



## News Release (Translation only)

February 14, 2017

Company: Daiwa House Industry Co., Ltd.  
(Code number:1925,  
First Section of the Tokyo Stock Exchange)  
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### **Notice: Completion of Acquisition of Membership Interests in Stanley-Martin Communities, LLC and Change in Daiwa House's Specified Subsidiary**

Daiwa House Industry Co., Ltd. (the "Company") hereby announces that subsequent to the release "Notification of Acquisition of Membership Interests in Stanley-Martin Communities, LLC and Change in Daiwa House's Specified Subsidiary" dated October 26, 2016, related procedures for acquisition of the membership interests in Stanley-Martin Communities, LLC ("Stanley-Martin") by Daiwa House USA Inc. ("DH USA"), a wholly-owned subsidiary of the Company, were all completed today (February 13, 2017 USA Eastern Standard Time). As a result, Stanley-Martin became a subsidiary of DH USA. Furthermore, the Company announces that Neighborhoods Capital, LLC ("Neighborhoods"), a wholly-owned subsidiary of Stanley-Martin, became a specified subsidiary of the Company in line with the said acquisition of the membership interests in Stanley-Martin by DH USA. Details are as follows.

#### **1. Acquisition of Membership Interests in Stanley-Martin**

With respect to the acquisition of 82.0% membership interests in Stanley-Martin, a US company involved in the single-family housing business, as a result of the completion of all related regulatory procedures in the USA followed by the consummation of the transfer of the said membership interests as of today (February 13, 2017 USA Eastern Standard Time) in accordance with the securities purchase agreement previously executed with the sellers, Stanley-Martin became the subsidiary of DH USA.

#### **2. Change in Specified Subsidiary**

Through the consummation of the transfer of the membership interests in Stanley-Martin, Neighborhoods became a specified subsidiary of the Company due to the fact that the capital amount of Neighborhoods exceeds 10% of the Company's capital.

### 3. Overview of Specified Subsidiary (Neighborhoods)

① Company name	Neighborhoods Capital, LLC	
② Head office	11710 Plaza America Drive, Suite 1100, Reston, Virginia 20190, USA	
③ Representative	Steven B. Alloy (President)	
④ Business lines	Design, marketing, construction and sale of single-family houses	
⑤ Capital	300,310 as of September 30, 2016 (US\$ in thousands, truncated to nearest whole number)	
⑥ Established	November 1, 2002	
⑦ Principal holders of membership interests and percentage of membership interests held	Stanley-Martin Communities, LLC 100%	
⑧ Relationships between the Company and Neighborhoods	Capital Relationship	82.0% membership interests in Stanley-Martin (parent company of Neighborhoods) is held by the Company via DH USA
	Personal Relationship	None
	Business Relationship	

### 4. Outlook

Effects from the executed acquisition of the said membership interests and the fact that Neighborhoods became a specified subsidiary of the Company on the consolidated results of the Company for fiscal 2016 will be immaterial.

END

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 February 14, 2017.