



**News Release (Translation only)**

May 13, 2016

Company: Daiwa House Industry Co., Ltd.  
(Code number:1925,  
First Section of the Tokyo Stock Exchange)  
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**Announcement Concerning Income Tax for Prior Periods**

Daiwa House Industry Co., Ltd. was the subject of a tax inquiry conducted by the Osaka Regional Taxation Bureau for the tax years 2012 through 2015. While Daiwa House Industry does not necessarily agree with the findings of the Osaka Regional Taxation Bureau, the Company has recognized certain matters for improvement. Having accepted the final findings of the taxation bureau, Daiwa House Industry intends to file amended tax returns.

**<Main Findings of the Tax Inquiry>**

- Payments of sales commissions made to corporate entities designated by service providers for the purpose of securing construction contracts should be recorded as entertainment expenses
- Gains from forward foreign exchange contract for the purpose of funding overseas subsidiaries should be recorded as profits

Under the amended returns, Daiwa House Industry will recognize 301 million yen in income and will pay 109 million yen in taxes, including corporate taxes and special corporate taxes for reconstruction and consumption taxes. The Company has not been assessed any tax penalties.

Daiwa House Industry takes the findings described above seriously, and the Company will endeavor to prevent the recurrence thereof. At the same time, the Company will engage in measures to strengthen tax compliance.

End.

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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 May 13, 2016.