

Attention

This is an unofficial translation of a press release announced on December 11, 2015 by Daiwa Securities Group Inc. The original press release is in Japanese.

December 11, 2015

Press Release

Company name: Daiwa Securities Group Inc.
Representative name: Takashi Hibino, President and CEO
(Securities code: 8601 TSE and NSE (First Sections))

Notice Regarding Further Expansion of Real Estate Asset Management Business - Making Mi-Casa Asset Management Inc. a Subsidiary -

We announce as follows that Daiwa Securities Group Inc. (“DSGI”) has made a decision to acquire additional shares of Mi-Casa Asset Management Inc. (“MAM”), an asset management company of Japan Rental Housing Investments Inc. (“JRH”), which is a listed Real Estate Investment Trust (“REIT”) focused on residential properties, and to make MAM a subsidiary of DSGI.

1. Background

The Daiwa Securities Group announced “strengthen asset management abilities” in our Mid-Term Management Plan “Passion for the Best” 2017 published in April this year, and has been actively pursuing the expansion of its real estate asset management business.

In 2009, DSGI made Daiwa Real Estate Asset Management Co. Ltd. (“Daiwa Real Estate”) its subsidiary thereby entering the real estate asset management business. Daiwa Real Estate has increased its presence in the REIT market, by expanding the managed asset size of “Daiwa Office Investment Corporation” (a listed REIT focused on offices), as well as by establishing “Daiwa Residential Private Investment Corporation” (an unlisted REIT focused on residential properties) and “Nippon Healthcare Investment Corporation” (a listed REIT focused on healthcare facilities). The managed asset size of these three investment corporations has exceeded a combined total of approximately 540 billion yen as of the date of this announcement.

In November 2014, DSGI acquired a partial shareholding (approximately 30% of all issued shares) in MAM, which manages JRH (a listed REIT focused on residential properties), thereby making MAM an affiliated company accounted for by equity-method of DSGI. To date, JRH has steadily expanded its asset size, and as of the date of this announcement it boasts an asset portfolio of 195 properties and an asset size of 211.5 billion yen (on an acquisition price basis), and the best occupancy ratio of 98.4% (as of the end of October 2015) among all the listed residential REITs in Japan.

DSGI has now determined that making MAM, which possesses excellent asset management abilities, a subsidiary of DSGI, and utilizing the resources of the Daiwa Securities Group in an effective manner, will lead to the further strengthening of its real estate asset management business, and, by extension, to the further enhancement of the Daiwa Securities Group’s corporate value, and has agreed with the major shareholders of MAM (*) to purchase the MAM shares held by such companies (approximately 68.1% of all issued shares). As a result, DSGI will become to hold approximately 98.1% of MAM’s issued shares.

(*) AppleRingo Ventures 1 Limited and AppleRingo Investments B.V. (each is advised by Oaktree Capital Management, L.P., a major U.S. investment fund management firm).

Also, DSGI will execute a Sponsor Support Agreement with MAM, under which it will provide support aimed at the sustainable and stable growth of JRH and MAM, such as by providing various types of information, forming bridge funds, and cooperating in the securement of human resources at MAM.

Additionally, DSGI will utilize its functions and networks as a comprehensive securities group towards realization of maintaining and expanding the stable financing framework at JRH, including fundraising by JRH through capital markets and maintenance and development of existing and new positive relationships between JRH and financial institutions.

2. MAM operational policy etc. after the transaction

At present, DSGI does not plan to merge MAM with Daiwa Real Estate or any other companies in the Daiwa Securities Group after the consummation of the transaction. DSGI does not plan to amend the Articles of Incorporation of JRH or the asset management guidelines prescribed by MAM, nor to amend the Articles of Incorporation of REITs managed by Daiwa Real Estate or asset management guidelines at Daiwa Real Estate. Also, although Daiwa Real Estate manages multiple REITs including unlisted REIT focused on residential properties, since MAM and Daiwa Real Estate will be operating independently as separate corporations, it is anticipated that the REITs operated by MAM or Daiwa Real Estate will also be subject to independent investment management as in the past.

It is planned that the full-time Director and Executive Officers of MAM, including President & CEO Yutaka Higashino, will remain in office after the consummation of the transaction, and it is planned to newly dispatch one full-time Director and one part-time Director to MAM from the Daiwa Securities Group (at present, one part-time Director and one part-time Corporate Auditor have already been dispatched from the Daiwa Securities Group). It is not planned to change MAM's company name, stated capital, or the like.

For other details regarding matters such changes in the officers of MAM, please also see the press release "Notice Concerning Change in Major Shareholder, Parent Company and Specified Associated Corporation at the Asset Manager" and "Notice Concerning Change in Directors and Auditor at the Asset Manager" released by JRH.

3. Schedule*

December 11 (Friday)	Execution of relevant agreements
December 18 (Friday)	Acquisition by DSGI of MAM's shares (approximately 68.1% of all issued shares)

* The above schedule is subject to change depending on future discussion among relevant parties.

4. Overview of JRH and MAM

(1) Profile of JRH

(1) Name	Japan Rental Housing Investments Inc. (Securities Code: 8986)	
(2) Address	Keihanshin Onarimon Bldg. 9F 6-16-12 Shimbashi, Minato-ku, Tokyo, Japan	
(3) Name of Executive Director	Toshiya Kuroda Yutaka Higashino	
(4) Total Unitholders' Equity	91,715 million yen (as of September 30, 2015)	
(5) End of Fiscal Period	March and September	
(6) Number of Properties in Portfolio	195 properties (as of December 11, 2015)	
(7) Total Acquisition Price	211.5 billion yen (as of December 11, 2015)	
(8) Major Unitholders and Ownership Share (as of September 30, 2015)	Japan Trustee Services Bank, Ltd. (Trust Account)	17.3%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	10.4%

	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	9.9%
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(2) Profile of MAM

(1)	Name	Mi-Casa Asset Management Inc.	
(2)	Address	Keihanshin Onarimon Bldg. 9F 6-16-12, Shimbashi, Minato-ku, Tokyo, Japan	
(3)	Name and Title of Representative	Yutaka Higashino, President & CEO	
(4)	Type of Business	Investment management business	
(5)	Amount of Stated Capital	400 million yen	
(6)	Shareholders and Ownership Share	AppleRingo Ventures 1 Limited	57.4%*
		Daiwa Securities Group Inc.	30.0%
		AppleRingo Investments B.V.	10.6%*
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.0%
		Sumitomo Mitsui Banking Corporation	1.0%

* Scheduled to be acquired by DSGI as of December 18, 2015