



News Release (Translation only)

January 16, 2019

Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange)
Representative: Keiichi Yoshii, President and COO
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Notice Regarding Merger by Absorption of Wholly-Owned Subsidiary

At a Board of Directors meeting held on January 16, 2019, Daiwa House Industry Co., Ltd. (“the Company”) decided upon the merger by absorption of its wholly-owned subsidiary Daiwa Homes Online Co., Ltd., as detailed below. This merger is scheduled to take effect on March 1, 2019.

Since this merger is a merger by absorption of a wholly-owned subsidiary, disclosures that would otherwise be required are provided herein with certain omissions.

1. Purpose of Merger

The business lines in which Daiwa Homes Online Co., Ltd. is primarily engaged consist of the purchase, renovation, and resale of previously-owned condominiums. The scheduled merger by absorption of the Company is aimed at accelerating the process that we are currently engaged in promoting, of expanding the business reach of “Livness” – the Daiwa House Group’s housing stock business.

2. Summary of the Merger

(1) Schedule of the Merger

Board of Directors meeting resolution	January 16, 2019
Execution date of the merger agreement	January 16, 2019
Effective date of the merger	March 1, 2019 (scheduled)

(2) Method of the Merger

This is a merger by absorption, with Daiwa House Industry Co., Ltd. as the Succeeding Company. Daiwa Homes Online Co., Ltd. will be dissolved.

(3) Allotment of Shares in Relation to the Merger

As Daiwa Homes Online is a wholly-owned subsidiary of the Company, this merger will not be accompanied by the granting of any considerations.

(4) Handling of Subscription Rights to Shares and Bonds with Stock Purchase Warrants Resulting from the Merger

Not applicable

3. Outline of the Parties to the Merger (as of September 30, 2018)

	Succeeding Company	Absorbed Company
(1) Company name	Daiwa House Industry Co., Ltd.	Daiwa Homes Online Co., Ltd.
(2) Location of head office	3-5, Umeda 3-chome, Kita-ku, Osaka	13-1, Iidabashi 3-chome, Chiyoda-ku, Tokyo
(3) Name and title of representative	Keiichi Yoshii, President and COO	Norio Togashi, President and COO
(4) Lines of business	Undertaking of contracts for the construction of single-family houses, rental housing, logistics, business & corporate facilities and commercial facilities; development and sale of housing lots, condominiums and industrial parks; other	Purchase, renovation, and resale of previously-owned condominiums; real estate agency business; other
(5) Capital	161,699 million yen	100 million yen
(6) Incorporated	April 5, 1955	June 18, 2012
(7) Number of shares issued and outstanding	666,238,205 shares	147,000 shares
(8) Closing date	March 31	March 31
(9) Major shareholders and shareholding ratio	The Master Trust 7.77% Bank of Japan, Ltd. (trust account) Japan Trustee 5.61% Services Bank, Ltd. (trust account) Sumitomo Mitsui 2.41% Banking Corporation MUFG Bank, Ltd. 2.32% Japan Trustee 1.87% Services Bank, Ltd. (trust account 5)	Daiwa House Industry 100% Co., Ltd.

(10) Business results and financial position for the immediately preceding business year		
Fiscal year	FY2017 (Consolidated)	FY2017 (Non-consolidated)
Net assets	1,513,585 million yen	298 million yen
Total assets	4,035,059 million yen	5,510 million yen
Book-value per share	2,218.17 yen	2,033.00 yen
Net sales	3,795,992 million yen	3,667 million yen
Operating income	347,141 million yen	148 million yen
Ordinary income	344,593 million yen	109 million yen
Net income attributable to owners of the parent	236,357 million yen	109 million yen
Earnings per share	355.87 yen	745.69 yen

4. Status following the Merger

The merger will cause no change in the Company's name, location of head office, representative, business, capital, or financial closing date.

5. Outlook

This is a merger by absorption of a wholly-owned subsidiary, and its effect on the consolidated business results of the Company will be minimal.

(Reference) Consolidated business performance forecasts of Daiwa House Industry Co., Ltd. ("the Company"), as announced on November 8, 2018, and the Company's consolidated business performance for the immediately preceding business year.

	(millions of yen)			
	Consolidated Net sales	Consolidated Operating income	Consolidated Ordinary income	Net income attributable to owners of the parent
Earning Forecast for the Fiscal Year Ending March 2019	4,050,000	354,000	352,000	240,000
Results of Operation for the Fiscal Year Ended March 2018	3,795,992	347,141	344,593	236,357

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 January 16, 2019.