shares:	20,000,000 shares	
Number of treasury shares after the disposition:	1,265,001 shares	

4. Use of proceeds

(1) Use of proceeds raised this time

With respect to the maximum net approximate total amount of 137,856,115,000 yen from the Japanese Public Offering, the International Offering and the Third-Party Allotment, 80,000,000,000 yen is scheduled to be applied by the end of March 2014, and the remaining amount is scheduled to be applied by the end of March 2016 to part of 400 billion yen that is the expected amount of real-estate development investment (such as funds for acquiring and building the properties for rent such as a distribution center) by the Company and the group for the period from the fiscal year ending March 31, 2014 to the fiscal year ending March 31, 2016. The Company will use the funds for real-estate development investments by its group companies by making loans to such companies. The Company will manage the funds by using negotiable certificates of deposit, commercial paper and other financial

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instruments with high stability until the funds are actually used for the real-estate development investments.

The above real-estate development investments will be made mainly in the focused investment areas of the group: namely, the logistics, business and corporate facilities business, the commercial facilities business and the rental housing business. In the logistics, business and corporate facilities business, the Company develops and constructs distribution and manufacturing facilities, medical/nursing care facilities and other facilities, and constructs, manages and operates temporary buildings; in the commercial facilities business, the Company develops and constructs, manages and operates commercial facilities; and in the rental housing business, the Company develops and constructs, manages and operates, and provides intermediary services for, rental housing.

The capital expenditure program of the group is as set out below as of July 5, 2013 (however, the “paid amount” in the “expected investment amount” column is stated as of March 31, 2013). The information in the “financing method” column includes the funds from capital increase and funds from disposition of treasury shares on this occasion. The total amount of construction to be commenced in the fiscal year ending March 2014 is described in relation to the Company, and the total amount of construction of material facilities to be commenced in the fiscal year ending March 2014 is described in relation to the domestic subsidiaries.

New construction of material facilities, etc.

(1) The Company

Business office (Location)	Name of segment	Details of facilities	Expected investment amount		Financing method	Schedule of commencement and completion	
			Total amount (mil. yen)	Paid amount (mil. yen)		Commencement	Completion
Regional offices and branches	Rental housing, commercial facilities, and logistics, business and corporate facilities	Acquisition and construction of properties for rent such as a distribution center	62,000	—	Own funds, funds from capital increase and funds from disposition of treasury shares	April 2013	March 2014
Plants	Single-family houses, rental housing, commercial facilities, and logistics, business and corporate facilities	Repair of plant facilities, renovation of production facilities and environment measures	6,766	906	Own funds	March 2013	March 2014
Hotels and golf courses	Health and leisure	Hotel renewals and installing energy saving features	670	—	Own funds	April 2013	March 2014

(2) Domestic subsidiaries

There is no plan of new construction of material facilities.

Note: No consumption taxes or other taxes are included in the above amount.

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- (2) Change in the use of proceeds raised last time  
Not applicable.

5. Lock-up

In connection with the Japanese Public Offering and the International Offering, the Company has agreed with the Joint Global Coordinators that for a period beginning on the execution date of the underwriting agreements for such offering and ending on the 180th day from and including the date of delivery for such offerings (the “Lock-up Period”), without the prior written consent of the Joint Global Coordinators, it will not issue any capital stock or any securities convertible into, or exercisable or exchangeable for, or that are granted the right to acquire or receive, capital stock, etc., except, among others, that the Company may issue shares of common stock pursuant to the Japanese Public Offering, the International Offering, the Third-Party Allotment, and any stock split of common stock.

The Joint Global Coordinators have the right to terminate all or part of such agreement at their discretion even during the Lock-up Period.

End.

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