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For Immediate Release

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Notice Concerning Acquisition of Trust Beneficial Interests in Domestic Real Estate and
Leasing of Assets

Daiwa House Residential Investment Corporation (“DHI”) hereby announces the decision made today by the board of directors of Daiwa House Asset Management Co., Ltd. (“DHAM”), the asset manager of DHI, to acquire and lease Castalia Ningyocho III (Note) and Royal Parks Umejima.

In addition, Daiwa House REIT Investment Corporation (“DHR” and together with DHI, the “Investment Corporations”) hereby announces the decision made today by the board of directors of Daiwa House REIT Management Co., Ltd. (“DHRM” and together with DHAM, the “Asset Managers”), the asset manager of DHR, to acquire and lease Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi), D Project Hibiki Nada, D Project Morioka II and Sports Depo and GOLF5 Kokurahigashi IC Store.

As separately announced in the press release “Notice Concerning Execution of Merger Agreement Between Daiwa House

Residential Investment Corporation and Daiwa House REIT Investment Corporation”, the Investment Corporations have decided, at their respective board of directors meetings held today, to implement an absorption-type merger with DHI as the surviving corporation and DHR as the absorbed corporation (the “Merger”) effective as of September 1, 2016 and have executed a merger agreement (the “Merger Agreement”) as of today’s date. The acquisition of the six properties stated above (the “Anticipated Acquisitions”) will be executed upon the satisfaction of several conditions including the Merger taking effect. Also, with respect to the Anticipated Acquisitions to be acquired by DHR, the rights and obligations of the purchaser will be transferred to DHI upon the Merger taking effect.

Pursuant to the Act of Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the “Investment Trusts Act”) and the Related-Party Transaction Rules of the Asset Managers, the decisions to acquire and lease the Anticipated Acquisitions were approved by the respective board of directors of the respective Investment Corporations.

(Note) The property name of Castalia Ningyocho III is currently Roygent Ningyocho as of the date of this document. The property name will be amended upon acquisition by the surviving investment corporation after the Merger takes effect. The same applies hereinafter.

1. Acquisition and leasing details

(1) Anticipated Acquisitions

Real estate in trust (Property name)	Use	Anticipated date of acquisition	Anticipated acquisition price (million yen) (Note 2)	Seller
Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Multi-use complex (Note 1)	September 28, 2016	7,600	Daiwa House Industry Co., Ltd. DO Shin-Toshin Development Tokutei Mokuteki Kaisha
D Project Hibiki Nada	Logistics		2,080	Daiwa House Industry Co., Ltd.
D Project Morioka II	Logistics		1,280	Daiwa House Industry Co., Ltd.
Castalia Ningyocho III	Residential		2,000	Daiwa House Industry Co., Ltd.
Royal Parks Umejima	Residential		2,020	Daiwa House Industry Co., Ltd.
Sports Depo and GOLF5 Kokurahigashi IC Store	Commercial		2,230	Daiwa House Industry Co., Ltd.
Total			17,210	-

(Note 1) The property includes office and hotel rooms as well as retail facilities; its use is categorized as "other" in the management guideline to be applied to the surviving investment corporation upon the Merger.

(Note 2) Excluding such amounts as expenses related to acquisition, amounts equivalent to reimbursement of taxes and public dues, and amount equivalent to consumption taxes and deposit for leased land etc.

- (2) Execution date of the purchase agreements : April 15, 2016
- (3) Planned date of acquisition : September 28, 2016
- (4) Seller : Please refer to 4. Seller Profile below.
- (5) Acquisition funds : The surviving investment corporation after the Merger will acquire funds from cash held and debt financing. Details of debt financing will be announced once determined by the surviving investment corporation after the Merger.
- (6) Method of settlement : Payment of entire amount upon transfer
- (7) Sum total for annual rent (Note 1) : 1,756 million yen
- (8) Sum total for tenant leasehold and security deposit (Note 2) : 1,143 million yen

(Note 1) "Sum total for annual rent" indicates the annual rent indicated in respective lease agreements as of February 29, 2016 for respective real estate in trust, or the annualized amount obtained by multiplying the monthly rent by 12 (or the sum total for real estate in trust for which multiple lease agreements, etc. have been executed). The annual rent of D Project Hibiki Nada was calculated based on lease agreements as of April 1, 2016.

(Note 2) Descriptions are based on the information available as of February 29, 2016. Descriptions of D Project Hibiki Nada are based on the information available as of April 1, 2016.

2. Rationale for acquisition and leasing

Based on the targets and policies of asset management prescribed in the surviving investment corporation's Articles of Incorporation, the Investment Corporations decided to acquire and lease the Anticipated Acquisitions 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. The acquisitions of the Anticipated Acquisitions are all through the pipeline from Daiwa House Group.

Furthermore, the tenants of the Anticipated Acquisitions are deemed to comply with the tenant selection standards stipulated in the "Report on Operating Systems, etc. of Issuers of Real Estate Investment Trust Securities, etc." submitted on November 24, 2015 for DHI and the tenant selection standards stipulated in the "Report on Operating Systems, etc. of Issuers of Real Estate Investment Trust Securities, etc." submitted on November 25, 2015 for DHR.

In addition, DHR believes that at the time of its acquisition of Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi) that the lessees (tenants) of the property complies with the tenant selection standards to be applicable to the surviving investment corporation after the Merger, including but not limited to lease agreement terms, operation capabilities, and tenant categories and credibility.

3. Details of the Anticipated Acquisitions and planned leasing

The following tables provide overview of the trust beneficial interests in real estate that comprise the Anticipated Acquisitions.

Unless otherwise stated, descriptions in each column in the "Overview of specified asset," and "Overview of leasing," are based on the information available as of February 29, 2016.

"Number of tenants" indicates the number of tenants based on the lease agreements as of February 29, 2016.

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.

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

Property name	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Use	Other	
		Category	Office	
Overview of specified asset				
Type of specified asset		Trust beneficial interest in real estate (Note 1)		
Trustee (planned)	Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	September 30, 2036	
Location	Lot number	1-1-2, Omoromachi, Naha City, Okinawa		
	Residence indication	1-1-12, Omoromachi, Naha City, Okinawa		
Land	Type of ownership	Ownership (Note 1)	Building	
	Land area	7,880.42 m ²		
		Type of ownership	Stratified ownership (Note 1)	
		Gross floor	34,180.43 m ² (Note 2)	

	Area classification	Neighborhood commercial district		area											
	Building coverage ratio	80%		Use	Office, Retail, Hotel										
	FAR	400%		Structure	Steel-frame building										
	Collateral	None		Number of floors	B1F/19F (Note 3)										
Collateral		Date of construction		July 14, 2011											
Overview of building condition evaluation															
Evaluation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.														
Urgent repair costs	0 yen	Evaluation date	April 2016												
Short-term repair costs	0 yen	PML	1.2%												
Long-term repair costs	597,524 thousand yen / 12 years														
Designer, structural designer, contractor, inspection agency															
Designer	Obayashi Corporation														
Structural designer	Obayashi Corporation														
Contractor	Joint Venture of Obayashi Corporation and Kokuba-gumi Co., Ltd.														
Inspection agency	JAPAN ERI CO., LTD.														
Structural calculation evaluation agency	-														
Overview of leasing															
Leasable area	26,959.99 m ² (Office 15,168.77 m ² , Hotel 11,101.24 m ² , Retail 689.98 m ²)														
Leased area	26,959.99 m ² (Office 15,168.77 m ² , Hotel 11,101.24 m ² , Retail 689.98 m ²)														
Occupancy rate	100.0%	Annual rent	1,021,314 thousand yen (Note 4)												
Number of tenants	1 (21)	Tenant leasehold and security deposit	916,061 thousand yen (Note 5)												
Master lease company	Daiwa LifeNext Co., Ltd. (planned)														
Master lease type	Pass-through type														
Property management company	Daiwa LifeNext Co., Ltd. (planned)														
Special items															
The surviving investment corporation after the Merger will acquire 50% quasi-co-ownership interest of trust beneficial interest in real estate. Other quasi-co-owners of the interest are two corporations, Orix Real Estate Corporation and DO Shin-Toshin Development Tokutei Mokuteki Kaisha. The surviving investment corporation will enter into a letter of agreement with other quasi-co-owners for future management of the property.															
Property characteristics															
■Location	Naha Shin-Toshin area is a multi-purpose complex city suited for government, office, commercial and residential functions and offers traffic convenience, newly redeveloped in ex-US military base facility. The property is located in 5-minutes walking distance from Omoromachi station on Okinawa Urban Monorail (Yui Rail) and provide accessibility to Kokusai Street located in central Naha-City.														
■Tenant composition	9-18F are for hotel use and the tenant is Daiwa Roynet Hotel Naha-Omoromachi which is operated by Daiwa Royal. 2-8F are for office use and the tenant composition includes insurance companies for call-center use, IT companies, other business companies, etc. 1F is for retail use such as convenience stores and restaurants targeting adjacent office workers, hotel customers and residents nearby.														
■Specifications	The property is a multi-use complex facility mainly for office and hotel uses. Office floors offer competitive specifications such as standard floor area of approximately 650 tsubo, which is one of the largest in the Naha area, as well as advanced features such as high level equipment including ceiling height of 2.8m, OA floors and individual air-conditioning, etc. Hotel floors offer 243 relatively large-sized rooms, with the smallest room being 20m ² , which is relatively large compared to hotels with similar room rate, and provide convenience and comfort.														

(Note 1) As of the date of this document, the property is owned as real estate. However, the current owner (seller) plans to place the property in trust by the scheduled acquisition date and the surviving investment corporation after the Merger plans to acquire 50% quasi-co-ownership interest of the trust beneficial interest. This property is registered as stratified ownership property and the land is registered as the right of site of such stratified ownership property. The trust beneficial interest includes both the stratified ownership interest and the right of site.

(Note 2) Gross floor area of the entire property on the real estate registry and not the portion owned.

(Note 3) Structure and number of floors of the entire property are based on the real estate registry.

(Note 4) Annual rent excludes variable rent portion and revenues from car parking space, bicycle parking space and other ancillary facilities.

(Note 5) Tenant leasehold and security deposit excludes revenues from car parking space, bicycle parking space and other ancillary facilities.

(2) D Project Hibiki Nada

Property name	D Project Hibiki Nada	Use	Logistics			
	Category	BTS type				
Overview of specified asset						
Type of specified asset	Trust beneficial interest in real estate (Note 1)					
Trustee (planned)	Mitsubishi UFJ Trust and Banking Corporation	Trust maturity date	September 30, 2036			
Location	Lot number Residence indication	3-1-5, Hibiki-machi, Wakamatsu-Ward, Kitakyushu City, Fukuoka No indication of address				
Land	Type of ownership	Ownership	Type of ownership			
	Type of ownership	39,659 m ²	Gross floor area			
	Area classification	Quasi-industrial district	Use			
	Building coverage ratio	60%	Structure			
	FAR	200%	Number of floors			
Collateral	None	Building	Date of construction			
			September 5, 2008			
Overview of building condition evaluation						
Evaluation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.					
Urgent repair costs	0 yen	Evaluation date	April, 2016			
Short-term repair costs	0 yen	PML	1.3%			
Long-term repair costs	77,619 thousand yen / 12 years					
Designer, structural designer, contractor, inspection agency						
Designer	Daiwa House Industry Co., Ltd.					
Structural designer	Daiwa House Industry Co., Ltd.					
Contractor	Daiwa House Industry Co., Ltd.					
Inspection agency	Kitakyushu City					
Structural calculation evaluation agency	-					
Overview of leasing (Note 2)						
Leasable area	23,933.75 m ²	Number of tenants	1			
Leased area	23,933.75 m ²	Annual rent	- (Note 3)			
Occupancy rate	100.0%	Tenant leasehold and security deposit	- (Note 3)			
Master lease company	-					
Master lease type	-					
Property management company	Daiwa Information Service Co., Ltd.					
Lessee	NIPPON EXPRESS CO., LTD.					
Contract form	Fixed-term building lease agreement					
Contract period	From April 1, 2016 to September 30, 2021					
Rent revision	No rent revision					
Contract renewal	No renewal; the contract will end upon expiration of the lease period.					
Early cancellation	The lessee may not be able to cancel the lease agreement. However, the lessee may cancel the lease agreement if it notifies the lessor by at least six months prior to the date of cancellation and pay pre-determined cancellation penalty with consent of the lessor.					
Special items						
The following contract for the lease of the rooftop, etc. of D Project Hibiki Nada to install solar power system will be executed.						
Counterparty: Daiwa House Industry Co., Ltd.						
Contract date: April 15, 2016						

Contract period: From September 28, 2016 to January 31, 2033 Annual rental fees: 3,300,000 yen (excluding consumption tax)					
Property characteristics					
<p>■Location</p> <p>Hibiki container terminal located adjacent to the property is a port that enables large container ships up to 60 thousand-ton sizes to call, which is a location potentially for transit point for containerized transportation. In addition, it is located approximately 1.2km from National Route 495 and approximately 8.5km from Shin-Wakato road (Wakato Tunnel) which connects to Kita-kyushu Urban Expressway, offering accessibility to consumption areas and transit points by main roads and express ways.</p>					
<p>■Specifications</p> <p>The property is a large-scale logistics facility with GFA of 7,200 <i>tsubo</i> with one warehouse floor and two office floors. The property offers more than 260m of car berth allowing large-sized trucks to discharge, and ceiling space for containers and cargos storage as well as disposal of goods. The warehouse is partitioned with pillars whose interval spacing of 24m and has effective ceiling height of 7.05-8.50m and floor load of 1.5t/m², which enhances versatility for a wide range of tenants. Office spaces are located on both sides and able for partitioning.</p>					
(Note 1) As of the date of this document, the property is owned as real estate. However, the current owner (seller) plans to place the property in trust by the scheduled acquisition date and the surviving investment corporation after the Merger plans to acquire the trust beneficial interest.					
(Note 2) Overview of leasing is described based on the information as of April 1, 2016.					
(Note 3) The figures are not disclosed as consent for disclosure has not been obtained from the lessee.					
(3) D Project Morioka II					
Property name	D Project Morioka II	Use	Logistics		
		Category	BTS type		
Overview of specified asset					
Type of specified asset	Trust beneficial interest in real estate (Note 1)				
Trustee (planned)	Mitsubishi UFJ Trust and Banking Corporation	Trust maturity date	September 30, 2036		
Location	Lot number	3-15, Ogama-kazabayashi, Takizawa City, Iwate			
	Residence indication	3-15, Ogama-kazabayashi, Takizawa City, Iwate			
Land	Type of ownership	Ownership	Type of ownership	Ownership	
	Land area	14,355 m ²	Gross floor area	4,289.89 m ²	
	Area classification	Outside of urban planning	Use	Warehouse	
	Building coverage ratio	60% (Note 2)	Structure	Steel-frame building	
	FAR	200% (Note 2)	Number of floors	One-story	
Collateral	None	Building	Date of construction	October 19, 2015	
Overview of building condition evaluation					
Evaluation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.				
Urgent repair costs	0 yen	Evaluation date	March 2016		
Short-term repair costs	0 yen	PML	14.5%		
Long-term repair costs	20,721 thousand yen / 12 years				
Designer, structural designer, contractor, inspection agency					
Designer	Daiwa House Industry Co., Ltd.				
Structural designer	Daiwa House Industry Co., Ltd.				
Contractor	Daiwa House Industry Co., Ltd.				
Inspection agency	Houseplus Architectural Inspection Inc.				
Structural calculation evaluation agency	-				
Overview of leasing					
Leasable area	4,481.00 m ²	Number of tenants	1		
Leased area	4,481.00 m ²	Annual rent	- (Note 3)		
Occupancy rate	100.0%	Tenant leasehold and security deposit	- (Note 3)		

Master lease company	-
Master lease type	-
Property management company	Daiwa House Industry Co., Ltd.
Lessee	Nichirei Logistics Group Inc.
Contract form	Fixed-term building lease agreement
Contract period	From November 1, 2015 to October 31, 2035
Rent revision	No rent revision for 12 years from the beginning of the lease, and the provisions of Article 32 of the Act on Land and Building Leases do not apply. After 12 years from the beginning of the lease, the parties may agree after consultation to revise the rent taking factors such as changes in taxes and public dues, changes in economic conditions and rents of neighboring properties into consideration.
Contract renewal	No renewal; the contract will end upon expiration of the lease period.
Early cancellation	The lessee may not be able to cancel the lease agreement. However, the lessee may cancel the lease agreement if it notifies the lessor by at least six months prior to the date of cancellation and pays a pre-determined cancellation penalty with consent of lessor. With regard to the cancellation after 10 years from the beginning of the lease, there is no cancellation penalty.
Special items	
None	
Property characteristics	
<p>■Location The property is located approximately 10km from central Morioka area and inside Morioka Nishi Research Park which is approximately 6km from Morioka interchange on Tohoku Expressway. By using Tohoku Expressway and other main roads, the location allows transportation to the three prefectures of northern Tohoku (Aomori, Akita and Iwate) and Sendai area, main consumption areas within the Tohoku area, while accessible to production areas and central Morioka as well. Also, the property is located in an attractive environment where surrounding roads are wide and 24-hour operation is allowed since this location is an area dense with industrial facilities. The property is located within walking distance from the nearest train stations and therefore would help to attract and retain employees.</p>	
<p>■Specification The property is a 1-floor with GFA of 1,453 <i>tsubo</i> and used as a cold-storage logistics center for fresh foods. Basic specification includes 1.0t/m² for freezing facility, 0.5t/m² for other (refrigeration), effective ceiling height of 4.8 to 5.7m, and pillar interval spacing of 12.0m by 9.0m that offer versatility. Interior is partitioned by refrigeration units (at 15, 8, 0 degrees Celsius) and freezing units (at minus 25 degrees Celsius), and 18 dock shelters on one side allow convenient delivery.</p>	

(Note 1) As of the date of this document, the property is owned as real estate. However, the current owner (seller) plans to place the property in trust by the scheduled acquisition date and the surviving investment corporation after the Merger plans to acquire the trust beneficial interest.

(Note 2) The land is located outside of the urban planning district and therefore is not eligible for provision under Chapter 3, Building Standard Act. However, the building coverage ratio of 60% and the floor space ratio of 200% is the upper-limit under the environment formation treaty of Morioka Nishi Research Park entered into with Takizawa City.

(Note 3) The figures are not disclosed as consent for disclosure has not been obtained from the lessee.

(4) Castalia Ningyocho III

Property name	Castalia Ningyocho III	Use	Residential	
		Category (Note1)	Compact Type (89%) Family Type (11%)	
Overview of Specified Asset				
Type of specified asset	Trust beneficial interest in real estate (Note 2)			
Trustee (planned)	Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	October 31, 2026	
Location	Lot number	1-2-10, Nihonbashi Ningyocho, Chuo Ward, Tokyo		
	Residence indication	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo		
Land	Type of ownership	Ownership	Type of ownership	Ownership
	Land area	529.80 m ²	Building	Gross floor area 3,754.28 m ²
	Area classification	Commercial district		Use Apartment complex, Retail
	Building coverage ratio	80%	Building	Structure Reinforced concrete structure
	FAR	600% - 700%		Number of B1F/10F

			floors	
Collateral	None		Date of construction	October 24, 2014
Overview of building condition evaluation				
Evaluation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.			
Urgent repair costs	0 yen	Evaluation date	April 2016	
Short-term repair costs	0 yen	PML	3.6%	
Long-term repair costs	19,732 thousand yen / 12 years			
Designer, structural designer, contractor, inspection agency				
Designer	Daiwa House Industry Co., Ltd.			
Structural Designer	Daiwa House Industry Co., Ltd.			
Contractor	Daiwa House Industry Co., Ltd.			
Inspection agency	Japan Constructive Inspect Association			
Structural calculation evaluation agency	-			
Overview of leasing				
Leasable area	2,897.06 m ²	Number of leasable units	73	
Leased area	2,867.16 m ²	Annual rent	131,190 thousand yen	
Occupancy rate	99.0%	Tenant leasehold and security deposit	14,846 thousand yen	
Master lease company		Daiwa Living Management Co., Ltd.		
Master lease type		Pass-through type		
Property management company		Daiwa Living Co., Ltd.		
Special items				
None				
Property characteristics				
The property is approximately a three-minute walk from Ningyocho Station on the Tokyo Metro Hibiya Line and Toei Asakusa Line, and since it is approximately seven minutes from Ningyocho Station to Otemachi Station by Tokyo Metro Hibiya Line, the location offers convenient access to the metropolitan area. Also, since it is adjacent to Nihonbashi district, an area dense with retail properties such as large department stores, retailers and long-established shops as well as a financial central district, strong demand for rental apartments is expected.				
Total number of units is 73 (72 residential and 1 retail), mainly with compact type rooms less than or equal to 60m ² per unit. The average rent per month ranges from 110,000-120,000 yen, targeting upper-middle class single tenants with demands for a convenient commute.				

(Note 1) Unit types are categorized as compact type with leasable area of less than or equal to 60m² and family type of more than 60m². A ratio of units is the ratio of the units leased by type to the total number of units for lease (excluding for retail and other non-residential uses) and rounded to the nearest tenth. Therefore, the sum may not add up to 100%.

(Note 2) As of the date of this document, the property is owned as real estate. However, the current owner (seller) plans to place the property in trust by the scheduled acquisition date and the surviving investment corporation after the Merger plans to acquire the trust beneficial interest.

(5) Royal Parks Umejima

Property name	Royal Parks Umejima	Use	Residential	
		Category	Compact Type (31%) Family Type (69%)	
Overview of specified asset				
Type of specified asset		Trust beneficial interest in real estate (Note)		
Trustee (planned)	Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	October 31, 2026	
Location	Lot number	5-573-1, Umeda, Adachi Ward, Tokyo		
	Residence indication	5-25-33, Umeda, Adachi Ward, Tokyo		
Land	Type of ownership	Fixed-term leasehold	Type of ownership	
	Land area	4,217.10 m ²	Gross floor area	
	Area classification	Category 1 residential area	Use	
			Apartment complex, Retail	

	Building coverage ratio	80%		Structure	Reinforced concrete structure
	FAR	200% - 300%		Number of floors	8F
Collateral		None		Date of construction	September 8, 2010

Overview of building condition evaluation

Evaluation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.		
Urgent repair costs	0 yen	Evaluation date	April 2016
Short-term repair costs	0 yen	PML	4.1%
Long-term repair costs	91,236 thousand yen / 12years		

Designer, structural designer, contractor, inspection agency

Designer	Daiwa House Industry Co., Ltd.		
Structural designer	Daiwa House Industry Co., Ltd.		
Contractor	Daiwa House Industry Co., Ltd.		
Inspection agency	(Foundation) Tokyo disaster prevention and construction community development center		
Structural calculation evaluation agency	-		

Overview of leasing

Leasable area	6,828.78 m ²	Number of leasable units	97
Leased area	6,828.78 m ²	Annual rent	185,572 thousand yen
Occupancy rate	100.0%	Tenant leasehold and security deposit	-

Master lease company	Daiwa Living Co., Ltd.		
Master lease type	Rental guarantee type (residence) and pass-through type (other)		
Property management company	Daiwa Living Co., Ltd.		

Special items

Overview of the leasehold interest is as follows.

Land owner: Urban Renaissance Agency, Leasehold term: 62 years from March 31, 2008

- (1) Approval from the land owner is required in the event of disposition of the property, subleasing of all or part of the leasehold land, disposition of the leasehold interest or the property, pledging of the property or the right to reimbursement of the security deposit, reconstruction or expansion of the property, subleasing the property to a third-party, execution of a new periodic building lease agreement or property management agreement, change of business structure of the master lease company and amendments to the asset management agreement between DHI and DHAM, etc.
- (2) The monthly rent paid to the land owner is 2,699 thousand yen (fiscal year of 2015). Also, the rent will be reviewed annually depending on the variation of the amounts of land tax and public dues. Furthermore, the rent will be reviewed every three years depending on the variation of the Consumer Price Index.
- (3) In the event the land leasehold agreement is terminated by the land owner due to reasons such as the breach of the land leasehold agreement by the holder of the leasehold interest, the holder of the leasehold interest shall pay 131 million yen as penalty (provided, however, that the amount of penalty is subject to adjustment depending on changes in the Consumer Price Index).

Property characteristics

The property is approximately a five-minute walk from Umejima Station on Tobu Skytree Line and Umejima Station is approximately 30 minutes by train to Otemachi Station via transfer from Kita-senju Station on Tokyo Metro Chiyoda Line. Also, Tokyo Metro Hibiya Line directly connects with Tobu Skytree Line and therefore offers accessibility to various areas in the metropolitan area. Neighborhood area is a rezoned residential area as a disaster prevention district surrounding west exit of Nishiarai Station and surrounding environment of Umejima Station offers convenience with daily goods stores and restaurants along former-Nikko Road and proximity to metropolitan area.

(Note) As of the date of this document, the property is owned as real estate. However, the current owner (seller) plans to place the property in trust by the scheduled acquisition date and the surviving investment corporation after the Merger plans to acquire the trust beneficial interest.

(6) Sports Depo and GOLF5 Kokurahigashi IC Store

Property name	Sports Depo and GOLF5 Kokurahigashi IC Store	Use	Commercial
		Category	Roadside Type

Overview of specified asset

Type of specified asset	Trust beneficial interest in real estate
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Trustee		Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	September 30, 2036					
Location	Lot number	2-18-116, Kamikuzuhara, Kokuraminami-Ward, Kitakyushu City, Fukuoka							
	Residence indication	2-18-17, Kamikuzuhara, Kokuraminami-Ward, Kitakyushu City, Fukuoka							
Land	Type of ownership	Ownership	Building	Type of ownership					
	Land area	6,789.55 m ²		Gross floor area					
	Area classification	Quasi-industrial district		Use					
	Building coverage ratio	60%		Structure					
	Collateral	200%		Number of floors					
		None		Date of construction					
Overview of building condition evaluation									
Evaluation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.								
Urgent repair costs	0 yen	Evaluation date	April 2016						
Short-term repair costs	0 yen	PML	0.5%						
Long-term repair costs	160,912 thousand yen / 12 years								
Designer, structural designer, contractor, inspection agency									
Designer	Daiwa House Industry Co., Ltd.								
Structural Designer	Daiwa House Industry Co., Ltd.								
Contractor	Obayashi Corporation								
Inspection agency	JAPAN ERI CO., LTD.								
Structural calculation	Research on Planning Technology Consultant Inc.								
Overview of leasing									
Leasable area	8,899.89 m ²	Number of tenants	1						
Leased area	8,899.89 m ²	Annual rent	- (Note)						
Occupancy rate	100.0%	Tenant leasehold and security deposit	- (Note)						
Master lease company	-								
Master lease type	-								
Property management company	Daiwa Information Service Co., Ltd.								
Lessee	- (Note)								
Contract form									
Contract period									
Rent revision									
Contract renewal									
Early cancellation									
Special items									
None									
Property characteristics									
■ Location									
The property is located near Kokura Higashi interchange of Kyushu Expressway and Nagano exit of Kitakyushu Urban Expressway. Also, the property is located in a concentrated area with main roads accessibility such as National Route 10 which connects Kokura Higashi interchange and central Kitakyushu City, and in high residential density areas that provide potential demand for this type of wide-area retail facility. Roadside type malls with home electronics, do-it-yourself stores and household furniture stores are closely located, which is represented by SunLiveCity Kokura.									
■ Tenant composition.									
The store consists of golf goods store GOLF5 on the 1st floor and a general sports goods store Sports Depo on the 2nd floor. The property offers approximately 4,945 m ² as floor space and 234 parking lots, which is relatively large size as a general sports goods store.									
■ Trade area characteristics									
The trade area has a population of 11,000 in 1km, 97,000 in 3km and 260,000 in 5km radius. Population of 260,000 in 5km radius is an attractive volume considering the regional nature of the area. By age, population of those in their 30s									

and those below 10 is relatively high in 3km radius compared to average ratio in Fukuoka prefecture, and population who are in their 60s is relatively high in 5km and 10km radius.

Trade area population	Distance from the property	1km trade area	3km trade area	5km trade area
2015	The population	11,388	97,044	260,364
	The number of households	5,329	45,102	127,442
2014	The population	11,369	97,611	261,871
	The number of households	5,284	45,033	127,081

Source : Basic resident register

(Note) Not disclosed as consent for disclosure has not been obtained from the lessee.

4. Seller Profile

Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi), D Project Hibiki Nada, D Project Morioka II, Castalia Ningyocho III, Royal Parks Umejima, and Sports Depo and GOLF5 Kokurahigashi IC Store

1.	Name	Daiwa House Industry Co., Ltd.								
2.	Location	3-3-5 Umeda, Kita-Ward, Osaka-City, Osaka								
3.	Representative	Naotake Ohno, President and COO								
4.	Business activities	General contractor								
5.	Capital	161,699 million yen (as of December 31,2015)								
6.	Foundation date	March 4, 1947								
7.	Net assets	1,204,641 million yen (as of December 31,2015)								
8.	Total assets	3,215,982 million yen (as of December 31,2015)								
9.	Major shareholder and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust) 5.5% (as of September 30, 2015)								
10.	Relationships with the Investment Corporations / the Asset Managers	<table border="1"> <tbody> <tr> <td>Capital relationship</td> <td>The seller holds 10.1% of DHI's investment units outstanding and 12.2% of DHR's investment units outstanding as of February 29, 2016. The seller also holds 100.0% of shares issued and outstanding of the Asset Managers as of March 31, 2016, and thus falls under the category of a related party, etc. as defined in the Investment Trust Act.</td> </tr> <tr> <td>Personnel relationship</td> <td>Of the officers and employees of DHAM, 14 people have been dispatched from the seller as of March 31, 2016. Also, of the officers and employees of DHRM, 14 people have been dispatched from the seller as of March 31, 2016.</td> </tr> <tr> <td>Business relationship</td> <td>The seller is a consignee of PM and other services for the Investment Corporations, and is a lessee of real estate owned by the Investment Corporations. The seller has executed a support agreement with DHI and DHAM, as well as a memorandum of understanding regarding pipeline support and other matters with DHR and DHRM.</td> </tr> <tr> <td>Status of classification as affiliated party</td> <td>The seller falls under the category of an affiliated party of the Investment Corporations and the Asset Managers.</td> </tr> </tbody> </table>	Capital relationship	The seller holds 10.1% of DHI's investment units outstanding and 12.2% of DHR's investment units outstanding as of February 29, 2016. The seller also holds 100.0% of shares issued and outstanding of the Asset Managers as of March 31, 2016, and thus falls under the category of a related party, etc. as defined in the Investment Trust Act.	Personnel relationship	Of the officers and employees of DHAM, 14 people have been dispatched from the seller as of March 31, 2016. Also, of the officers and employees of DHRM, 14 people have been dispatched from the seller as of March 31, 2016.	Business relationship	The seller is a consignee of PM and other services for the Investment Corporations, and is a lessee of real estate owned by the Investment Corporations. The seller has executed a support agreement with DHI and DHAM, as well as a memorandum of understanding regarding pipeline support and other matters with DHR and DHRM.	Status of classification as affiliated party	The seller falls under the category of an affiliated party of the Investment Corporations and the Asset Managers.
Capital relationship	The seller holds 10.1% of DHI's investment units outstanding and 12.2% of DHR's investment units outstanding as of February 29, 2016. The seller also holds 100.0% of shares issued and outstanding of the Asset Managers as of March 31, 2016, and thus falls under the category of a related party, etc. as defined in the Investment Trust Act.									
Personnel relationship	Of the officers and employees of DHAM, 14 people have been dispatched from the seller as of March 31, 2016. Also, of the officers and employees of DHRM, 14 people have been dispatched from the seller as of March 31, 2016.									
Business relationship	The seller is a consignee of PM and other services for the Investment Corporations, and is a lessee of real estate owned by the Investment Corporations. The seller has executed a support agreement with DHI and DHAM, as well as a memorandum of understanding regarding pipeline support and other matters with DHR and DHRM.									
Status of classification as affiliated party	The seller falls under the category of an affiliated party of the Investment Corporations and the Asset Managers.									

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

1.	Name	DO Shin-Toshin Development Tokutei Mokuteki Kaisha
2.	Location	3-1-1 Marunouchi, Chiyoda-Ward, Tokyo Tokyo Kyodo Accounting Office
3.	Representative	Masato Kaida, Director
4.	Business activities	(1) Acquisition, management and disposition of specified assets based on asset securitization plan under the Act on Securitization of Assets (2) All business incidental or relating to the securitization of specified assets described in the preceding item
5.	Capital	100,000 yen
6.	Foundation date	November 13, 2007
7.	Net assets	We have not obtained permission for disclosure from DO Shin-Toshin Development Tokutei Mokuteki Kaisha.
8.	Total assets	We have not obtained permission for disclosure from DO Shin-Toshin Development Tokutei Mokuteki Kaisha.
9.	Investor Profile	We have not obtained permission for disclosure from DO Shin-Toshin

		Development Tokutei Mokuteki Kaisha.
10.	Relationships with the Investment Corporations / the Asset Managers	
	Capital relationship	There is no capital relationship requiring disclosure between the Investment Corporations/the Asset Managers and DO Shin-Toshin Development Tokutei Mokuteki Kaisha. Daiwa House Industry Co., Ltd., the parent company of the Asset Managers, has a preferred equity investment in DO Shin-Toshin Development Tokutei Mokuteki Kaisha.
	Personnel relationship	There is no personnel relationship requiring disclosure between the Investment Corporations/the Asset Managers and DO Shin-Toshin Development Tokutei Mokuteki Kaisha.
	Business relationship	There is no business relationship requiring disclosure between the Investment Corporations/the Asset Managers and DO Shin-Toshin Development Tokutei Mokuteki Kaisha.
	Status of classification as affiliated party	DO Shin-Toshin Development Tokutei Mokuteki Kaisha is not an affiliated party of the Investment Corporations/the Asset Managers. The subject company is a special purpose company in which Daiwa House Industry Co., Ltd. has a preferred equity investment.

5. Related party transactions

The seller as well as the following companies are defined as related parties, etc. in the Act on Investment Trusts and Investment Corporations: Daiwa House Industry Co., Ltd. as the seller as well as the property management company of D Project Morioka II; Daiwa Lifenext Co., Ltd. as the master lease property management company of Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi); Daiwa Living Co., Ltd. as the property management company of Castalia Ningyocho III and master lease property management company of Royal Parks Umejima; Daiwa Energy Co., Ltd. as the other party of the basic contract of lump supply service of electrical power and the contract for use of building for Royal Parks Umejima; Daiwa Living Management Co., Ltd. as the master lease company of Castalia Ningyocho III and Daiwa Information Service Co., Ltd. as the property management company of D Project Hibiki Nada and Sports Depo and GOLF5 Kokurahigashi IC Store.

A contract concerning installation of solar power generation system with Daiwa House Industry Co., Ltd. will be executed for the purpose of leasing the rooftop, etc. at D Project Hibiki Nada.

In addition, DO Shin-Toshin Development Tokutei Mokuteki Kaisha as one of the sellers of Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi) is a special purpose company with the aim to acquire, hold and dispose of specified assets in which Daiwa House Industry Co., Ltd. partially invests and is a related party as defined in the Asset Managers' rules regarding related-party transactions, however, is not a related party, etc. as defined in the Act on Investment Trusts and Investment Corporations.

Both Asset Managers have gone through the necessary discussion and resolution procedures in accordance with the Asset Managers' voluntary rules to avoid transactions with conflicts of interest.

6. Status of the seller

Property acquisitions from parties with particular interests are 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 backgrounds and reason for the Anticipated Acquisition.

Property name (Location)	Previous owner/trust beneficiary	Owner before previous owner/ trust beneficiary
	(1), (2), (3)	(1), (2), (3)
	Acquisition (transfer) price	Acquisition (transfer) price
	Acquisition (transfer) date	Acquisition (transfer) date
Naha Shin-Toshin Center	(1) Daiwa House Industry Co., Ltd.	A party which does not have any

Property name (Location)	Previous owner/trust beneficiary	Owner before previous owner/ trust beneficiary
	(1), (2), (3)	(1), (2), (3)
	Acquisition (transfer) price	Acquisition (transfer) price
	Acquisition (transfer) date	Acquisition (transfer) date
Building (Daiwa Roynet Hotel Naha-Omoromachi) (1-1-12, Omoromachi, Naha City, Okinawa)	(2) The parent company of the Asset Managers (3) Acquisition for development purposes	particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	-
	February 2008 (Note)	-
	(1) DO Shin-Toshin Development Tokutei Mokuteki Kaisha (2) Special purpose company in which Daiwa House Industry Co., Ltd., the parent company of the Asset Managers, partially invests (3) Acquisition for development purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	-
	February 2008 (Note)	-
D Project Hibiki Nada (3-1-5, Hibiki-machi, Wakamatsu-Ward, Kitakyushu City, Fukuoka)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Managers (3) Acquisition for development purposes	A party which does not have any particular interests.
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	-
	December 2007 (Note)	-
D Project Morioka II (3-15, Ogama-kazabayashi, Takizawa City, Iwate)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Managers (3) Acquisition for development purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	-
	October 2014 (Note)	-
Castalia Ningyocho III (1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Managers (3) Acquisition for development purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	-
	April 2012 (Note)	-
Royal Parks Umejima (5-25-33, Umeda, Adachi Ward, Tokyo)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Managers (3) Fixed term land lease rights for development purposes	A party which does not have any particular interests
	-	-
	-	-
Sports Depo and GOLF5 Kokurahigashi IC Store (2-18-17, Kamikuzuhara, Kokuraminami-Ward, Kitakyushu City, Fukuoka)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Managers (3) Acquisition for development purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	-
	September 2008 (Note)	-

(Note) No description about buildings is listed, because the buildings were developed.

7. Brokerage

None

8. Acquisition schedule

(1) Acquisition decision date	:	April 15, 2016
(2) Execution date of the purchase agreements	:	April 15, 2016
(3) Payment date	:	September 28, 2016 (planned)
(4) Delivery date	:	September 28, 2016 (planned)

9. Impact on finance of the surviving investment corporation after the Merger in the event of failure of fulfillment of the forward commitment, etc.

The trust beneficial interest purchase agreements regarding the Anticipated Acquisitions (each a "Purchase Agreement") are "forward commitment, etc." (Note) as defined in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency.

Under the Purchase Agreements, if a party breaches the respective Purchase Agreement, then the non-breaching party may cancel the Purchase Agreement upon notice to the breaching party, but only if the non-breaching party is no longer able to fulfill the purpose of the Purchase Agreement due to the other party's breach. In the event the Purchase Agreement is cancelled, the non-breaching party may demand the breaching party to pay a penalty in the amount equal to approximately 20% of the purchase price (however, the amount equal to approximately 10% with regard to the purchase agreement of acquiring Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi) between DO Shin-Toshin Development Tokutei Mokuteki Kaisha) (as such penalty is expected to constitute damage payment, the non-breaching party may not claim damages in the amount exceeding such penalty amount).

The surviving investment corporation's payment of the purchase price, however, is subject to its completing the financing necessary to pay the purchase price. Hence, if the surviving investment corporation after the Merger is unable to complete the financing necessary to pay the purchase price, the Purchase Agreement will expire without the surviving investment corporation after the Merger assuming any obligations under the Purchase Agreement, including payment of any penalty. Thus, even if the surviving investment corporation after the Merger cannot fulfill the forward commitment, etc. for failing to complete the financing, it is unlikely that such non-fulfillment will have any material impact on the surviving investment corporation's finance.

Please refer to 10. Conditions of acquisition, regarding conditions precedent of the Purchase Agreement.

(Note) Forward commitment, etc. is a purchase and sale agreement signed one month or more in advance of the actual date on which the purchase price is paid and the property is transferred to the purchaser, as well as certain other similar contracts.

10. Conditions of acquisition

Under each Purchase Agreement, the contract shall become effective on the condition that the Merger takes effect as well as the amended articles of incorporation of the surviving investment corporation after the Merger takes effect, and, as stated in above 9 for the surviving investment corporation to finance the proceeds necessary for the acquisition of the Anticipated Acquisitions is a condition for the payment of the purchase price. Also, with respect to the Anticipated Acquisitions to be acquired by DHR, the rights and obligations as the purchaser will be transferred to DHI as the surviving investment corporation after the Merger upon the effective date of the Merger.

In the event the Merger fails to take effect, the acquisition of the Anticipated Acquisitions will not take place. Also, under the Purchase Agreement, in the event that the acquisition is terminated due to such conditions not being fulfilled, the seller and the purchaser may not claim any compensation for their damage, loss or cost.

11. Outlook

For the forecasts of the financial results of the surviving investment corporation after the Merger for the fiscal period ending February 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 2017 (from March 1, 2017 to August 31, 2017), please refer to the press release "Notice Concerning Forecasts of Financial Results for the Fiscal Periods Ending February 2017 and Ending August 2017 Following the Merger of Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation" separately announced today.

12. Summary of real estate appraisal

Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)		
Appraisal value	7,600 million yen	
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.	
Appraisal date	February 29, 2016	
Item	Content	Basis
Value based on income method	7,600 million yen	Estimate by combining the value calculated by using direct capitalization method and the value calculated by using discounted cash flow method.
Value based on direct capitalization method	7,610 million yen	
Operating revenue	1,239 million yen	
Effective gross revenue	1,285 million yen	Assessed based on the stabilized assumed rental income and common area charges income of the subject property based on leasing case examples and the level of new rent of similar buildings in the market area and the trends thereof, and by taking into consideration such factors as the medium- to long-term competitiveness of the subject property.
Loss from vacancy	46 million yen	Estimated using historical vacancy rate of the subject property and standard vacancy rate of comparable property but adjusted for specific characteristics of the property.
Operating expense	340 million yen	
Maintenance	83 million yen	Estimated using historical maintenance fee based on the current contract, by referring to the cost of comparable property and current cost.
Utility cost	137 million yen	Estimated by referring to the cost of comparable property and current cost.
Repair	18 million yen	Posted based on the average annual expenses of the medium- to long-term repair expenses described in engineering report, and verifying the levels of maintenance and management fees of comparable real estate.
Property management fee	10 million yen	PM fee is based on actual figures, and verifying the levels of property management fee of comparable real estate.
Advertisement and other leasing cost	6 million yen	Estimated by referring to the replacement cost of comparable property, assuming vacancy rate and current cost.
Tax	76 million yen	Recorded in consideration of burden levels, land price trends, etc. in reference to results for FY 2015.
Insurance	4 million yen	Recorded in the current insurance premium, verifying the premium on comparable property.
Other cost	4 million yen	Recorded maintenance fee and reserve costs of other costs.
Net operating income (NOI)	898 million yen	
Investment income of lump sum	17 million yen	Assessed based on assuming investment yield of 2.0%, by conducting a comprehensive assessment from the perspective

		of both the operational and procurement aspects regarding the actual management condition, etc. of one-time investment gains.
Capital expenditure	33 million yen	Recorded by taking the annual average renewal costs in the engineering report and considering the construction management fees.
Net cash flow (NCF)	882 million yen	
Net cash flow based on co-ownership interest	441 million yen	Net cash flow (NCF) multiplied by rate of co-ownership interest (50%).
Cap rate	5.8%	In consideration of a 50% co-ownership and other factors such as management flexibility and market deterioration, as well as comparable transactions.
Value based on discounted cash flow method	7,600 million yen	
Discount rate	5.6%	Appraised by comparing with cases of similar real estate transactions and adding individuality of real estate to yield of financial assets.
Terminal cap rate	6.0%	Giving consideration to future uncertainty such as possibility of increased capital expenditure due to aging of the property, change of market trend and loss of liquidity because of passage of time.
Value based on cost method	7,600 million yen	
Proportion of land	45.2%	
Proportion of building	54.8%	
Items applied to adjustments in approaches to the value and the determination of the appraisal value	None	

D Project Hibiki Nada		
Appraisal value	2,100 million yen	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal date	February 29, 2016	
Item	Content	Basis
Value based on income method	2,100 million yen	Estimate by combining the value calculated by using direct capitalization method and the value calculated by using discounted cash flow method.
Value based on direct capitalization method	2,110 million yen	
Operating revenue	-	
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management fee	-	
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	130 million yen	
Investment income of lump sum	-	(Note)
Capital expenditure	-	
Net cash flow (NCF)	126 million yen	
Cap rate	6.0%	Compare the multiple transaction yields in the neighboring areas and the similar areas of the same supply and demand, also, assess by taking into account the change prediction of net cash flow in the future, considering the relationship with the discount rate.

Value based on discounted cash flow method	2,090 million yen	
Discount rate	(from first to sixth year) 5.9% (from seventh year) 6.1%	In consideration of a single-tenant impact. Also, a fixed-term lease with no early termination or rent renewal clause, NCF assessed stable.
Terminal cap rate	6.2%	In consideration of the prediction uncertainty, estimate on the basis of capitalization rate.
Value based on cost method	2,130 million yen	
Proportion of land	30.3%	
Proportion of building	69.7%	
Items applied to adjustments in approaches to the value and the determination of the appraisal value	None	

(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against the surviving investment corporation after the Merger for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, the surviving investment corporation after the Merger believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

D Project Morioka II		
Item	Content	Basis
Appraisal value	1,300 million yen	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal date	February 29, 2016	
Value based on income method	1,300 million yen	Estimate by combining the value calculated by using direct capitalization method and the value calculated by using discounted cash flow method.
Value based on direct capitalization method	1,310 million yen	
Operating revenue	-	(Note)
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management fee	-	
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	80 million yen	
Investment income of lump sum	-	(Note)
Capital expenditure	-	
Net cash flow (NCF)	80 million yen	
Cap rate	6.1%	Compare the multiple transaction yields in the neighboring areas and the similar areas of the same supply and demand, also, assess by taking into account the change prediction of net cash flow in the future, considering the relationship with the discount rate.
Value based on discounted cash flow method	1,300 million yen	
Discount rate	(from first to tenth year) 5.8% (eleventh year)	Estimate base yield of the warehouse by build-up approach based on yields of the financial products, and assess taking into account specific risks related to the property.

		5.9%	
Terminal cap rate	6.3%	In consideration of the prediction uncertainty, estimate on the basis of capitalization rate.	
Value based on cost method	1,220 million yen		
Proportion of land	40.4%		
Proportion of building	59.6%		
Items applied to adjustments in approaches to the value and the determination of the appraisal value	None		

(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against the surviving investment corporation after the Merger for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, the surviving investment corporation after the Merger believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

Castalia Ningyocho III		
Item	Content	Basis
Appraisal value	2,170 million yen	
Appraiser	Japan Real Estate Institute	
Appraisal date	February 29, 2016	
Value based on income method	2,170 million yen	Calculated by associating value based on the direct capitalization method and that based on the discounted cash flow method, both of which are considered to have the same level of canonicity.
Value based on direct capitalization method	2,190 million yen	
Operating revenue	130 million yen	
Potential gross revenue	138 million yen	Assessed the unit value level of rents, etc. that can be received stably over a medium to long term based on the average rent calculated on current lease agreements, level of rents in case when the subject property is newly leased, and qualities, etc. of the current lessees; and recorded the rental revenues based on the aforementioned and common area charges.
Loss from vacancies	8 million yen	For each use, assumed an occupancy ratio level that will remain stably passable over the medium to long term from the occupancy status of and the supply and demand trends of competing or alternative, etc. real estates with similar features in a comparable area within the same sphere of supply and demand, and past records and future prospects of the occupancy ratio of the subject property; and recorded the losses from vacancies, etc. as calculated based on the occupancy ratio level thus assumed. Revenue amounts based on medium- to long-term estimate amounts are assumed for other revenues and bike parking revenues and thus losses from vacancies, etc. are not recorded.
Operating expense	31 million yen	
Maintenance	6 million yen	Recorded in consideration of the individuality of the subject property, by reference to the actual management fees of the past years and building management fees of similar properties.
Utility cost	1 million yen	Recorded by taking into account utilities of similar real estate and the individualities of the subject property with reference made to prior actual amounts in assuming utilities for common areas.
Repair	2 million yen	Recorded restitution fees based on the level of restitution fees per room that will ordinarily arise in correlation with tenant replacement, the proportion of the lessor's burden, average expense burden timing, degree of restitution and other factors. Also recorded by taking into account the actual results of the previous fiscal year, the level of expenses for similar properties, the annual average amounts of repairs in the relevant engineering report and other factors in appraising repairs.

	Property management fee	3 million yen	Based on the fee rates, etc. under current terms and conditions, considering the rate of fee rates for similar real estates and the individualities of the subject property.
	Advertisement and other leasing cost	7 million yen	In consideration of comparable properties rent terms, etc., leasing expenses based on required amount for marketing and past figures and renewal cost based on average turnovers and occupancy rates.
	Tax	7 million yen	Recorded in accordance with documents related to taxes and other public charges.
	Insurance	0 million yen	Recorded in consideration of premiums based on an Insurance contract and premiums paid for scheduled insurance money, and insurance rates of similar properties, etc.
	Other cost	1 million yen	Cost based on Internet communication costs.
	Net operating income (NOI)	98 million yen	
	Investment income of lump sum	0 million yen	Assumed a number-of-month-equivalent lease deposits that will remain stably passable over the medium to long term based on the required number-of-month-equivalent lease deposits for the current lease terms and new lease contracts as appraised; and calculated an operating profit of lump-sum money by multiplying the assumed number-of-month-equivalent lease deposits as adjusted for the occupancy ratio by an investment yield. Moreover, we assessed 2.0% as being the appropriate investment yield from the perspective of fund management during the period of deposit, by taking into account the level of interest rate, etc. of both sides of investment and procurement.
	Capital expenditure	2 million yen	Assuming that a projected average amount will be set aside every fiscal period, and assessed capital expenditures, taking into account the level of capital expenditure for similar real estates, the age of the building and the annual average amount, etc. of repair and renewal costs in the relevant engineering report.
	Net cash flow (NCF)	96 million yen	
	Cap rate	4.4%	Assessed based on a real-estate investment yield set for each area by an appraiser, by adjusting it with the spreads arising from location requirements, standing of the building and other conditions for the subject property and by taking into account any future uncertainties and yields from similar real estate deals, etc.
	Value based on discounted cash flow method	2,150 million yen	
	Discount rate	4.2%	In consideration of yields from comparable properties and other comprehensive factors. In addition, based on direct capitalization method analysis the cashflow takes into account both net income not considered in forecast and terminal value variation.
	Terminal cap rate	4.6%	Appraised, based on the cap rate, and taking into account the cause of risk such as possible increase of capital expenditure due to the age deterioration of the building, the uncertainty of property market trends, and the impact to the liquidity of the lapse in property age, etc.
	Value based on cost method	1,960 million yen	
	Proportion of land	55.2%	
	Proportion of building	44.8%	
	Items applied to adjustments in approaches to the value and the determination of the appraisal value	None	

Royal Parks Umejima	
Appraisal value	2,150 million yen
Real estate appraiser	Morii Appraisal & Investment Consulting, Inc.
Appraisal date	February 29, 2016

Item	Content	Basis
Value indicated by the income approach	2,150 million yen	Value calculated using the discounted cash flow method, referring to the direct capitalization method (the Inwood method).
Value indicated by the income approach based on the direct capitalization method (Inwood method of capitalization over a definite term)	2,190 million yen	
Operating revenue	208 million yen	
Effective gross revenue	211 million yen	Based on mid to long term stabilized rents considering current leasing conditions.
Loss from vacancy	3 million yen	Residence : Posted losses from vacancies after coming up with an assessment on steady occupancy rates over the medium to long term. Retail and others : Assessed with considerations given to the standard vacancy rate and the individuality of the subject property.
Operating expense	69 million yen	
Maintenance	13 million yen	Amount based on a changed contract presented by the buyer and past results, referring to the levels of similar properties.
Utility cost	3 million yen	Assessed considering past results presented by the buyer, referencing the document which appraiser acquired (the levels of similar properties).
Repair	2 million yen	Based on estimates in the engineering report. 30% of the stabilized amount
Restore cost	3 million yen	Assessed considering past results and the move-out rate presented by the buyer, referring to the levels of similar properties.
Property management fee	2 million yen	Amount based on conclusion that a changed contract presented by the buyer is appropriate, referencing the document which appraiser acquired (the levels of similar properties).
Ground rent	32 million yen	Based on historical data, with consideration of variable rate into account.
Advertisement and other leasing cost	0 million yen	Retail : The amount is posted as the new monthly rental fee.
Tax	10 million yen	Appraised by considering actual amounts and making reference to the annual depreciation.
Insurance	0 million yen	The amount is posted assuming the presented materials by buyer to be appropriate (0.02% of the restoration costs).
Other cost	0 million yen	Office taxes.
Net operating income (NOI)	138 million yen	
Operating revenue from guarantees, etc.	0 million yen	Estimated by multiplying deposits for full occupancy less a suitable amount for vacancies by 2.0% yield.
Loss on investment of guarantee deposits	3 million yen	2.0% yield on deposit amount.
Capital expenditure	5 million yen	Based on estimates in the engineering report. 70% of the stabilized amount.
Net cash flow	130 million yen	
Discount rate based on the Inwood method	5.6%	Based on a discount rate that reflects income producing period (remaining period of fixed-term land leasehold) and volatility risk and other factors for income and capital investment
Value based on the DCF method	2,150 million yen	
Discount rate (during period from 1st year to 10th year)	5.4%	In consideration from standard yield at lowest risk region based on long-term government bonds, adding certain risk factors and others such as investor appetite, REIT and other real estate market trends.
Discount rate at resale (from 11th year to expiration of the	5.8%	Assessed based on the Cap rate and taking into account income producing period (remaining period of fixed-term

	land leasehold agreement)		land leasehold) and the uncertainty of net income forecast, aging and liquidity and other risk factors.
Value based on cost method	1,910 million yen		
Proportion of land	12.8%		
Proportion of building	87.2%		
Items applied to adjustments in approaches to the value and the determination of the appraisal value	None		

Sports Depo and GOLF5 Kokurahigashi IC Store			
Item	Content	Basis	
Value based on income method	2,260 million yen		
Value based on direct capitalization method	2,280 million yen		
Operating revenue	-	(Note)	
Effective gross revenue	-		
Loss from vacancy	-		
Operating expense	-		
Maintenance	-		
Utility cost	-		
Repair	-		
Property management fee	-		
Advertisement and other leasing cost	-		
Tax	-		
Insurance	-		
Other cost	-		
Net operating income (NOI)	152 million yen		
Investment income of lump sum	-	(Note)	
Capital expenditure	-		
Net cash flow (NCF)	145 million yen		
Cap rate	6.4%	Compare the multiple transaction yields in the neighboring areas and the similar areas of the same supply and demand, also, assess by taking into account the change prediction of net cash flow in the future, considering the relationship with the discount rate.	
Value based on discounted cash flow method	2,250 million yen		
Discount rate	(from first to second year) 6.4% (from third year) 6.5%	In consideration of single tenant impact at move-out and added risk premium for downward risk of current rent, as well as the non-cancellation period of first and second years.	
Terminal cap rate	6.6%	Assessed based on capitalization rate which includes change factor of NCF and principal amount, and taking into consideration future forecast uncertainties.	
Value based on cost method	2,180 million yen		
Proportion of land	51.1%		
Proportion of building	48.9%		
Items applied to adjustments in approaches to the value and the determination of the appraisal value	None		

(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against the surviving investment corporation after the Merger for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, the surviving investment corporation after the Merger believes that disclosure of this information

could be detrimental to the unitholder.

* This press release is to be distributed to: the Kabuto Club (the press club of the Tokyo Stock Exchange); the Ministry of Land, Infrastructure, Transport, and Tourism Press Club; and the Ministry of Land, Infrastructure, Transport, and Tourism Press Club for Construction Publications.

* Web addresses of the Investment Corporations:

Daiwa House Residential Investment Corporation: <http://daiwahouse-resi-reit.co.jp/en/>

Daiwa House REIT Investment Corporation: <http://www.daiwahouse-reit.jp/english/>

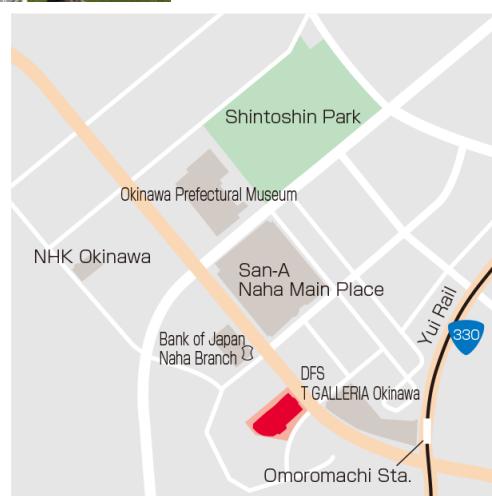
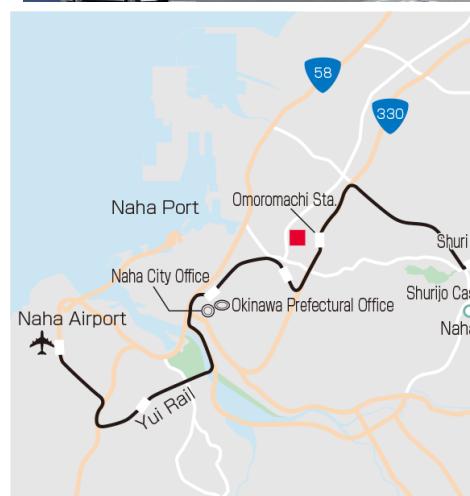
<Attachments>

1. Photographs and location maps of the properties by Anticipated Acquisitions
2. Property portfolio of the surviving investment corporation after the Merger upon the Anticipated Acquisitions

<Attachments>

1. Photographs and location maps of the properties by Anticipated Acquisitions

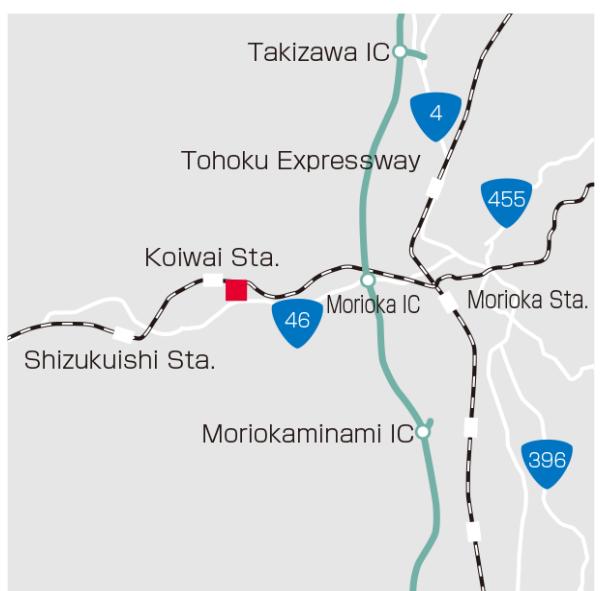
Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)



D Project Hibiki Nada



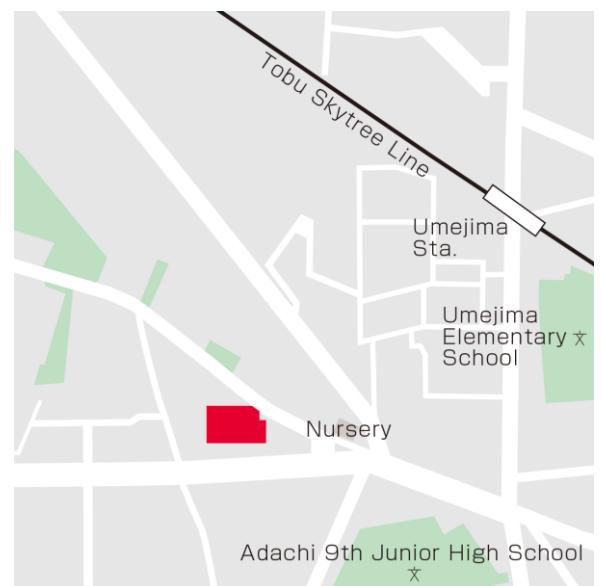
D Project Morioka II



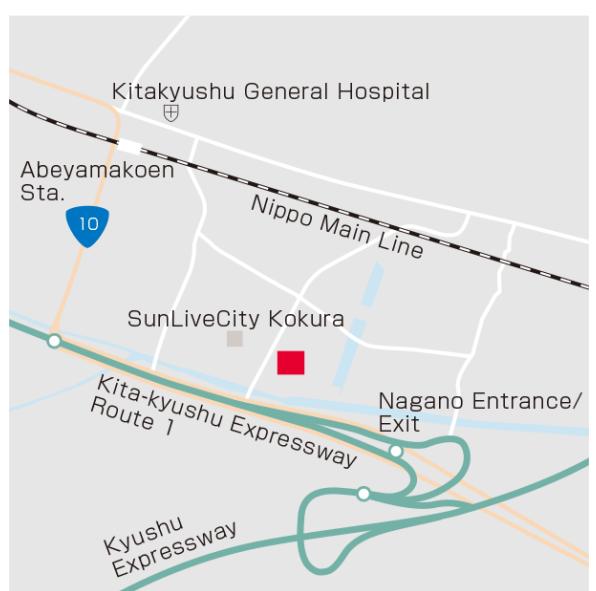
Castalia Ningyocho III



Royal Parks Umejima



Sports Depo and GOLF5 Kokurahigashi IC Store



2. Property portfolio of the surviving investment corporation after the Merger upon the Anticipated Acquisitions

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)
Logistics	D Project Machida	Machida City, Tokyo	9,200	1.8%
Logistics	D Project Hachioji	Hachioji City, Tokyo	15,400	3.0%
Logistics	D Project Aikawa-Machi	Aiko District, Kanagawa	3,320	0.7%
Logistics	D Project Shin-Misato	Misato City, Saitama	5,720	1.1%
Logistics	D Project Urayasu I	Urayasu City, Chiba	9,080	1.8%
Logistics	D Project Urayasu II	Urayasu City, Chiba	25,400	5.0%
Logistics	D Project Akanehama	Narashino City, Chiba	2,890	0.6%
Logistics	D Project Noda	Noda City, Chiba	6,200	1.2%
Logistics	D Project Inuyama	Inuyama City, Aichi	8,520	1.7%
Logistics	D Project Gifu	Anpachi District, Gifu	1,100	0.2%
Logistics	D Project Neyagawa	Neyagawa City, Osaka	5,830	1.2%
Logistics	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	818	0.2%
Logistics	D Project Morioka	Takizawa City, Iwate	1,200	0.2%
Logistics	D Project Sendai Minami	Iwanuma City, Miyagi	1,520	0.3%
Logistics	D Project Tsuchiura	Tsuchiura City, Ibaraki	3,390	0.7%
Logistics	D Project Gotenba	Gotenba City, Shizuoka	1,140	0.2%
Logistics	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	1,210	0.2%
Logistics	D Project Fukuoka Umi	Kasuya District, Fukuoka	4,150	0.8%
Logistics	D Project Tosu	Tosu City, Saga	5,730	1.1%
Logistics	D Project Kuki I	Kuki City, Saitama	3,910	0.8%
Logistics	D Project Kuki II	Kuki City, Saitama	8,100	1.6%
Logistics	D Project Kawagoe I	Kawagoe City, Saitama	3,480	0.7%
Logistics	D Project Kawagoe II	Kawagoe City, Saitama	4,730	0.9%
Logistics	DPL Inuyama	Inuyama City, Aichi	3,850	0.8%
Logistics	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	4,250	0.8%
Logistics	D Project Kuki III	Kuki City, Saitama	7,640	1.5%
Logistics	D Project Kuki IV	Kuki City, Saitama	5,490	1.1%
Logistics	D Project Kuki V	Kuki City, Saitama	8,280	1.6%
Logistics	D Project Kuki VI	Kuki City, Saitama	5,130	1.0%
Logistics	D Project Yashio	Yashio City, Saitama	6,400	1.3%
Logistics	D Project Nishiyodogawa	Osaka City, Osaka	10,300	2.0%
Logistics	D Project Matsudo	Matsudo City, Chiba	7,370	1.5%
Residential	Qiz Ebisu	Shibuya Ward, Tokyo	7,650	1.5%
Residential	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	4,500	0.9%
Residential	Castalia Shibakoen	Minato Ward, Tokyo	2,630	0.5%
Residential	Castalia Ginza	Chuo Ward, Tokyo	2,520	0.5%
Residential	Castalia Hiroo	Minato Ward, Tokyo	2,220	0.4%
Residential	Castalia Nihonbashi	Chuo Ward, Tokyo	1,200	0.2%
Residential	Castalia Hacchobori	Chuo Ward, Tokyo	2,300	0.5%
Residential	Castalia Azabujuban	Minato Ward, Tokyo	2,910	0.6%
Residential	Castalia Azabujuban II	Minato Ward, Tokyo	2,690	0.5%
Residential	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	1,865	0.4%
Residential	Castalia Ginza II	Chuo Ward, Tokyo	1,800	0.4%
Residential	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	1,400	0.3%
Residential	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	2,143	0.4%
Residential	Castalia Ochanomizu	Chiyoda Ward, Tokyo	1,770	0.3%
Residential	Castalia Sangubashi	Shibuya Ward, Tokyo	1,393	0.3%
Residential	Castalia Suitengu	Chuo Ward, Tokyo	1,279	0.3%
Residential	Castalia Suitengu II	Chuo Ward, Tokyo	1,138	0.2%
Residential	Castalia Shintomicho	Chuo Ward, Tokyo	932	0.2%
Residential	Castalia Shintomicho II	Chuo Ward, Tokyo	825	0.2%
Residential	Castalia Harajuku	Shibuya Ward, Tokyo	887	0.2%

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)
Residential	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	608	0.1%
Residential	Castalia Sendagaya	Shibuya Ward, Tokyo	555	0.1%
Residential	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	464	0.1%
Residential	Castalia Ningyocho	Chuo Ward, Tokyo	947	0.2%
Residential	Castalia Ningyocho II	Chuo Ward, Tokyo	1,070	0.2%
Residential	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	914	0.2%
Residential	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	1,370	0.3%
Residential	Castalia Jinbocho	Chiyoda Ward, Tokyo	1,160	0.2%
Residential	Castalia Shintomicho III	Chuo Ward, Tokyo	675	0.1%
Residential	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	2,720	0.5%
Residential	Castalia Takanawadai	Minato Ward, Tokyo	860	0.2%
Residential	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	666	0.1%
Residential	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	486	0.1%
Residential	Castalia Shintomicho IV	Chuo Ward, Tokyo	400	0.1%
Residential	Castalia Takanawadai II	Minato Ward, Tokyo	1,190	0.2%
Residential	Castalia Minami Azabu	Minato Ward, Tokyo	642	0.1%
Residential	Castalia Ginza III	Chuo Ward, Tokyo	2,880	0.6%
Residential	Castalia Kayabacho	Chuo Ward, Tokyo	2,707	0.5%
Residential	Castalia Takanawa	Minato Ward, Tokyo	7,430	1.5%
Residential	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	3,520	0.7%
Residential	Castalia Shinjuku	Shinjuku Ward, Tokyo	2,950	0.6%
Residential	Castalia Ichigaya	Shinjuku Ward, Tokyo	940	0.2%
Residential	Shibaura Island Bloom Tower	Minato Ward, Tokyo	7,580	1.5%
Residential	Castalia Hatsudai	Shibuya Ward, Tokyo	2,030	0.4%
Residential	Castalia Hatsudai II	Shibuya Ward, Tokyo	1,900	0.4%
Residential	Castalia Ebisu	Shibuya Ward, Tokyo	1,420	0.3%
Residential	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	4,500	0.9%
Residential	Castalia Toritsudaigaku	Meguro Ward, Tokyo	648	0.1%
Residential	Castalia Yukigaya	Ota Ward, Tokyo	1,110	0.2%
Residential	Castalia Yutenji	Meguro Ward, Tokyo	1,450	0.3%
Residential	Castalia Otsuka	Toshima Ward, Tokyo	1,480	0.3%
Residential	Castalia Kikukawa	Sumida Ward, Tokyo	817	0.2%
Residential	Castalia Meguro	Meguro Ward, Tokyo	844	0.2%
Residential	Castalia Otsuka II	Toshima Ward, Tokyo	1,040	0.2%
Residential	Castalia Jiyugaoka	Meguro Ward, Tokyo	1,200	0.2%
Residential	Castalia Mejiro	Toshima Ward, Tokyo	988	0.2%
Residential	Castalia Ikebukuro	Toshima Ward, Tokyo	2,570	0.5%
Residential	Castalia Kaname-cho	Toshima Ward, Tokyo	1,140	0.2%
Residential	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	7,380	1.5%
Residential	Castalia Yakumo	Meguro Ward, Tokyo	857	0.2%
Residential	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	1,560	0.3%
Residential	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	996	0.2%
Residential	Castalia Kitazawa	Setagaya Ward, Tokyo	742	0.1%
Residential	Castalia Monzennakacho	Koto Ward, Tokyo	503	0.1%
Residential	Castalia Kamiikedai	Ota Ward, Tokyo	198	0.0%
Residential	Castalia Morishita	Koto Ward, Tokyo	832	0.2%
Residential	Castalia Wakabayashi Koen	Setagaya Ward, Tokyo	776	0.2%
Residential	Castalia Asakusabashi	Taito Ward, Tokyo	792	0.2%
Residential	Castalia Iriya	Taito Ward, Tokyo	546	0.1%
Residential	Castalia Kita Ueno	Taito Ward, Tokyo	2,641	0.5%
Residential	Castalia Morishita II	Koto Ward, Tokyo	686	0.1%
Residential	Castalia Minowa	Taito Ward, Tokyo	1,430	0.3%
Residential	Castalia Oyamadaidai	Setagaya Ward, Tokyo	533	0.1%
Residential	Castalia Nakano	Nakano Ward, Tokyo	1,060	0.2%
Residential	Castalia Yoga	Setagaya Ward, Tokyo	923	0.2%
Residential	Castalia Sumiyoshi	Koto Ward, Tokyo	948	0.2%

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)
Residential	Castalia Monzennakacho II	Koto Ward, Tokyo	2,160	0.4%
Residential	Castalia Oshiage	Sumida Ward, Tokyo	1,100	0.2%
Residential	Castalia Kuramae	Taito Ward, Tokyo	1,260	0.2%
Residential	Castalia Nakanobu	Shinagawa Ward, Tokyo	1,790	0.4%
Residential	Royal Parks Toyosu	Koto Ward, Tokyo	7,360	1.5%
Residential	Castalia Togoshi	Shinagawa Ward, Tokyo	1,770	0.3%
Residential	Castalia Ooimachi	Shinagawa Ward, Tokyo	1,181	0.2%
Residential	Castalia Omori	Ota Ward, Tokyo	1,500	0.3%
Residential	Castalia Mishuku	Setagaya Ward, Toyko	1,900	0.4%
Residential	Castalia Arakawa	Arakawa Ward, Tokyo	1,660	0.3%
Residential	Castalia Omori II	Ota Ward, Tokyo	2,370	0.5%
Residential	Castalia Nakameguro	Meguro Ward, Tokyo	3,800	0.7%
Residential	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	2,030	0.4%
Residential	Castalia Meguro Takaban	Meguro Ward, Tokyo	1,750	0.3%
Residential	Castalia Omori III	Shinagawa Ward, Tokyo	1,520	0.3%
Residential	Morino Tonari	Shinagawa Ward, Tokyo	1,020	0.2%
Residential	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	1,165	0.2%
Residential	Royal Parks SEASIR	Adachi Ward, Tokyo	4,350	0.9%
Residential	Castalia Honkomagome	Bunkyo Ward, Tokyo	1,520	0.3%
Residential	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	1,674	0.3%
Residential	Castalia Tsurumi	Yokohama City, Kanagawa	666	0.1%
Residential	Castalia Funabashi	Funabashi City, Chiba	704	0.1%
Residential	Castalia Nishi Funabashi	Funabashi City, Chiba	783	0.2%
Residential	Castalia Maihama	Urayasu City, Chiba	670	0.1%
Residential	Castalia Ichikawamyoden	Ichikawa City, Chiba	671	0.1%
Residential	Castalia Urayasu	Ichikawa City, Chiba	592	0.1%
Residential	Castalia Minamigytoku	Ichikawa City, Chiba	543	0.1%
Residential	Castalia Minamigytoku II	Ichikawa City, Chiba	385	0.1%
Residential	Castalia Nogeyama	Yokohama City, Kanagawa	325	0.1%
Residential	Castalia Ichikawa	Ichikawa City, Chiba	461	0.1%
Residential	Royal Parks Hanakoganei	Kodaira City, Tokyo	5,300	1.0%
Residential	Castalia Musashikosugi	Kawasaki City, Kanagawa	1,680	0.3%
Residential	Royal Parks Wakabadai	Inagi City, Tokyo	4,360	0.9%
Residential	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	9,100	1.8%
Residential	L-Place Shinkoyasu	Yokohama City, Kanagawa	1,720	0.3%
Residential	Royal Parks Musasikosugi	Kawasaki City, Kanagawa	1,060	0.2%
Residential	Castalia Shinsakae	Nagoya City, Aichi	1,920	0.4%
Residential	Aprile Tarumi	Kobe City, Hyogo	1,340	0.3%
Residential	Crest Kusatsu	Kusatsu City, Shiga	3,004	0.6%
Residential	Castalia Sakaisuji Honmachi	Osaka City, Osaka	1,490	0.3%
Residential	Castalia Shin-Umeda	Osaka City, Osaka	1,376	0.3%
Residential	Castalia Abeno	Osaka City, Osaka	4,368	0.9%
Residential	Castalia Sakae	Nagoya City, Aichi	1,010	0.2%
Residential	Castalia Nipponbashi Kouzu	Osaka City, Osaka	3,570	0.7%
Residential	Castalia Maruyama Urasando	Sapporo City, Hokkaido	411	0.1%
Residential	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	1,740	0.3%
Residential	Castalia Higashi Hie	Fukuoka City, Fukuoka	960	0.2%
Residential	Castalia Tower Nagahoribashi	Osaka City, Osaka	3,400	0.7%
Residential	Castalia Sannomiya	Kobe City, Hyogo	1,230	0.2%
Residential	Castalia Kotodaikoen	Sendai City, Miyagi	481	0.1%
Residential	Castalia Ichibancho	Sendai City, Miyagi	783	0.2%
Residential	Castalia Omachi	Sendai City, Miyagi	656	0.1%
Residential	Castalia Uemachidai	Osaka City, Osaka	2,190	0.4%
Residential	Castalia Tower Higobashi	Osaka City, Osaka	2,670	0.5%
Residential	Big Tower Minami Sanjo	Sapporo City, Hokkaido	1,740	0.3%
Residential	Castalia Fushimi	Nagoya City, Aichi	2,260	0.4%

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)
Residential	Castalia Meieki Minami	Nagoya City, Aichi	720	0.1%
Residential	Castalia Yakuin	Fukuoka City, Fukuoka	930	0.2%
Residential	Castalia Mibu	Koyo City, Kyoto	1,193	0.2%
Residential	Castalia Tsutsujigaoka	Sendai City, Miyagi	1,208	0.2%
Residential	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	2,910	0.6%
Residential	Royal Parks Namba	Osaka City, Osaka	2,830	0.6%
Residential	Castalia Shigahondori	Nagoya City, Aichi	1,730	0.3%
Residential	Castalia Kyoto Nishioji	Kyoto City, Kyoto	973	0.2%
Commercial	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	7,640	1.5%
Commercial	FOLEO Hirakata	Hirakata City, Osaka	4,580	0.9%
Commercial	QiZ GATE URAWA	Saitama City, Saitama	4,740	0.9%
Commercial	UNICUS Takasaki	Takasaki City, Gunma	2,950	0.6%
Commercial	ACROSSPLAZA Miyoshi (land)	Iruma District, Saitama	3,710	0.7%
Commercial	DREAM TOWN ALi	Aomori City, Aomori	8,100	1.6%
Commercial	LIFE Sagamihara Wakamatsu	Sagamihara City, Kanagawa	1,640	0.3%
Commercial	FOLEO Sendai Miyonomori	Sendai City, Miyagi	6,840	1.3%
Commercial	ACROSSPLAZA Inazawa (land)	Inazawa City, Aichi	2,380	0.5%
Other	Urban Living Inage	Chiba City, Chiba	930	0.2%
Other	Aburatsubo Marina HILLS	Miura City, Kanagawa	1,100	0.2%
Total		—	489,677	96.6%

Anticipated Acquisitions

Type	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Anticipated Investment Ratio (Note 2)
Logistics	D Project Hibiki Nada	Kitakyushu City, Fukuoka	2,080	0.4%
Logistics	D Project Morioka II	Takizawa City, Iwate	1,280	0.3%
Residential	Castalia Ningyocho III	Chuo Ward, Tokyo	2,000	0.4%
Residential	Royal Parks Umejima	Adachi Ward, Tokyo	2,020	0.4%
Commercial	Sports Depo and GOLF5 Kokurahigashi IC Store	Kitakyushu City, Fukuoka	2,230	0.4%
Other	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	7,600	1.5%
Total of Anticipated Acquisitions		—	17,210	3.4%

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)
Logistics	34	194,108	38.3%
Residential	142	258,339	51.0%
Commercial	10	44,810	8.8%
Other	3	9,630	1.9%
Total of Portfolio after the Anticipated Acquisitions	189	506,887	100.0%

(Note 1) Anticipated Acquisition Price is based on DHI's acquisition price for DHI's assets and appraisal value as of February 28, 2016 for DHR'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.