

September 18, 2015

**For Immediate Release**

Investment Corporation:  
Daiwa House Residential Investment Corporation  
7th Floor, Nissei Nagatacho Building  
2-4-8 Nagatacho, Chiyoda-ku, Tokyo  
Tetsuji Tada, Executive Director  
(Code Number: 8984)

Asset Manager:  
Daiwa House Asset Management Co., Ltd.  
Koichi Tsuchida, CEO & President  
Inquiries:  
Hirotaka Uruma, CFO & Director  
Finance & Corporate Planning Department  
TEL: +81-3-3595-1265

**Notice Concerning Execution of “Basic Agreement on Pipeline Support, Etc.”**

Daiwa House Residential Investment Corporation (“DHI”) announces that DHI and Daiwa House Asset Management Co., Ltd. (the “Asset Manager”) have today concluded the “Basic Agreement on Pipeline Support, Etc.” with Fujita Corporation (“Fujita”).

**1. Background of Execution of Agreement**

DHI and the Asset Manager have negotiated with Fujita, the consolidated subsidiary of Daiwa House Industry Co., Ltd. (“Daiwa House Industry”), the sponsor of DHI, with regard to provision of information on real estate, etc. and business support.

DHI and the Asset Manager have resolved to conclude the “Basic Agreement on Pipeline Support, Etc.” described in 2. below for the purpose of securing unitholder interests and promoting the healthy development of businesses of all parties involved.

DHI and the Asset Manager have also concluded a pipeline support agreement with Cosmos Initia Co., Ltd, one of the group companies of Daiwa House Industry and the Daiwa House Group.

**2. Overview of “Basic Agreement on Pipeline Support, Etc.”**

**(1) Details of Support**

The details of the support that Fujita will conduct are as follows:

- (i) Provision of know-how and advice concerning operation and administration of Investment Real Estate necessary to aim to increase the asset value and increase the revenue of DHI's real estate or beneficiary right in trust that places real estate in trust under ownership (collectively referred to as "Investment Real Estate"), and other investment corporation asset investment business for DHI ("Investment Business") to the Asset Manager.
- (ii) Provision of preferential information as well as granting of first refusal rights (to be defined below (2)) regarding Investment Real Estate (to be defined below (2)) to the Asset Manager and DHI.
- (iii) Support for acquisition of Investment Real Estate to the Asset Manager and DHI.
- (iv) Support for redevelopment of Investment Real Estate to the Asset Manager and DHI.

(2) Provision of Preferential Information and Granting of First Refusal Rights by Fujita

- (i) If, among properties developed or owned by Fujita or by corporations in which Fujita is practically in a dominant relationship with ("Fujita's subsidiary, etc." collectively) a residential property which meets the investment criteria of DHI (including beneficiary right in trust which place such properties in trust; hereafter "Investment Real Estate") is to be sold, Fujita will provide information concerning the Investment Real Estate to the Asset Manager and DHI with priority over provision of the information to third parties, and Fujita, with Fujita's subsidiary will not provide the information to third parties for 10 business days from the day that the Asset Manager and DHI received the information.
- (ii) If Fujita obtains information concerning sales or brokerage of Investment Real Estate developed or held by a third party, Fujita will provide such information, after obtaining an approval from the third party if necessary, to the Asset Manager and DHI with priority over provision of the information to third parties and will not provide the information to third parties for 10 business days from the day that such information was provided.
- (iii) If the Asset Manager receives information concerning Investment Real Estate from Fujita as described in (i) and (ii) above, the Asset Manager will within 10 business days of receiving the information give a response to Fujita on whether it will deliberate on the acquisition of the Investment Real Estate and on the amount of time required for deliberations and other information.
- (iv) If the Asset Manager responds to Fujita that it will deliberate on the acquisition of the Investment Real Estate as described in (iii) above after receiving the information from Fujita on the Investment Real Estate as described in (i) above, Fujita will grant rights to negotiate for transaction preferentially ("First Refusal Rights") regarding the Investment Real Estate to DHI and, after a response is given by the Asset Manager, Fujita, with Fujita's subsidiary refrain from negotiations concerning transaction of the Investment Real Estate with third parties for 10 business days. Also, if negotiations which assume the transaction of the Investment Real Estate continue with the Asset Manager even after the 10 business days, Fujita, with Fujita's subsidiary will refrain from negotiations concerning transaction of the Investment Real Estate with third parties for as long as the negotiations continue.

- (v) The provision of information in (i), (ii), (iii) and (iv) above shall take place during the Asset Manager's contact meetings which are attended by directors and employees of Fujita and the Asset Manager. The procedures, etc. of the management of the contact meetings will be separately determined by Fujita and the Asset Manager. If during the contact meeting the Asset Manager makes a proposal regarding a development project of an Investment Real Estate, Fujita will deliberate in good faith on the proposal and report the result of deliberation to the Asset Manager.

### (3) Exemption

Regardless of matters specified in the aforementioned "(2) Provision of Preferential Information and Granting of First Refusal Rights by Fujita," Fujita, with Fujita's subsidiary will refrain from granting the First Refusal Rights to DHI and the Asset Manager, if any of following reasons applies.

- (i) When Investment Real Estate is developed and acquired based on a joint project with a third party and Fujita or Fujita's subsidiary had initially agreed to transfer or grant the First Refusal Rights to the third party (for the avoidance of doubt, when such agreement had been concluded only for part of the Investment Real Estate (including but not limited to co-ownership interest and sectional ownership), this exemption shall not apply to other parts of the Investment Real Estate).
- (ii) When Fujita or Fujita's subsidiary had initially agreed with other co-owners or investors that it will transfer the co-ownership interest or equity interests to other co-owners or investors under certain conditions or grant the First Refusal Rights to them.
- (iii) When Fujita or Fujita's subsidiary is to sell Investment Real Estate in accordance with requests from administrative agencies.
- (iv) When, based on an agreement with a third party concluded prior to the conclusion of this agreement, Fujita or Fujita's subsidiary is required to grant the First Refusal Rights to the third party.

### (4) Provision of Know-how and Advice

Fujita will provide the following know-how and advice relating to Investment Business to the Asset Manager:

- (i) Matters relating to acquisition and operation of Target Investment Real Estate (except when acquiring from Fujita or subsidiary of Fujita)
- (ii) Matters relating to the renewal of Investment Real Estate
- (iii) Matters relating to construction management

(5) Support for Redevelopment of Investment Real Estate

- (i) If DHI and the Asset Manager desire a redevelopment of an Investment Real Estate (rebuilding, renewal, renovation, etc. of existing buildings), they may provide information regarding the Investment Real Estate to Fujita and ask Fujita to consider the redevelopment.
- (ii) Fujita will consider in good faith the request in (i) above if such is received. Furthermore, Fujita will consider in good faith acquiring the Investment Real Estate and realizing a redevelopment plan by implementing a redevelopment, if DHI and the Asset Manager so desire.
- (iii) If an agreement is reached upon negotiations regarding Fujita's redevelopment plan draft based on (i) and (ii) above, Fujita, DHI and the Asset Manager will come to an agreement concerning the details of the redevelopment plan and such in writing.

(6) Provision of Information by DHI

If DHI and the Asset Manager are to dispose of an Investment Real Estate (excluding Investment Real Estate for which third parties are granted preemptive rights, preferential negotiation rights, etc.) of which it is rationally judged by DHI and the Asset Manager that Fujita may be interested in investing, information concerning the Investment Real Estate will be provided to Fujita without delay and Fujita will deliberate in good faith on purchasing the Investment Real Estate.

(7) Considerations

- (i) Fees will not be incurred for the provision of support by Fujita as described in (2) and (4) (i) above.
- (ii) Fees for DHI's acquisition of Investment Real Estate based on mediation by Fujita and compensation for Fujita's provision of support based on (4) (ii) (iii) and (5) will be determined upon consultation among DHI, the Asset Manager and Fujita according to normal business practices.

(8) Effective Period

The effective period of the agreement will be from September 18, 2015 to September 17, 2016. However, if no particular gestures are made by the involved parties before six months prior to expiration, the agreement will be automatically renewed for another year with the same conditions, and the same will apply thereafter.

(9) Termination

The agreement may not be terminated during the effective period without a written agreement from DHI, the Asset Manager and Fujita. However, if the asset management agreement between DHI and the Asset Manager is terminated, the Asset Manager may terminate the agreement by sending written notifications to DHI and Fujita.

(10) Agreement Date

September 18, 2015

### 3. Overview of “Basic Agreement on Pipeline Support, Etc.”

Trade name	Fujita Corporation
Head Office Address	4-25-2, Sendagaya, Shibuya-ku, Tokyo
Representative	Yoji Okumura, President & CEO
Principal Activities	Contracting, planning, designing, supervision and consulting construction Selling, leasing and brokering real estate
Capital	¥ 14,002 million (as of March 31, 2015)
Established	October 1, 2002
Net Asset	¥ 28,392 million (as of March 31, 2015)
Total Asset	¥ 169,006 million (as of March 31, 2015)
Relationship with DHI and Asset Management Company	
Capital Relationship	There is no capital relationship to describe between DHI and Fujita Corporation. Furthermore, Fujita Corporation is the subsidiary of Daiwa House Industry, the parent company of the Asset Manager.
Personnel Relationship	There is no personnel relationship to describe between DHI, asset management company and Fujita Corporation.
Business Relationship	There is no business relationship to describe between DHI, asset management company and Fujita Corporation.
Status of Classification as Related Party	Fujita Corporation is the subsidiary of Daiwa House Industry, the parent company of the Asset Manager.
Other	Fujita Corporation constitute an interested party as set forth in the bylaws of the Asset Manager.

### 4. Future Prospects

For operation status forecasts for the fiscal period ending in February 2016 (20th Fiscal Period: from September 1, 2015 to February 29, 2016) and the fiscal period ending in August 2016 (21th Fiscal Period: from March 1, 2016 to August 31, 2016) that take the Execution of Agreement into account will be announced in the 19th Kessan Tanshin on October 8, 2015.

\* 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.

\* URL of the DHI's website: <http://daiwahouse-resi-reit.co.jp/eng/>