



April 12, 2024

News Release (Translation)

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**Notice Regarding the Determination of the Issuing Conditions for the Public Offering of the Fourth Hybrid Bonds (Subordinated Bonds) (Sustainability-Linked Bonds)**

Daiwa House Industry Co., Ltd. (hereinafter, “the Company”) announces that it today determined the issuing conditions as follows for hybrid bonds (subordinated bonds; hereinafter, “the Bonds”) (Note 1) with a public offering.

Daiwa House Industry Co., Ltd. Fourth Unsecured Bonds (Subordinated Bonds) with Interest Payment Deferral and Pre-term Redemption Conditions (Sustainability-Linked Bonds)

(1) Total amount of issue	60 billion yen
(2) Initial interest rate	1.270% per annum (Note 2)
(3) Payment date	April 25, 2024
(4) Maturity date	September 25, 2059
(5) Pre-term redemption at the option of the Company	Pre-term redemption will be possible at the discretion of the Company on September 25, 2029 and each interest payment date from September 25, 2029
(6) Interest payment dates	March 25 and September 25 of each year
(7) Optional suspension of interest payments	The Company may defer part or all of the payment of the interest on the Bonds at its discretion on certain interest payment dates.
(8) Priority order	The repayment order of the Bonds shall be subordinated to regular bonds in the Company but shall have priority over common shares.
(9) Ratings	A (Rating and Investment Information, Inc.) A+ (Japan Credit Rating Agency, Ltd.)
(10) Capital certification	The Company has received capital certification equivalent to 50% of the procurement amount respectively from the above credit rating agencies.
(11) Form of issuance	Public offering in Japan

(12) Underwriters	Daiwa Securities Co. Ltd.; Mizuho Securities Co., Ltd.; Nomura Securities Co., Ltd.; SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. shall serve as joint lead managers for this syndication.
(13) Key Performance Indicator (KPI)	Reduction rate of greenhouse gas emissions (Scope 1 + 2) in business activities (compared to FY2015) Reduction rate of greenhouse gas emissions (Scope 3, Category 11) in community planning (compared to FY2015)
(14) Sustainability Performance Targets (SPTs)	SPT 1 is 59% of the reduction rate of greenhouse gas emissions (Scope 1 + 2) in business activities (compared to FY2015). SPT 2 is 56% of the reduction rate of greenhouse gas emissions (Scope 3, Category 11) in community planning (compared to FY2015).
(15) Bond characteristics (Note 3)	In case that SPTs are not achieved on the assessment date (end of august, 2028), the Company shall donate to public interest incorporated associations, public interest incorporated foundations, international organizations, NPOs approved by local governments, local governments or similar organizations for the purpose of environmental conservation activities, or shall purchase an amount of emission credits (CO2 reduction value converted into credits or certificates). In case that SPT 1 is not achieved; 0.05% of the amount raised through the Bonds In case that SPT 2 is not achieved; 0.05% of the amount raised through the Bonds

(Note 1) The Bonds constitute debt, so their issuance does not result in the dilution of its shares.

(Note 2) This is a fixed interest rate from the day following April 25, 2024 to September 25, 2029.

This will then be a interest rate revision every year from the day following September 25, 2029. (“Step-up interest rate” will be applied from the day following September 25, 2029.)

(Note 3) In case that it is not possible to confirm the status of achievement of SPTs on the assessment date for some reason or other, these SPTs shall be treated as not having been achieved. If SPTs are changed after the implementation of the Bonds, SPTs for the Bonds that has been already implemented will not be changed.

However, if it has to change the measurement method of KPI, setting of SPTs, assumptions or the scope of KPI due to certain circumstances that could have an unforeseeable at the time of establishment of the Sustainability-Linked Finance Framework (hereinafter, “the Framework”) and significant impact on the Framework, such as M&A, changes in local

regulations, abnormal events, etc., or if it re-establishes SPTs according to the term of financing after the passage of the deadline for achievement of SPTs, the Company will disclose changes, including the reasons for the changes and the recalculation method, in a timely manner and obtain an assessment from an external reviewer after discussing with relevant parties the establishment of SPTs reflecting these changes that are deemed to have the level of ambitiousness equal to or greater than that in the previous assessment.

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 April 12, 2024. Furthermore, this is a general announcement concerning a public offering of hybrid bonds (subordinated bonds) and does not constitute any form of investment solicitation or similar act.