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For Immediate Release

## REIT Issuer:

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Notice Concerning Handling of Fractional Investment Units Resulting from the Merger

In connection with the merger between Daiwa House REIT Investment Corporation (“DHR”), whose trade name was changed from Daiwa House Residential Investment Corporation on September 1, 2016, and former Daiwa House REIT Investment Corporation (the “Former DHR”) which came into effect on September 1, 2016 (the “Merger”), the unitholders recorded on the final unitholders register of the Former DHR as of August 31, 2016 (the “Allotted unitholders”) were allotted investment units of DHR. As a result, some Allotted unitholders are now entitled to receive fractional investment units of less than one unit (the “Fractional investment units”) according to the number of investment units allotted.

Pursuant to the relevant laws, DHR plans to dispose of such Fractional investment units through market transactions and distribute the proceeds thereof to the Allotted unitholders entitled to receive the Fractional investment units in proportion to their total number of fractional units.

DHR will notify the Allotted unitholders concerned of information on the relevant amounts to be distributed, the distribution method and other related matters by mail, and plans to commence payment of the proceeds by around early November 2016.

## 1. Allotment of investment units

The unitholders recorded on the final unitholders register of the Former DHR as of August 31, 2016, the record date for the allotment of investment units of DHR (that is, the unitholders who held investment units of the Former DHR on August 26, 2016, the last date of cum-rights trading), are entitled to receive the allotment of investment units of DHR.

	DHR	Former DHR
Allotment in connection with the Merger	1	2.2

(Note) The number of newly issued investment units of DHR upon the Merger is 771,540 units.

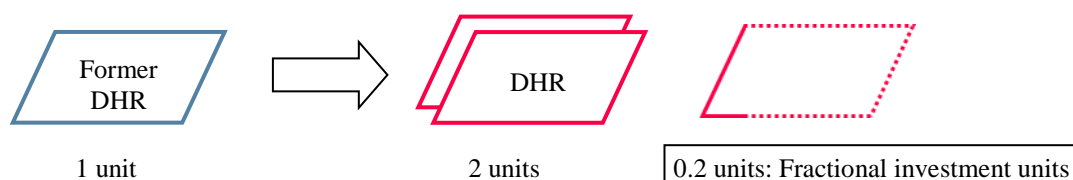
## 2. Calculation method of allotted investment units

Formula:

Number of investment units of the Former DHR held  $\times$  2.2 = Number of investment units of DHR allotted

- (1) An Allotted unitholder who held one investment unit of the Former DHR as of the record date  
The number of investment units of DHR allotted upon the Merger to the Allotted unitholder is 2.2 units.

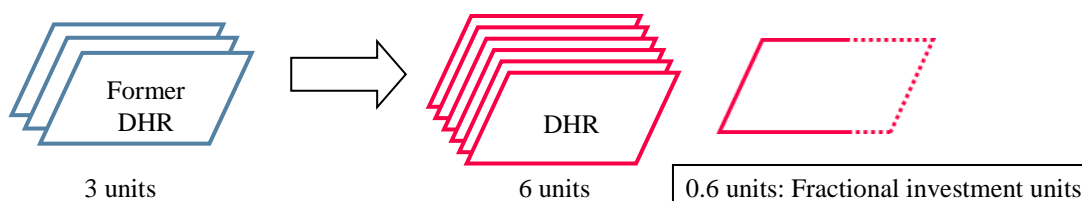
(Reference diagram)



The sales proceeds equivalent to 0.2 units, which are less than one investment unit, will be paid to the Allotted unitholder.

- (2) An Allotted unitholder who held three investment units of the Former DHR as of the record date  
The number of investment units of DHR allotted upon the Merger to the Allotted unitholder is 6.6 units.

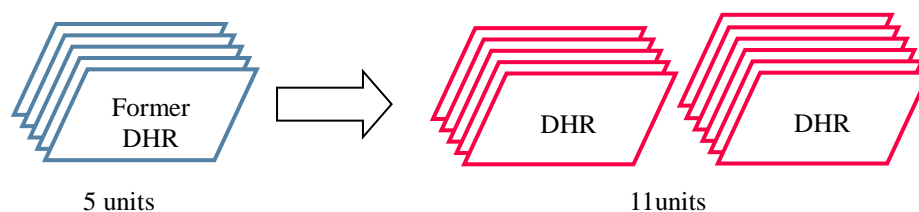
(Reference diagram)



The sales proceeds equivalent to 0.6 units, which are less than one investment unit, will be paid to the Allotted unitholder.

- (3) An Allotted unitholder who held five investment units of the Former DHR as of the record date  
The number of investment units of DHR allotted upon the Merger to the Allotted unitholder is 11 units.

(Reference diagram)



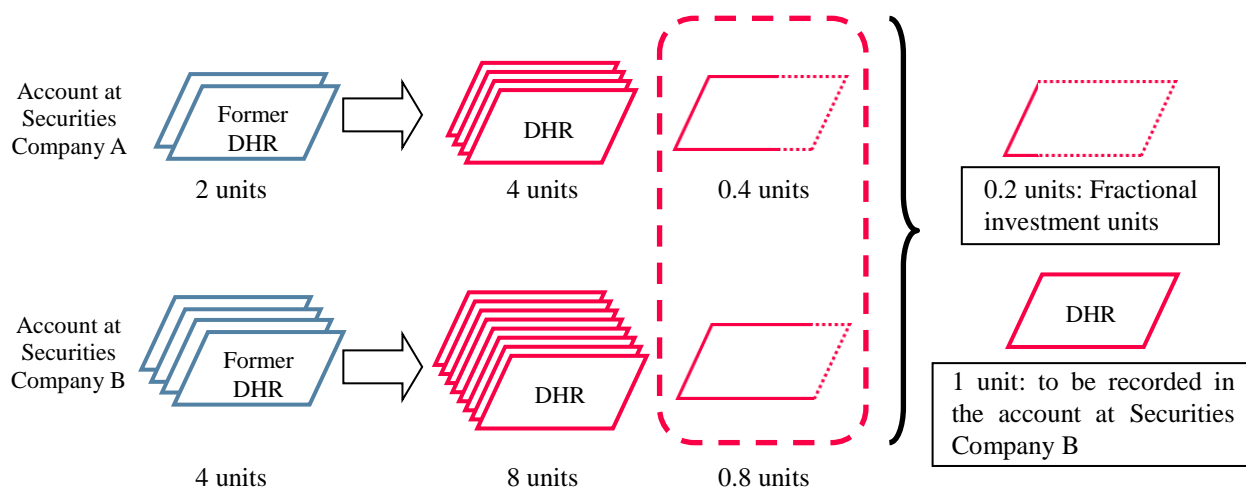
As there are no Fractional investment units, no cash payment equivalent to the sales proceeds of fractional units will be made.

- (4) An Allotted unitholder who held investment units of the Former DHR in accounts at multiple securities companies

If a unitholder held investment units of the Former DHR in accounts at multiple securities companies as of the record date, the Fractional investment units will be processed based on name-based aggregation and calculation of the total number of the units. If the number of units held by a unitholder, which is calculated by adding up the Fractional investment units in each account at the respective securities companies, is one unit or more, the integral number of the units will be recorded in the securities company account holding the largest number of units of the Former DHR, and the Fractional investment units through such an aggregation process will be treated as shown in the above.

(Reference diagram)

(Example) An Allotted unitholder who held two investment units of the Former DHR in an account at Securities Company A and four of the same investment units at Securities Company B as of the record date



The total number of the Fractional investment units in each account at the respective securities companies is 1.2 units. Of the said units, one unit will be recorded in the securities company account holding the largest number of investment units of the Former DHR (in the above case, the account at Securities Company B). In addition, with respect to the remaining fractional 0.2 units following the aggregation, which are less than one unit, the unitholder will be paid an amount equivalent to the sales proceeds of the Fractional investment units.

### 3. Schedule (planned)

September 30, 2016	Dispatch of notice letters of allotted number of investment units (Note 1)
Early November 2016	Commencement of payments of sales proceeds of the Fractional investment units
November 14, 2016	Commencement of payments of delivered money due to the Merger (Note 2)

(Note 1) Letters will be dispatched to the unitholders recorded on the final unitholders register of the Former DHR as of August 31, 2016, the record date.

(Note 2) In lieu of cash distribution for the Former DHR's final fiscal period (March 1, 2016 to August 31, 2016), DHR plans to make payment of delivered money due to the Merger equivalent to the cash distribution for the final fiscal period to the unitholders recorded on the final unitholders register of the Former DHR as of August 31, 2016. Please refer to the "Financial Report for the Fiscal Period Ended February 29, 2016" dated April 15, 2016 prepared by the Former DHR for detailed information on the delivered money due to the Merger by the Former DHR.

\* Distribution of this material: This material is distributed to "Kabuto Club" (a media correspondents' club at the Tokyo Stock Exchange), 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.co.jp/en/>