

March 3, 2014

For Immediate Release

Investment Corporation:
Daiwa House REIT Investment Corporation
2-3-6, Nihonbashi-Kayabacho, Chuo-ku, Tokyo
Masazumi Kakei, Executive Director
(Code number 3263)

Asset Manager:
Daiwa House REIT Management Co., Ltd.
Hirotaka Najima
Representative Director, President and CEO

Inquiries:
Masahiro Suzuki
Director, Executive Manager of the Finance Department
(Chief Financial Officer)
(TEL. +81-3-5651-2895)

Notice Concerning Issuance of New Investments Units and
Secondary Offering of Investment Units

Daiwa House REIT Investment Corporation (“DHR”) hereby announces its resolution adopted at a meeting of the board of directors of DHR held on March 3, 2014 regarding issuance of new investment units and secondary offering of investment units as follows.

1. Issuance of new investment units through public offering (primary offering)

- | | |
|--|---|
| (1) Number of investment units to be offered | 44,000 units |
| (2) Issue price (Offer price) | Undetermined
The issue price (offer price) shall be determined at a meeting of the board of directors of DHR to be held on any day between Wednesday, March 12, 2014 and Tuesday, March 18, 2014 (“Pricing Date”) by taking the price arrived at when the closing price in regular trading of the investment units of DHR (“DHR investment units”) on the Tokyo Stock Exchange, Inc. on the Pricing Date (if there is no closing price on that date, the closing price on the most recent day preceding that date) is multiplied by a factor between 0.90 and 1.00 (price shall be rounded down to the nearest yen) as the indicative price range and taking into account demand conditions and other factors in accordance with the method provided in Article 25 of the Rules Concerning Underwriting, etc. of Securities set forth by Japan Securities Dealers Association. |
| (3) Total issue price (offer price) | Undetermined |
| (4) Amount to be paid in (Issue value) | Undetermined
The amount to be paid in (issue value) shall be determined at a meeting of the board of directors of DHR to be held on the Pricing Date in accordance with the method provided in Article 25 of the Rules Concerning Underwriting, etc. of Securities set forth by Japan Securities |

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

- Dealers Association.
- (5) Total amount to be paid in (issue value) Undetermined
- (6) Method of offering A primary offering in which all investment units shall be purchased and underwritten by an underwriting syndicate of which Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Daiwa Securities Co. Ltd. are the joint lead managers (collectively referred to as “Joint Lead Managers”).
The underwriters other than the Joint Lead Managers shall be UBS Securities Japan Co., Ltd., SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd. (collectively referred to with the Joint Lead Managers as “Underwriters”).
- (7) Details of underwriting agreement The Underwriters shall pay in the amount equivalent to the total amount to be paid in (issue value) for the primary offering to DHR on the payment date stated in (10) below. The difference between such amount and the total issue price (offer price) for the primary offering shall be retained by the Underwriters. DHR shall pay no underwriting commission to the Underwriters.
- (8) Subscription unit 1 unit or more in multiples of 1 unit
- (9) Subscription period From the business day following the Pricing Date to the date that marks 2 business days after the Pricing Date
- (10) Payment date Any day between Wednesday, March 19, 2014 and Wednesday, March 26, 2014; provided, however, that the date shall be 5 business days after the Pricing Date
- (11) Delivery date The business day following the payment date stated in (10) above
- (12) The issue price (offer price), the amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at future meetings of the board of directors of DHR.
- (13) The above items shall be subject to the condition that the registration under the Financial Instruments and Exchange Act takes effect.
2. Secondary offering of investment units (secondary offering through over-allotment)
- (1) Seller and number of investment units to be sold Nomura Securities Co., Ltd. 4,400 units
The above number indicates the maximum number of investment units to be sold. The number may decrease, or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions and other factors. The number of investment units to be sold shall be determined at a meeting of the board of directors of DHR to be held on the Pricing Date, taking into account demand conditions and other factors of the primary offering.
- (2) Selling price Undetermined
The selling price shall be determined on the Pricing Date. The selling price shall be the same as the issue price (offer price) for the primary offering.
- (3) Total selling price Undetermined

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

- (4) Method of offering Upon the primary offering, Nomura Securities Co., Ltd., the bookrunner of the primary offering, shall conduct a secondary offering of up to 4,400 units of DHR investment units that it is to borrow from Daiwa House Industry Co., Ltd. (“Designated Party” in certain cases), taking into account demand conditions and other factors of the primary offering.
 - (5) Subscription unit 1 unit or more in multiples of 1 unit
 - (6) Subscription period The same as the subscription period for the primary offering
 - (7) Delivery date The business day following the payment date for the primary offering
 - (8) The selling price and any other matters necessary for this secondary offering of investment units shall be determined at future meetings of the board of directors of DHR.
 - (9) The above items shall be subject to the condition that the registration under the Financial Instruments and Exchange Act takes effect.
3. Issuance of new investment units through third-party allotment
 - (1) Number of investment units to be offered 4,400 units
 - (2) Amount to be paid in (Issue value) Undetermined
The amount to be paid in (issue value) shall be determined at a meeting of the board of directors of DHR to be held on the Pricing Date. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the primary offering.
 - (3) Total amount to be paid in (issue value) Undetermined
 - (4) Allottee and number of investment units to be allotted Nomura Securities Co., Ltd. 4,400 units
 - (5) Subscription unit 1 unit or more in multiples of 1 unit
 - (6) Subscription period (Subscription date) Friday, April 11, 2014
 - (7) Payment date Monday, April 14, 2014
 - (8) The DHR investment units not subscribed by the subscription period (subscription date) stated in (6) above shall not be issued.
 - (9) The amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at future meetings of the board of directors of DHR.
 - (10) The above items shall be subject to the condition that the registration under the Financial Instruments and Exchange Act takes effect.

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

<Reference>

1. Secondary offering through over-allotment, etc.

Upon the primary offering, Nomura Securities Co., Ltd., the bookrunner of the primary offering, may conduct a secondary offering (secondary offering through over-allotment) of up to 4,400 units of DHR investment units that it is to borrow from the Designated Party, taking into account demand conditions and other factors of the primary offering. The number of investment units to be sold in the secondary offering through over-allotment is planned to be 4,400 units, but this number of investment units to be sold indicates the maximum number of investment units to be sold. The number may decrease, or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions and other factors.

In connection with the secondary offering through over-allotment, DHR adopted a resolution at a meeting of the board of directors of DHR held on Monday, March 3, 2014 to conduct an issuance of new investment units through third-party allotment of 4,400 units of DHR investment units with Nomura Securities Co., Ltd. as the allottee (“Third-Party Allotment”), setting Monday, April 14, 2014 as the payment date, for the purpose of having Nomura Securities Co., Ltd. acquire the DHR investment units it requires to return the DHR investment units that it is to borrow from the Designated Party (“Borrowed Investment Units”).

In addition, during the period from the day following the date on which the subscription period for the primary offering and secondary offering through over-allotment ends to Monday, April 7, 2014 (“Syndicate Covering Transaction Period”), Nomura Securities Co., Ltd. may purchase DHR investment units on the Tokyo Stock Exchange, Inc. up to the number of investment units of the secondary offering through over-allotment (“Syndicate Covering Transactions”) for the purpose of returning the Borrowed Investment Units. All DHR investment units that Nomura Securities Co., Ltd. acquires through the Syndicate Covering Transactions will be used to return the Borrowed Investment Units. During the Syndicate Covering Transaction Period, Nomura Securities Co., Ltd. may, at its discretion, not conduct the Syndicate Covering Transactions at all, or terminate the Syndicate Covering Transactions before the number of investment units reaches the number of investment units of the secondary offering through over-allotment.

Moreover, Nomura Securities Co., Ltd. may conduct stabilizing transactions in conjunction with the primary offering and secondary offering through over-allotment. The DHR investment units acquired through the stabilizing transactions may, in whole or in part, be used to return the Borrowed Investment Units.

Nomura Securities Co., Ltd. plans to acquire DHR investment units by accepting the allotment of the Third-Party Allotment for the number of investment units arrived at when the number of investment units acquired through stabilizing transactions and the Syndicate Covering Transactions that are to be used to return the Borrowed Investment Units is deducted from the number of investments units of the secondary offering through over-allotment. For this reason, the number of investment units to be issued through the Third-Party Allotment may not be subscribed in whole or in part and, as a result, the final number of investment units to be issued through the Third-Party Allotment may decrease by the same extent, or the issuance itself may not take place at all, due to forfeiture.

The transactions above shall be conducted by Nomura Securities Co., Ltd. in consultation with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Daiwa Securities Co. Ltd.

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

2. Changes in number of investment units outstanding associated with the issuance of new investment units

Total number of investment units outstanding as of today	245,080 units (Note 1)
Increase in number of investment units associated with the issuance of new investment units through primary offering	44,000 units
Total number of investment units outstanding after the issuance of new investment units through primary offering	289,080 units
Increase in number of investment units associated with the Third-Party Allotment	4,400 units (Note 2)
Total number of investment units outstanding after the Third-Party Allotment	293,480 units (Note 2)

(Note 1) DHR implemented a 2-for-1 split of investment units with March 1, 2014 as the effective date.

(Note 2) The number of investment units in the event that Nomura Securities Co., Ltd. subscribes to all investment units to be issued through the Third-Party Allotment, and the issuance takes place.

3. Purpose and reason for the issuance

DHR believes that newly acquiring specified assets (Note) would further enhance the stability of cash flow through expansion of asset size and increasing diversification of the portfolio, as well as secure stable revenues in the long term. Considerations made – while paying heed to market trends, financial stability, level of distributions per unit and other factors – led to the decision to issue new investment units.

(Note) For details of the specified assets, please refer to the press release “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate” dated today.

4. Amount of funds to be procured, use of the funds and scheduled outlay period

(1) Amount of funds to be procured (approximate net proceeds)

¥19,239,580,800 (maximum)

(Note) The sum total amount of ¥17,490,528,000 in proceeds from the primary offering and ¥1,749,052,800 in maximum proceeds from the issuance of new investment units through the Third-Party Allotment. In addition, the above amount is the estimated amount calculated based on the closing price in regular trading of DHR investment units on the Tokyo Stock Exchange, Inc. as of Wednesday, February 26, 2014.

(2) Specific use of the funds to be procured and scheduled outlay period

The proceeds from the primary offering, combined with the ¥1,749,052,800 in maximum proceeds from the issuance of new investment units through the Third-Party Allotment, will be used to fund part of the acquisition of specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereinafter) that DHR plans to acquire. If there are any funds remaining, the funds will be used as cash reserves to fund part of acquisition of specified assets or fund part of repayment of loans in the future.

5. Designation of distributee

The Underwriters plan to sell 4,400 units of the DHR investment units of the primary offering to Daiwa House Industry Co., Ltd. as the purchaser designated by DHR. Daiwa House Industry Co., Ltd. is a unitholder of DHR, as well as a shareholder of DHR’s Asset Manager.

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

6. Future prospects

Please refer to the press release “Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending August 2014 and Forecast of Results for the Fiscal Period Ending February 2015” dated today.

7. Status of equity finance in most recent 3 business periods, etc.

(1) Operating results in most recent 3 business periods

	Fiscal period ended August 2012	Fiscal period ended February 2013	Fiscal period ended August 2013
Net income per unit (Note 1)	¥13,576	¥13,158	¥16,054
Distributions per unit	—	¥7,278	¥16,055
[Of which, distributions of earnings per unit]	—	[¥7,278]	[¥16,055]
[Of which, distributions in excess of earnings per unit]	—	—	—
Actual payout ratio	—	97.1% (Note 2)	100.0%
Net assets per unit	¥498,152	¥491,863	¥500,640

(Note 1) Net income per unit is calculated by dividing net income by 14,600 units for the fiscal period ended August 2012, 69,833 units for the fiscal period ended February 2013 and 122,540 units for the fiscal period ended August 2013.

(*) Daily weighted average number of investment units during the period

(Note 2) The actual payout ratio for the fiscal period ended February 2013 was, due to the issuance of new investment units, calculated based on the following formula:

Payout ratio = Total distributions (excluding distributions in excess of earnings) ÷ Net income × 100

(Note 3) DHR implemented a 2-for-1 split of investment units with March 1, 2014 as the effective date.

(2) Status of recent investment unit price

i) Status in most recent 3 business periods

	Fiscal period ended February 2013	Fiscal period ended August 2013	Fiscal period ended February 2014 (Note 2)
Opening price	¥504,000	¥677,000	¥637,000
Highest price	¥678,000	¥820,000	¥883,000
Lowest price	¥501,000	¥612,000	¥637,000
Closing price	¥670,000	¥640,000	¥833,000

(Note 1) DHR was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange, Inc. on November 28, 2012. Accordingly, there is no investment unit price for periods before that.

(Note 2) DHR implemented a 2-for-1 split of investment units with March 1, 2014 as the effective date. From February 26, 2014, trading is based on the investment unit price after being split. Factoring in the impact of the split of investment units, the highest price, lowest price and closing price for the fiscal period ended February 2014 are stated with the investment unit price from February 26, 2014 onward multiplied by 2 deemed as the investment unit price per unit.

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

ii) Status in most recent 6 months

	September 2013	October	November	December	January 2014	February (Note)
Opening price	¥637,000	¥757,000	¥752,000	¥754,000	¥799,000	¥876,000
Highest price	¥769,000	¥758,000	¥770,000	¥809,000	¥883,000	¥876,000
Lowest price	¥637,000	¥684,000	¥725,000	¥747,000	¥776,000	¥824,000
Closing price	¥750,000	¥752,000	¥749,000	¥790,000	¥861,000	¥833,000

(Note) DHR implemented a 2-for-1 split of investment units with March 1, 2014 as the effective date. From February 26, 2014, trading is based on the investment unit price after being split. Factoring in the impact of the split of investment units, the highest price, lowest price and closing price for the fiscal period ended February 2014 are stated with the investment unit price from February 26, 2014 onward multiplied by 2 deemed as the investment unit price per unit.

iii) Investment unit price on business day preceding issuance resolution date

	February 28, 2014
Opening price	¥422,500
Highest price	¥422,500
Lowest price	¥413,000
Closing price	¥416,500

(3) Status of equity finance in past 3 business periods

• Capital increase through public offering

Issue date	November 27, 2012
Amount of funds procured	¥49,601,000,000
Amount to be paid in (Issue value)	¥482,500
Number of investment units outstanding at time of the offering	14,600 units
Number of investment units issued through the offering	102,800 units
Total number of investment units outstanding after the offering	117,400 units
Initial use of the funds at time of the issuance	Use to fund acquisition of to-be-acquired assets and fund repayment of loans
Scheduled outlay period at time of the issuance	On November 28, 2012 or after
Status of outlay to date	Entire amount already used in the scheduled outlay period above

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

- Capital increase through third-party allotment

Issue date	December 26, 2012
Amount of funds procured	¥2,480,050,000
Amount to be paid in (Issue value)	¥482,500
Number of investment units outstanding at time of the offering	117,400 units
Number of investment units issued through the offering	5,140 units
Total number of investment units outstanding after the offering	122,540 units
Allottee	Nomura Securities Co., Ltd.
Initial use of the funds at time of the issuance	Use to fund acquisition of to-be-acquired assets and fund repayment of loans
Scheduled outlay period at time of the issuance	On December 26, 2012 or after
Status of outlay to date	Entire amount already used in the scheduled outlay period above

8. Restrictions on sale and additional issuance

- (1) In connection with the primary offering, DHR plans to request the Designated Party to agree with the Joint Lead Managers that it shall not conduct a transfer, etc. of DHR investment units (however, excluding lending, etc. of DHR investment units associated with the secondary offering through over-allotment) during the period from the Pricing Date to the date that marks 1 year after the delivery date of the primary offering without the prior written consent of the Joint Lead Managers.

The Joint Lead Managers are expected to have the authority to cancel the content of said agreement, in whole or in part, at their discretion even during the period above.

- (2) In connection with the primary offering, DHR has agreed with the Joint Lead Managers that it shall not conduct an issuance, etc. of DHR investment units (however, excluding issuance of new investment units, etc. associated with the primary offering, Third-Party Allotment and split of investment units) during the period from the Pricing Date to the date that marks 3 months after the delivery date of the primary offering without the prior written consent of the Joint Lead Managers.

The Joint Lead Managers have the authority to cancel the content of said agreement, in whole or in part, at their discretion even during the period above.

* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange, Inc.), 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/>

Disclaimer: This announcement is prepared for the public disclosure of the issuance of new investment units and secondary offering of investment units of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors invest at their own responsibility and discretion after making sure to read the prospectus for the issuance of new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.