

February 21, 2014

For Immediate Release

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Notice Concerning Acquisition of Trust Beneficiary Interest in Domestic Real Estate
(Top Mall Inazawa (Land))

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it has decided to acquire an asset as follows.

1. Acquisition Details

- | | |
|---|---|
| (1) Asset type: | Trust beneficiary interest in real estate |
| (2) Property name: | Top Mall Inazawa (Land) |
| (3) Planned acquisition price: | 1,944 million yen (excluding acquisition-related costs) |
| (4) Execution date of the purchase agreement: | February 24, 2014 (planned) |
| (5) Planned date of acquisition: | February 25, 2014 (planned date of settlement and transfer) |
| (6) Seller: | Daiwa Information Service Co., Ltd. |
| (7) Acquisition funds: | Cash on hand |
| (8) Method of settlement: | Payment of entire amount upon transfer |

2. Rationale

Based on the targets and policies of asset management prescribed in its Articles of Incorporation, DHR decided to acquire the property 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 property will be acquired through the utilization of collaboration with the Daiwa House Group as Daiwa Information Service Co., Ltd., a Daiwa House Group company, is acquiring a property (land and building) from a third party and selling the land of the property to DHR.

3. Property Details

(1) Property Overview

Property number	Top Mall Inazawa (Land)		Use		Retail
			Category		Roadside type
R-R-3	Overview of Specified Asset				
Type of specified asset	Trust beneficiary interest in real estate		Overview of building condition evaluation	Evaluation company	—
Planned date of acquisition	February 25, 2014			Evaluation period	—
Planned acquisition price	1,944 million yen			Urgent repair costs	—
Overview of trust beneficiary interest	Trust establishment	February 25, 2014 (planned)		Short-term repair costs	—
	Trustee	Sumitomo Mitsui Trust Bank, Limited	Long-term repair costs	—	
	Trust Maturity date	February 29, 2024	PML	—	
Land	Location	5-1-1 Otsuka Minami, Inazawa-shi, Aichi	Building	Structure / floors	—
	Land area	31,981.70m ²		Date of construction	—
	Area classification	Quasi-industrial zone		Gross floor area	—
	Building coverage ratio / FAR	60% / 200%		Use	—
	Type of ownership	Ownership		Type of ownership	—
Total leasable area	31,981.70m ²		Designer	—	
Total leased area	31,981.70m ²		Structural designer	—	
Occupancy rate	100.0%		Contractors	—	
Master lease company	—		Inspection agency	—	
Property management company	—		Structural calculation evaluation agency	—	
Number of tenants	1		Collateral	None	
Special items: None					

(Note) DHR has agreed in the purchase agreement with the seller that on the acquisition date the seller will establish the real estate as trust with the above trustee as of the same date and that DHR will take over the trust beneficiary interest in real estate as of the same date.

(2) Overview of Leasing

Overview of Leasing				
Lessee	Leased area	Annual rent (excluding consumption tax)	Contract period	Tenant leasehold and security deposit
Daiwa Information Service Co., Ltd.	31,981.70m ²	139,320,000 yen	From February 25, 2014 to February 24, 2034	139,320,000 yen
Contract form:	Fixed-term leasehold agreement for business			
Rent revision:	During the leasehold period, lessor and lessee may not request increase or decrease of rent.			
Contract renewal:	If the lessor or lessee wishes to renew the agreement, a notification shall be sent to the other party before six months from the date of expiry. In such a case, the lessor and lessee shall discuss in good faith the renewal of the agreement and the conditions. The renewed agreement shall be concluded after agreement has been reached through such discussions.			
Early cancellation:	The lessor and lessee may not terminate the lease agreement for personal reasons before the expiry of the leasehold period, with the exception of situations prescribed in the lease agreement.			

(3) Overview of Property Appraisal

Overview of Property Appraisal	
Appraiser	Japan Real Estate Institute
Appraisal value	2,320 million yen
Appraisal date	December 31, 2013
Value based on direct capitalization method	2,320 million yen
Net operating income (NOI) for first fiscal year	125 million yen
Net cash flow (NCF) for first fiscal year	128 million yen
Discount rate	5.5%
Value based on leasehold ratio method	1,920 million yen
Vacant land value	2,400 million yen
Fixed-term leasehold value	480 million yen

(Note) NOI and NCF are rounded to the nearest million yen.

(4) Property Characteristics

Property Characteristics				
<p>■ Location</p> <p>The property is located in Inazawa in Aichi Prefecture, approx. 15km northwest of Nagoya, which has strong characteristics of a bed town due to its close proximity to Nagoya.</p> <p>The nearby area has a mix of residences and agricultural land. The area between Konomiya Station and Inazawa Station on the north side of the property is an urban district. Besides the high residential density, there are also residences on the east side, and so the property is surrounded by residential land.</p> <p>The roads on the northern and eastern sides of the site are community roads with single lanes on both sides. There is not too much traffic on both roads and the approach to the parking space is excellent as entry/exit can be secured for both roads. It can be said that it is a driver-friendly road environment. The parking space on the roof and on the ground can accommodate 896 vehicles.</p>				
<p>■ Tenant composition</p> <p>The shopping center is comprised of competitive tenants, with food supermarket Aoki Super and home center Keiyo D2 as the core tenants and also features Shimamura, ZIP DRUG as well as restaurants and such.</p> <p>Visibility from the roads is excellent as the shopping center is in an L shape to the adjacent roads with the parking space in the middle.</p>				
<p>■ Trade area characteristics</p> <p>There is a population of 8,900 in the 1km trade area, 78,000 in the 3km trade area and 183,000 in the 5km trade area. Since the property is comprised primarily of shops handling convenience goods, the 3km trade area needs to be targeted as the basic trade area. With a population of 78,000, the 3km trade area can be said to be an average volume for the suburbs of a regional city.</p> <p>In the recent population trends (2012/2011), the population in the 1km area is slightly decreasing while the population of the 3km area is slightly increasing and the population of the 5km area is on an increasing trend.</p> <p>The household car (including light passenger car) ownership rate in Inazawa is extremely high at 148.3%. It can be said that a characteristic of the market is that each adult owns a car and that cars are used daily for transportation. While the market strength is expected to decrease in the future due to a decrease of the population and the impact of the aging population, the market also has many young families within the 3km and 5km areas.</p> <p>The competitive environment is severe for the trade area population, but even with the impact of such the property is maintaining its presence as a superior shopping center in the 3km area.</p>				
Trade area population	Distance from the property	1km trade area	3km trade area	5km trade area
2011	Population	8,957	77,904	180,611
	Number of households	3,468	30,076	68,400
2012	Population	8,894	78,060	182,559
	Number of households	3,472	30,475	69,780
Source: Basic Resident Register				

4. Seller Profile

1.	Name	Daiwa Information Service Co., Ltd.
2.	Location	7-14-4 Ueno, Taito-ku, Tokyo
3.	Representative	Katsuyuki Fujita, President
4.	Business activities	Real estate management
5.	Capital	200 million yen (as of March 31, 2013)
6.	Foundation date	January 8, 1986
7.	Net assets	11,126 million yen (as of March 31, 2013)
8.	Total assets	81,657 million yen (as of March 31, 2013)
9.	Relationships with DHR and the Asset Manager	
	Capital relationship	There is no capital relationship required to be stated between DHR/the Asset Manager and Daiwa Information Service. Daiwa Information Service is a subsidiary of the Asset Manager's parent company, Daiwa House Industry Co., Ltd.
	Personnel relationship	There is no personnel relationship required to be stated between DHR/the Asset Manager and Daiwa Information Service.
	Business relationship	DHR entrusts property management services and services as master lease company to Daiwa Information Service.
	Status of classification as related party	Daiwa Information Service falls under being a related party of DHR/the Asset Manager.

5. Related Party Transactions

Daiwa Information Service, which is the seller and lessee, is a related party, etc. as defined in the Act on Investment Trusts and Investment Corporations, and so the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its internal 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 company; (2) the relationship with a party that has a particular interest; and (3) the circumstances behind and reason for the 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
R-R-3 Top Mall Inazawa (Land) (5-1-1 Otsuka Minami, Inazawa-shi, Aichi)	(1) Daiwa Information Service Co., Ltd. (2) Subsidiary of Daiwa House Industry Co., Ltd., the parent company of the Asset Manager (3) Acquisition for investment management purposes	A party which does not have any particular interests
	1,850 million yen	—
	October 2013	—

7. Brokerage

None

8. Acquisition Schedule

- | | |
|---|-----------------------------|
| (1) Acquisition decision date: | February 21, 2014 |
| (2) Execution date of the purchase agreement: | February 24, 2014 (planned) |
| (3) Payment date: | February 25, 2014 (planned) |
| (4) Delivery date: | February 25, 2014 (planned) |

9. Outlook

This acquisition will have minimal impact on the forecasts of results for the fiscal period ending February 2014 (from September 2013 to February 2014) and the fiscal period ending August 2014 (from March 1, 2014 to August 31, 2014), thus there is no revision to the forecasts.

* 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.

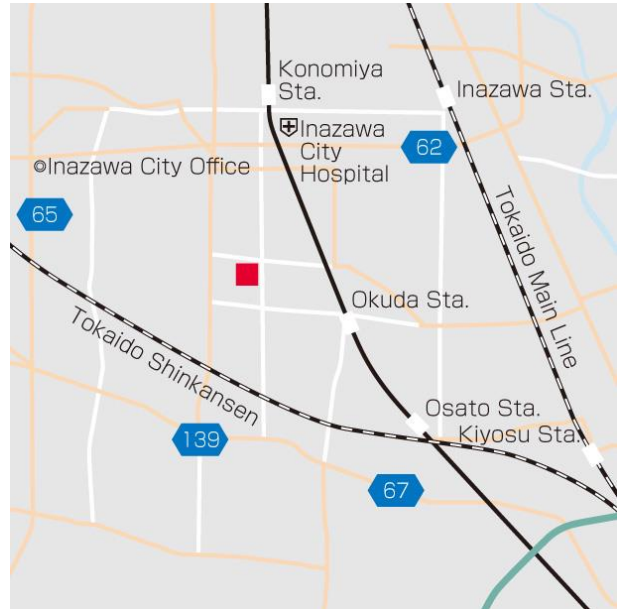
* DHR’s website: <http://www.daiwahouse-reit.jp>

< Attachments >

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

< Attachments >

1. Photographs and location map



2. Property portfolio after acquisition

Property Number	Property Name	(Planned) Acquisition Price (yen in millions)	Portfolio Share (%)	(Planned) Acquisition Date (year/month/day)
L-B-1	D Project Machida	7,600	6.4	2012/11/29
L-B-2	D Project Hachioji	12,600	10.6	2012/11/29
L-B-3	D Project Aikawa-Machi	2,600	2.2	2012/11/28
L-B-4	D Project Shin-Misato	4,440	3.7	2012/11/29
L-B-5	D Project Urayasu I	7,700	6.5	2012/11/28
L-B-6	D Project Urayasu II	21,400	18.0	2012/11/29
L-B-7	D Project Akanehama	2,550	2.1	2012/11/28
L-B-8	D Project Noda	5,100	4.3	2012/11/28
L-B-9	D Project Inuyama	6,650	5.6	2012/11/28
L-B-10	D Project Gifu	900	0.8	2012/11/29
L-B-11	D Project Neyagawa	4,600	3.9	2012/11/28
L-B-12	D Project Sapporo Minami	600	0.5	2012/11/28
L-B-13	D Project Morioka	1,000	0.8	2012/11/29
L-B-14	D Project Sendai Minami	1,250	1.1	2012/11/28
L-B-15	D Project Tsuchiura	2,880	2.4	2012/11/29
L-B-16	D Project Gotenba	950	0.8	2012/11/28
L-B-17	D Project Nishi-Hiroshima	990	0.8	2012/11/28
L-B-18	D Project Fukuoka Umi	3,100	2.6	2012/11/29
L-B-19	D Project Tosu	2,100	1.8	2012/11/29
19 Logistics Properties Total		89,010	74.8	—
R-M-1	ACROSSMALL Shinkamagaya	7,419	6.2	2007/12/12
R-M-2	FOLEO Hirakata	5,040	4.2	2008/12/11
R-M-3	QiZ GATE URAWA	5,360	4.5	2008/12/11
R-M-4	UNICUS Takasaki	2,570	2.2	2013/3/27
R-R-1	LIFE Sagamihara Wakamatsu	1,650	1.4	2008/12/11
R-R-2	FOLEO Sendai Miyanomori	6,040	5.1	2012/11/29
R-R-3	Top Mall Inazawa (Land)	1,944	1.6	2014/2/25
7 Retail Properties Total		30,023	25.2	—
Portfolio Total of 26 Properties		119,033	100.0	—

(Note) Figures of less than one million yen are rounded down from (planned) acquisition price, and portfolio shares are rounded off to the first decimal place.