



Daiwa House®
Group



Daiwa House Residential Investment Corporation



Daiwa House REIT Investment Corporation

// Investor Presentation for the Merger

April 18, 2016

Rationale of the Merger

- 1 Enhanced external growth potential and further internal growth opportunities through the shift to a “diversified REIT”
- 2 Improvement of the position in the J-REIT market and more flexible asset management through “scale enhancement”
- 3 Acceleration of growth leveraging the value chain of “Daiwa House Group’s integrated capabilities”



Daiwa House®
Group

"Creating Dreams, Building Hearts"



Daiwa House Residential Investment Corporation

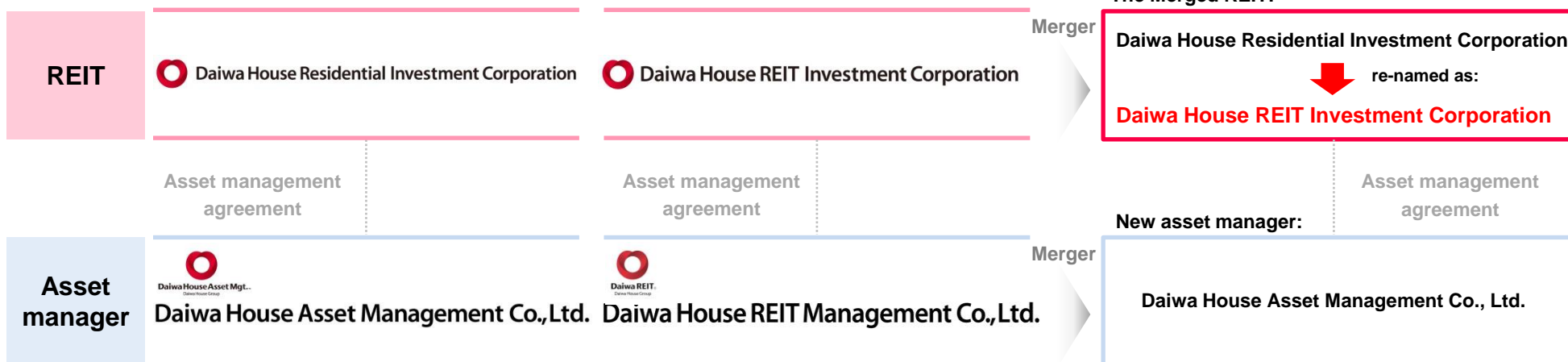


Daiwa House REIT Investment Corporation

Maximizing unitholder value based on secured cash flow and improved and stable distribution through solid growth of portfolio

Merger scheme and Schedule

// Merger Overview



// Merger scheme (REIT)

Merger method	The merger will be an absorption-type merger wherein Daiwa House Residential is to be the surviving corporation; Daiwa House REIT is to be the absorbed corporation.
Merger ratio	1 : 2.2
Unitholders' meeting resolution	Requirement: Approval ^(Note 2) (by extraordinary resolution ^(Note 1)) of the merger agreement at unitholders' meetings of the respective REITs (The unitholders' meeting resolutions of Daiwa House Residential and Daiwa House REIT, respectively, are required for the merger to be effective.)

(Note 1) Attendance by the unitholders who hold a majority of the issued units and approval by two-thirds or more of the voting rights represented by the unitholders present at the meeting are required.
When there is no contradictory agenda item, the unitholder will be deemed to have approved the proposals submitted to the general meeting of unitholders.

(Note 2) For the surviving corporation, approval of the agenda item regarding the article changes (extraordinary resolution) shall be required; for the absorbed corporation, approval of the agenda item regarding termination of the asset management agreement (ordinary resolution ^(Note 3)) shall be required.

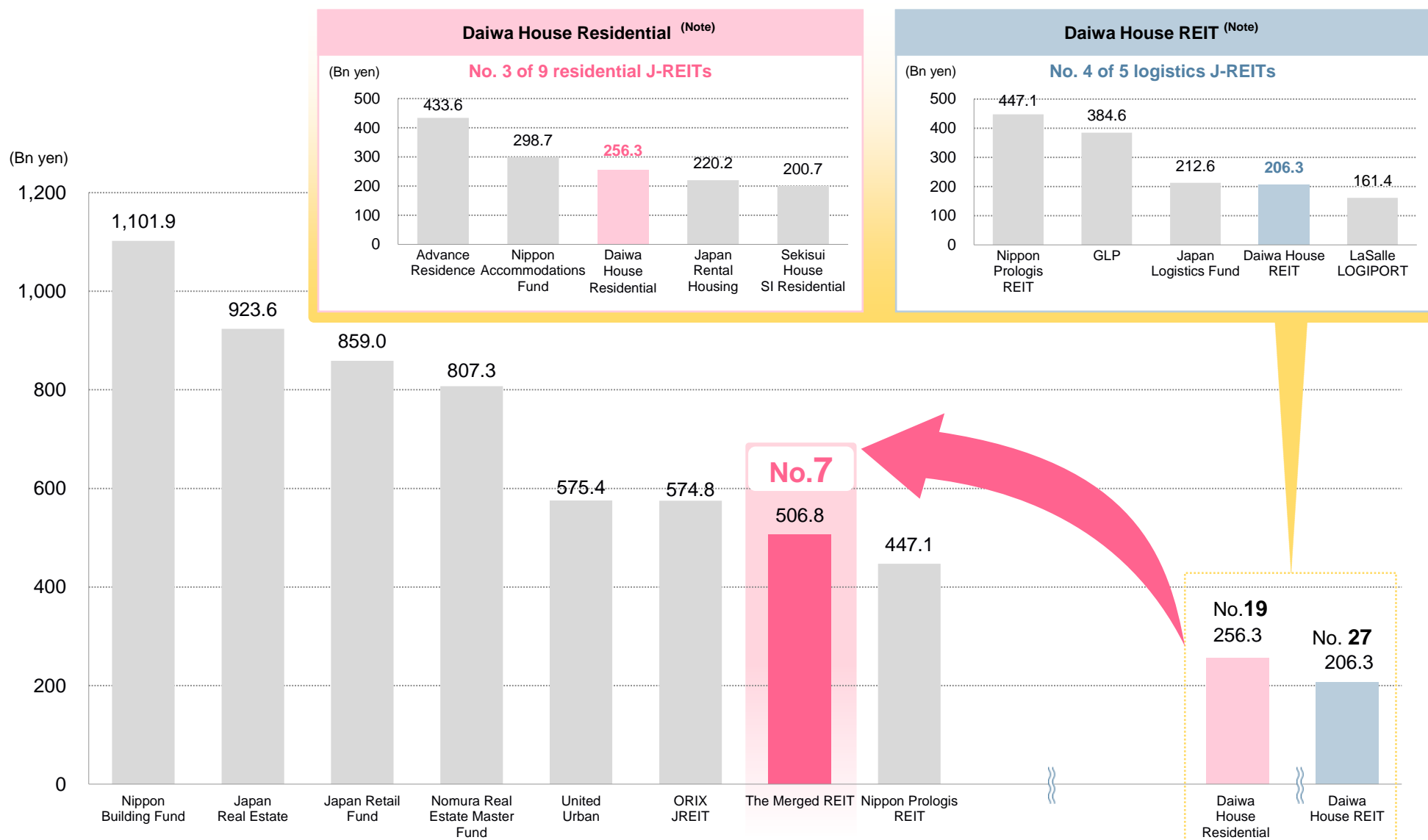
// Merger schedule

Execution of the merger agreements (between corresponding REITs and the asset managers)	April 15, 2016
Daiwa House REIT Investment Corporation unitholders' meeting (planned)	May 27
Daiwa House Residential Investment Corporation unitholders' meeting (planned)	June 17
Daiwa House REIT Investment Corporation delisting date (planned)	August 29
Effective date of the merger (planned)	September 1

(Note 3) Approval by a majority of the voting rights represented by the unitholders present at the meeting.
When there is no contradictory agenda item, the unitholder will be deemed to have approved the proposals submitted to the general meeting of unitholders.

(Note 4) The unitholders' meeting record date for Daiwa House REIT Investment Corporation is Feb. 29, 2016. The unitholders' meeting record date for Daiwa House Residential Investment Corporation is scheduled on May 6, 2016.

Positioning in the J-REIT market in terms of asset size



(Note) The total value of acquisition prices as of Mar. 31, 2016 for each corporation's portfolio (including properties for anticipated acquisition or disposition) is presented.

The figure for Daiwa House REIT includes anticipated acquisition of D Project Tosu extension in Jun. 2016.

The Merged REIT's asset size is the sum of "Daiwa House Residential's acquisition price as of the end of the period ending Feb. 2016", "Daiwa House REIT's appraisal value as of the end of the period ending Feb. 2016" and "anticipated acquisition price of six anticipated acquisitions"

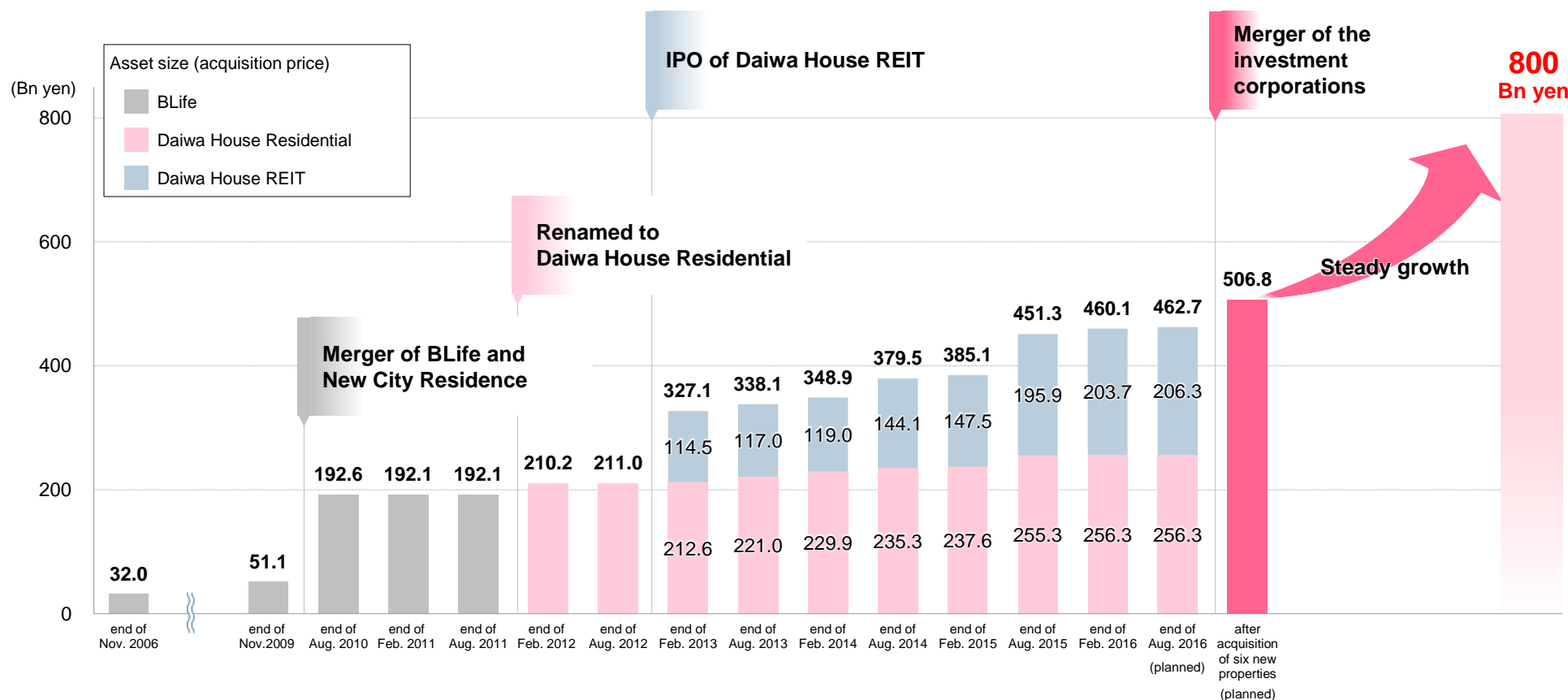
Digits below one hundred million yen are truncated for the amounts of each corporation's asset size.

Growth record and future target

- ◆ Mainly acquire properties developed by Daiwa House Group, and aim 800 billion yen in asset size

Stand-alone growth of the investment corporations

Further
accelerated growth
as the Merged REIT



(Note) Since digits below one hundred million yen are truncated for the asset size of Daiwa House Residential and Daiwa House REIT, the total amount of each total asset size displayed may not fit in the sum of above figures. The Merged REIT's asset size is the sum of "Daiwa House Residential's acquisition price as of the end of the period ending Feb. 2016", "Daiwa House REIT's appraisal value as of the end of Feb. 2016" and "anticipated acquisition price of six anticipated acquisitions"

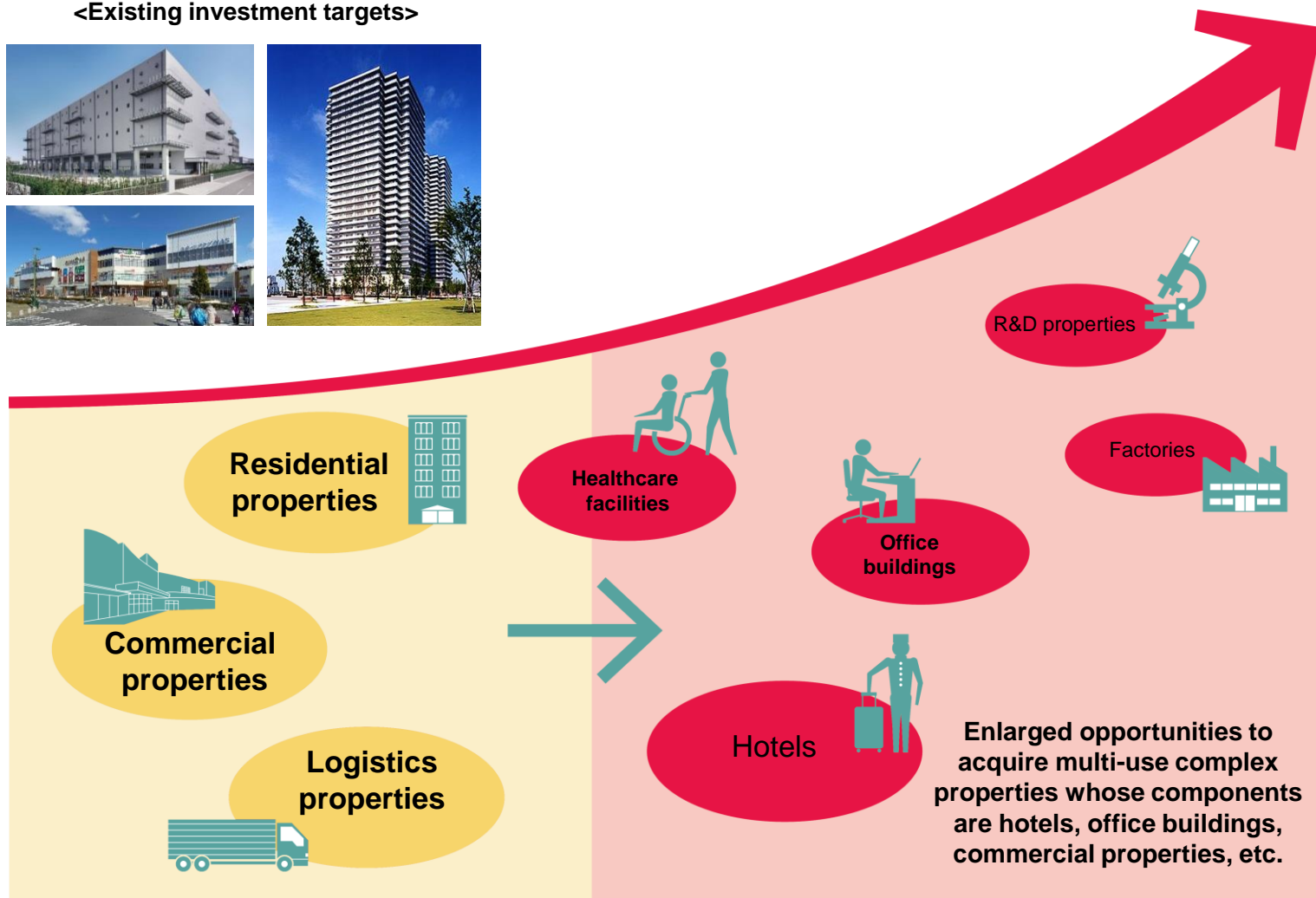
Enlarged opportunities of property acquisitions and more flexible asset management

- ◆ The Merged REIT will expand its target asset types in line with Daiwa House Group's broad-based development initiatives
- ◆ Furthermore, it will be able to take various measures to improve portfolio quality such as asset reshuffle, etc.

<Existing investment targets>



<Example of new investment targets> (Note)



Ariake Central Tower



Daiwa Royal Ariake Project



Hiroshima Futaba no Sato Project



(Note) As of the date of this documentation, neither Daiwa House Residential nor Daiwa House REIT is in specific negotiations with Daiwa House Group, etc., regarding the above assets in example of new investment targets. Currently, there are no planned acquisitions.

Investment policies of the Merged REIT

// Investment targets

Core assets

80% or more

Logistics properties (BTS type and multi-tenant type)

Residential properties (compact / family)

Commercial properties (mall / roadside / urban)

Hotels

Other assets

20% or less

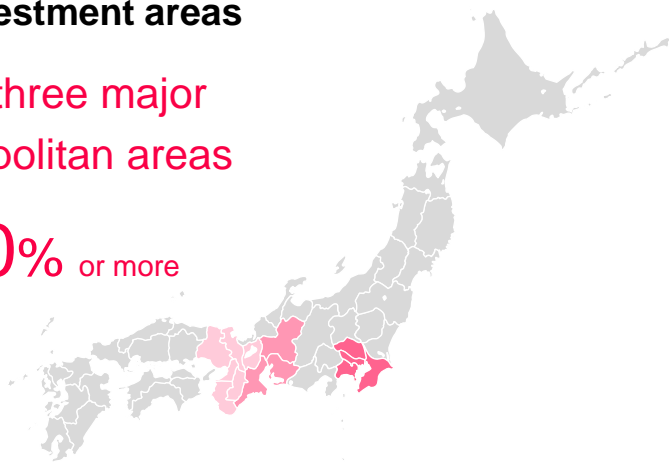
Office buildings

Healthcare facilities, etc.

// Investment areas

The three major metropolitan areas

70% or more



The three major metropolitan areas: Greater Tokyo area, Greater Nagoya area and Greater Osaka area

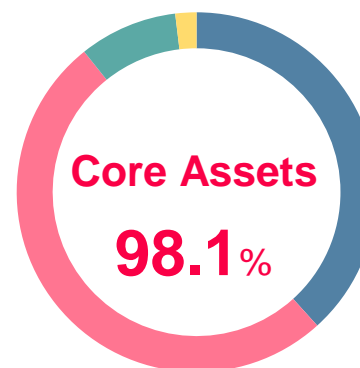
Greater Tokyo area: Tokyo, Kanagawa, Saitama and Chiba Prefecture

Greater Nagoya area: Aichi, Gifu and Mie Prefecture

Greater Osaka area: Osaka, Kyoto, Hyogo, Nara and Shiga Prefecture

// Portfolio post merger

Asset type diversity (acquisition price basis) ^(Note)



■ **Logistics properties**
(34 properties)

194,108 mil yen
38.3%

■ **Residential properties**
(142 properties)

258,339 mil yen
51.0%

■ **Commercial properties**
(10 properties)

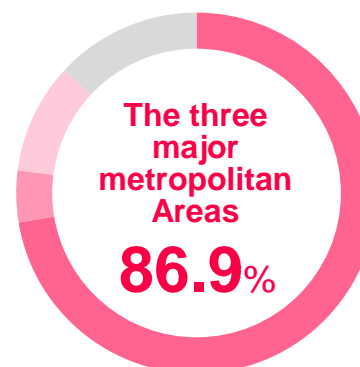
44,810 mil yen
8.8%

■ **Others**
(3 properties)

9,630 mil yen
1.9%

// Portfolio post merger

Area diversity (acquisition price basis) ^(Note)



■ **Greater Tokyo area**
72.4%

■ **Greater Nagoya area**
4.6%

■ **Greater Osaka area**
9.9%

■ **Others**
13.1%

(Note) Pro Forma figures in consideration of the six anticipated acquisitions announced on April 15, 2016

Overview of new anticipated acquisitions

- ◆ The Merged REIT plans to acquire six properties consisting of logistics, residential, commercial facilities and hotel, etc. (Note 1), from Daiwa House Group

Property name	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	D Project Hibiki Nada	D Project Morioka II	Castalia Ningyocho III	Royal Parks Umejima	Sports Depo and GOLF5 Kokurahigashi IC Store	Total anticipated acquisition price 17,210 mil yen
Use	Multi-use complex (Note 1) (office/hotel/commercial)	Logistics	Logistics	Residential	Residential	Commercial	Total appraisal value 17,580 mil yen
Anticipated acquisition price	7,600 mil yen	2,080 mil yen	1,280 mil yen	2,000 mil yen	2,020 mil yen	2,230 mil yen	Average Appraisal NOI yield 6.1 %
Appraisal value	7,600 mil yen	2,100 mil yen	1,300 mil yen	2,170 mil yen	2,150 mil yen	2,260 mil yen	Occupancy rate 100.0 %
Acquisition date (planned)	Sep. 2016	Sep. 2016	Sep. 2016	Sep. 2016	Sep. 2016	Sep. 2016	
Appraisal NOI yield (Note 2)	5.9%	6.3%	6.3%	4.9%	6.9%	6.8%	
Location	Naha City, Okinawa	Kitakyushu City, Fukuoka	Takizawa City, Iwate	Chuo Ward, Tokyo	Adachi Ward, Tokyo	Kitakyushu City, Fukuoka	
Access	5-min. walk from Okinawa urban monorail "Omoromachi" Sta.	8.5km from Shinwakato Expressway "Kitahama" IC	6km from Tohoku Expressway "Morioka" IC	3-min. walk from Tokyo Metro "Ningyocho" Sta.	5-min. walk from Tobu Skytree line "Umejima" Sta.	0.5km from Kyusyu Expressway "Kokurahigashi" IC	
Construction date	Jul. 2011	Sep. 2008	Oct. 2015	Oct. 2014	Sep. 2010	Oct. 2007	
Occupancy rate (Note3)	100.0%	100.0%	100.0%	99.0%	100.0%	100.0%	
Land area	7,880.42m ² (Note4)	39,659.00m ²	14,355.00m ²	529.80m ²	4,217.10m ²	6,789.55m ²	
Gross floor area	34,180.43m ² (Note4)	19,967.90m ²	4,289.89m ²	3,754.28m ²	7,913.65m ²	6,506.99m ²	

(Note 1) The property includes office and commercial facilities as well as hotel rooms; its use is categorized as "other." The merged REIT will acquire 50% quasi-co-ownership interest of the trust beneficial interest in real estate.

(Note 2) "Net operating income" (direct capitalization method) in the real estate appraisal reports divided by "anticipated acquisition price".

(Note 3) Occupancy rate as of Feb. 29, 2016.

(Note 4) The figure of the entire property is shown.

<Naha Shin-Toshin Center Building
(Daiwa Roynet Hotel Naha-Omoromachi) >



<D Project Hibiki Nada>



<D Project Morioka II>



<Castalia Ningyocho III> <Royal Parks Umejima>



<Sports Depo and GOLF5
Kokurahigashi IC Store>



Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)



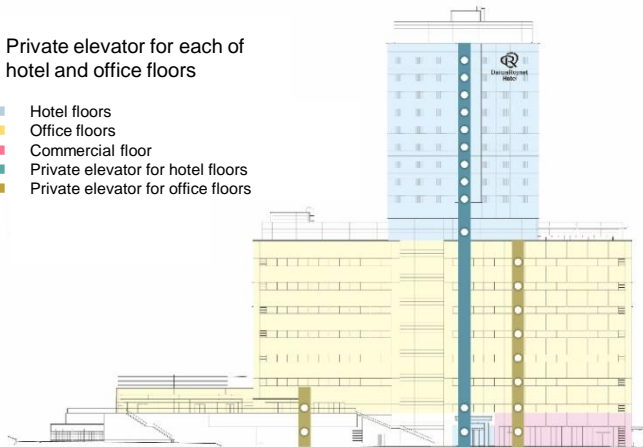
Private elevator for each of hotel and office floors

- Hotel floors
- Office floors
- Commercial floor
- Private elevator for hotel floors
- Private elevator for office floors

9F-18F
Hotel floors
(243 rooms)

2F-8F
Office floors

1F
Commercial floor

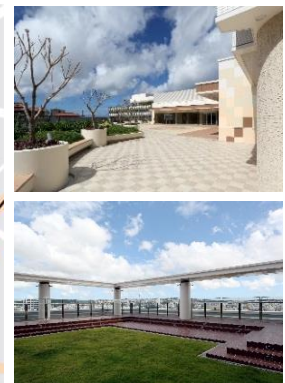
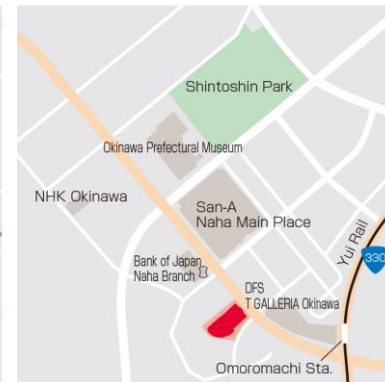
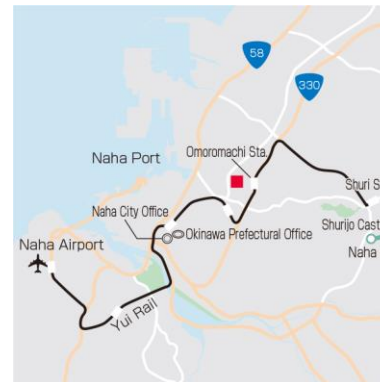


// Location

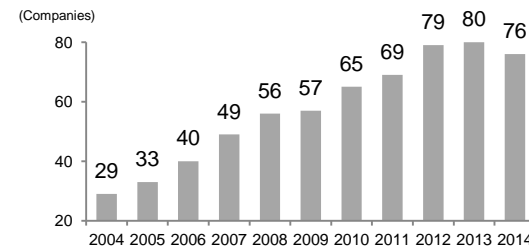
- Naha Shin-Toshin area is a multi-purpose complex city suited for government, office, commercial and residential functions.
- Located in 5-minutes walking distance from Omoromachi station on Yui Rail (a monorail running through Okinawa-city), the property provides good accessibility to Kokusai Street in central Naha-city.

// Property characteristics

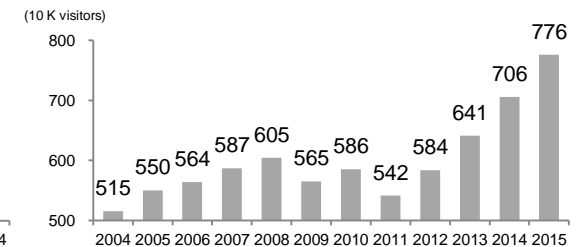
- The property is a multi-use complex mainly for office and hotel uses.
- The property is highly appealing to IT related companies including for call-center use which typically need large floor space, high level equipment and employment of workers (especially female workers) and also appealing to companies with frequent use of cars for business.
- Hotel floors offer large-sized rooms. Located somewhat away from the downtown, the hotel floors provide a calm environment, convenience and comfort. With high-grade appearance, the property is particularly popular in Naha City.



◆ Number of call center companies newly located in Okinawa (calendar year basis) ◆ Trend in the number of tourists to Okinawa (calendar year basis)



Source: "Trend of newly located corporations by industry" (Okinawa)



Source: "Overview of tourists to Okinawa statistics"

Overview of the Merged REIT

									The Merged REIT (Note 2) (outlook as of Sep. 28, 2016)		
			Daiwa House Residential (Note 1)			Daiwa House REIT (Note 1)			Anticipated acquisitions (Note 1) (as of Apr. 15, 2016)		
Portfolio	Asset size (acquisition price basis)		256,349 mil yen	+		206,363 mil yen	+		17,210 mil yen	▶	506,887 mil yen (Note 3)
	Number of properties		142 properties	+		41 properties	+		6 properties	▶	189 properties
	Total assets		258,590 mil yen	+		222,081 mil yen	+		-	▶	569,230 mil yen (Note 4)
	NOI yield		5.5%	+		5.9%	+		6.1% (Note 5)	▶	5.4% (Note 6)
	Average age		10.3 years	+		6.8 years	+		4.9 years	▶	8.5 years
	Occupancy rate		96.0%	+		99.95%	+		100.0%	▶	98.7%
Finance	LTV		54.8%	+		45.9%					44.6% (48.4%) (Note 7)
	Interest-bearing debt		141,663 mil yen	+		102,000 mil yen					253,663 mil yen
	Rating		AA- (JCR) A+ (R&I)	+		AA- (JCR)					-
Unitholder value	NAV per unit		191,454 yen			394,784 yen					213,643 yen
	Net assets per unit		148,707 yen			310,353 yen					195,610 yen
	Forecast period ending Aug. 2016		Forecast period ending Aug. 2016		Forecast period ending Aug. 2016		Forecast period ending Aug. 2016		Forecast period ending Aug. 2017		Forecast period ending Aug. 2017
	Forecast DPU (Note 8)		4,510 yen			9,000 yen					4,700 yen
	Forecast DPU after the merger-ratio adjustment (Note 9)		4,510 yen			4,090 yen					4,700 yen
						Adjusted by merger ratio (1 : 2.2)			Increase Rate (Note 10)		
									for Daiwa House Residential +4.2%		
									for Daiwa House REIT +14.9%		
									Asset size (Note 3)		
									506,887 mil yen 189 properties		
									Logistics Properties 194,108 mil yen 34 properties		
									Residential Properties 258,339 mil yen 142 properties		
									Commercial Properties 44,810 mil yen 10 properties		
									Others 9,630 mil yen 3 properties		
									Asset size (Note 3) 506,887 mil yen 189 properties		

* Notes on this page are listed at the bottom of the next page.

Forecasts of the Merged REIT

	22nd period (ending Feb. 2017) Forecasts	23rd period (ending Aug. 2017) Forecasts	Variation vs 22nd period (ending Feb. 2017)
Operating revenues	17,386 mil yen	17,501 mil yen	+ 114 mil yen
Operating income	11,184 mil yen	10,328 mil yen	- 855 mil yen
Amortization of Goodwill	1,113 mil yen	1,113 mil yen	0 mil yen
Operating income	6,202 mil yen	7,172 mil yen	+ 970 mil yen
Ordinary income	5,018 mil yen	6,027 mil yen	+ 1,009 mil yen
Net income	5,017 mil yen	6,027 mil yen	+ 1,009 mil yen
Reversal of retained earnings	2,046 mil yen	1,113 mil yen	- 933 mil yen
Total distribution	7,064 mil yen	7,140 mil yen	+ 75 mil yen
Net income per unit (A)	3,302 yen	3,967 yen	+ 665 yen
Reversal of retained earnings per unit (B)	1,347 yen	732 yen	- 615 yen
DPU (A)+(B)	4,650 yen	4,700 yen	+ 50 yen
Number of properties held	189 properties	189 properties	

* Notes of the previous page

(Note 1) Financial figures for the period ended Feb. 2016 or those as of Feb. 29, 2016 of Daiwa House Residential and Daiwa House REIT. (The figure for Daiwa House REIT includes anticipated acquisition of D Project Tosu extension in Jun. 2016)

(Note 2) Pro forma figures, including borrowing and repayment, in consideration of the six anticipated acquisitions announced on April 15, 2016.

(Note 3) Based on the purchase method, with Daiwa House Residential being the acquiring entity, Daiwa House REIT's assets are to be obtained at appraisal value. Therefore, the total amount of Daiwa House Residential acquisition price plus Daiwa House REIT's appraisal value in the period ended Feb. 2016 as well as the total amount of the anticipated acquisitions is presented.

(Note 4) Total assets include goodwill of 44,544 mil yen (forecast).

(Note 5) NOI yield of the anticipated acquisitions are based on appraisal NOI yields.

(Note 6) NOI yield is calculated based on actual NOI in the period ending Feb. 2016 and appraisal NOI.

(Note 7) The figure inside the parentheses presents a trial calculation figure: The Merged REIT's "total assets" minus "positive goodwill of 44,544 mil yen (forecast)."

(Note 8) Forecast DPU represent the forecast figures of Daiwa House Residential and Daiwa House REIT announced on April 15, 2016.

(Note 9) Forecast DPU (4,510 yen for Daiwa House Residential and 9,000 yen for Daiwa House REIT) announced on April 15, 2016 adjusted by the merger ratio.

(Note 10) Figures are calculated as follows: "Forecast DPU in the period ending August 2017 of the Merged REIT" divided by "Forecast DPU after the merger-ratio adjustment in the period ending Aug 2016."

The background features a collection of overlapping squares in various colors: red, blue, yellow, teal, and pink. Several squares contain white icons: a multi-story building, a person in a wheelchair being assisted, a person with a suitcase, a person at a desk, a microscope, a factory, and a truck. The central text is overlaid on these elements.

RRATIONALE OF THE MERGER AND POLICY OF THE MERGED REIT

Existing Two REITs at Glance

Daiwa House Residential Investment Corporation

Daiwa House REIT Investment Corporation

Investment targets	<ul style="list-style-type: none"> Residential properties and senior housing properties Portfolio of assets mainly in the central wards of Tokyo 	<ul style="list-style-type: none"> Competitive high performance logistics properties and specialty commercial complexes Portfolio of assets mainly in the Greater Tokyo Area
Portfolio (Note 1)	<ul style="list-style-type: none"> 142 properties; 256.3 Bn yen 	<ul style="list-style-type: none"> 41 properties; 206.3 Bn yen^(Note 2)
Position (Note 1)	<ul style="list-style-type: none"> Asset size: No. 3 of residential J-REITs Market capitalization: No. 3 of residential J-REITs 	<ul style="list-style-type: none"> Asset size: No. 4 of logistics J-REITs^(Note 2) Market capitalization: No. 4 of logistics J-REITs
Cash flow	<ul style="list-style-type: none"> Steady cash flow based on the effect of its diversified residence portfolio 	<ul style="list-style-type: none"> Steady cash flow based on long-term fixed contracts
External growth	<ul style="list-style-type: none"> Merged with New City Residence in April 2010 Constant acquisition of properties from Daiwa House Group Constant acquisition of properties from third parties 	<ul style="list-style-type: none"> Acquisition track record of logistics properties from Daiwa House Group's abundant pipeline Successful track records of acquiring commercial properties from third parties
Performance of asset management	<ul style="list-style-type: none"> Asset management track records for over 10 years since its listing Daiwa House Industry Co., Ltd. became the main sponsor in December 2008, which propelled the subsequent growth 	<ul style="list-style-type: none"> Asset management track records for over 8 years since its founding Achieved its target asset size for the first-stage of 200 billion yen within the three-year period since its listing
Challenges	<ul style="list-style-type: none"> Limited opportunities for internal growth due to slow pace of rent-rates hike Slowdown of external growth and new acquisitions due to severe competition in residential property transaction market LTV remaining at relatively high level 	<ul style="list-style-type: none"> Limited opportunities for internal growth given the BTS-type logistics properties with long-term fixed contracts No. 4 of the five logistics REITs in terms of asset size^(Notes 1 and 2)

(Note 1) As of Mar. 31, 2016

(Note 2) Including anticipated acquisition of D Project Tosu extension in Jun. 2016

Rationale of the merger **1**

Enhanced external growth potential and further internal growth opportunities through the shift to a “diversified REIT”

Enhance external growth potential through enlarged acquisition opportunities


- In addition to existing logistics, residential and commercial properties, investment targets will be further expanded to hotels, office buildings, etc. Accordingly, various types of asset acquisitions including multi-use complex properties will be realized and enhance continuous external growth potential

Maintain stability of revenues

- The Merged REIT will continue to invest in stable assets (logistics, residential and commercial properties) which are being categorized as the core assets.
- The Merged REIT will build a diversified portfolio to achieve excellent revenue stability through investment in various asset types with diversified risk and return profile

Acquire assets with upside potential for rent

- In addition to revenue stability, the Merged REIT aims to acquire assets with upside potential for rent (multi-tenant type logistics properties, urban-type commercial properties, hotels, office buildings, etc.)



Maximize unitholder value through enhanced external growth potential and further internal growth opportunities through the shift to a “diversified REIT”

Improve presence in the capital market

- The Merged REIT's asset size (acquisition price basis) will be over 500 billion yen, which greatly improves the positioning and presence in the J-REIT market
- Market capitalization increase will improve the liquidity of the units, which would potentially lead to inclusion in a stock index such as the MSCI Global Standard Indices in the future

Improve flexibility of portfolio asset management and finance strategy

- Utilization of retained earnings and tax-loss carry-forwards will allow the Merged REIT to implement measures to improve the portfolio value (e.g. asset reshuffle) flexibly and proactively
- Acquisition of large-scale properties, and deals including M&A can be handled more easily

Improve portfolio cash flow stability

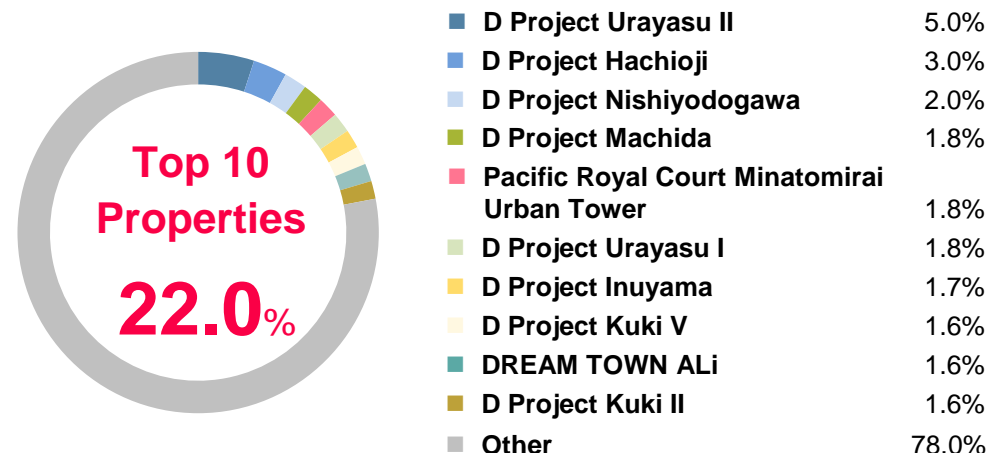
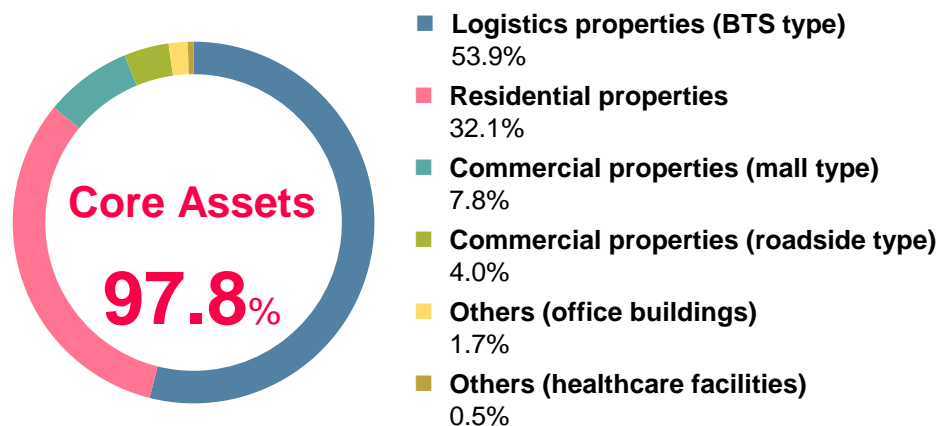
- Cash flow stability will be maintained through portfolio diversification including increase in number of properties and tenants, increase in asset size and enhanced geographical distribution



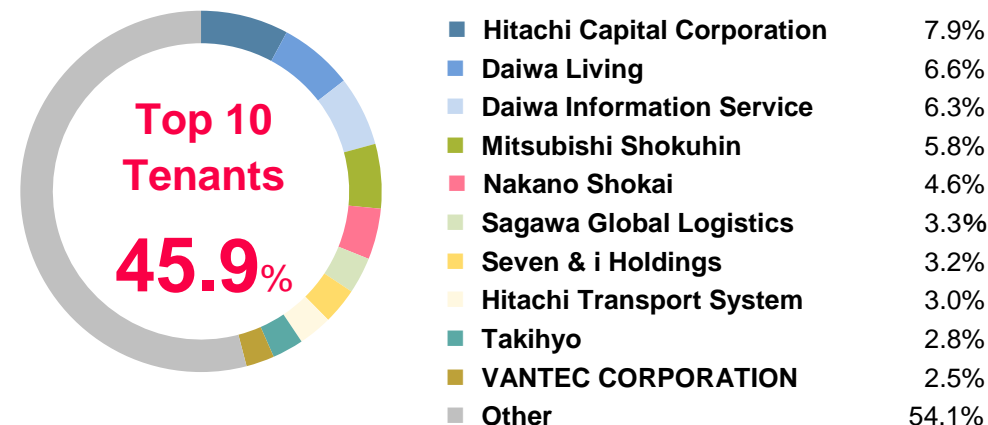
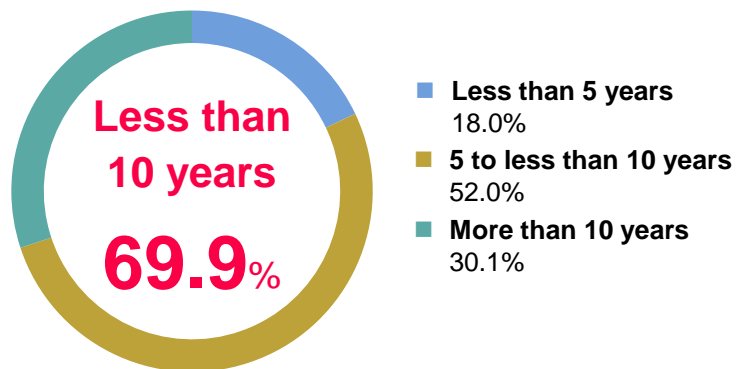
Maximize unitholder value by improved positioning in the J-REIT market and more flexible portfolio management and financial strategy through “scale enhancement”

Improved stability from further diversified portfolio base

// Asset type diversification (leasable area basis) ^(Note 1) // Ratio of top 10 properties (acquisition price basis) ^(Note 2)



// By age of property (acquisition price basis) ^(Note 2) // Ratio of top 10 tenants (leased area basis) ^(Note 1)



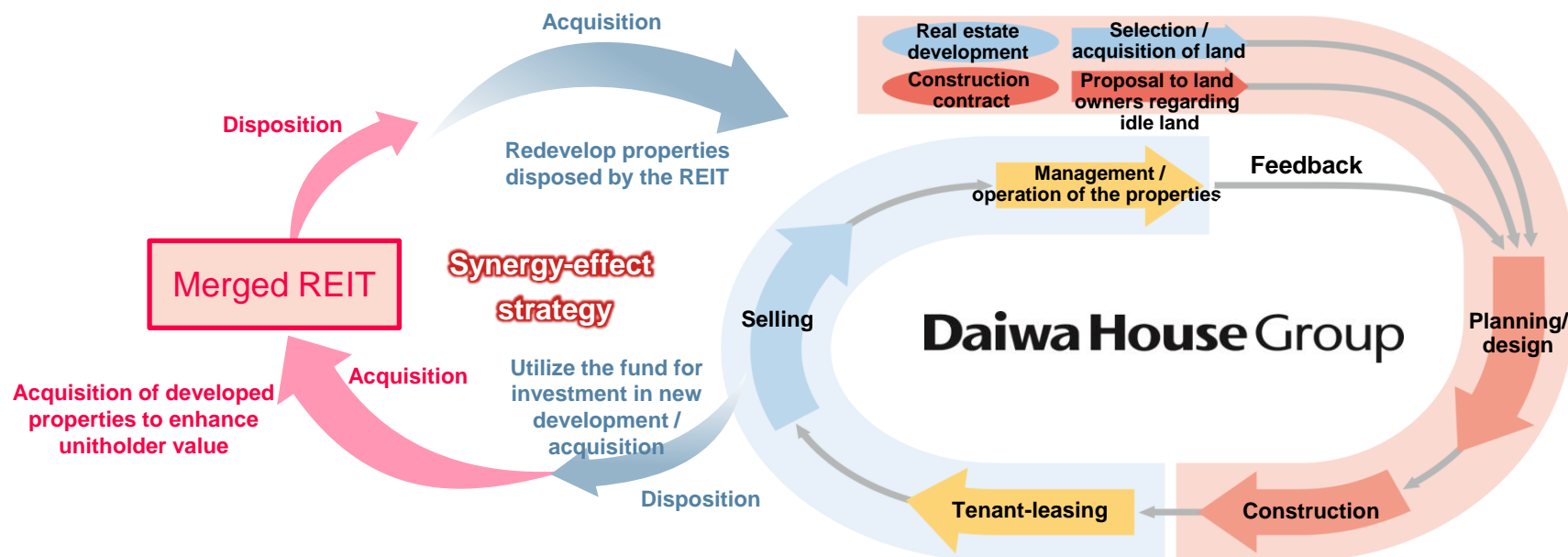
(Note 1) The percentages shown are based on the size of total leasable area or leasing area of Daiwa House Residential and Daiwa House REIT (as of the of Feb. 29, 2016) and those of the six anticipated acquisitions. (Ratios are calculated based on leasable area or leasing area of the entire property for Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi).)

(Note 2) The percentages shown are based on the size of total acquisition price of Daiwa House Residential and appraisal value of Daiwa House REIT (as of Feb. 29, 2016) and the six anticipated acquisitions price. (The figure for Daiwa House REIT includes anticipated acquisition of D Project Tosu extension in Jun. 2016)

Rationale of the merger 3

Acceleration of growth leveraging the value chain of “Daiwa House Group’s integrated capabilities”

- ◆ Daiwa House Group’s integrated capabilities—from planning, development and construction to tenant-leasing, administration and operation—will thoroughly and consistently support the Merged REIT.



Skillful selection of land locations and successful construction/operation record
Tenants with great attraction for customers in various business types/styles
Long-term trust with various firms and nationwide network

Logistics-related business:
developed land area (Note 2)

5,002,672 m²

Commercial properties
administration:
leasable area (Note 4)

4,835,502 m²

Residential properties
management:
Total number of residences
managed (Note 3)

435,515 units

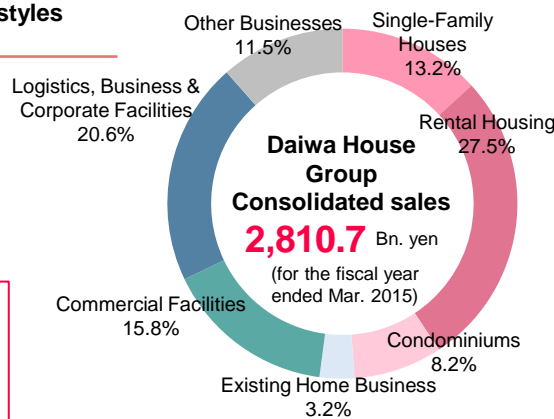
City-type hotels:
ownership/operation
properties (Note 5)

39 properties

(Total no. of rooms: **8,755**)

Medical and nursing care
facilities constructed (Note 6)

4,424 properties



No. of Group firms

145

No. of Group employees

34,903

(Source) Annual Report of Daiwa House Industry Co., Ltd. for the fiscal year ended Mar. 2015

(Note 1) Figures are as of Mar. 31, 2015, excluding those of Group firms and Group employees (as of Apr. 1, 2015).

(Note 2) Including ones that are now being planned/developed

(Note 3) Total of Daiwa Living, Daiwa Living Management, and Nihon Jyutaku Ryutsu

(Note 4) Total leasable area of sub-lease buildings of Daiwa Lease, Daiwa Information Service, and Daiwa Royal

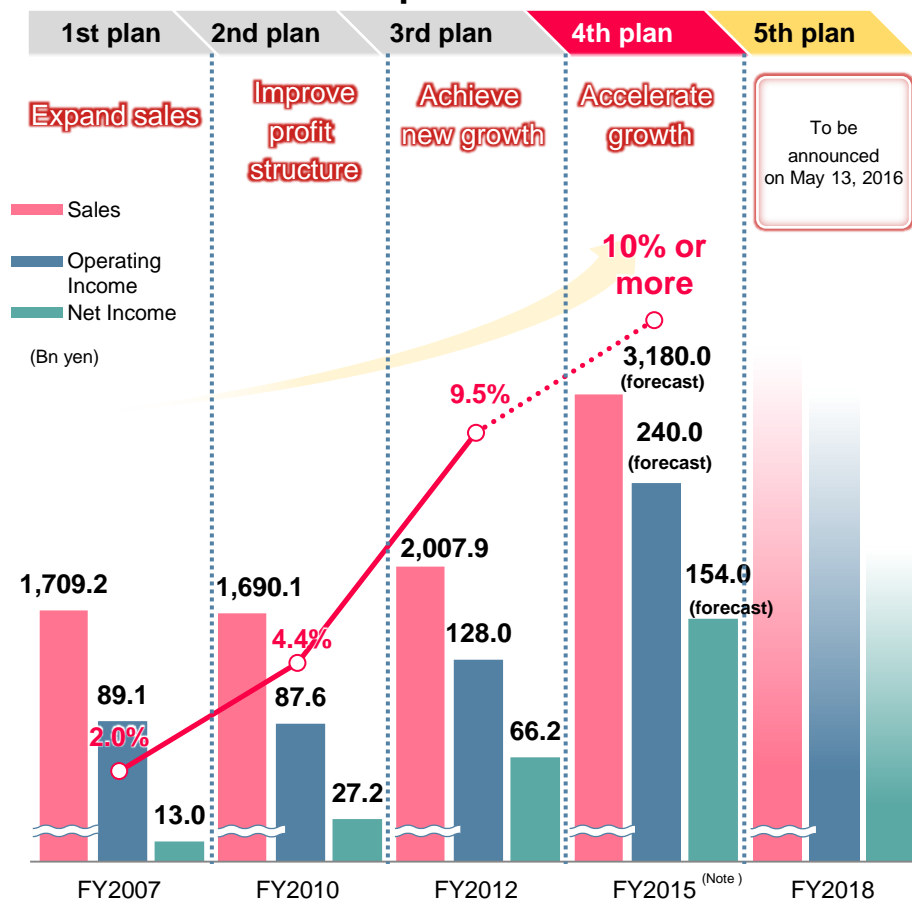
(Note 5) Including Royton Sapporo and Osaka Marubiru

(Note 6) Number of properties constructed by Daiwa House Industry Co., Ltd.

Further development in line with the growth of Daiwa House Group

- ◆ The Merged REIT will acquire properties developed by Daiwa House Group based on Group's pipeline support, including preferential negotiation rights

// Mid-term management plans of Daiwa House Group



(Source) Fourth mid-term business management plan and financial report overview at the 3Q of the period ended Mar. 2016 of Daiwa House Industry Co., Ltd.

(Note) Projected performance of Daiwa House Group at the 3Q of the period ended Mar. 2016

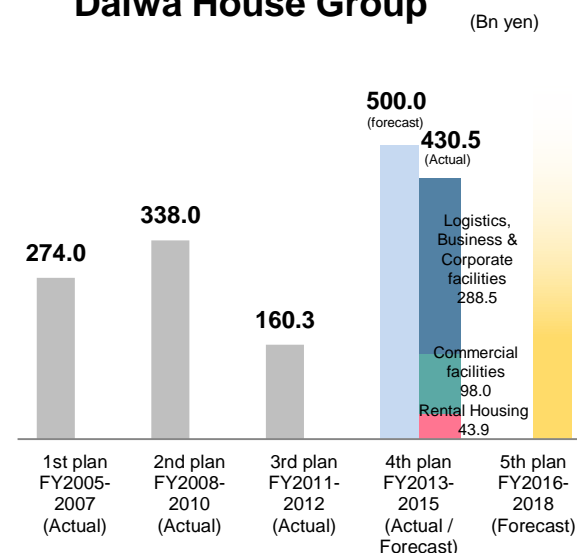
// Leased real estate of Daiwa House Group

	(Bn yen)
Liquidated real-estate	418.7
Real estates available for sale	171.8
Rental Housing	7.2
Commercial facilities	52.3
Logistics, Business & Corporate facilities	97.3
Overseas Business	15.0
Profit-earning real estates	297.6
Being rented	256.0
Rental Housing	29.5
Commercial facilities	180.9
Logistics, Business & Corporate facilities	41.6
Total of Real estate being rented	717.1

(Source) Financial report overview of Daiwa House Industry Co., Ltd. for 3Q of period ended Mar. 2016

(Note) As of Dec. 2015

// Investment plans for real estate development of Daiwa House Group



(Note) As of Dec. 2015

// Investment by Daiwa House Industry in the Merged REIT

- In order to align with its own profit and the benefit of the Merged REIT's unitholders, Daiwa House Industry will continue to hold units of the Merged REIT.

Daiwa House Industry's ownership of the investment units (%):

169,600 units (11.2%) (Note)

(Note) Number of units of the investment Corporations held by Daiwa House Industry as of February 29, 2016, in consideration of the merger-ratio adjustment

Pipeline of Daiwa House Group

// Logistics properties

Property name	Category	Location	Construction date	No. of floors	Gross floor area
D Project Kitahachioji Annex A	BTS-type	Hachioji City, Tokyo	Feb. 2011	5	15,352m ²
D Project Kitahachioji Annex B	BTS-type	Hachioji City, Tokyo	Nov. 2011	4	18,762m ²
D Project Kitahachioji Annex C	BTS-type	Hachioji City, Tokyo	Jun. 2014	4	26,311m ²
D Project Jonanjima	BTS-type	Ota Ward, Tokyo	May 2014	8	49,739m ²
D Project Itabashi Shingashi	BTS-type	Itabashi Ward, Tokyo	Dec. 2014	7	31,094m ²
D Project Kuki Shoubu I Annex B	BTS-type	Kuki City, Saitama	Jan. 2010	1	2,941m ²
D Project Kawagoe Annex A	BTS-type	Kawagoe City, Saitama	Jan. 2011	3	24,684m ²
D Project Kawagoe	BTS-type	Kawagoe City, Saitama	Jul. 2014	4	39,704m ²
D Project Wako Annex A	BTS-type	Wako City, Saitama	Apr. 2015	6	57,199m ²
D Project Matsudo Annex A	BTS-type	Matsudo City, Chiba	Apr. 2011	5	19,838m ²
D Project Tomisato I	BTS-type	Tomisato City, Chiba	Apr. 2015	6	36,335m ²
D Project Sendaiizumi I A	BTS-type	Sendai City, Miyagi	Apr. 2014	3	12,062m ²
D Project Fuji	BTS-type	Fuji City, Shizuoka	Oct. 2013	2	24,176m ²
D Project Kakegawa I	BTS-type	Kakegawa City, Shizuoka	Aug. 2014	5	33,893m ²
D Project Hiroshima Seifu	BTS-type	Hiroshima City, Hiroshima	Dec. 2014	2	19,058m ²
DPL Misato	Multi-tenant -type	Misato City, Saitama	Jul. 2013	5	49,440m ²
DPL Sagamihara	Multi-tenant -type	Sagamihara City, Kanagawa	Dec. 2013	5	82,685m ²
DPL Yokohama Daikoku	Multi-tenant -type	Yokohama City, Kanagawa	Feb. 2014	6	121,818m ²
DPL Fukuoka Kasuya	Multi-tenant -type	Kasuya Gun, Fukuoka	Apr. 2014	7	87,683m ²

// Commercial properties

Property name	Category	Location	Construction date	No. of floors	Gross floor area
FOLEO Shoubu	Roadside-type	Kuki City, Saitama	Apr. 2010	1	19,287m ²
FOLEO Hakata	Mall-type	Fukuoka City, Fukuoka	Jan. 2008	3	29,023m ²
FOLEO Otsu Ichiriyama	Mall-type	Ootsu City, Shiga	Oct. 2008	2, and 1 basement	66,038m ²
iias Tsukuba	Mall-type	Tsukuba City, Ibaraki	Sep. 2008	4	125,249m ²

<D Project Kitahachioji, Annexes A/B/C>



<DPL Sagamihara>



<DPL Yokohama Daikoku>



<DPL Misato>



<DPL Fukuoka Kasuya>



<iias Tsukuba>



<D Project Wako, Annex A>



(Source) Daiwa House Industry Co., Ltd.

(Note) As of the date of this documentation, neither Daiwa House Residential nor Daiwa House REIT is in specific negotiations with Daiwa House Group, etc., regarding the above assets. Currently, there are no planned acquisitions.

Pipeline of Daiwa House Group (including properties under development)

// Residential properties

Property name	Category	Location	Construction date	No. of residential units
Royal Parks Ogikubo	Compact/family	Suginami Ward, Tokyo	Mar. 2005	condominium: 157 units
Royal Parks Riverside	Compact/family	Adachi Ward, Tokyo	Dec. 2010	condominium: 200 units
Royal Parks ER Sasashima	Compact/family/ Private nursing homes/ Nursery school	Nagoya City, Aichi	Mar. 2015	condominium: 430 units, nursery homes: 66 units, nursery school, day-service, convenience store, shared house
Nagoya city Naka ward Project	Compact/family	Nagoya City, Aichi	Jan. 2016	condominium: 99 units
Shinjuku ward Yotsuya Project	Compact/family	Shinjuku Ward, Tokyo	Feb. 2017 (planned)	condominium: 91 units, store: 1 unit
Minato ward Akasaka 9 chome Project	Compact/family	Minato Ward, Tokyo	Feb. 2017 (planned)	condominium: 116 units, store: 1 unit

// Hotels / Multi-use complexes

Property name	Category	Location	Construction date	No. of floors	Gross floor area
Daiwa Royal Ariake Project	Hotel/commercial/Convention	Koto Ward, Tokyo	Mar. 2018 (planned)	17, and 1 basement	22,500 m ²
Hiroshima Futaba no Sato Project	Hotel/office/commercial	Hiroshima City, Hiroshima	Mar. 2019 (planned)	23	47,123 m ²

// Office / Healthcare facilities

Property name	Category	Location	Construction date	Gross floor area / No. of residential units
Ariake Central Tower	Office	Koto Ward, Tokyo	Jan. 2011	71,281m ²
Nerima Takamatsu Project	Assisted-living pay nursing homes	Nerima Ward, Tokyo	Feb. 2015	100 units
Utsunomiya Project	Serviced senior housing	Utsunomiya City, Tochigi	Sep. 2015	77 units
Shibuya Honmachi Project	Assisted-living pay nursing homes	Shibuya Ward, Tokyo	Oct. 2015	57 units

<Royal Parks ER Sasashima>



<Ariake Central Tower>



<Daiwa Royal Ariake Project>



<Hiroshima Futaba no Sato Project>



<Nerima Takamatsu Project>



<Shibuya Honmachi Project>



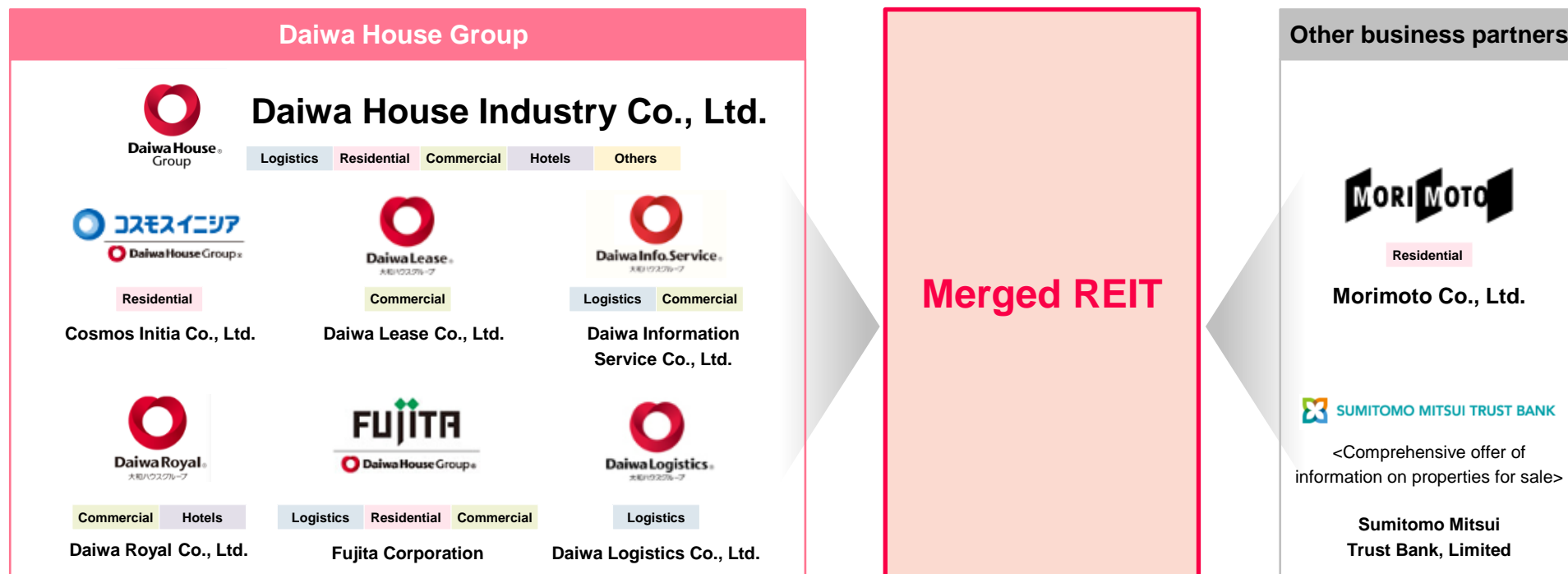
(Source) Daiwa House Industry Co., Ltd.

(Note) As of the date of this documentation, neither Daiwa House Residential nor Daiwa House REIT is in specific negotiations with Daiwa House Group, etc., regarding the above assets. Currently, there are no planned acquisitions.

Solid pipeline support from Daiwa House Group

- ◆ The current pipeline support for the existing two REITs will remain ^(Note 1), and Daiwa House Group will continue to support the Merged REIT

// Partners of support agreements



(Note 1) As of Apr. 15, 2016, whether and how to amend agreements with each Daiwa House Group companies other than Daiwa House Industry has not been determined yet.

(Note 2) Investment-target assets are shown which are subject to the preferential negotiating rights of the Merged REIT with each of the above companies.

(Note 3) Daiwa House Industry's "hotels" and "others," represent preferential negotiating rights investment-target assets that will be added, subject to the Merger taking effect.

(Note 4) Daiwa Royal's "hotels" will become object of the preferential negotiating rights which will be additional investment target of the Merged REIT after the merger.

// Overview of the sponsor-support agreement with Daiwa House Industry

Preferential negotiating rights	Information on properties for sale	Warehousing	Re-development support	Property management advisory
Leasing support	Temporary staffing service	Acquisition and holding of investment units	Advice on renewal and construction-process-control	Entrustment of PM tasks

Financial strategy and financial status

- ◆ Control LTV within a range from 40% to 50% (with respect to total assets including positive goodwill) and maintain stable financial operation
- ◆ Focus on lengthening and diversifying debt maturities, fixing interest rates and reducing debt costs

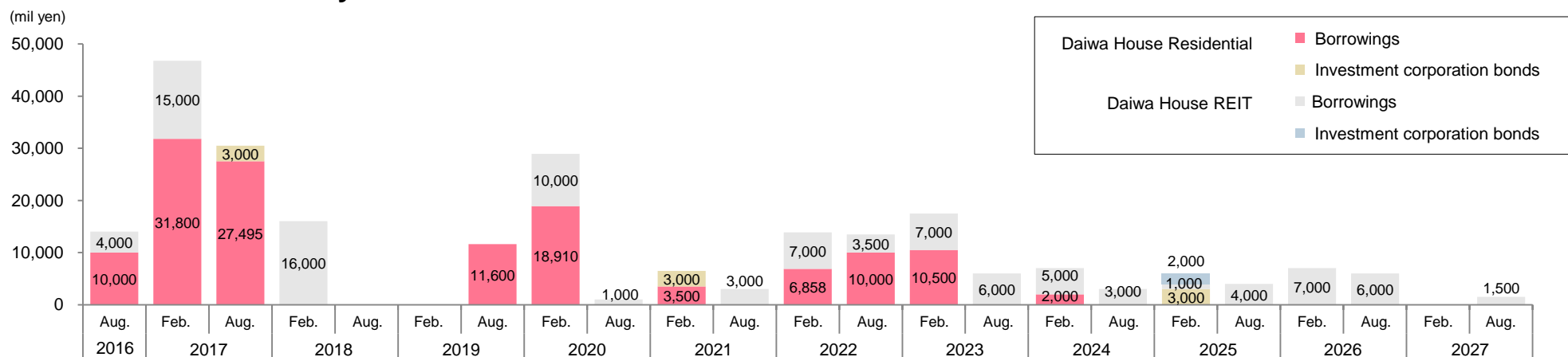
// Status of Interest-bearing debt (Note 1) // Details of Interest-bearing debt (Note 1)

Total debt	243,663 mil yen
Total borrowings	232,663 mil yen
Total of investment corporation bonds	11,000 mil yen
Long-term debt ratio (Note 2)	94.3%
Fixed interest ratio	90.7%
Average interest rate	0.87%
Average remaining maturity	3.7 years
Commitment line	20,000 mil yen

Lender	Balance (mil yen)	Ratio
Sumitomo Mitsui Trust Bank	45,289	18.6%
Sumitomo Mitsui Banking Corporation	41,280	16.9%
Mizuho Bank	39,780	16.3%
The Bank of Tokyo-Mitsubishi UFJ	38,387	15.8%
Mitsubishi UFJ Trust and Banking	13,827	5.7%
Aozora Bank	13,061	5.4%
Development Bank of Japan	11,400	4.7%
The Norinchukin Bank	9,610	3.9%
Resona Bank	7,995	3.3%

Lender/ Investment corporation bonds	Balance (mil yen)	Ratio
Mizuho Trust & Banking	3,808	1.6%
Nippon Life Insurance	2,500	1.0%
Shinsei Bank	1,500	0.6%
Mitsui Sumitomo Insurance	1,000	0.4%
Shinkin Central Bank	1,000	0.4%
The Chiba Bank	965	0.4%
The Shizuoka Bank	760	0.3%
The Bank of Fukuoka	500	0.2%
Investment corporation bonds	11,000	4.5%
Total	243,663	100.0%

// Diversified maturity ladder (Note 1)



(Note 1) Trial calculation figures based on financial values as of Mar. 31, 2016 are presented.

(Note 2) Long-term debt includes the long-term debt with repayment date or redemption date due within one year.

Treatment of positive goodwill and distribution policy

// Treatment of positive goodwill

Expected positive goodwill after the merger

44.5 Bn yen

- Goodwill will be booked as intangible fixed assets on the B/S.
※ In terms of accounting, regularly amortized over 20 years using the straight-line method.
- The goodwill amortization cost will be booked as operating expenses on the P/L statement.

Outlook as of Apr. 8, 2016

// Treatment of retained earnings

Tax-Loss Carry-Forwards

44.5 Bn yen

- In the case of sell-off profit from real estate, etc., tax-loss carry-forwards will be applied, and the profit can be deemed as internal reserves.

as of Feb. 29, 2016



Retained earnings (reserved for distribution)

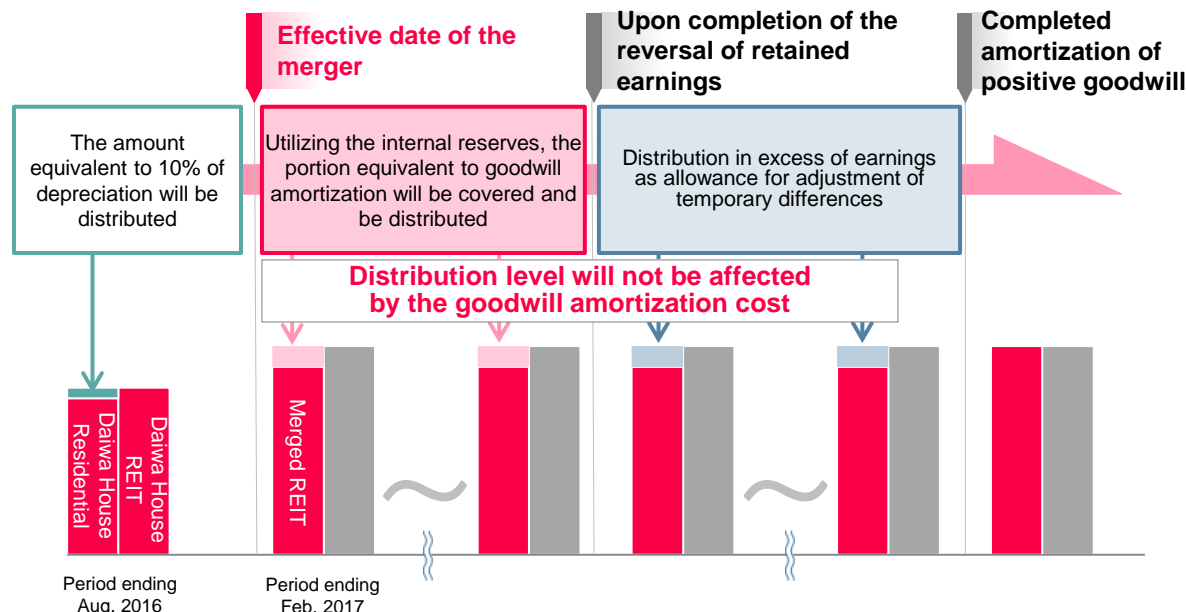
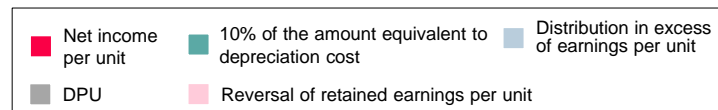
17.8 Bn yen

- This will be used to cover losses, etc., when distribution equivalent to positive goodwill amortization, property disposition loss accrues, or dilution as a result of issuance of units occurs.

as of Feb.29, 2016 (Note 1)

Realize stable distributions

// Distribution policy of the Merged REIT



// Revenue recognition by unitholder (Note 2) of the Merged REIT

	Taxation	Accounting
Utilizing part of the internal reserves	Recognition as dividend	Distribution as earnings
Excess distribution as allowance for adjustment of temporary differences (Note 3)	Recognition as dividend	Depend on the accounting policies of the beneficial investors
Excess distribution from reversal of retained earnings	Return of capital from tax standpoint	Return of capital (Reduction of book value)

(Note 1) This presents the amount after a reversal of internal reserves; the amount before a reversal was 18.0 Bn yen.


(Note 2) Unitholders who hold as available for sale securities.


(Note 3) This distribution is for preventing double taxation due to inconsistency between accounting and taxation of goodwill amortization cost.

Asset management fee structure of the Merged REIT

- ◆ Among the asset management fees of the Merged REIT, the NOI-linked fee will decrease by 0.5% to 4.5% as the applicable rate

// Asset management fee structure

 Daiwa House Residential Investment Corporation					
Period ended Feb. 2016	<table> <tr> <th>Asset management (AM) fee I</th><th>AM fee II</th></tr> <tr> <td>Real estate appraisal value × 0.4%</td><td>Income before income taxes × 3.0%</td></tr> </table>	Asset management (AM) fee I	AM fee II	Real estate appraisal value × 0.4%	Income before income taxes × 3.0%
Asset management (AM) fee I	AM fee II				
Real estate appraisal value × 0.4%	Income before income taxes × 3.0%				
<table> <tr> <th>Acquisition and disposition fees</th><th>Merger fee</th></tr> <tr> <td>Acquisition or disposition price × 0.8% (0.4%) ^(Note 1)</td><td>Appraisal value of properties inherited at the merger × 0.8%</td></tr> </table>		Acquisition and disposition fees	Merger fee	Acquisition or disposition price × 0.8% (0.4%) ^(Note 1)	Appraisal value of properties inherited at the merger × 0.8%
Acquisition and disposition fees	Merger fee				
Acquisition or disposition price × 0.8% (0.4%) ^(Note 1)	Appraisal value of properties inherited at the merger × 0.8%				
Change					
Period ending Aug. 2016	<table> <tr> <th>AM fee I</th><th>AM fee II</th></tr> <tr> <td>Total assets × 0.2%</td><td>NOI × 5.0%</td></tr> </table>	AM fee I	AM fee II	Total assets × 0.2%	NOI × 5.0%
AM fee I	AM fee II				
Total assets × 0.2%	NOI × 5.0%				
<table> <tr> <th>Acquisition and disposition fees</th><th>Merger fee</th></tr> <tr> <td>Acquisition or disposition price × 0.8% (0.4%) ^(Note 1)</td><td>Appraisal value of properties inherited at the merger × 0.8%</td></tr> </table>		Acquisition and disposition fees	Merger fee	Acquisition or disposition price × 0.8% (0.4%) ^(Note 1)	Appraisal value of properties inherited at the merger × 0.8%
Acquisition and disposition fees	Merger fee				
Acquisition or disposition price × 0.8% (0.4%) ^(Note 1)	Appraisal value of properties inherited at the merger × 0.8%				



Daiwa House REIT Investment Corporation

Period ending
Aug. 2016

AM fee I	AM fee II
Total assets × 0.3%	Net income × 4.0%

Acquisition and disposition fees
Acquisition or disposition price × 0.5% (0.25%) ^(Note1)

// Asset management fee structure (post-merger)

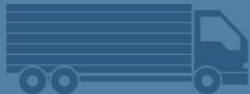
<div>Merged REIT</div> <div>Period ending Feb. 2017</div>	<div>AM fee I</div> <div>Total assets × 0.2% <small>(Note 2)</small></div>	<div>AM fee II</div> <div>NOI × 4.5% <small>(Note 2)</small></div>
	<div>Acquisition and disposition fees</div> <div>Acquisition or disposition price × 0.5% (0.25%) <small>(Note 1, 3)</small></div>	<div>Merger fee</div> <div>Appraisal value of properties inherited at the merger × 0.8%</div>

(Note 1) Figures in parentheses shows the fee rate applicable for related party transactions

(Note 2) The maximum fee rate is 0.4% for AM fee I and 5.0% for AM fee II

(Note 3) Asset management fee structure will be effective by resolution of Daiwa House Residential unitholders' meeting which is planned to be held on Jun. 17, 2016

APPENDIX



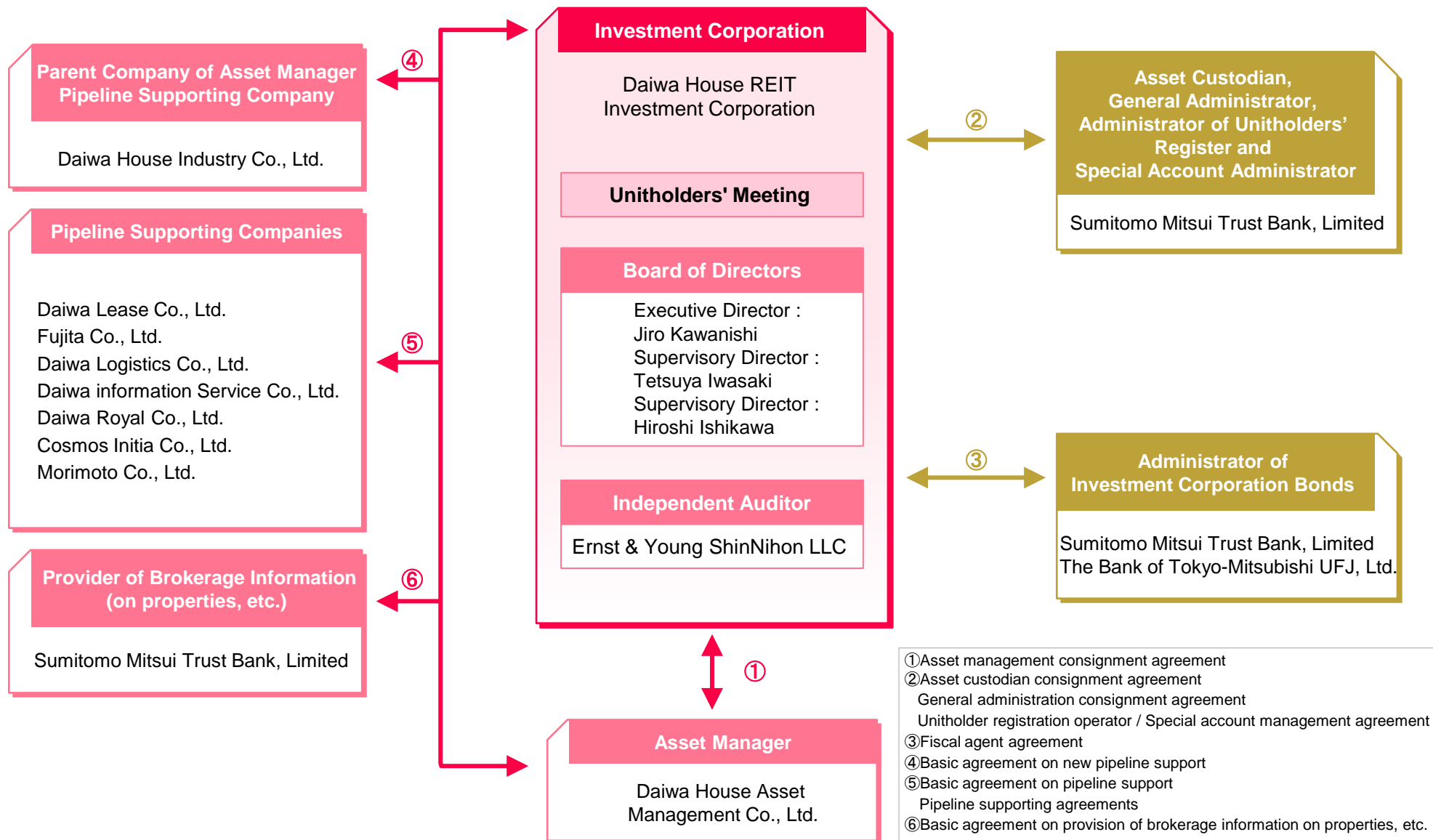
Philosophy of the Merged REIT

“We seek to continuously enhance unitholder value by carrying out investment and asset management in diversified categories of real estate to meet social needs and by securing medium-to-long-term revenue stability and steady asset growth.”

Daiwa House Group, the sponsor, has set its management vision of “Endless Heart” and as “Daiwa House Group—working to co-create value for individuals, communities and peoples’ lifestyles,” has committed itself to “contributing to society” through business development in diversified categories to meet social needs and through proactive innovation and the development of new categories. Daiwa House Group has realized the “creation of shareholders’ value” that generates greater economic value than the capital cost, steadily over the medium-to-long-term. **The Merged REIT will follow this Daiwa House Group's philosophy.**

The Merged REIT will shift to a “diversified REIT” that invests in new types of properties, such as hotels, office buildings, in addition to those that the Investment Corporations have dealt in to date. Its policy will be to **leverage Daiwa House Group's integrated capabilities to enhance its growth potential, improve the profitability and quality of its portfolio, and achieve sustainable external growth and stable distributions.**

Organization chart of the Merged REIT



Property portfolio of the Merged REIT after Anticipated Acquisitions

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)	Leasable Area	Occupancy Rate	Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)	Leasable Area	Occupancy Rate
Logistics	D Project Machida	Machida City, Tokyo	9,200	1.8%	50,490.39	100.0%	Residential	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	464	0.1%	957.60	100.0%
	D Project Hachioji	Hachioji City, Tokyo	15,400	3.0%	62,394.17	100.0%		Castalia Ningyocho	Chuo Ward, Tokyo	947	0.2%	1,747.90	100.0%
	D Project Aikawa-Machi	Aiko District, Kanagawa	3,320	0.7%	14,240.84	100.0%		Castalia Ningyocho II	Chuo Ward, Tokyo	1,070	0.2%	1,826.80	95.8%
	D Project Shin-Misato	Misato City, Saitama	5,720	1.1%	11,289.91	100.0%		Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	914	0.2%	1,308.38	100.0%
	D Project Urayasu I	Urayasu City, Chiba	9,080	1.8%	36,515.81	100.0%		Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	1,370	0.3%	2,117.46	100.0%
	D Project Urayasu II	Urayasu City, Chiba	25,400	5.0%	72,320.01	100.0%		Castalia Jinbocho	Chiyoda Ward, Tokyo	1,160	0.2%	1,628.80	100.0%
	D Project Akanehama	Narashino City, Chiba	2,890	0.6%	11,663.39	100.0%		Castalia Shintomicho III	Chuo Ward, Tokyo	675	0.1%	972.51	95.3%
	D Project Noda	Noda City, Chiba	6,200	1.2%	29,232.53	100.0%		Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	2,720	0.5%	3,594.16	100.0%
	D Project Inuyama	Inuyama City, Aichi	8,520	1.7%	43,723.70	100.0%		Castalia Takanawadai	Minato Ward, Tokyo	860	0.2%	1,147.44	94.6%
	D Project Gifu	Anpachi District, Gifu	1,100	0.2%	7,669.91	100.0%		Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	666	0.1%	1,105.20	100.0%
	D Project Neyagawa	Neyagawa City, Osaka	5,830	1.2%	11,151.51	100.0%		Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	486	0.1%	668.79	96.3%
	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	818	0.2%	6,749.10	100.0%		Castalia Shintomicho IV	Chuo Ward, Tokyo	400	0.1%	681.00	95.0%
	D Project Morioka	Takizawa City, Iwate	1,200	0.2%	9,558.32	100.0%		Castalia Takanawadai II	Minato Ward, Tokyo	1,190	0.2%	1,567.84	95.1%
	D Project Sendai Minami	Iwanuma City, Miyagi	1,520	0.3%	11,052.27	100.0%		Castalia Minami Azabu	Minato Ward, Tokyo	642	0.1%	882.67	94.2%
	D Project Tsuchiura	Tsuchiura City, Ibaraki	3,390	0.7%	17,448.86	100.0%		Castalia Ginza III	Chuo Ward, Tokyo	2,880	0.6%	3,494.42	95.9%
	D Project Gotenba	Gotenba City, Shizuoka	1,140	0.2%	6,737.53	100.0%		Castalia Kayabacho	Chuo Ward, Tokyo	2,707	0.5%	4,602.95	99.0%
	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	1,210	0.2%	5,093.51	100.0%		Castalia Takanawa	Minato Ward, Tokyo	7,430	1.5%	10,408.26	96.4%
	D Project Fukuoka Umi	Kasuya District, Fukuoka	4,150	0.8%	24,729.56	100.0%		Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	3,520	0.7%	6,442.28	98.3%
	D Project Tosu	Tosu City, Saga	5,730	1.1%	8,826.00	100.0%		Castalia Shinjuku	Shinjuku Ward, Tokyo	2,950	0.6%	3,150.80	100.0%
	D Project Kuki I	Kuki City, Saitama	3,910	0.8%	22,708.72	100.0%		Castalia Ichigaya	Shinjuku Ward, Tokyo	940	0.2%	1,546.34	97.4%
	D Project Kuki II	Kuki City, Saitama	8,100	1.6%	50,490.00	100.0%		Shibaura Island Bloom Tower	Minato Ward, Tokyo	7,580	1.5%	16,849.50	98.3%
	D Project Kawagoe I	Kawagoe City, Saitama	3,480	0.7%	16,150.88	100.0%		Castalia Hatsudai	Shibuya Ward, Tokyo	2,030	0.4%	3,077.05	95.7%
	D Project Kawagoe II	Kawagoe City, Saitama	4,730	0.9%	19,872.00	100.0%		Castalia Hatsudai II	Shibuya Ward, Tokyo	1,900	0.4%	2,339.42	100.0%
	DPL Inuyama	Inuyama City, Aichi	3,850	0.8%	21,628.50	100.0%		Castalia Ebisu	Shibuya Ward, Tokyo	1,420	0.3%	1,659.71	100.0%
	D Project Fukuoka Hakozaeki	Fukuoka City, Fukuoka	4,250	0.8%	34,710.80	100.0%		Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	4,500	0.9%	4,967.97	98.5%
	D Project Kuki III	Kuki City, Saitama	7,640	1.5%	26,937.41	100.0%		Castalia Toritsudaigaku	Meguro Ward, Tokyo	648	0.1%	863.70	93.8%
	D Project Kuki IV	Kuki City, Saitama	5,490	1.1%	26,460.00	100.0%		Castalia Yukigaya	Ota Ward, Tokyo	1,110	0.2%	1,542.30	98.6%
	D Project Kuki V	Kuki City, Saitama	8,280	1.6%	47,320.89	100.0%		Castalia Yutenji	Meguro Ward, Tokyo	1,450	0.3%	1,380.35	97.7%
	D Project Kuki VI	Kuki City, Saitama	5,130	1.0%	29,244.66	100.0%		Castalia Otsuka	Toshima Ward, Tokyo	1,480	0.3%	1,871.70	93.2%
	D Project Yashio	Yashio City, Saitama	6,400	1.3%	21,965.04	100.0%		Castalia Kikukawa	Sumida Ward, Tokyo	817	0.2%	1,168.18	98.0%
	D Project Nishiyodogawa	Osaka City, Osaka	10,300	2.0%	39,584.80	100.0%		Castalia Meguro	Meguro Ward, Tokyo	844	0.2%	1,414.73	100.0%
Residential	D Project Matsudo	Matsudo City, Chiba	7,370	1.5%	26,776.67	100.0%		Castalia Otsuka II	Toshima Ward, Tokyo	1,040	0.2%	1,784.50	100.0%
	Qiz Ebisu	Shibuya Ward, Tokyo	7,650	1.5%	5,230.39	96.1%		Castalia Jiyugaoka	Meguro Ward, Tokyo	1,200	0.2%	1,472.47	95.6%
	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	4,500	0.9%	3,492.93	96.9%		Castalia Meiji	Toshima Ward, Tokyo	988	0.2%	1,658.90	96.7%
	Castalia Shibakoen	Minato Ward, Tokyo	2,630	0.5%	2,707.51	96.4%		Castalia Ikebukuro	Toshima Ward, Tokyo	2,570	0.5%	3,644.35	96.9%
	Castalia Ginza	Chuo Ward, Tokyo	2,520	0.5%	2,226.42	93.3%		Castalia Kaname-cho	Toshima Ward, Tokyo	1,140	0.2%	1,624.06	95.9%
	Castalia Hiroo	Minato Ward, Tokyo	2,220	0.4%	1,621.59	97.5%		Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	7,380	1.5%	12,732.35	98.1%
	Castalia Nihonbashi	Chuo Ward, Tokyo	1,200	0.2%	1,458.73	98.3%		Castalia Yakumo	Meguro Ward, Tokyo	857	0.2%	1,276.91	100.0%
	Castalia Hacchobori	Chuo Ward, Tokyo	2,300	0.5%	2,969.57	96.8%		Castalia Togoshiekimae	Shinagawa Ward, Tokyo	1,560	0.3%	2,014.12	100.0%
	Castalia Azabujuban	Minato Ward, Tokyo	2,910	0.6%	2,400.00	96.4%		Castalia Honjo Azumabashi	Sumida Ward, Tokyo	996	0.2%	2,255.88	97.0%
	Castalia Azabujuban II	Minato Ward, Tokyo	2,690	0.5%	2,094.58	91.4%		Castalia Kitazawa	Setagaya Ward, Tokyo	742	0.1%	1,220.16	93.0%
	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	1,865	0.4%	1,917.62	90.3%		Castalia Monzennakacho	Koto Ward, Tokyo	503	0.1%	887.94	100.0%
	Castalia Ginza II	Chuo Ward, Tokyo	1,800	0.4%	1,817.56	96.0%		Castalia Kamiikedai	Ota Ward, Tokyo	198	0.0%	414.45	100.0%
	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	1,400	0.3%	1,123.80	100.0%		Castalia Morishita	Koto Ward, Tokyo	832	0.2%	1,383.90	93.8%
	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	2,143	0.4%	2,779.77	91.7%		Castalia Wakabayashi koen	Setagaya Ward, Tokyo	776	0.2%	1,425.43	94.7%
	Castalia Ochanomizu	Chiyoda Ward, Tokyo	1,770	0.3%	2,559.21	100.0%		Castalia Asakusabashi	Taito Ward, Tokyo	792	0.2%	1,537.84	89.2%
	Castalia Sangubashi	Shibuya Ward, Tokyo	1,393	0.3%	1,898.47	100.0%		Castalia Iriya	Taito Ward, Tokyo	546	0.1%	1,415.15	90.9%
	Castalia Suitengu	Chuo Ward, Tokyo	1,279	0.3%	1,940.94	95.6%		Castalia Kita Ueno	Taito Ward, Tokyo	2,641	0.5%	4,197.66	91.7%
	Castalia Suitengu II	Chuo Ward, Tokyo	1,138	0.2%	1,858.34	96.6%		Castalia Morishita II	Koto Ward, Tokyo	686	0.1%	1,275.60	97.6%
	Castalia Shintomicho	Chuo Ward, Tokyo	932	0.2%	1,444.52	100.0%		Castalia Minowa	Taito Ward, Tokyo	1,430	0.3%	2,406.41	93.6%
	Castalia Shintomicho II	Chuo Ward, Tokyo	825	0.2%	1,244.54	96.5%		Castalia Oyamada	Setagaya Ward, Tokyo	533	0.1%	857.32	95.0%
	Castalia Harajuku	Shibuya Ward, Tokyo	887	0.2%	1,225.26	100.0%		Castalia Nakano	Nakano Ward, Tokyo	1,060	0.2%	1,613.86	97.2%
	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	608	0.1%	811.95	92.3%		Castalia Yoga	Setagaya Ward, Tokyo	923	0.2%	1,472.38	100.0%
	Castalia Sendagaya	Shibuya Ward, Tokyo	555	0.1%	803.03	88.2%		Castalia Sumiyoshi	Koto Ward, Tokyo	948	0.2%	1,362.60	100.0%

Property portfolio of the Merged REIT after Anticipated Acquisitions

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)	Leasable Area	Occupancy Rate
Residential	Castalia Monzennakacho II	Koto Ward, Tokyo	2,160	0.4%	3,038.98	100.0%
	Castalia Oshiage	Sumida Ward, Tokyo	1,100	0.2%	1,785.24	100.0%
	Castalia Kuramae	Taito Ward, Tokyo	1,260	0.2%	1,994.93	100.0%
	Castalia Nakanobu	Shinagawa Ward, Tokyo	1,790	0.4%	2,421.82	98.8%
	Royal Parks Toyosu	Koto Ward, Tokyo	7,360	1.5%	18,112.03	100.0%
	Castalia Togoshi	Shinagawa Ward, Tokyo	1,770	0.3%	2,629.59	94.9%
	Castalia Oimachi	Shinagawa Ward, Tokyo	1,181	0.2%	1,413.75	100.0%
	Castalia Omori	Ota Ward, Tokyo	1,500	0.3%	2,046.36	91.3%
	Castalia Mishuku	Setagaya Ward, Tokyo	1,900	0.4%	2,640.86	98.0%
	Castalia Arakawa	Arakawa Ward, Tokyo	1,660	0.3%	3,797.92	94.5%
	Castalia Omori II	Ota Ward, Tokyo	2,370	0.5%	2,818.70	97.1%
	Castalia Nakameguro	Meguro Ward, Tokyo	3,800	0.7%	3,166.71	95.5%
	Castalia Meguro Chojamaru	Shinagawa Ward, Tokyo	2,030	0.4%	2,123.77	92.9%
	Castalia Meguro Takaban	Meguro Ward, Tokyo	1,750	0.3%	1,961.52	92.9%
	Castalia Omori III	Shinagawa Ward, Tokyo	1,520	0.3%	2,004.80	95.4%
	Morino Tonari	Shinagawa Ward, Tokyo	1,020	0.2%	1,668.24	93.9%
	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	1,165	0.2%	1,278.52	96.7%
	Royal Parks SEASIR	Adachi Ward, Tokyo	4,350	0.9%	17,269.74	100.0%
	Castalia Honkomagome	Bunkyo Ward, Tokyo	1,520	0.3%	2,224.41	91.4%
	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	1,674	0.3%	4,208.83	100.0%
	Castalia Tsurumi	Yokohama City, Kanagawa	666	0.1%	1,452.09	96.9%
	Castalia Funabashi	Funabashi City, Chiba	704	0.1%	1,552.01	100.0%
	Castalia Nishi Funabashi	Funabashi City, Chiba	783	0.2%	1,597.32	100.0%
	Castalia Maihama	Urayasu City, Chiba	670	0.1%	1,287.72	91.8%
	Castalia Ichikawamyoden	Ichikawa City, Chiba	671	0.1%	1,218.00	100.0%
	Castalia Urayasu	Ichikawa City, Chiba	592	0.1%	1,074.53	100.0%
	Castalia Minamigyotoku	Ichikawa City, Chiba	543	0.1%	1,031.81	93.9%
	Castalia Minamigyotoku II	Ichikawa City, Chiba	385	0.1%	724.63	100.0%
	Castalia Nogeeyama	Yokohama City, Kanagawa	325	0.1%	744.90	100.0%
	Castalia Ichikawa	Ichikawa City, Chiba	461	0.1%	876.89	100.0%
	Royal Parks Hanakoganei	Kodaira City, Tokyo	5,300	1.0%	18,153.57	100.0%
	Castalia Musashikosugi	Kawasaki City, Kanagawa	1,680	0.3%	2,179.80	98.7%
	Royal Parks Wakabadai	Inagi City, Tokyo	4,360	0.9%	21,367.93	100.0%
	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	9,100	1.8%	26,294.49	100.0%
	L-Place Shinkoyasu	Yokohama City, Kanagawa	1,720	0.3%	3,009.74	100.0%
	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	1,060	0.2%	3,808.97	100.0%
	Castalia Shinsakae	Nagoya City, Aichi	1,920	0.4%	3,548.48	95.0%
	Aprile Tarumi	Kobe City, Hyogo	1,340	0.3%	6,545.25	100.0%
	Crest Kusatsu	Kusatsu City, Shiga	3,004	0.6%	13,452.80	49.2%
	Castalia Sakaisuji Honmachi	Osaka City, Osaka	1,490	0.3%	3,471.39	95.8%
	Castalia Shin-Umeda	Osaka City, Osaka	1,376	0.3%	3,279.90	97.7%
	Castalia Abeno	Osaka City, Osaka	4,368	0.9%	10,920.75	95.8%
	Castalia Sakae	Nagoya City, Aichi	1,010	0.2%	2,836.00	96.0%
	Castalia Nipponbashi Kouzu	Osaka City, Osaka	3,570	0.7%	9,334.47	98.3%
	Castalia Maruyama Urasando	Sapporo City, Hokkaido	411	0.1%	1,522.89	100.0%
	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	1,740	0.3%	6,100.31	93.1%
	Castalia Higashi Hie	Fukuoka City, Fukuoka	960	0.2%	3,061.60	95.6%
	Castalia Tower Nagahoribashi	Osaka City, Osaka	3,400	0.7%	8,747.40	99.4%
	Castalia Sannomiya	Kobe City, Hyogo	1,230	0.2%	3,071.60	98.3%
	Castalia Kotodaikoen	Sendai City, Miyagi	481	0.1%	1,684.10	100.0%
	Castalia Ichibancho	Sendai City, Miyagi	783	0.2%	2,800.32	100.0%
	Castalia Omachi	Sendai City, Miyagi	656	0.1%	2,149.08	98.6%
	Castalia Uemachidai	Osaka City, Osaka	2,190	0.4%	5,415.39	98.4%

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)	Leasable Area	Occupancy Rate
Residential	Castalia Tower Higobashi	Osaka City, Osaka	2,670	0.5%	6,230.20	96.4%
	Big Tower Minami Sanjo	Sapporo City, Hokkaido	1,740	0.3%	8,661.19	98.5%
	Castalia Fushimi	Nagoya City, Aichi	2,260	0.4%	7,022.69	95.7%
	Castalia Meieki Minami	Nagoya City, Aichi	720	0.1%	1,822.10	94.2%
	Castalia Yakuin	Fukuoka City, Fukuoka	930	0.2%	2,784.83	97.0%
	Castalia Mibu	Koyto City, Kyoto	1,193	0.2%	2,828.39	95.0%
	Castalia Tsutsujioka	Sendai City, Miyagi	1,208	0.2%	4,471.11	100.0%
	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	2,910	0.6%	11,089.75	73.5%
	Royal Parks Namba	Osaka City, Osaka	2,830	0.6%	10,354.15	100.0%
	Castalia Shigahondori	Nagoya City, Aichi	1,730	0.3%	5,086.69	98.3%
Commercial	Castalia Kyoto Nishioji	Kyoto City, Kyoto	973	0.2%	2,035.37	91.5%
	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	7,640	1.5%	41,742.84	100.0%
	FOLEO Hirakata	Hirakata City, Osaka	4,580	0.9%	16,380.78	100.0%
	QiZ GATE URAWA	Saitama City, Saitama	4,740	0.9%	9,705.31	98.1%
	UNICUS Takasaki	Takasaki City, Gunma	2,950	0.6%	9,277.08	100.0%
	ACROSSPLAZA Miyoshi (land)	Iruma District, Saitama	3,710	0.7%	24,018.00	100.0%
	DREAM TOWN ALI	Aomori City, Aomori	8,100	1.6%	22,196.81	98.7%
	LIFE Sagami-hara Wakamatsu	Sagamihara City, Kanagawa	1,640	0.3%	2,973.44	100.0%
Other	FOLEO Sendai Miyanomori	Sendai City, Miyagi	6,840	1.3%	19,845.72	100.0%
	ACROSSPLAZA Inazawa (land)	Inazawa City, Aichi	2,380	0.5%	31,981.70	100.0%
	Urban Living Inage	Chiba City, Chiba	930	0.2%	4,177.52	100.0%
	Aburatsubo Marina HILLS	Miura City, Kanagawa	1,100	0.2%	3,901.14	100.0%
Total			489,677	96.6%	1,508,794.53	98.6%

◆ Anticipated Acquisitions

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)	Leasable Area	Occupancy Rate
Logistics	D Project Hibiki Nada	Kitakyushu City, Fukuoka	2,080	0.4%	23,933.75	100.0%
	D Project Morioka II	Takizawa City, Iwate	1,280	0.3%	4,481.00	100.0%
Residential	Castalia Ningyocho III	Chuo Ward, Tokyo	2,000	0.4%	2,897.06	99.0%
	Royal Parks Umejima	Adachi Ward, Tokyo	2,020	0.4%	6,828.78	100.0%
Commercial	Sports Depo and GOLF5 Kukurahashi IC Store	Kitakyushu City, Fukuoka	2,230	0.4%	8,899.89	100.0%
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	7,600	1.5%	26,959.99 ^(Note 3)	100.0%
Total of Anticipated Acquisitions			17,210	3.4%	74,000.47	100.0%

◆ Portfolio after the Anticipated Acquisitions (As of September 28, 2016)

Type	Number of Properties	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)	Leasable Area	Occupancy Rate	
Logistics	34	194,108	38.3%	853,152.44	100.0%	
Residential	142	258,339	51.0%	507,582.34	96.0%	
Commercial	10	44,810	8.8%	187,021.57	99.7%	
Other	3	9,630	1.9%	35,038.65	100.0%	
Total of Portfolio after the Anticipated Acquisitions		189	506,887	100.0%	1,582,795.00	98.7%

(Note 1) Anticipated Acquisition Price is based on acquisition price for Daiwa House Residential's assets and appraisal value as of February 29, 2016 for Daiwa House REIT's assets. The figures are the anticipated acquisition prices for the anticipated acquisitions. Digits below JPY million have been truncated.

(Note 2) Anticipated Investment Ratio indicates the ratio of the anticipated acquisition price of each asset and has been rounded to the nearest tenth.

(Note 3) The figure of the entire property is shown regarding the leasable area of Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)

Overview of the existing REITs



Daiwa House Residential Investment Corporation



Daiwa House REIT Investment Corporation

Name	Daiwa House Residential Investment Corporation	Daiwa House REIT Investment Corporation
Representative (Executive Director)	Jiro Kawanishi	Masazumi Kakei
Supervisory Director	Tetsuya Iwasaki Hiroshi Ishikawa	Shuichi Sasaki Tatsuro Sasaki
Ticker code	8984	3263
Listing date	March 22, 2006	November 28, 2012
Fiscal period	February and August	February and August
Total number of units issued	747,740	350,700
Total unitholders' capital	61,703 mil yen	105,459 mil yen
Asset Manager	Daiwa House Asset Management Co., Ltd.	Daiwa House REIT Management Co., Ltd.
Asset custodian	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited
Transfer agent	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited
Accounting administrator	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited
Administrator for investment corporation bonds	Sumitomo Mitsui Trust Bank, Limited	The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(Note) Data regarding the total number of investment units issued and the total unitholders' capital is presented, as of the period ended Feb. 2016.

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