

October 8, 2015

For Immediate Release

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Notice Concerning Amendments to the Articles of Incorporation and Appointment of Directors of the Investment Corporation

Daiwa House Residential Investment Corporation (“DHI”) announces that, at a meeting of the board of directors held today, a resolution was passed to submit a proposal concerning the following amendments to the Articles of Incorporation and appointment of directors of the investment corporation to the 9th General Meeting of Unitholders scheduled to be held on November 25, 2015 (the “General Meeting of Unitholders”).

The amendments to the Articles of Incorporation and appointment of directors will become effective upon approval by the General Meeting of Unitholders.

1. Amendments to the Articles of Incorporation

(1) Reasons for the Amendments

- (a) In line with revision of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister’s Office No. 129 of 2000, as amended), provisions to the effect that the purpose shall be to manage assets mainly as investment in real estate, etc. assets are being established and related provisions are being revised in conjunction (related to proposed amended Article 2, Article 29, and Article 30, Paragraph 1).
- (b) In line with revision of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (Ordinance of the Ministry of Finance No. 15 of 1957, as amended) changing the requirements to be eligible for application of special provisions for taxation on investment corporations, provisions concerning investment restrictions that are no longer required are being deleted (related to current Article 30, Paragraph 4).

- (c) In line with revision of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended) (the “Investment Trusts Act Enforcement Order”) including renewable energy power generation facilities in the scope of specified assets (refers to those listed in Article 3 of the Investment Trusts Act Enforcement Order), provisions are being newly established (related to proposed amended Article 31, Paragraph 4, Item 6).
- (d) In line with revision of the Ordinance on Accounting at Investment Corporations (Cabinet Office Ordinance No. 47 of 2006, as amended), Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended), etc. in relation to the issue of taxation and accounting discrepancies at investment corporations, provisions are being amended to allow for distribution of cash in excess of earnings for the purpose of keeping taxation of corporation tax, etc. on DHI down (related to proposed amended Article 37, Item 2).
- (e) Concerning the asset management fee payable to the asset manager, provisions are being amended for the fee parameters that serve as the basis for calculating the asset management fee in order to make the asset management fee structure one that is increasingly linked to returns for unitholders (related to proposed amended Attachment) (Note).
(Note) Please refer to the “Notice Concerning Proposal to Modify Asset Management Fee System” announced today.
- (f) In addition to the above, deletion of supplementary provisions that are no longer required in line with revision of the Investment Trusts Act having come into effect, organization of the text, change and clarification of the expressions, revision of the wording, etc. are being made.

(2) Content of the Amendments

Please refer to the “Notice of Convocation of the 9th General Meeting of Unitholders” (written by Japanese only) for the content of the amendments to the Articles of Incorporation.

2. Appointment of Directors of the Investment Corporation

The term of office of the one executive director (Tetsuji Tada) will expire as of November 30, 2015, and DHI is thus newly submitting a proposal for the appointment of one executive director, effective December 1, 2015. The term of office of the two supervisory directors (Tetsuya Iwasaki and Hiroshi Ishikawa) will expire as of November 30, 2015, and DHI is thus further submitting a proposal for the appointment of two supervisory directors, effective December 1, 2015.

Furthermore, DHI is newly submitting a proposal for the appointment of one substitute executive director in case of a vacancy in the position of executive director or in case of a shortfall in the number of directors as provided by laws and regulations. DHI is submitting a proposal for the appointment of one substitute supervisory director in case of a vacancy in the position of supervisory director or in case of a shortfall in the number of directors as provided by laws and regulations.

- (1) Executive director candidate
Jiro Kawanishi (new appointment)
- (2) Supervisory director candidates
Tetsuya Iwasaki (reappointment)
Hiroshi Ishikawa (reappointment)
- (3) Substitute executive director candidate
Koichi Tsuchida (new appointment)

- (4) Substitute supervisory director candidate
Fusae Kakishima (reappointment)

Please note that the substitute executive director candidate above is CEO & President of the Asset Manager of DHI.

3. Schedule

October 8, 2015

Board of directors' approval of proposals to be submitted to the General Meeting of Unitholders

November 6, 2015

Delivery of notice of convocation of the General Meeting of Unitholders (scheduled)

November 25, 2015

Holding of the General Meeting of Unitholders (scheduled)

* This press release (original Japanese version) 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/>