



## News Release (Translation only)

August 8, 2019

Company: Daiwa House Industry Co., Ltd.  
(Code number:1925,  
First Section of the Tokyo Stock Exchange)  
Representative: Keiichi Yoshii, President, CEO and COO  
Contact: Yuji Yamada, Managing Executive Officer and  
General Manager, IR Department  
Email to: dh.ir.communications@daiwahouse.jp

### **Notice on public offering of hybrid bonds (subordinated bonds)**

Daiwa House Industry Co., Ltd. announces that today we filed a revised shelf registration concerning the public offering of hybrid bonds (subordinated bonds) with the Director-General of the Kanto Local Finance Bureau. The details are as follows.

#### **1. Purpose and background of bond offering**

On May 13, 2019, Daiwa House Industry published our 6th Medium-Term Management Plan (covering the FY2019-FY2021 period) (hereinafter, “Medium-Term Management Plan”).

The Daiwa House Group embraces the management vision of connecting hearts as we strive to be a group that co-creates value for individuals, communities, and people’s lifestyles by expanding wide-ranging business operations in our business fields-Housing, Business, and Life.

During the period of this Medium-Term Management Plan, we will strengthen Group governance while utilizing the Group’s vast business domains to achieve sustainable growth. As specific numerical goals related to our stated capital policy of maintaining management efficiency and financial stability, we will aim for a ROE of 13% and higher to ensure earnings surpass capital costs sufficiently enough to increase shareholder value. We also will aim for a D/E ratio of around 0.5 to ensure we maintain financial stability.

In accordance with the policies outlined in our Medium-Term Management Plan, we will issue these bonds as a method of capital procurement that will contribute to increasing our shareholder value and maintaining financial stability.

## **2. Bond characteristics**

The bonds in question are a type of hybrid financing that are characteristically positioned between capital and debt. As the bonds do constitute debt, issuance does not result in the dilution of our per share stock price. At the same time, the bonds qualitatively resemble capital due to features such as the discretionary deferral of interest, super long-term repayment schedules, and subordination in the case of liquidation or bankruptcy procedures. As such, we anticipate receiving capital certification on 50% of the capital procurement amount from Rating and Investment Information Inc. (R&I) and from the Japan Credit Rating Agency, Ltd.(JCR).

For an overview of the bonds in question, please consult with the revised shelf registration submitted to the Director-General of the Kanto Local Finance Bureau.

## **3. Upcoming schedule**

For this bond issuance, we have designated Nomura Securities Co., Ltd. as the primary issuer, and Daiwa Securities Co., Ltd. as the joint issuer. After a comprehensive evaluation of the demand environment and interest trends, we plan to set issue price and other relevant conditions in September of this year.

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 August 8, 2019.

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.