



## News Release (Translation only)

August 9, 2016

Company: Daiwa House Industry Co., Ltd.  
(Code number: 1925,  
First Section of the Tokyo Stock Exchange)  
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### **Announcement Concerning the Confirmation of Details of Performance-Based Stock Compensation for Directors**

At a meeting held May 13, 2016, the Daiwa House Industry Board of Directors resolved to adopt a performance-based stock compensation plan for the Company directors (excluding outside directors) utilizing a trust. This performance-based stock compensation plan (“Stock Compensation Plan”) was approved at the 77<sup>th</sup> Ordinary General Meeting of Shareholders held June 28, 2016. The final details of the Stock Compensation Plan were determined today at a meeting of the Daiwa House Industry Board of Directors, as shown below:

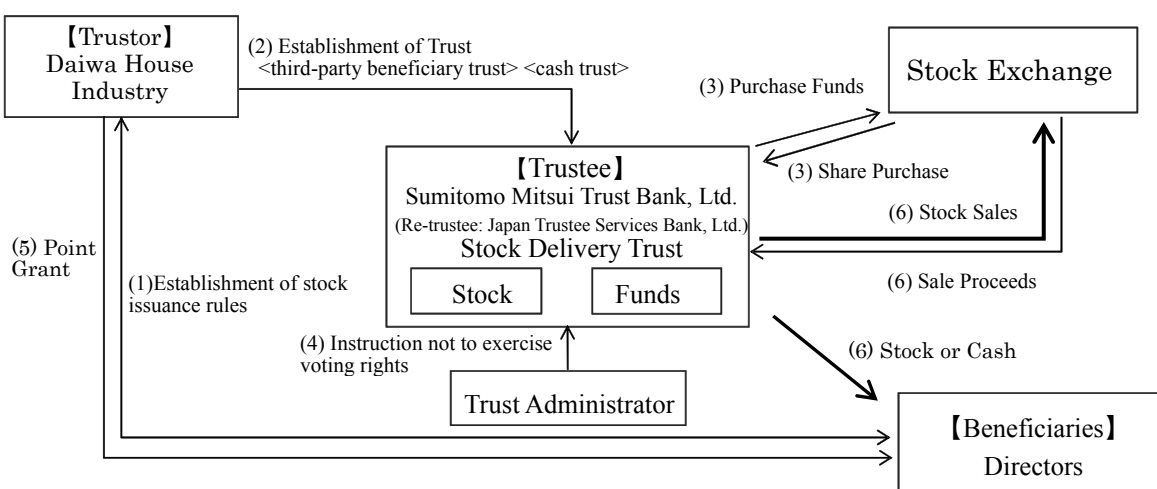
#### 1. Overview of the Directors Stock Delivery Trust

(1) Name:	Directors Stock Delivery Trust
(2) Trustor:	Daiwa House Industry Co., Ltd.
(3) Trustee:	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Japan Trustee Services Bank, Ltd.)
(4) Beneficiaries:	Eligible Daiwa House Industry directors
(5) Trust Administrator:	Third party with no interests in Daiwa House Industry (tentative)
(6) Trust Type:	Nonmonetary Trust (Third-Party Beneficiary Trust)
(7) Trust Contract Date:	August 10, 2016 (tentative)
(8) Date on Which Cash will be Entrusted:	August 10, 2016 (tentative)
(9) End of Trust Period:	August 30, 2019 (tentative)

## 2. Details of Company Stock to be Held in Trust

(1) Type of stock to be acquired:	Common stock
(2) Total price of stock to be acquired:	¥600 million (maximum)
(3) Total number of shares to be acquired:	240,000 shares (maximum)
(4) Stock acquisition method:	Purchase from stock exchanges
(5) Stock acquisition schedule:	August 10, 2016 through August 19, 2016 (tentative)

### 【Trust Framework】



- (1) Define rules for delivering stock to Daiwa House Industry directors (excluding outside directors).
- (2) Daiwa House Industry will establish the stock delivery trust (“the Trust;” third-party beneficiary trust) naming qualified directors as beneficiaries. At that time, the Company will entrust funds to the trustee in an amount equivalent to beneficiary stock purchases (however, such funding will be an amount within the scope approved at a general meeting of shareholders).
- (3) The trustee will make a lump acquisition of stock in an amount projected to be delivered (purchased from stock exchanges).
- (4) A trust administrator (an individual independent of Daiwa House Industry and directors) will be selected to protect the interest of beneficiaries under stock delivery rules and to supervise the trustee throughout the Trust Period. The trust administrator will be instructed to not exercise voting rights associated with stock held by the Trust throughout the Trust Period.
- (5) Daiwa House Industry will grant points to directors pursuant to stock delivery rules.
- (6) Directors eligible as beneficiaries under stock delivery rules and the trust agreement will receive delivery of stock from the trustee in amounts equivalent to points granted. In some specific cases

allowed under the stock delivery rules and trust agreement, the Daiwa House Industry may sell a certain portion of deliverable stock held in the Trust on the stock market, converting such shares to cash.

- (7) Any Company stock left in residual assets held by the Trust at the conclusion of the Trust Period are scheduled to be acquired by Daiwa House Industry free of charge and retired according to a board of director resolution. A certain portion of cash remaining in residual assets within the Trust at the conclusion of the Trust Period is scheduled to be donated to a specified public-service promotion corporation(s) having no interests in Daiwa House Industry or directors, pursuant to stock delivery rules and the trust agreement determined beforehand.

Sumitomo Mitsui Trust Bank, Ltd., the trustee of this Stock Compensation Plan, will consign (re-trust) the management of trust assets to Japan Trustee Services Bank, Ltd.

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 9, 2016.