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For Immediate Release

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## Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and Leasing of Asset (DREAM TOWN ALi)

Daiwa House REIT Management Co., Ltd. (the “Asset Manager”), the asset manager to which Daiwa House REIT Investment Corporation (“DHR”) entrusts the management of its assets, hereby announces that it has decided to acquire asset (hereafter referred to as “Asset Scheduled for Acquisition”) and to lease Asset Scheduled for Acquisition as follows. The decision has been approved by the board of directors of DHR based on the Act on Investment Trust and Investment Corporation (Act No. 198 of 1951, as amended) and the Asset Manager’s voluntary rules concerning conflicts of interest.

### 1. Acquisition and leasing details

- |  |   |  |
|--|---|--|
| (1) Asset type   | : | Trust beneficiary interests in real estate                   |
| (2) Property name  | : | DREAM TOWN ALi   |
| (3) Planned acquisition price                            | : | 7,790 million yen (excluding acquired-related costs)         |
| (4) Execution date of purchase agreement                 | : | September 24, 2015 (planned)                                 |
| (5) Planned date of acquisition                          | : | September 28, 2015 (planned date of settlement and transfer) |
| (6) Seller   | : | Daiwa Information Service Co., Ltd.                          |
| (7) Acquisition fund                                     | : | Cash reserves and debt financing (Note)                      |
| (8) Method of settlement                                 | : | Payment of entire amount upon transfer                       |
| (9) Sum total for annual rent                            | : | 592 million yen  |
| (10) Sum total for tenant leasehold and security deposit | : | 475 million yen  |

(Note) For details, please refer to the press release “Notice Concerning Debt Financing” dated today.

### 2. Rationale for acquisition and leasing

Based on the targets and policies of asset management prescribed in DHR’s Articles of Incorporation, DHR and the Asset Manager decided to acquire and lease the Asset Scheduled for Acquisition having deemed that the acquisition would expand the asset size, further increase the stability of cash flow through increased portfolio diversification and secure stable revenues in the long term.

In addition, DHR believes that the lessees (tenants) of the Asset Scheduled for Acquisition meet DHR’s standards of tenant selection.

## 3. Details of the Asset Scheduled for Acquisition and planned leasing

| Property number                         | DREAM TOWN ALi                             |                                  | Use  | Retail  |  |
|---|--|----------------------------------|--|---|--|
| R-M-6                                   |  |                                  | Category   | Mall type   |  |
| <b>Overview of Specified Asset</b>      |  |                                  |  |   |  |
| Type of specified asset                 | Trust beneficiary interests in real estate |                                  | Overview of building condition evaluation (Note 1) | Evaluation company  | Tokio Marine & Nichido Risk Consulting Co., Ltd.   |
| Planned date of acquisition             | September 28, 2015                         |                                  |  | Evaluation date   | September 2015   |
| Planned acquisition price (Note 1)      | 7,790 million yen                          |                                  |  | Urgent repair costs                                       | 0 yen  |
| Overview of trust beneficiary interests | Trust establishment date                   | March 23, 2006                   |  | Short-term repair costs                                   | 0 yen  |
|   | Trustee                                    | Mizuho Trust & Banking Co., Ltd. | Long-term repair costs                             | 219,367,000 yen/12 years (annual average: 18,280,583 yen) |  |
|   | Trust maturity date                        | September 30, 2035               | PML  | 1.8%  |  |
| Land                                    | Location (Residence indication)            | 3-1-1 Hamada, Aomori-shi, Aomori | Building   | Structure / floors  | One-story steel-frame building (A building)<br>Two-story steel-frame building (B/C/D buildings)                                |
|   | Land area (Note 1)                         | 36,605.12 m <sup>2</sup>         |  | Date of construction                                      | August 29, 2007 (A building)<br>August 29, 2007 (B building)<br>October 4, 2007 (C building)<br>November 29, 2007 (D building) |
|   | Area classification                        | Neighborhood commercial district |  | Gross floor area (Note 1)                                 | 25,150.89 m <sup>2</sup>   |
|   | Building coverage ratio/ FAR               | 80%/200%                         |  | Use   | Retail premises (A/B/C buildings)<br>Recreation space / hall / retail (D building)   |
|   | Type of ownership                          | Ownership                        |  | Type of ownership   | Ownership  |
| Total leasable area (Note 1)            | 22,196.81 m <sup>2</sup>                   |                                  | Designer   | ASK PLANNING CENTER, Inc.                                 |  |
| Total leased area (Note 1)              | 21,962.01 m <sup>2</sup>                   |                                  | Structure designer                                 | Suwada Architects   |  |
| Occupancy rate (Note 1)                 | 98.94%                                     |                                  | Contractor   | Matsui Kensetsu K. K.                                     |  |
| Master lease company                    | Daiwa Information Service Co., Ltd.        |                                  | Inspection agency                                  | Center of International Architectural Standard            |  |
| Property management company             | Daiwa Information Service Co., Ltd.        |                                  | Structural calculation evaluation agency           | —   |  |
| Number of tenants (Note 2)              | 1 (36)                                     |                                  | Collateral   | None  |  |
| Special items: None                     |  |                                  |  |   |  |

(Note 1) The property is comprised of four buildings A through D and their respective sites, and the figures recorded for planned acquisition price, land area, total leasable area, total leased area, occupancy rate, an overview of the building condition evaluation and gross floor area are all aggregate data incorporating all four of the buildings.

(Note 2) The number of tenants represents tenants which as of August 31, 2015 were involved in leasing agreements with the real estate in trust. However, in the event the master lease company has a lease agreement with the lessor, with regard to properties where pass-through type master lease agreements have been concluded and in principle rents are collected directly from end tenants, the number of end tenants is indicated in parentheses following the number of master lease companies involved.

| Overview of Leasing                    |  |   |   |   |
|--|--|---|---|---|
| Lessee                                 | Leased Land  | Annual rent<br>(excluding<br>consumption tax) | Contract period                                     | Tenant leasehold<br>and security<br>deposit |
| Daiwa Information<br>Service Co., Ltd. | 21,962.01 m <sup>2</sup>   | 592,247,580 yen                               | From<br>September 28, 2015<br>to September 27, 2025 | 475,241,779 yen                             |
| Contract form:                         | Pass-through type master lease agreement   |   |   |   |
| Rent revision:                         | No pertinent data  |   |   |   |
| Contract renewal:                      | Renewed automatically each year. This does not apply in the event there is a renewal refusal received in writing from one of the parties involved no later than 6 months prior to the expiration of the lease agreement. |   |   |   |
| Early cancellation:                    | The lease agreement can be cancelled in the event there is a cancellation request received in writing from one of the parties involved no later than 6 months prior to the proposed date of cancellation.                |   |   |   |

| Property Characteristics   |                               |                |                |                |
|--|-------------------------------|----------------|----------------|----------------|
| <p>■ Location</p> <p>The Hamada district, in which the property is located, is approximately 3km south of Aomori Station on JR Ou Main Line, and is positioned between the city center and the suburbs. While the property is not located on a major road, National Route 103 passes about 500m to the east, and Prefectural Highway 120 passes just under 1km to the west, both running north and south through the area. Additionally, National Route 7 passes about 500m to the south (Aomori Bypass) running east and west, enabling access to three major roads from the property.</p> <p>Furthermore, Aomori Chuo Interchange on Tohoku Expressway (Aomori Expressway) is adjacent to the Hamada district, making it accessible from a broad area, and the parking lots and rooftop parking areas on the property are sufficient to accommodate 778 vehicles.</p> <p>The Hamada district, since the implementation of the land readjustment project in 1996, has blossomed and boasts the city's highest concentration of commercial facilities as a number of suburban retailers have opened stores such as Ito-Yokado Aomori (opened in 2000).</p> |                               |                |                |                |
| <p>■ Tenant composition</p> <p>There are a total of 36 tenants, including apparel stores such as UNIQLO and GU, general discount store, 100-yen shop, shoe store, Round One which operates an entertainment complex, wedding center, and other service oriented stores such as cultural education facilities.</p>  |                               |                |                |                |
| <p>■ Trade area characteristics</p> <p>Population size based on distance from the trade area show 11,000 within 1km, 103,000 within 3km, and 207,000 within 5km – approximately 70% of the population of Aomori City resides within 5km of the trade area. Additionally, as the property is located in a new town, there is a high proportion of people in their 30s with children within 1km of the trade area – approximately half of the area is comprised of people under 40 years of age.</p>   |                               |                |                |                |
| Trade area population  | Distance from the<br>property | 1km trade area | 3km trade area | 5km trade area |
| 2013   | Population                    | 10,286         | 103,632        | 197,889        |
|  | Number of households          | 4,516          | 48,556         | 92,370         |
| 2014   | Population                    | 10,342         | 103,522        | 196,903        |
|  | Number of households          | 4,563          | 48,934         | 92,908         |
| Source: Basic Resident Register  |                               |                |                |                |

| Overview of Property Appraisal |                             |
|--------------------------------|-----------------------------|
| Appraisal value                | 8,100 million yen           |
| Appraiser                      | Japan Real Estate Institute |
| Appraisal date                 | July 31, 2015               |

| Item   | Content           | Basis  |
|--|-------------------|--|
| Value based on income method   | 8,100 million yen |  |
| Value based on direct capitalization method  | 8,200 million yen |  |
| Operating revenue  | 814 million yen   |  |
| Effective gross revenue  | 828 million yen   | Recorded taking into consideration existing lease agreements and rent standards presuming rent income from new lease agreements.   |
| Loss from vacancy  | 13 million yen    | Recorded based on the occupancy situations of similar properties and supply and demand trends.   |
| Operating expense  | 310 million yen   |  |
| Maintenance  | 50 million yen    | Recorded taking into consideration current running costs and running costs of similar properties.  |
| Utility costs  | 185 million yen   | Recorded based on previous fiscal years' actual costs and taking into consideration the occupancy rate and other aspects of the leased portion.                          |
| Repair   | 5 million yen     | Recorded based on average annual repair costs as noted in the engineering report and taking into consideration the previous fiscal years' actual costs.                  |
| Property management fee  | 13 million yen    | Recorded based on the rate of compensation of similar properties and taking into consideration compensation based on existing agreement conditions.                      |
| Advertisement and other leasing costs  | 3 million yen     | Recorded based on presumed lessee turnover period.   |
| Tax  | 46 million yen    | Recorded based on tax base for fiscal 2015.  |
| Insurance  | 1 million yen     | Recorded based on estimated insurance costs and insurance rates of similar properties.   |
| Other costs  | 7 million yen     | Recorded based on the previous fiscal years' actual costs concerning sales and promotion, etc.   |
| Net operating income   | 504 million yen   |  |
| Investment income of lump sum  | 10 million yen    | Return based on investment yield of 2.0%.  |
| Capital expenditure  | 13 million yen    | Recorded based on average annual replacement costs as noted in the engineering report and taking into consideration the previous fiscal years' actual costs.             |
| Net cash flow  | 500 million yen   |  |
| Capitalization rate  | 6.1%              | Evaluated while comprehensively taking into consideration the location of the property, structural condition and agreement conditions.                                   |
| Value based on discount cash flow method   | 7,990 million yen |  |
| Discount rate  | 5.9%              | Recorded while comprehensively taking into consideration the individual characteristics of the property, with reference to the investment returns of similar properties. |
| Terminal cap rate  | 6.4%              | Recorded while comprehensively taking into consideration future investment return trends, with reference to investment returns of similar properties.                    |
| Value based on cost method   | 7,620 million yen |  |
| Proportion of land   | 61.7%             |  |
| Proportion of building   | 38.3%             |  |
| Items applied to adjustments in approaches to the value and the determination of the appraisal value |                   | None   |

#### 4. Seller profile

|  |   |
|--|---|
| (1) Name   | Daiwa Information Service Co., Ltd.   |
| (2) Location                                     | 7-14-4 Ueno, Taito-ku, Tokyo  |
| (3) Representative                               | Katsuyuki Fujita, President   |
| (4) Business activities                          | Real Estate Management  |
| (5) Capital                                      | 200 million yen (as of March 31, 2015)  |
| (6) Foundation date                              | January 8, 1986   |
| (7) Net assets                                   | 14,868 million yen (as of March 31, 2015)   |
| (8) Total assets                                 | 107,041 million yen (as of March 31, 2015)  |
| (9) Major shareholder and shareholding ratio     | Daiwa House Industry Co., Ltd. 100% (as of March 31, 2015)  |
| (10) Relationship with DHR and the Asset Manager |   |
| Capital relationships                            | There is no capital relationship requiring disclosure between DHR/the Asset Manager and Daiwa Information Service Co., Ltd. Daiwa Information Service Co., Ltd. is a subsidiary of Daiwa House Industry Co., Ltd., the parent company of the Asset Manager. |
| Personal relationships                           | There is no personal relationship requiring disclosure between DHR/the Asset Manager and Daiwa Information Service Co., Ltd.  |
| Business relationships                           | The Investment Corporation has entrusted property management and master lease company duties to Daiwa Information Service Co., Ltd.   |
| Status of classification as affiliated party     | The seller falls under the category of an affiliated party of DHR/the Asset Manager.  |

#### 5. Interested party transaction

Daiwa Information Service Co., Ltd., which is the seller, property management company and lessee of the Asset Scheduled for Acquisition, is an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations. The Asset Manager conducted necessary discussion and resolution procedures in accordance with its voluntary rules to avoid transactions with conflicts of interest, and carefully evaluated the acquisition price and various expenses of Daiwa Information Service Co., Ltd. and other factors when judging the fairness of DHR's planned acquisition price.

#### 6. Status of the seller

Property acquisition from the party with particular interest is as follows. The table below notes (1) the name of the party; (2) the relationship with the party that has a particular interest; and (3) the background and reason for the acquisition.

| Property name<br>(Location)                                      | Previous owner / trust beneficiary   | Owner before previous owner<br>/ trust beneficiary      |
|--|--|---|
|  | (1), (2), (3)  | (1), (2), (3)   |
|  | Acquisition (transfer) price   | Acquisition (transfer) price                            |
|  | Acquisition (transfer) date  | Acquisition (transfer) date                             |
| R-M-6<br>DREAM TOWN ALi<br>(3-1-1 Hamada,<br>Aomori-shi, Aomori) | (1) Daiwa Information Service Co., Ltd.<br>(2) Subsidiary of Daiwa House Industry<br>Co., Ltd., parent company of the<br>Asset Manager<br>(3) Acquisition for investment<br>management purpose | A party which does not have any<br>particular interests |
|  | 7,500 million yen  | —   |
|  | May 2015   | —   |

#### 7. Brokerage

None

## 8. Acquisition schedule

|  |   |                              |
|--|---|------------------------------|
| (1) Acquisition decision date                | : | September 16, 2015           |
| (2) Execution date of the purchase agreement | : | September 24, 2015 (planned) |
| (3) Payment date                             | : | September 28, 2015 (planned) |
| (4) Delivery date                            | : | September 28, 2015 (planned) |

## 9. Outlook

As the impact of the acquisition of the Asset Scheduled for Acquisition on the forecast of operating results for the fiscal period ending February 2016 (from September 1, 2015 to February 29, 2016) will be minimal, there are no revisions to the forecast.

\* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

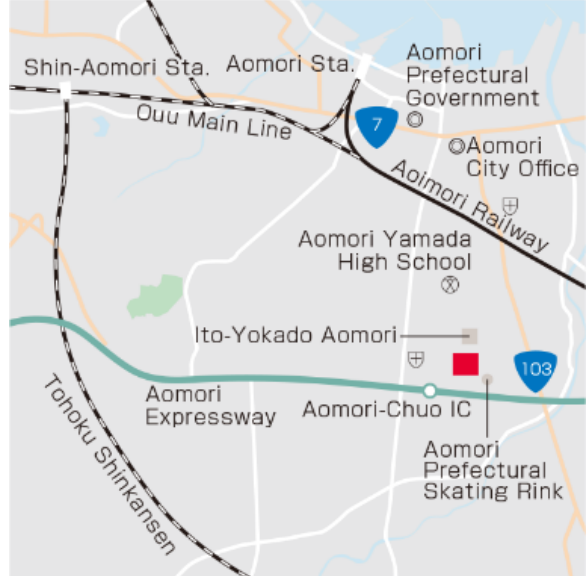
\* DHR’s website: <http://www.daiwahouse-reit.jp/english>

### <Attachments>

1. Photographs and location map
2. Property portfolio after the acquisition

<Attachments>

1. Photographs and location map



**2. Property portfolio after the acquisition**

| Property number                         | Property name              | Acquisition price (planned)<br>(yen in millions) (Note) | Investment ratio (%)<br>(Note) | Acquisition Date (planned)<br>(year/month/day) |
|---|----------------------------|---|--------------------------------|--|
| L-B-1                                   | D Project Machida          | 7,600   | 3.7                            | 2012/11/29                                     |
| L-B-2                                   | D Project Hachioji         | 12,600  | 6.2                            | 2012/11/29                                     |
| L-B-3                                   | D Project Aikawa-Machi     | 2,600   | 1.3                            | 2012/11/28                                     |
| L-B-4                                   | D Project Shin-Misato      | 4,440   | 2.2                            | 2012/11/29                                     |
| L-B-5                                   | D Project Urayasu I        | 7,700   | 3.8                            | 2012/11/28                                     |
| L-B-6                                   | D Project Urayasu II       | 21,400  | 10.5                           | 2012/11/29                                     |
| L-B-7                                   | D Project Akanehama        | 2,550   | 1.3                            | 2012/11/28                                     |
| L-B-8                                   | D Project Noda             | 5,100   | 2.5                            | 2012/11/28                                     |
| L-B-9                                   | D Project Inuyama          | 6,650   | 3.3                            | 2012/11/28                                     |
| L-B-10                                  | D Project Gifu             | 900   | 0.4                            | 2012/11/29                                     |
| L-B-11                                  | D Project Neyagawa         | 4,600   | 2.3                            | 2012/11/28                                     |
| L-B-12                                  | D Project Sapporo Minami   | 600   | 0.3                            | 2012/11/28                                     |
| L-B-13                                  | D Project Morioka          | 1,000   | 0.5                            | 2012/11/29                                     |
| L-B-14                                  | D Project Sendai Minami    | 1,250   | 0.6                            | 2012/11/28                                     |
| L-B-15                                  | D Project Tsuchiura        | 2,880   | 1.4                            | 2012/11/29                                     |
| L-B-16                                  | D Project Gotenba          | 950   | 0.5                            | 2012/11/28                                     |
| L-B-17                                  | D Project Nishi-Hiroshima  | 990   | 0.5                            | 2012/11/28                                     |
| L-B-18                                  | D Project Fukuoka Umi      | 3,100   | 1.5                            | 2012/11/29                                     |
| L-B-19                                  | D Project Tosu             | 2,100   | 1.0                            | 2012/11/29                                     |
| L-B-20                                  | D Project Kuki I           | 3,500   | 1.7                            | 2014/4/1                                       |
| L-B-21                                  | D Project Kuki II          | 7,200   | 3.5                            | 2014/4/1                                       |
| L-B-22                                  | D Project Kawagoe I        | 3,100   | 1.5                            | 2014/4/1                                       |
| L-B-23                                  | D Project Kawagoe II       | 4,250   | 2.1                            | 2014/4/1                                       |
| L-B-24                                  | DPL Inuyama                | 3,380   | 1.7                            | 2014/4/1                                       |
| L-B-25                                  | D Project Fukuoka Hakozaki | 3,700   | 1.8                            | 2014/4/1                                       |
| L-B-26                                  | D Project Kuki III         | 7,340   | 3.6                            | 2015/4/1                                       |
| L-B-27                                  | D Project Kuki IV          | 5,300   | 2.6                            | 2015/4/1                                       |
| L-B-28                                  | D Project Kuki V           | 8,010   | 3.9                            | 2015/4/1                                       |
| L-B-29                                  | D Project Kuki VI          | 4,980   | 2.4                            | 2015/4/1                                       |
| L-B-30                                  | D Project Yashio           | 6,140   | 3.0                            | 2015/4/1                                       |
| L-B-31                                  | D Project Nishiyodogawa    | 9,660   | 4.7                            | 2015/4/1                                       |
| L-B-32                                  | D Project Matsudo          | 6,990   | 3.4                            | 2015/6/1                                       |
| <b>32 Logistics Properties Total</b>    |                            | <b>162,560</b>  | <b>79.8</b>                    | <b>—</b>                                       |
| R-M-1                                   | ACROSSMALL Shinkamagaya    | 7,419   | 3.6                            | 2007/12/12                                     |
| R-M-2                                   | FOLEO Hirakata             | 5,040   | 2.5                            | 2008/12/11                                     |
| R-M-3                                   | QiZ GATE URAWA             | 5,360   | 2.6                            | 2008/12/11                                     |
| R-M-4                                   | UNICUS Takasaki            | 2,570   | 1.3                            | 2013/3/27                                      |
| R-M-5                                   | ACROSSPLAZA Miyoshi (land) | 3,390   | 1.7                            | 2014/9/30                                      |
| R-M-6                                   | DREAM TOWN ALi             | 7,790   | 3.8                            | 2015/9/28                                      |
| R-R-1                                   | LIFE Sagamihara Wakamatsu  | 1,650   | 0.8                            | 2008/12/11                                     |
| R-R-2                                   | FOLEO Sendai Miyanomori    | 6,040   | 3.0                            | 2012/11/29                                     |
| R-R-3                                   | ACROSSPLAZA Inazawa (land) | 1,944   | 1.0                            | 2014/2/25                                      |
| <b>9 Retail Properties Total</b>        |                            | <b>41,203</b>   | <b>20.2</b>                    | <b>—</b>                                       |
| <b>Portfolio Total of 41 Properties</b> |                            | <b>203,763</b>  | <b>100.0</b>                   | <b>—</b>                                       |

(Note) Figures of acquisition price (planned) are rounded to the nearest million yen and investment ratios are rounded to the nearest tenth.