



October 16, 2012

News Release (Translation only)

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

**Notification on a Simple Absorption-Type Corporate Divestiture
of the Renovation Division in the Existing Home Business**

At a meeting held on October 16, 2012, the Board of Directors of Daiwa House Industry Co., Ltd. (hereinafter, the Company) resolved to transfer control of the Renovation Division in its Existing Home Business to the Company's wholly owned subsidiary Daiwa House Renew Co., Ltd., and an agreement on an absorption-type corporate divestiture was concluded between the Company and Daiwa House Renew Co., Ltd. on the same date.

The disclosure of certain details regarding this corporate divestiture has been omitted in view of the fact that it constitutes a simple absorption-type corporate divestiture involving the transfer of a business division of the Company to a wholly owned subsidiary of the Company.

1. Purpose of the corporate divestiture

The corporate divestiture in question is being implemented with a view to integrating the operations of Daiwa House Renew Co., Ltd., a subsidiary of the Company that undertakes renovation work under contract, as well as the planning and supervision of such work and the conduct of inspections, with the operations of the Renovation Division in the Company's Existing Home Business. This decision has been taken with the aim of facilitating more efficient allocation of the management resources of the Daiwa House Group as a whole, and of expanding the Group's operations in the general renovation market.

2. Summary of the corporate divestiture

(1) Schedule of the corporate divestiture

Meetings of the Boards of Directors to make a resolution on the corporate divestiture: October 16, 2012

Date of conclusion of the contract for the absorption-type corporate divestiture: October 16, 2012

Effective date of the corporate divestiture: April 1, 2013 (planned)

Note: Based on the provision of Article 784.3 of the Company Law, the absorption-type corporate divestiture in question will be carried out without requiring a resolution approved by the Company's General Meeting of Shareholders as laid out in Article 783.1 of the Company Law.

(2) Method of transfer

A simple absorption-type corporate divestiture with Daiwa House Renew Co., Ltd. as the successor company and the Company as the divesting company

(3) Allotment of shares

As Daiwa House Renew Co., Ltd. is a wholly owned subsidiary of the Company the present absorption-type corporate divestiture will not entail any payment of compensation in exchange by the former to the latter.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights

Not applicable

(5) Increase or decrease in capital due to the corporate divestiture

There will be no increase or decrease in capital due to the business succession in question.

(6) Rights and obligations to be inherited by the successor company

Daiwa House Renew Co., Ltd. will inherit the assets, liabilities, all rights and obligations and contractual positions generated on the basis of contracts that the Company possesses in relation to the business involved in this corporate divestiture.

(7) Forecast for the discharge of liabilities

There will be no problems foreseen with respect to the discharge of liabilities to be borne by the Company and Daiwa House Renew Co., Ltd. as a result of the present corporate divestiture. The Company will jointly assume responsibility for all debts inherited from the Company by Daiwa House Renew Co., Ltd.

3. Overview of the companies concerned in the corporate divestiture (as of March 31, 2012)

(1) Company name	Daiwa House Industry Co., Ltd. (divesting company)	Daiwa House Renew Co., Ltd. (successor company)
(2) Head office	3-3-5 Umeda, Kita-ku, Osaka, Japan	3-3-5 Umeda, Kita-ku, Osaka, Japan
(3) Representative	Naotake Ohno, President and COO	Junichi Sugiura, President and COO
(4) Business lines	Producing, designing, and building of single-family houses, condominiums for sale, rental housings, renovations, logistics, commercial facilities, medical and nursing-care facilities, and other facilities	Home renovation works under contract, and planning and supervision, and conduct of inspection
(5) Paid-in capital	¥110,120 million	¥30 million

(6) Established	March 4, 1947	October 6, 2003
(7) Total number of issued and outstanding shares	599,921,851	600
(8) Date of settlement of accounts	March 31	March 31
(9) Principal shareholder and percentage of shares held	The Master Trust Bank of Japan, Ltd.: 5.43%, Japan Trustee Services Bank, Ltd.: 4.88%, The Sumitomo Mitsui Banking Corporation: 2.68%, and others	Daiwa House Industry Co., Ltd.: 100%

(10) Financial position at March 31, 2012 and operating results for the fiscal year ended March 31, 2012

	Divesting company (consolidated)	Successor company
Net assets	¥657,891 million	¥242 million
Total assets	¥2,086,097 million	¥7,015 million
Net assets per share	¥1,135.46	¥404,494.98
Sales	¥1,848,797 million	¥34,724 million
Operating income	¥114,955 million	¥357 million
Ordinary income	¥108,506 million	¥267 million
Net income	¥33,200 million	¥119 million
Net income per share	¥57.36	¥199,402.92

4. Overview of business division to be transferred

(1) Description of business of the division to be transferred

Home renovation works under contract, and planning and supervision, and conduct of inspection

(2) Business results of the division to be transferred

Net Sales for the Renovation Division in the Existing Home Business Segment:

¥54,746 million (non-consolidated; for the fiscal year ended March 31, 2012)

(3) Value of assets and liabilities to be transferred (as of March 31, 2012)

Current assets	¥3,128 million
Noncurrent assets	¥609 million
Total assets	¥3,738 million
Liabilities	¥5,546 million

5. Status after corporate divestiture

(1) Status of the Company

There will be no changes to any of business name, head office address, name and position of representative, paid-in capital, date of settlement of accounts, and total number of issued and outstanding shares due to the corporate divestiture.

(2) Status of the successor company

(1) Company Name	Daiwa House Renew Co., Ltd.
(2) Head office	3-3-5 Umeda, Kita-ku, Osaka, Japan
(3) Representative	Junichi Sugiura, President and COO
(4) Business lines	Home renovation works under contract, and planning and supervision, and conduct of inspection
(5) Paid-in capital	¥30 million yen
(6) Date of settlement of accounts	March 31
(7) Total number of issued and outstanding shares	600

(3) Forecast of the impact on results due to the corporate divestiture

There will be no impact on the consolidated results of the Company due to this corporate divestiture.

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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 October 16, 2012.