

(Translation only)



August 15, 2013

Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange)
Representative: Naotake Ono, President and COO
Contact: Koichi Tsuchida,
General Manager, IR Department,
Management Administration Headquarters
Email to: dh.ir.communications@daiwahouse.jp

**Notice Regarding Determination of Number of New Shares to be Issued
as a Result of Capital Increase by Way of Third-Party Allotment**

Daiwa House Industry Co., Ltd. (the “Company”) hereby announces that, relating to the issuance of its new shares by way of third-party allotment, which was resolved at the meeting of its board of directors held on July 5, 2013 at the same time as was resolved the issuance of its new shares by way of public offering, disposition of treasury shares by way of public offering, and secondary offering of shares (offering by way of over-allotment), it has been notified that the allottee will subscribe for all of the shares to be issued, as set forth below:

(1) Number of shares to be issued	7,350,000 shares (Number of shares scheduled to be issued: 7,350,000 shares)
(2) Total amount to be paid	¥12,620,832,000 (¥1,717.12 per share)
(3) Amount of stated capital to be increased	¥6,310,416,000 (¥858.56 per share)
(4) Amount of additional capital reserves to be increased	¥6,310,416,000 (¥858.56 per share)
(5) Subscription date	August 16, 2013 (Fri)
(6) Payment date	August 19, 2013 (Mon)

Note: This press release is not an offer of securities for sale in the United States. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.

Reference

1. The capital increase by way of third-party allotment described above was resolved at the meeting of the board of directors held on July 5, 2013 at the same time as was resolved the issuance of new shares by way of public offering, disposition of treasury shares by way of public offering, and secondary offering of shares (offering by way of over-allotment).

For the details of the capital increase by way of third-party allotment, please refer to the “Notice Regarding Issuance of New Shares and Disposition of Treasury Shares, and Secondary Offering of Shares” announced on July 5, 2013 and the “Notice Regarding Determination of Issue Price, Disposition Price, Selling Price, etc.” announced on July 23, 2013.

2. Change in the total number of issued shares as a result of this capital increase by way of third-party allotment

Total number of issued shares at present: 653,071,851 shares (as of August 15, 2013)

Increase in number of shares as a result of the issuance of new shares by way of third-party allotment: 7,350,000 shares

Total number of issued shares after the issuance of new shares by way of third-party allotment: 660,421,851 shares

3. Use of proceeds to be raised as a result of this capital increase by way of third-party allotment

With respect to the net approximate total amount of 137,501,160,000 yen consisting of the net approximate amount of 12,540,832,000 yen from the capital increase by way of third-party allotment and the net approximate amount of 124,960,328,000 yen from the Japanese public offering and the international offering resolved on the same date as that of such capital increase by way of 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 investments (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 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.

For more information regarding the capital expenditure program of the group, please refer to the “Notice Regarding Issuance of New Shares and Disposition of Treasury Shares, and Secondary Offering of Shares” announced on July 5, 2013.

End.

Note: This press release is not an offer of securities for sale in the United States. The securities referred to above have not been, and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.