



Daiwa House[®]
Group

N e w s L e t t e r

December 27, 2017

Press release

Daiwa House Industry Co., Ltd.
Keiichi Yoshii, President and COO
3-3-5 Umeda, Kita-ku, Osaka

■ **Expansion of single-family housing sales area in the USA**
Takeover of the single-family housing business of FD Communities, LLC by Stanley-Martin Communities, LLC

Daiwa House Group's Stanley-Martin Communities, LLC ("Stanley-Martin") concluded a business transfer agreement with FD Communities, LLC ("FrontDoor"), a single-family housing business in the USA, on December 20, 2017. FrontDoor's operations, which are primarily in the urban areas of Atlanta, Georgia, and Charleston, South Carolina, are scheduled to be taken over by the end of January 2018.



【Example of a single-family housing product by FrontDoor】

1. Reasons for the business takeover

In the year ending March 2019, which is the final fiscal year of the Daiwa House Group's 5th Medium-Term Management Plan, Daiwa House Group is advocating ideas to create a base for net sales of four trillion yen to provide for future environmental changes. In overseas businesses, the Group aims to reach net sales of 250 billion yen in the year ending March 2019. This will be done via the key objective of accelerating overseas expansion in the USA and Australia where stable growth is expected, as well as focusing on the ASEAN region that is likely to have medium-to long-term growth.

In America, Stanley-Martin, which is involved in single-family housing in the eastern states of Virginia, North Carolina, and Maryland, became a subsidiary of Daiwa House USA Inc. (Head office: Delaware, USA, President: Takeshi Kosokabe) on February 13, 2017, and tapped into the housing business of our Group in the USA.

In this context, we plan to expand our business area in the USA through Stanley-Martin's acquisition of substantially all of the single-family housing business of FrontDoor located in Georgia and South Carolina.

2. Businesses and assets subject to takeover

FrontDoor is currently operating its single-family housing businesses in the states of Georgia, South Carolina and Florida. However, Stanley-Martin is only planning on acquiring the assets located in Georgia and South Carolina.

The acquisition by Stanley-Martin will include the real estate assets held directly by FrontDoor in 12 locations, the equity interests in 6 joint ventures, along with management and employees that will join Stanley-Martin

3. Schedule

December 5, 2017	Resolution of the Board of Directors of Stanley-Martin
December 20, 2017	Concluding date for the business transfer agreement
End of January 2018 (scheduled)	Implementation of business transfer

4. Impact on results

The effects of this business takeover on the consolidated results of the Company will be immaterial.

5. Company outline of both companies

■ Business transferee company

Company name	Stanley-Martin Communities, LLC
Head office	11710 Plaza America Drive, Suite 1100, Reston, Virginia 20190, USA
Representative	Steven B. Alloy (President)
Established	April 27, 2005 (Founded in October 31, 1966)
Net sales	US\$503,204 thousand dollars (fiscal year ending December 2016)
Business lines	Holding membership interests in companies (including Neighborhoods Capital, LLC) which engage in single family housing business and its related businesses.
Employees	442

■ Business transferor company

Company name	FD Communities, LLC (FrontDoor)
Head office	2859 Paces Ferry Rd SE #1725, Atlanta, GA 30339, USA
Representative	Terry Russell (CEO), Mike Langella (President)
Established	August 15, 2012
Net sales	US\$52,520 thousand dollars (fiscal year ending December 2016)
Business lines	Single-family housing business
Employees	61

6. The emerging area and the US housing market

The urban area of Atlanta, Georgia, where FrontDoor conducts its single-family housing business, boasts a population of some 5.8 million people. Moreover, the area is the business, sports and culture center for the Southern US, was the venue for the 1996 Olympic Games, and is home to the head offices of Coca-Cola, Delta Air Lines and CNN.

From the aspects of this diverse industrial base, population and employment are increasing, and the level of household income for the middle class is also high. As one of the US's largest housing markets, it has become a highly attractive emerging area.

On the other hand, the population of the Charleston-North Charleston-Summerville metropolitan area in South Carolina is much smaller and is about 600,000 people. Charleston, in particular, is a harbor city also known as a beautiful living history town in the South East United States.

From the perspective of the US housing market, the population growth rate for the 'smile curve' area reaching from Seattle in the North West, Houston in the South and Washington D.C. in the East increased by 1.5% over the approximately 10 year period from 2000 to 2010. And it is being closely watched as an area that is expected to have population growth in the future.



【Single-family housing interior (kichen)】

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