

(TRANSLATION ONLY)

DAIWA HOUSE INDUSTRY CO., LTD.
3-3-5, Umeda, Kita-ku,
Osaka, Japan

June 7, 2016

Notice of the 77th Ordinary General Meeting of Shareholders

Dear Shareholders:

First and foremost, we would like to express our deepest sympathies to all those who have been affected by the 2016 Kumamoto Earthquake.

We hereby notify you of the 77th Ordinary General Meeting of Shareholders, to be held at the time and location set forth below.

If you are unable to attend the meeting, please review the Reference Materials for General Meeting of Shareholders provided hereafter, and exercise your voting rights by mail or electronically (over the Internet) before 6:00 p.m. of June 27, 2016 (Monday).

Very truly yours,

Naotake Ohno
Representative Director and President

The 77th Ordinary General Meeting of Shareholders

1. Date and time: Tuesday, June 28, 2016 at 10:00 a.m.
2. Location: The Grand Ballroom, THE RITZ-CARLTON, OSAKA, 2nd Fl.,
2-5-25, Umeda, Kita-ku, Osaka, Japan
(Please note that if all seats are taken in The Grand Ballroom, we will lead you to a second room or other place.)
3. Purpose of the meeting
Matters to be reported:
 1. The Business Report, the Consolidated Financial Statements, and the Independent Auditors' Report and the Audit & Supervisory Board's Report Concerning the Consolidated Financial Statements for the 77th Fiscal Year (from April 1, 2015 to March 31, 2016)
 2. The Financial Statements for the 77th Fiscal Year (from April 1, 2015 to March 31, 2016)

Matters to be resolved:

- Proposal 1 Dividends from Surplus
- Proposal 2 Partial Amendments to the Articles of Incorporation
- Proposal 3 Election of Nineteen (19) Directors
- Proposal 4 Election of One (1) Audit & Supervisory Board Member
- Proposal 5 Payment of Bonuses for Directors and Audit & Supervisory Board Members
- Proposal 6 Decision of Amount and Other Details of Share-based Remuneration for Directors

[Voting by regular mail]

Please indicate your approval or disapproval of the proposals in the voting rights exercise form enclosed herein, and return the form to the Company by 6:00 p.m. on Monday, June 27, 2016.

[Voting on the Internet]

Please access the website (<http://www.web54.net>) designated by the Company for the purpose of exercising voting rights, log in using the "voting rights exercise code" and "password" provided in the voting rights exercise form enclosed herein, and enter your approval or disapproval of the proposals by following the instructions displayed on the screen, by 6:00 p.m. on Monday, June 27, 2016.

Before exercising your voting rights on the Internet, please refer to the "Guidance for Exercising Voting Rights via the Internet" on pages 3 through 4.

If you exercise your voting rights both by mail and via the Internet, only the later vote to be received by the Company shall be deemed valid. However, if both arrive at the Company on the same day, only the Internet vote shall be deemed valid.

Notes:

1. When attending on the day, please present the voting rights exercise form to the reception.
2. In the event of situations requiring amendments to the Business Report, the Consolidated Financial Statements, the Financial Statements, and the Reference Materials for General Meeting of Shareholders, amended items will be posted over the Internet on the Company website (<http://www.daiwahouse.com/>).

Guidance for Exercising Voting Rights via the Internet

When exercising voting rights via the Internet, please review the following points:

1. Website for exercising voting rights

Exercise of voting rights via the Internet is only possible by accessing the website (<http://www.web54.net>) designated by the Company for the purpose of exercising voting rights.

2. Matters to be noted concerning exercise of voting rights

- (1) When exercising voting rights via the Internet, please use the “voting rights exercise code” and “password” provided in the voting rights exercise form enclosed herein, and enter your approval or disapproval of the proposals by following the instructions displayed on the screen.
- (2) You may exercise your voting rights via the Internet up until 6:00 p.m. on Monday, June 27, 2016, the day before the general meeting of shareholders. Your exercise of voting rights at your earliest convenience would be appreciated.
- (3) If you exercise your voting rights both by mail and via the Internet, only the later vote to be received by the Company shall be deemed valid. However, if both arrive at the Company on the same day, only the Internet vote shall be deemed valid.
- (4) If you exercise your voting rights multiple times via the Internet, then the last vote you submit will count as valid.
- (5) Please also note that you will have to bear charges (access charge, etc.) to be paid to a service provider or to a telecommunications carrier in using the website for the purpose of exercising voting rights.

3. Matters to be noted concerning your password

- (1) You will need to set up your own password to exercise your voting rights on the website after entering the website with your pre-assigned password. Please commit your chosen password to memory and store the voting right code of your voting rights exercise form safely. Please note that we cannot respond to inquiries regarding the voting rights exercise code and the password by phone and other means.
- (2) In a case of entering wrong passwords over a certain times, the screen will be locked and unavailable. If you wish reissuance of password, please take proper procedures following the on-screen instructions.

4. Voting rights via mobile phone

It is available to use any of the following services and it is necessary to have the ability for the phone to perform SSL communication (encrypted communication).

- 1) i-mode
- 2) EZweb
- 3) Yahoo! Keitai

* i-mode, EZweb, Yahoo! Keitai are trademarks, registered trademarks or service names of NTT DOCOMO, INC., KDDI CORPORATION and SoftBank Mobile Corp., respectively.

5. Contact for inquiries on the operation of personal computer

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via this Internet Site, please contact the following support desk:

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support Hotline
0120-652-031 (*Toll Free)
(Business hours: from 9:00 to 21:00)

Electronic Voting Platform

Institutional investors, only if they apply in advance to use it, may use “Electronic Voting Platform” operated by ICJ, Inc., a joint venture established by TSE and others, as a method for exercising their voting rights electronically, in addition to the aforementioned exercise of their voting rights via the Internet.

Note: * The service is available in Japanese only.

Reference Materials for General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Dividends from Surplus

Taking into account our operating performance for the current fiscal year and future business development, it is proposed that year-end dividends for the 77th fiscal year be distributed as follows:

- (1) Type of dividend assets

Cash

- (2) Allotment of dividend assets and total amount

It is proposed that a total of 45 yen be paid out per common share of the Company: an ordinary dividend of 35 yen per share plus a commemorative dividend of 10 yen per share for our 60th Anniversary.

Subsequently, the total payment of year-end dividends will be 29,871,395,235 yen.

Thus, the annual dividend will be 80 yen per share (increased by 20 yen from the previous fiscal year), including the interim dividend of 35 yen paid on December 4, 2015.

- (3) Effective date of payment of dividends

June 29, 2016

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal

As “demolition work” was added to the business category related to the construction business licenses, under the “Act for Partial Revision of the Construction Business Act, etc.” (Act. No. 55 of 2014), which came into effect on June 1, 2016, the necessary amendments will be made to the provisions of Article 2 (Business Purposes) in the current Articles of Incorporation.

2. Details of the Amendment

The current Articles of Incorporation and the proposed amendments are as follows.

(Underlined parts represent the change)

Current Articles of Incorporation	Proposed Amendment
<p>(Business Purposes)</p> <p>Article 2 The purpose of the Company shall be to operate the following businesses.</p> <p>1. Contracting, constructing, designing, supervising and consulting of Civil engineering works, Construction works, Carpentry works, Plasterer works, Scaffolding builder/Earthwork/Concrete works, Stone works, Roofing works, Electric works, Tube works, Tile/brick/block works, Steel structure works, Iron reinforcing rod works, Paving works, Dredging works, Sheet metal works, Glass works, Painting works, Waterproofing works, Interior works, Machinery and equipment installation works, Heat insulation works, Electric and communication works, Gardening works, Welling works, Fixtures works, Water facilities works, Fire fighting facilities works, Cleaning facilities works</p> <p>2. - 36. (Omitted)</p>	<p>(Business Purposes)</p> <p>Article 2 The purpose of the Company shall be to operate the following businesses.</p> <p>1. Contracting, constructing, designing, supervising and consulting of Civil engineering works, Construction works, Carpentry works, Plasterer works, Scaffolding builder/Earthwork/Concrete works, Stone works, Roofing works, Electric works, Tube works, Tile/brick/block works, Steel structure works, Iron reinforcing rod works, Paving works, Dredging works, Sheet metal works, Glass works, Painting works, Waterproofing works, Interior works, Machinery and equipment installation works, Heat insulation works, Electric and communication works, Gardening works, Welling works, Fixtures works, Water facilities works, Fire fighting facilities works, <u>Demolition works</u></p> <p>2. - 36. (Unchanged)</p>

Proposal 3: Election of Nineteen (19) Directors

At the conclusion of this general meeting of shareholders, the term of office of all Directors (19) will expire. Accordingly, we propose the election of nineteen (19) Directors, of which three (3) are Outside Directors, thereby increasing the number of Outside Directors by one (1) in order to meet increasingly diverse social needs more appropriately.

In selecting nominees for Director, the Board of Directors made the decision following deliberations by the Nomination Advisory Committee.

We have established Independence Standards for Outside Officers as described on page 17; all three (3) nominees for Outside Director in this proposal meet these standards.

The table on pages 7 through 14 lists the nominees for the position of Director.

No. of nominee 1	Takeo Higuchi (Date of birth: April 29, 1938)	No. of the Company's shares held by nominee: 170,400 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions Aug. 1963 Joined the Company April 1984 Tokyo Branch, General Manager, Special Construction Business Division June 1984 Director June 1989 Managing Director June 1991 Executive Managing Director June 1993 Retired from the Company Representative Director and President, Daiwa Danchi Co., Ltd. June 2000 Director of the Company April 2001 Representative Director and President April 2004 Representative Director and Chairman (Current)	
No. of nominee 2	Naotake Ohno (Date of birth: Oct. 28, 1948)	No. of the Company's shares held by nominee: 50,700 shares
Attendance at meetings of the Board of Directors 14 of 15 (93%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1971 Joined the Company April 2000 Executive Officer Deputy General Manager, Kanto region June 2000 Director April 2002 Managing Director April 2004 Executive Managing Director April 2007 Representative Executive Vice President April 2011 Representative Director and President (Current)	

No. of nominee 3	Tamio Ishibashi (Date of birth: Feb. 18, 1956)	No. of the Company's shares held by nominee: 885,496 shares
Attendance at meetings of the Board of Directors 14 of 15 (93%)	<p>Brief personal history, position and responsibility in the Company, and significant concurrent positions</p> <p>June 1979 Joined the Company June 1988 General Manager, Purchasing Department June 1989 Director June 1993 Managing Director June 1996 Executive Managing Director June 1999 Managing Director March 2000 Executive Managing Director June 2000 Representative Executive Managing Director June 2001 Representative Executive Vice President (Current) April 2007 In charge of Information Systems (Current) In charge of CSR (Current) April 2008 In charge of Marketing Support (Current) In charge of TKC Promotion (Current) July 2014 Representative Director and Chairman, Daiwa Logistics CO., LTD. (Current)</p> <p>(Significant concurrent positions) Representative Director and Chairman, Daiwa Logistics CO., LTD.</p>	
No. of nominee 4	Katsutomo Kawai (Date of birth: Nov. 6, 1948)	No. of the Company's shares held by nominee: 32,600 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	<p>Brief personal history, position and responsibility in the Company, and significant concurrent positions</p> <p>April 1972 Joined the Company Oct. 2003 Executive Officer April 2006 Senior Executive Officer In charge of Management Strategy and Human Resources Strategy General Manager, Human Resources Department June 2006 Director April 2007 Director and Senior Executive Officer In charge of Strategy Division, Management Administration Headquarters (Current) Jointly in charge of CSR (Current) April 2010 Director and Managing Executive Officer April 2011 Director and Senior Managing Executive Officer April 2013 Representative Director and Senior Managing Executive Officer April 2015 General Manager, Management Administration Headquarters (Current) June 2015 Representative Executive Vice President (Current)</p>	

No. of nominee 5	Tatsushi Nishimura (Date of birth: Dec. 21, 1949)	No. of the Company's shares held by nominee: 49,600 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1972 Joined the Company April 2000 Executive Officer April 2003 General Manager, Design and Construction Department, Technology Headquarters (Housing Design Department) General Manager, Product Development Department, Technology Headquarters (In charge of Housing) June 2003 Director April 2004 Managing Director General Manager, Technology Headquarters (Current) April 2006 Executive Managing Director April 2007 Director and Senior Managing Executive Officer Jointly in charge of Information Systems (Current) April 2008 Representative Director and Senior Managing Executive Officer (Current) April 2010 In charge of Urban Development and Civil Engineering (Current)	
No. of nominee 6	Takeshi Kosokabe (Date of birth: May 13, 1957)	No. of the Company's shares held by nominee: 18,700 shares
Attendance at meetings of the Board of Directors 14 of 15 (93%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1980 Joined the Company April 2004 Executive Officer April 2006 Senior Executive Officer June 2006 Retired as Senior Executive Officer Representative Director and President, Daiwa House REIT Management Co., Ltd. June 2009 Senior Executive Officer of the Company General Manager, Accounting Department, Management Administration Headquarters June 2010 Director and Senior Executive Officer April 2012 Director and Managing Executive Officer In charge of Administrative Division, Management Administration Headquarters (Current) April 2015 Director and Senior Managing Executive Officer CFO (Current) June 2015 Representative Director and Senior Managing Executive Officer (Current)	
No. of nominee 7	Takuya Ishibashi (Date of birth: Dec. 18, 1953)	No. of the Company's shares held by nominee: 226,362 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1988 Joined Daiwa Danchi Co., Ltd. June 1991 Director June 1996 Managing Director April 2001 Managing Director of the Company June 2001 Executive Managing Director April 2007 Director and Senior Managing Executive Officer (Current) March 2010 General Manager, Production and Procurement Headquarters (Current)	

No. of nominee 8	Osamu Fujitani (Date of birth: Feb. 4, 1951)	No. of the Company's shares held by nominee: 11,700 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1974 Joined the Company April 2007 Executive Officer April 2010 Senior Executive Officer April 2011 General Manager, Commercial Construction Promotion Department, Marketing Headquarters (In charge of East Japan) April 2012 General Manager, Commercial Construction Promotion Department (In charge of East Japan and Kinki, Chugoku and Shikoku regions) In charge of Commercial Construction Headquarters (Current) June 2012 Director and Senior Executive Officer April 2013 Director and Managing Executive Officer April 2014 Director and Senior Managing Executive Officer (Current) General Manager, Commercial Construction Promotion Department (In charge of East Japan, Chubu and Hokuriku, Chugoku and Shikoku regions) Oct. 2014 General Manager, Commercial Construction Promotion Department (In charge of East Japan, Chugoku and Shikoku regions) April 2015 General Manager, Commercial Construction Promotion Department (In charge of East Japan)	
No. of nominee 9	Kazuto Tsuchida (Date of birth: July 27, 1952)	No. of the Company's shares held by nominee: 31,300 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1976 Joined the Company April 2004 Executive Officer General Manager, Construction Department, Technology Headquarters (Buildings) April 2007 Senior Executive Officer June 2009 Director and Senior Executive Officer General Manager, Design and Construction Department, Technology Headquarters (Buildings) In charge of Safety (Current) April 2010 Director and Managing Executive Officer Deputy General Manager, Technology Headquarters (Current) In charge of Design and Construction (Buildings) April 2012 In charge of General Technology Management in Overseas Business (Current) April 2016 Director and Senior Managing Executive Officer (Current)	
No. of nominee 10	Fukujiro Hori (Date of birth: July 3, 1950)	No. of the Company's shares held by nominee: 25,600 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1969 Joined the Company April 2004 Executive Officer April 2006 Senior Executive Officer April 2008 General Manager, Rental Apartment Promotion Department, Marketing Headquarters (In charge of East Japan) March 2010 In charge of Rental Apartment Headquarters (Current) June 2010 Director and Senior Executive Officer April 2012 Director and Managing Executive Officer General Manager, Rental Apartment Promotion Department (In charge of East Japan) (Current) April 2016 Director and Senior Managing Executive Officer (Current)	

No. of nominee 11	Keiichi Yoshii (Date of birth: May 27, 1958)	No. of the Company's shares held by nominee: 13,700 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions June 1990 Joined the Company April 2010 Executive Officer June 2011 Director and Senior Executive Officer General Manager, Overseas Division In charge of Overseas Business March 2013 Tokyo Branch Manager Jointly in charge of Marketing Support (Current) Supervising Overseas Business April 2013 Director and Managing Executive Officer Tokyo Head Branch Manager (Current) May 2013 Head of Overseas Business April 2014 Deputy General Manager, Marketing Headquarters General Manager, Kanto Regional Business Unit April 2016 Director and Senior Managing Executive Officer (Current) General Manager, Marketing Headquarters (Current) Supervising Overseas Business (Current) General Manager, Tokyo Regional Business Unit (Current) General Manager, Kitakanto Regional Business Unit (Current)	
No. of nominee 12	Takashi Hama (Date of birth: Jan. 31, 1954)	No. of the Company's shares held by nominee: 27,400 shares
Attendance at meetings of the Board of Directors 14 of 15 (93%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1976 Joined the Company Oct. 2003 Executive Officer General Manager, Central Research Laboratory, Technology Headquarters April 2005 Deputy General Manager, Product Development Department, Technology Headquarters June 2005 Director April 2007 Director and Managing Executive Officer (Current) April 2009 In charge of Environment and Energy Business (Current) April 2016 Representative Director and President, Daiwa Energy Co., Ltd. (Current) (Significant concurrent positions) Representative Director and President, Daiwa Energy Co., Ltd.	

No. of nominee 13	Makoto Yamamoto (Date of birth: March 23, 1954)	No. of the Company's shares held by nominee: 15,000 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1976 Joined the Company Oct. 2006 Executive Officer April 2007 General Manager, Advertising Department, Management Administration Headquarters April 2008 Senior Executive Officer April 2010 In charge of Marketing Support (Current) June 2010 Director and Senior Executive Officer March 2011 Tokyo Branch Manager Supervising Advertising Department April 2011 Director and Managing Executive Officer (Current) April 2012 In charge of Liaison March 2013 In charge of Advertising In charge of Corporate Communications April 2013 In charge of Corporate Communications Division, Management Administration Headquarters (In charge of Advertising, Liaison, Corporate Communications) (Current)	
No. of nominee 14	Masahiro Kiguchi (Date of birth: Oct. 14, 1949)	No. of the Company's shares held by nominee: 13,800 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1974 Joined the Company April 2006 Executive Officer April 2007 Senior Executive Officer June 2008 General Manager, Rental Apartment Promotion Department (In charge of West Japan) (Current) June 2012 Director and Senior Executive Officer April 2016 Director and Managing Executive Officer (Current)	
No. of nominee 15	Yoshiaki Tanabe (Date of birth: Oct. 29, 1953)	No. of the Company's shares held by nominee: 5,200 shares
Attendance at meetings of the Board of Directors 12 of 12 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1976 Joined the Company April 2010 Executive Officer April 2011 In charge of Mid to High-Rise Property Apartment Construction Oct. 2011 In charge of Mid to High-Rise Property Apartment Technology April 2012 Senior Executive Officer In charge of Technology Management in Rental Apartment Headquarters In charge of Construction, Technology Headquarters Aug. 2012 General Manager, Construction Department, Apartment Promotion Division April 2013 Managing Executive Officer Oct. 2014 Senior Department Manager, Housing Construction April 2015 Deputy General Manager, Technology Headquarters (Current) Jointly in charge of Safety (Current) Senior Department Manager, Housing Technology (Current) June 2015 Director and Senior Executive Officer April 2016 Director and Managing Executive Officer (Current)	

No. of nominee 16	Hirotsugu Otomo (Date of birth: Aug. 31, 1959)	No. of the Company's shares held by nominee: 7,300 shares
(To be newly elected)	Brief personal history, position and responsibility in the Company, and significant concurrent positions Dec. 1984 Joined the Company April 2011 Executive Officer Saitama Branch Manager April 2012 General Manager, Housing Promotion Department (In charge of Saitama region) March 2013 Nagoya Branch Manager (Current) General Manager, Chubu and Hokushinetsu Regional Business Unit General Manager, Housing Promotion Department (In charge of Central Japan) (Current) April 2014 Senior Executive Officer Deputy General Manager, Marketing Headquarters (Current) April 2015 Managing Executive Officer (Current) April 2016 General Manager, Chubu and Shinetsu Regional Business Unit (Current)	

No. of nominee 17	Outside Director / Independent Officer Kazuyoshi Kimura (Date of birth: Nov. 12, 1943)	No. of the Company's shares held by nominee: 4,800 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position and responsibility in the Company, and significant concurrent positions April 1967 Joined The Nikko Securities Inc. March 2000 Director and Vice President Jan. 2002 Director and Chairman, Nikko Asset Management Co., Ltd. June 2003 Director and Chairman, Nikko antfactory K.K. March 2004 Director and Chairman, Simplex Investment Advisors Inc. June 2005 Chairman, (Former) Nikko Cordial Securities, Inc. Feb. 2007 Chairman, Nikko Cordial Corporation April 2008 Director and Chairman, Nikko Citigroup Limited May 2008 Director and Co-chairman, Nikko Citi Holdings Inc. Oct. 2009 Director and Chairman, (New) Nikko Cordial Securities, Inc. April 2010 Adviser, Nikko Cordial Securities, Inc. (current SMBC Nikko Securities Inc.) April 2012 Director and Chairman, Ra Holdings K.K. June 2012 Director of the Company (Current) Nov. 2012 Director, BIC CAMERA INC. (Current) Director, Kojima Co., Ltd. Feb. 2013 Representative Director and Chairman Sep. 2013 Representative Director and Chairman, President and Representative Executive Officer (Current) (Significant concurrent positions) Representative Director and Chairman, President and Representative Executive Officer, Kojima Co., Ltd. Director, BIC CAMERA INC. Outside Audit & Supervisory Board Member, SPARX Group Co., Ltd.	
Reason for nomination of the person as Outside Director The Company nominated Mr. Kazuyoshi Kimura as Outside Director because it expects that the Company's management can utilize his extensive knowledge of corporate business cultivated over many years through his abundant experiences as a business manager, and that he will supervise the Company's management from an independent standpoint.		

No. of nominee 18	Outside Director / Independent Officer Yutaka Shigemori (Date of birth: June 25, 1949)	No. of the Company's shares held by nominee: 4,300 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	<p>Brief personal history, position and responsibility in the Company, and significant concurrent positions</p> <p>April 1974 Joined Yasuda Life Insurance Company July 2002 Director and Ginza Branch Manager Jan. 2004 Executive Officer, Meiji Yasuda Life Insurance Company April 2006 Managing Executive Officer (<i>Shikko-yakuin</i>) July 2006 Managing Executive Officer (<i>Shikko-yaku</i>) April 2009 Representative Director and President, Meiji Yasuda General Insurance Co., Ltd. June 2012 Director, Meiji Yasuda General Insurance Co., Ltd. Director of the Company (Current) Sep. 2012 Retired as Director, Meiji Yasuda General Insurance Co., Ltd. April 2013 Representative Director and President, Wise Total Support, Co., Ltd. (Current) April 2015 Representative Director and President, Wise Networking Co., Ltd. (Current)</p> <p>(Significant concurrent positions) Representative Director and President, Wise Total Support, Co., Ltd. Representative Director and President, Wise Networking Co., Ltd. Outside Director, SINANEN HOLDINGS CO., LTD.</p>	
<p>Reason for nomination of the person as Outside Director The Company nominated Mr. Yutaka Shigemori as Outside Director because it expects that the Company's management can utilize his extensive knowledge of corporate business cultivated over many years through his abundant experiences as a business manager, and that he will supervise the Company's management from an independent standpoint.</p>		

No. of nominee 19	Outside Director / Independent Officer Yukiko Yabu (Date of birth: June 23, 1958)	No. of the Company's shares held by nominee: – shares
(To be newly elected)	<p>Brief personal history, position and responsibility in the Company, and significant concurrent positions</p> <p>April 1981 Joined Matsushita Electric Industrial Co., Ltd. (current Panasonic Corporation) April 2006 Manager, Lifestyle Research Center, Technological Headquarters, Home Appliance Company Jan. 2011 Manager and Trustee, Global Consumer Research Center, Corporate Brand Strategy Headquarters April 2013 Trustee in charge of Consumer Research and Group Manager, Global Marketing Planning Center, Appliances Company March 2014 Retired Panasonic Corporation</p> <p>(Significant concurrent positions) Outside Director, Duskin Co., Ltd. External Director, Takara Holdings Inc.</p>	
<p>Reason for nomination of the person as Outside Director The Company nominated Ms. Yukiko Yabu as Outside Director because it expects that the Company's management can benefit from her abundant experience cultivated over many years in planning, development, market research, analysis and marketing of general consumer merchandise through receiving her valuable advice regarding consumer perspectives, and that she will supervise the Company's management from an independent standpoint.</p>		

- Notes: 1. No beneficial interest exists between the Company and any nominees for the position of Director.
2. Mr. Kazuyoshi Kimura, Mr. Yutaka Shigemori and Ms. Yukiko Yabu are nominees for the position of Outside Director.
3. Ms. Yukiko Yabu has never in the past been involved in the management of a company except as an outside officer. However, the Company judges she will appropriately fulfill her duties as an Outside Director in the manner that the Company expects, based on the "Reason for nomination of the person as Outside Director" described above and her experience as an outside director of other listed companies.

4. At the conclusion of this general meeting of shareholders, Mr. Kazuyoshi Kimura and Mr. Yutaka Shigemori, who are presently Outside Directors of the Company, will have served the position for four (4) years.
5. The Company has entered into an agreement with Mr. Kazuyoshi Kimura and Mr. Yutaka Shigemori to limit the liabilities to compensate for damages provided for in Article 423, Paragraph 1 of the Companies Act within the limit stipulated by laws and regulations.
If the election of the said nominees is approved and passed as proposed in this proposal, the Company will continue the aforementioned agreement with each of them.
Also, if the election of Ms. Yukiko Yabu is approved and passed as proposed in this proposal, the Company will enter into the aforementioned agreement with her.
6. The Company has designated and reported Mr. Kazuyoshi Kimura and Mr. Yutaka Shigemori as independent officer as stipulated in the regulations of Tokyo Stock Exchange, Inc.
If the election of the said nominees is approved and passed as proposed in this proposal, they will continue to serve as independent officers.
Also, if the election of Ms. Yukiko Yabu is approved and passed as proposed in this proposal, the Company will designate and report her as independent officer as stipulated in the regulation of Tokyo Stock Exchange, Inc.
7. The number of Board of Directors meetings attended by Mr. Yoshiaki Tanabe refers to Board of Directors meetings held on and after he assumed office as Director on June 26, 2015.

Proposal 4: Election of One (1) Audit & Supervisory Board Member

The term of office of the Audit & Supervisory Board Member, Mr. Yukinori Kuwano, will expire at the conclusion of this general meeting of shareholders. Accordingly, we propose the election of one (1) Audit & Supervisory Board Member.

The Company has established Independence Standards for Outside Officers as described on page 17; the nominee for Outside Audit & Supervisory Board Member in this proposal meets these standards.

The Audit & Supervisory Board has given prior approval to this proposal.

The table below lists the nominee for the position of Audit & Supervisory Board Member.

Nominee	Outside Audit & Supervisory Board Member / Independent Officer Yukinori Kuwano (Date of birth: Feb. 14, 1941)	No. of the Company's shares held by nominee: 9,600 shares
Attendance at meetings of the Board of Directors 15 of 15 (100%)	Brief personal history, position in the Company, and significant concurrent positions April 1963 Joined SANYO Electric Co., Ltd. Feb. 1993 Member of the Board June 1996 Executive Member of the Board June 1999 Member of the Board & Senior Vice President Nov. 2000 Executive Director & President and COO April 2004 Executive Director & President, CEO and COO	
Attendance at meetings of the Audit & Supervisory Board 14 of 14 (100%)	June 2005 Member of the Board and Adviser Nov. 2005 Retired as Member of the Board Adviser June 2008 Audit & Supervisory Board Member of the Company (Current)	
(Significant concurrent positions) Outside Director, OPTEX Co., Ltd.		
Reason for nomination of the person as Outside Audit & Supervisory Board Member The Company nominated Mr. Yukinori Kuwano as Outside Audit & Supervisory Board Member because the Company expects that he will utilize his abundant experience and knowledge cultivated over many years of experiences as a business manager and others in carrying out audits and providing valuable advice with respect to the overall management of the Company from an independent standpoint.		

- Notes:
1. No beneficial interest exists between the Company and the nominee for the position of Audit & Supervisory Board Member.
 2. Mr. Yukinori Kuwano is a nominee for the position of Outside Audit & Supervisory Board Member.
 3. At the conclusion of this general meeting of shareholders, Mr. Yukinori Kuwano, who is presently Outside Audit & Supervisory Board Member of the Company, will have served the position for eight (8) years.
 4. The Company has entered into an agreement with Mr. Yukinori Kuwano to limit the liabilities to compensate for damages provided for in Article 423, Paragraph 1 of the Companies Act within the limit stipulated by laws and regulations.
If the election of the said nominee is approved and passed as proposed in this proposal, the Company will continue the aforementioned agreement with him.
 5. The Company has designated and reported Mr. Yukinori Kuwano as independent officer as stipulated in the regulations of Tokyo Stock Exchange, Inc. If the election of the said nominee is approved and passed as proposed in this proposal, he will continue to serve as independent officer.

<Independence Standards for Outside Officers>

The Company judges outside Directors, outside Audit & Supervisory Board Members (hereinafter collectively referred to as “outside Officers”), or candidates for outside Officers as independent if they do not fall under any of the following items as a result of the investigation conducted by the Company as far as reasonably possible:

- i. Executors of operations ^{Note 1} of the Company and its affiliates (hereinafter collectively referred to as the “Company Group”);
- ii. Those for whom the Company Group is a major business partner ^{Note 2} or their executors of operations;
- iii. Major business partners of the Company Group ^{Note 3} or their executors of operations;
- iv. Major shareholders of the Company (Those who own directly or indirectly 10% or more of the total voting rights) or their executors of operations;
- v. Those 10% or more of whose total voting rights are owned directly or indirectly by the Company Group or their executors of operations;
- vi. Those who belong to the auditing firm that is the financial auditor of the Company Group;
- vii. Attorneys, certified public accountants, licensed tax accountants, consultants and the like who receive a large amount ^{Note 4} of monetary or other property benefits other than officers remuneration from the Company Group;
- viii. Those who belong to corporations, cooperatives, and the like including law firms, auditing firms, tax accountant corporations, and consulting firms, which receive a large amount ^{Note 4} of monetary or other property benefits from the Company Group;
- ix. Council members or other executors of operations of bodies including corporations and cooperatives which, or persons who receive a large amount ^{Note 4} of donations or assistance from the Company Group;
- x. In cases where Directors for operational execution, or full-time Audit & Supervisory Board Members concurrently serve as outside Directors or outside Audit & Supervisory Board Members of other companies, Directors for operational execution, Executive Officers (*shikko-yaku*), Executive Officers (*shikko-yakuin*), or managers and other employees of said companies;
- xi. Those who have fallen under the definition of the above ii to x in the last three years; or
- xii. In cases where those who fall under the definition of the above i to x are important persons ^{Note 5}, their spouses or relatives within the second degree of kinship.

Notes:

1. “Executors of operations” refer to Directors, Executive Officers (*shikko-yaku*), Executive Officers (*shikko-yakuin*), employees who execute operations, council members, or those equivalent thereto and employees of corporations and other bodies, as well as those who have belonged to the Company Group in the past even once.
2. “Those for whom the Company Group is a major business partner” refer to persons who have received from the Company the payment of 2% or more of their consolidated annual sales in the most recent fiscal year.
3. “Major business partners of the Company Group” refer to persons who pay the Company 2% or more of its consolidated annual sales in the most recent fiscal year, or who loaned the Company 2% or more of its consolidated total assets at the end of the most recent fiscal year.
4. “A large amount” refers to, in terms of the average for the past three fiscal years, ¥10 million or more for individuals, more than 2% of the consolidated sales or total revenues of said bodies for bodies including corporations and cooperatives.
5. “Important persons” refer to Directors (excluding outside Directors), Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members), Executive Officers (*shikko-yakuin*) and employees who are senior managers in the position of general managers or higher.

Proposal 5: Payment of Bonuses for Directors and Audit & Supervisory Board Members

Taking into account the amount of the previous payments and our operating performance for the current fiscal year, it is proposed that 856 million yen in total be paid to, among nineteen (19) Directors and six (6) Audit & Supervisory Board Members incumbent at the end of the current fiscal year, seventeen (17) Directors (number excluding outside Directors) and two (2) Audit & Supervisory Board Members (number excluding outside Audit & Supervisory Board Members). Specifically, 818 million yen will be paid to Directors and 38 million yen to Audit & Supervisory Board Members.

(Reference) Review of the Executive Remuneration System

The Company's executive remuneration comprises cash remuneration, made up of fixed remuneration and annual bonus. The Company also has an investment scheme for the senior management of the Daiwa House Group linked to shareholder value, under which it issues commitment-type share acquisition rights (compensatory share options), with exercise conditional on the achievement of the performance targets set in the medium-term management plan.

As the year ending March 2017 is the first year of the 5th Medium-Term Management Plan, we intend to introduce a new share-based remuneration plan at this occasion (Proposal 6). This plan aims to provide Directors, who are the managing trustees, with compensation for the creation of shareholder value from a long-term management perspective; the number of shares delivered will vary according to the return on equity (ROE) achieved.

Type of remuneration etc.		Purpose/content, etc.
Short term	Fixed remuneration	Recompense for fulfilling responsibilities
	Annual bonus	Recompense for generating profits (Up to 0.5% of consolidated ordinary income, linked to profits that are used as the source of payments)
Medium term	Compensatory share options (*)	Commitment to achieving the medium-term performance targets and raising shareholder value
Long term	Share-based remuneration	Recompense for long-term shareholder value (Number of shares delivered will fluctuate with ROE)

Note: Compensatory share options is an investment system under which commitment-type share acquisition rights are issued with compensation at fair value.

Proposal 6: Decision of Amount and Other Details of Share-based Remuneration

1. Details of the proposal and aim for introducing the proposed remuneration plan

We propose the introduction of a share-based remuneration plan (hereinafter, the “Plan”) as a long-term incentive plan for Directors (excluding outside Directors) of the Company, in addition to existing fixed remuneration and annual bonus. The aim of the Plan is to build a well-balanced scheme of remuneration for the management responsibilities of Directors, with a view to achieving the sustainable development of the Company.

Specifically, we propose to deliver share-based remuneration to Directors of the Company in office during the three-year period from the fiscal year ending March 31, 2017 to the fiscal year ending March 31, 2019 (hereinafter, the “Plan Period”), which coincides with the period of the 5th Medium-Term Management Plan, according to respective ranks and the performance, separate from the remuneration for Directors (no more than 70 million yen per month) resolved at the 57th Ordinary General Meeting of Shareholders held on June 27, 1996. Specific details of the Plan will be determined by the Board of Directors within the rules and restrictions prescribed under Section 2 below.

If Proposal 3, the “Election of Nineteen (19) Directors,” is approved and adopted as proposed, the number of Directors eligible for the Plan would be sixteen (16), number excluding outside Directors.

2. Amount and other details of remuneration, etc. under the Plan

(1) Overview of the Plan

The Plan is a share-based remuneration plan under which the Company contributes money to establish a trust (hereinafter, the “Trust”) and the Trust acquires the Company’s shares. The Company’s shares corresponding to the number of points granted to individual Directors according to their ranks and the return on equity (ROE) would then be delivered via the Trust to them.

The Plan would consist of a non-performance-linked portion and a performance-linked portion. Directors would receive delivery of the Company’s shares on a fixed date each year.

The Company would enter into a special agreement with each Director, to the effect that the Director would not sell the Company’s shares delivered under the Plan during in office.

(2) Maximum amount of money contributed by the Company

The initial trust period of the Trust would be approximately three years. During this trust period, the Company would contribute money as the fund to be used to acquire the Company’s shares required for the Trust to deliver the Company’s shares to Directors under the Plan. A maximum of 600 million yen would be contributed as remuneration for Directors in office during the Plan Period, and the Trust would be established with Directors who satisfy certain requirements as beneficiaries. The Trust shall, using money entrusted by the Company, acquire the Company’s shares either through the stock market or through subscribing to the Company’s disposal of treasury shares.

Note: The money entrusted by the Company to the Trust would in actuality include, in addition to the fund for acquiring the Company’s shares as described above, expected amounts of trust fees, trust administrator compensation and other necessary expenses.

At the expiry of the trust period, the Company may, by resolution of the Board of Directors, continue the Plan by extending the trust period every three years (including the case where the trust property of the Trust is transferred to a trust that has the same purpose as that of the Trust, which was established by the Company, effectively extending the trust contract; the same shall apply

hereinafter). In this instance, the Company would contribute additional money of up to 600 million yen for each extended trust period as the fund to be used to acquire additional shares of the Company required for the Trust to deliver the Company's shares to Directors under the Plan. In that event, the Plan Period would be extended in response to the continuation of the Plan and the extension of the trust period; the granting of points as described in (3) (i) below and delivery of the Company's shares as described in (4) below would continue during the extended trust period.

(3) Calculation method and maximum number of the Company's shares acquired by Directors

(i) Method of granting points to Directors and their maximum limit

In accordance with the Share Delivery Regulations to be formulated by the Board of Directors, the Company would grant the total number of the following points calculated according to the calculation method described (ii) below at the end of May each year during the trust period.

- I. Points calculated on the basis of the standard amount stipulated according to rank, which would be the non-performance-linked portion
- II. Points calculated by multiplying the base points stipulated according to rank by the performance-linked coefficient stipulated according to the ROE for the fiscal year in question, which would be the performance-linked portion

The total number of points granted by the Company to Directors per year shall not exceed 40,000 points as the non-performance-linked portion and 40,000 points as the performance-linked portion.

(ii) Calculation Method

I. Non-performance-linked portion

The standard amount shall be a sum stipulated for each rank, and the figure obtained by dividing this by the closing price of the Company's shares on the last day of each fiscal year shall be the number of points to be granted.

II. Performance-linked portion

Points (Base points decided by (a) below × Performance-linked coefficient stipulated by (b) below)

(a) Base points for each Director

The number of base points for each Director shall be calculated by dividing the standard amount, which shall be a sum to be stipulated for each rank, by the book value per share of the Company held by the Trust.

(b) Performance-linked coefficient

The performance-linked coefficient shall correspond to the ROE for each fiscal year, as follows:

ROE for each fiscal year	Performance-linked coefficient
ROE 10% or more ^{Note 1}	1.0
ROE 8% or more, less than 10%	0.5
ROE less than 8% ^{Note 2}	0.0

Notes:

1. The target value given in the 5th Medium-Term Management Plan
2. The minimum target value as a listed company as recommended in the Ito Review report

(iii) Delivery of the Company's shares corresponding to the number of points granted

Directors would receive delivery of the Company's shares corresponding to the number of points granted to them as described in (i) above in accordance with the procedures described in (4) below.

The number of the Company's shares to be delivered to each Director shall be the number of points granted to that Director multiplied by 1.

Note: However, in the event that the Company's shares undergo a share split, a share consolidation or other circumstance that would rationally call for an adjustment in the number of the Company's shares to be delivered, this multiplier would be rationally adjusted, taking into account such factors as the relevant share split or consolidation ratio.

(4) Delivery of the Company's shares to Directors

The delivery of the Company's shares to individual Directors as described in (3) (iii) above is to be made by the Trust each year after the prescribed beneficiary vesting procedures were taken by individual Directors. However, a certain portion of the relevant shares of the Company shall be delivered in lieu in money after realization through sale within the Trust. In addition, if the Company's shares in the Trust are converted to cash, such as in the event of settlement of the Company's shares within the Trust through subscription to a tender offer, money would be delivered in lieu of the Company's shares to Directors.

[Reference]

For details of the Plan, please refer to "Notice Concerning the Introduction of a Performance-linked and Share-based Remuneration Plan for Directors of the Company," which was released on May 13, 2016.