

To unitholders in the United States:

This exchange offer or business combination is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers may be residents of a foreign country. You may not be able to sue a foreign company or its officers in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

April 15, 2016

For Immediate Release

Investment Corporation:

Daiwa House Residential Investment Corporation
7th Floor, Nissei Nagatacho Building
2-4-8 Nagatacho, Chiyoda-ku, Tokyo
Jiro Kawanishi, Executive Director
(Code number 8984)

Asset Manager

Daiwa House Asset Management Co., Ltd.
Koichi Tsuchida,
CEO & President

Inquiries:

Hiroataka Uruma
CFO & Director, Finance & Corporate Planning Department
Tel: +81-3-3595-1265

Investment Corporation:

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

Asset Manager

Daiwa House REIT Management Co., Ltd.
Hiroataka Najima
Representative Director, President and CEO

Inquiries:

Haruto Tsukamoto
Director, Executive Manager of the Finance Department (CFO)
Tel: +81-3-5651-2895 (Main)

**Notice Concerning Execution of Merger Agreement Between
Daiwa House Asset Management Co., Ltd. and Daiwa House REIT Management Co., Ltd.**

Daiwa House Asset Management Co., Ltd. (“DHAM”), an asset manager for Daiwa House Residential Investment Corporation (“DHI”) and Daiwa House REIT Management Co., Ltd. (“DHRM”; DHRM and DHAM are together referred to as the “Asset Managers”), an asset manager for Daiwa House REIT Investment Corporation (“DHR”; DHR and DHI are together referred to as the “Investment Corporations”) executed a merger agreement (the “Agreement”) at the board of directors meetings held today with the effective date being September 1, 2016 where DHAM will be the surviving company and DHRM will be the absorbed company (the “Asset Manager Merger”).

1. Purpose of Merger

As 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 today signed the merger agreement with the effective date being September 1, 2016 where DHI will be the surviving corporation and DHR will be the absorbed corporation (the “Investment Corporation Merger”).

In order for the surviving investment corporation to effectively manage owned assets, the Asset Managers intend to merge, subject to the Investment Corporation Merger taking effect.

2. Prevention of Conflict of Interest

The Asset Managers are both wholly owned subsidiaries of Daiwa House Industry Co., Ltd. (“Daiwa House Industry”). Until the Asset Manager Merger becomes effective, each of the Asset Managers will continue to independently manage each investment corporation’s assets to maximize the unitholders’ value of the investment corporation and to duly comply with the regulations and internal policy with regards to the prevention of conflict of interest.

3. Outline of the Merger

(1) Schedule of the Merger

Board of Directors’ Meeting for approval of the Agreement (Asset Managers)	April 15, 2016
Execution date of the Agreement (Asset Managers)	April 15, 2016
General meeting of Shareholders (DHRM)	July 21, 2016 (planned)
Effective date of the Merger	September 1, 2016 (planned)
Registration of the Merger	Early September 2016 (planned)
Notice to the Prime Minister	Early September 2016 (planned)

(Note) The general meeting of shareholders of DHAM to approve the Agreement will not be held since the Asset Manager Merger satisfies the requirements of short-form merger as to DHAM pursuant to Article 796, Paragraph 2 of the Companies Act.

(2) Method of the Merger

The Asset Manager Merger will be an absorption-type merger wherein DHAM will be the surviving company and DHRM will be dissolved.

(3) Ratio of Allotment under the Merger

DHAM as the surviving company will not allot shares or other cash and cash equivalents in the Asset Manager Merger, since both parties of the Asset Manager Merger are wholly owned subsidiaries of Daiwa House Industry.

4. Overview of Merging Parties

	Surviving Company	Absorbed Company
(1) Name	Daiwa House Asset Management Co., Ltd.	Daiwa House REIT Management Co., Ltd.
(2) Location	2-4-8 Nagatacho, Chiyoda-ku, Tokyo	2-3-6 Nihonbashi Kayabacho, Chuo-ku, Tokyo
(3) Representative	Koichi Tsuchida, CEO & President	Hiroataka Najima, Representative Director, CEO & President
(4) Business	J-REIT asset management	J-REIT asset management
(5) Paid-in Capital	300 million yen	200 million yen
(6) Date of Incorporation	September 1, 2004	June 2, 2006
(7) Net Assets	1,234 million yen (as of March 31, 2015)	640 million yen (as of March 31, 2015)

(8) Total Assets	1,538 million yen (as of March 31, 2015)	816 million yen (as of March 31, 2015)				
(9) Major Shareholder	Daiwa House Industry Co., Ltd. 100%	Daiwa House Industry Co., Ltd. 100%				
(10) Relationship with Other Parties						
Capital Relationship	There are no capital relationship requiring special mention between the parties of the Asset Manager Merger and the Investment Corporations.					
Personnel Relationship	There are no personnel relationship requiring special mention between the parties of the Asset Manager Merger and the Investment Corporations.					
Business Relationship	There are no business relationship requiring special mention between the parties of the Asset Manager Merger and the Investment Corporations.					
Related Party Status	The Asset Managers are wholly owned subsidiaries of Daiwa House Industry and are fellow subsidiaries, thus they are considered related parties. Daiwa House Industry, the major unitholder of both DHI and DHR, holds majority ownership of DHRM and DHAM, thus DHAM is considered a related party of DHR and DHRM is considered a related party of DHI. Investment Corporations are not related parties of the other Investment Corporation.					
(11) Financial Overview of Past Three Years						
	Daiwa House Asset Management Co., Ltd.			Daiwa House REIT Management Co., Ltd.		
Fiscal Period Ended	March 2013	March 2014	March 2015	March 2013	March 2014	March 2015
Net Assets	1,058	1,153	1,234	384	573	640
Net Assets per share (yen)	88,246	96,152	102,836	48,016	71,628	80,059
Total Assets	1,242	1,417	1,538	428	716	816
Operating Revenue	1,056	1,170	1,180	387	558	726
Operating Income	499	493	482	181	304	314
Ordinary Income	500	494	483	181	305	318
Net Income	284	294	286	109	188	205
Net Income per share (yen)	23,743	24,526	23,848	13,704	23,612	25,734

(Unit: million yen, unless otherwise stated)

5. Post-Merger Status

	Surviving Company
(1) Name	Daiwa House Asset Management Co., Ltd.
(2) Location	2-4-8 Nagatacho, Chiyoda-ku, Tokyo
(3) Representative	Koichi Tsuchida, CEO & President
(4) Business	Asset management of real estate investment trust (J-REIT)
(5) Paid-in Capital	300 million yen (No increase of paid-in capital due to the Asset Manager Merger)
(6) End of Fiscal Period	March
(7) Net Assets	1,874 million yen (Simple total of the net assets of both of the Asset Managers as of March 31, 2015)
(8) Total Assets	2,354 million yen (Simple total of the total assets of both of the Asset Managers as of March 31, 2015)

6. Future Outlook

(1) Amendment to the Asset Management Agreement

After the Investment Corporation Merger, DHI will continue to delegate its asset management to DHAM, the company to which DHI presently delegates its asset management. As to the asset management agreement between DHI and DHAM, an agreement to amend the asset management agreement was executed today in order to implement the Amendment of the Articles of Incorporation (defined in “(5) Amendment to the Investment Policy” below), subject to the Investment Corporation Merger and the Amendment of the Articles of Incorporation taking effect.

After obtaining approval from its general meeting of unitholders, DHR will, subject to the Investment Corporation Merger taking effect, terminate the asset management agreement with DHRM as of the effective date of the Investment Corporation Merger.

(2) Amendment of the Corporate Structure of the Asset Manager

Amendment, if any, will be announced as soon as determined.

(3) Amendment to the Investment Management Decision-Making Structure

Amendment, if any, will be announced as soon as determined.

(4) Amendment to the Rules concerning Compliance and Interested Parties

Amendment, if any, will be announced as soon as determined.

(5) Amendment to the Investment Policy

In order to shift to a diversified REIT upon the Investment Corporation Merger, DHI will submit to its general meeting of unitholders, scheduled to be held on June 17, 2016, proposals including a proposal to amend its articles of incorporation (the “Amendment of the Articles of Incorporation”), subject to the Investment Corporation Merger taking effect, for the purpose of changing its trade name to “Daiwa House REIT Investment Corporation,” setting new investment policy and investments as a diversified REIT, and for other necessary matters.

DHAM resolved at its board of directors meeting held today to make amendment to the management guidelines for the management of assets of DHI as of the effective date of the Investment Corporation Merger, in order to set a new investment policy, etc., as a diversified REIT, subject to the Investment Corporation Merger and the Amendment of the Articles of Incorporation taking effect.

For the details of the aforementioned amendments to the articles of incorporation and the asset management guideline, please refer to “Notice Concerning Execution of Merger Agreement Between Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation”.

(6) Amendments to the Agreements with Sponsors

DHI executed today a new basic agreement on pipeline support, etc. (the “New Basic Agreement”) between DHI, DHAM, and Daiwa House Industry that will take effect as of the effective date of the Investment Corporation Merger subject to the Investment Corporation Merger taking effect. Upon the effectiveness of the New Basic Agreement, the existing basic agreement on pipeline support, etc. (the “DHI Existing Basic Agreement”) between the parties will be expired. The New Basic Agreement is an agreement that integrates the substantive content of the DHI Existing Basic Agreement and the memorandum on pipeline support (the “DHR Existing Memorandum”) executed by DHR and DHRM with Daiwa House Industry, and that covers hotels, offices, and healthcare facilities which are an additional target of pipeline support as the result of the expansion of the investment target resulting from the Investment Corporation Merger.

For the purpose of aligning the interests of unitholders of DHI, as the surviving corporation after the Investment Corporation Merger, with the interests of Daiwa House Industry as sponsor of DHI, Daiwa House Industry has expressed its intention to consider in good faith subscribing for part of the investment units of the surviving corporation after the Investment Corporation Merger when it newly issues investment units and to continue to hold

the investment units of the surviving corporation after the Investment Corporation Merger after Daiwa House Industry acquires any investment units.

DHR will terminate the DHR Existing Memorandum as of the effective date of the Investment Corporation Merger, subject to the Investment Corporation Merger taking effect.

Whether and how to amend agreements with each Daiwa House Group company other than Daiwa House Industry has not been determined yet. We will make an announcement once this has been determined.

As stated above, since the basic agreement on pipeline support, etc. with Daiwa House Industry will continue after the Investment Corporation Merger, the strong support system of the Daiwa House Group will continue after the Investment Corporation Merger.

(7) Prospect for Listing Status of the Investment Corporations

The Investment Corporation Merger will be conducted in the form of an absorption-type merger where DHI will be a surviving corporation and DHR will be dissolved, and investment units issued by DHR will be delisted from Tokyo Stock Exchange on August 29, 2016, three business days prior to the effective date of the Investment Corporation Merger, which is in compliance with the Criteria for Delisting set forth by Tokyo Stock Exchange. At the time of the Investment Corporation Merger, DHR unitholders will be allocated DHI investment units, where the number of allocated DHI investment units depends on the number of DHR investment units owned. As DHI investment units will remain listed, the unitholders of DHR will be able to make transactions on Tokyo Stock Exchange.

(8) Forward Procedures

In compliance with the Financial Instruments and Exchange Law, Building Lots and Buildings Transaction Business Law and other applicable laws, ordinances and regulations, the required filing and other procedures will be performed in relation to this matter.

End of Document

* 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/>