



News Release (Translation only)

June 18, 2019

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**Daiwa House Issues Correction of Number of Single Family Houses and
Rental Housing Properties Affected by Off-Specification Components**

On 12 April 2019 Daiwa House Industries Co., Ltd. (“Daiwa House” or “we”) issued a release titled “Off-Specification Components in and Remedial Work on Daiwa House Single-Family Houses and Rental Housing” (“our previous announcement”). We followed this up on 13 May with a correction (“Daiwa House Issues Correction of Number of Rental Housing Properties Affected by Off-Specification Components”) to the number of properties with off-specification corridor support (“inverted-L”) columns. This release is a further update on the off-specification components situation with focus on pad footings.

Rescreening of the data on single family houses and rental housing delivered between 1 January 2001 and 15 March 2019 revealed that additional properties among those delivered between 10 March 2001 and 30 September 2015 included footings whose specifications did not conform to those type-certified by the Minister of Land, Infrastructure and Tourism (“off-specification pad footings”). Of these 1,885 newly discovered properties, 212 were built under the Housing Performance Labeling System (*1); 209 are single-family houses and 3 are rental housing properties. Further details are provided below.

We apologize for any inconvenience and confusion this has caused customers and all other stakeholders.

*1. A system under which third-party inspectors assess homes on performance benchmarks stipulated in the Housing Quality Assurance Act (Act No. 81 of 1999).

I. Correct number of properties with off-specification footings

Following our 12 April announcement, our head office received word from business offices that they had uncovered more instances of off-specification pad footings. Investigating further, we discovered shortcomings in the parameters used to extract data when searching for properties affected by the off-specification footings problem, resulting in our missing some of them.

Upon a thorough re-examination of our data, by rechecking the documentation of all single-family houses and rental housing properties delivered during the pertinent period—about 250,000 buildings, we discovered more, previously undetected properties with off-specification footings; the following table shows their numbers and the corrected affected-property totals.

1. Numbers of affected buildings (number of buildings issued housing performance evaluation reports (*2) in parentheses)

	Total	Single-family houses	Rental housing
Additional	1,885 buildings (212 buildings)	1,265 buildings (209 buildings)	620 buildings (3 buildings)
12 April announcement	1,878 buildings (533 buildings)	888 buildings (530 buildings)	990 buildings (3 buildings)
Totals	3,763 buildings (745 buildings)	2,153 buildings (739 buildings)	1,610 buildings (6 buildings)

*2. Report pursuant to Housing Performance Labeling System showing building performance.

2. Number of buildings by 39 prefectures (previously announced numbers in parentheses. Red indicates prefectures not previously appearing.)

Prefecture name	Single-family houses	Issued housing performance evaluation report	Rental housing	Issued housing performance evaluation report	Total	Issued housing performance evaluation report
Hokkaido	1				1	
Aomori	173	2	36 (15)		209 (15)	2
Akita	1				1	
Iwate	69 (13)	14 (1)	28 (21)		97 (34)	14 (1)
Miyagi	24 (6)	3 (4)	6 (6)		30 (12)	3 (4)
Fukushima	11		1 (3)		12 (3)	
Gunma	3 (1)	(1)	3 (13)		6 (14)	(1)
Ibaraki	2				2	
Saitama	40 (4)	3 (1)	4 (1)		44 (5)	3 (1)
Chiba	3		4 (2)		7 (2)	
Tokyo	3 (3)		3 (2)		6 (5)	
Kanagawa	9 (5)	1 (3)	8 (6)		17 (11)	1 (3)
Niigata	66 (3)		35 (28)		101 (31)	
Toyama	17 (14)	1 (6)	51 (121)		68 (135)	1 (6)
Ishikawa	57 (109)	2 (17)	194 (4)		251 (113)	2 (17)
Fukui	45 (77)	1 (8)	15 (46)		60 (123)	1 (8)
Yamanashi	1		1 (12)		2 (12)	
Nagano	71 (79)	7 (60)	17 (5)		88 (84)	7 (60)
Gifu	39 (38)	7 (25)	(6)		39 (44)	7 (25)
Shizuoka	5 (7)	(1)	19 (107)		24 (114)	(1)
Aichi	286 (377)	55 (283)	121 (530)	1 (2)	407 (907)	56 (285)
Mie	145 (73)	62 (63)	1 (5)		146 (78)	62 (63)
Shiga	58 (39)	9 (23)	3 (1)		61 (40)	9 (23)
Kyoto	6 (1)	2 (1)	1 (10)		7 (11)	2 (1)
Osaka	12 (1)	8	16 (19)	2	28 (20)	10
Hyogo	100 (35)	29 (32)	45 (24)		145 (59)	29 (32)
Nara	3	1	5 (1)		8 (1)	1
Wakayama	2				2	
Tottori	1				1	
Hiroshima	1 (1)				1 (1)	
Kagawa	2				2	
Tokushima			1 (1)	(1)	1 (1)	(1)
Kochi	3		(1)		3 (1)	
Yamaguchi			1		1	
Fukuoka	1 (1)	1 (1)			1 (1)	1 (1)
Saga	2				2	
Nagasaki			1		1	
Oita	2 (1)				2 (1)	
Okinawa	1	1			1	1
Totals, by category	1,265 (888)	209 (530)	620 (990)	3 (3)	1,885 (1,878)	212 (533)

3. Number of affected buildings, by issue (previously announced numbers in parentheses)

By issue	Total	Single-family houses	Rental housing
Off-specification footings on improved surface soil (*3)	1,259 buildings (1,576 buildings)	729 buildings (731 buildings)	530 buildings (845 buildings)
Off-specification footings in areas with designated freeze depths (*4)	362 buildings (46 buildings)	302 buildings (13 buildings)	60 buildings (33 buildings)
Off-specification footings on lots of uneven grade	264 buildings (256 buildings)	234 buildings (144 buildings)	30 buildings (112 buildings)
Totals	1,885 buildings (1,878 buildings)	1,265 buildings (888 buildings)	620 buildings (990 buildings)

*3. Soft surface soil improved by mixing cement-based soil stabilizers into it to enhance loading capacity and prevent uneven settling of buildings.

*4. Local building-control bodies define freeze lines (freeze depths) in areas where the ground tends to freeze to a certain depth in cold weather. In these “cold climate areas” footings must rest on ground below the freeze line.

II. Safety of affected buildings and remedies

With regard to the additional affected properties (1,885 buildings), Daiwa House will have a third-party organization inspect these buildings for structural safety tests and will urgently confirm that they meet the structural safety requirements prescribed by the Building Standards Act.

Also, with regard to the additional affected rental housing properties with off-specification pad footings, starting today (18 June), Daiwa House will report these issues and provide relevant information to the building inspectorates of the competent building control bodies as well as brief owners and residents of the buildings one-on-one. We will then undertake needed remedies in line with the owners' wishes.

On 12 June, Daiwa House had reported these issues and provide relevant information to the External investigative committee, having verification of the factfinding work and its survey of the appropriateness of our internal investigations.

III. Progress of properties with off-specification pad footings (1,878 buildings) enclosed on 12 April

With regard to 1,878 buildings built with components deviating from type-certified specifications (888 single-family houses and 990 rental housing properties) disclosed on 12 April 2019, we have finished reporting owners individually on the situation. Also, Daiwa House had a third-party organization inspect them for structural safety and has confirmed that they meet the structural safety requirements prescribed by the Building Standards Act.

Daiwa House is in the process of visiting the owners and presenting them with the structural assessment reports for their respective properties as well as reporting the structural assessment data to the building inspectorates of the building control bodies competent for them.

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 June 18, 2019.