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For Immediate Release

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Notice Concerning Amendments to
Asset Management Guidelines of Asset Manager

Daiwa House Residential Investment Corporation (“DHI”) announces that Daiwa House Asset Management Co., Ltd., the asset manager to which DHI entrusts the management of its assets (the “Asset Manager”), today decided to make amendments to the Asset Management Guidelines pertaining to the management of DHI’s assets, which are internal rules of the Asset Manager. The amendments are to newly add standards concerning investment in residential properties for the elderly and to delete policies concerning retail properties.

1. Overview of Amendments

- (1) New standards have been added which require the Asset Manager, upon DHI’s conducting investment in residential properties for the elderly, to (i) seek advice from outside experts such as a consultant company who has sufficient understanding of the business characteristics of residential properties for the elderly from experience, etc. in investment in residential properties for the elderly, loan provision, due diligence, real estate appraisal or facility operation, and (ii) survey the following items. Organizational frameworks necessary for the above have also been developed.

< Survey items >

1. Organizational structure of operators
2. Management skills, creditworthiness, etc. of operators
3. Financial soundness of operators
4. Existence, necessity/possibility of securing, management skills and creditworthiness, etc. of backup operators (Note)

5. Evaluation of location of the target facility
6. Building grade, floor plan/room type of residence rooms and installed facilities of the target facility
7. Market environment of the target facility
8. Business income/expenditures and rent-bearing capacity of the target facility
9. Management structure of and available services at the target facility
10. Management system of lump-sum fees collected upon residents' admission, etc. at the target facility
11. Possibility of replacing operators of the target facility
12. Major contractual documents of the target facility
13. Scheme of the target facility
14. Legal basis for installation, standard guidelines and other guidelines for fee-based homes for the elderly, compliance to administrative guidance and such, and acquisition status of permissions and licenses, etc.

(Note) Backup operators are pre-assigned operators for in cases when operators fall into bankruptcy, etc.

- (2) New standards have been added for when DHI conducts transactions of residential properties for the elderly requiring the Asset Manager to manage DHI's assets with due care with regard to items stated in the following "Items to be considered for the users of the residential properties for the elderly" so as not to cause any anxiety to users regarding fees and the content of contracts, etc.

<Items to be considered for the users of the residential properties for the elderly>

Item	Content
Informing the structure of DHI	The Asset Manager is to urge operators to sufficiently inform users of the structure of DHI (ex. (1) the facility is owned by DHI and the services at the facility are provided by the operator, (2) DHI, in principle, is to own facilities that are subject to management, etc. over the long term), and also is conduct activities to inform users of such directly when necessary.
Confirming appropriate operation of residential properties for the elderly	In order to ensure a sense of security for users, the Asset Manager is to confirm whether the conditions of the facility, fees, content of contracts, etc. comply with related laws and regulations, and to confirm the response status toward notices from local public organizations and such. Concerning fee-based homes for the elderly, in particular, the Asset Manager is to confirm the above by taking note that local public organizations are drawing guidelines in accordance with actual situations in the area, using the "Standard Guidelines for Establishment and Operation of Fee-based Homes for the Elderly" (July 18, 2002, No. 0718003, Announced by Director of Health and Welfare Bureau for the Elderly, Ministry of Health, Labour and Welfare) as a reference.
Securing appropriate management of residential properties for the elderly	In order to ensure a sense of security for users, the Asset Manager is to require operators to announce, in lease contracts or alternative agreements, memorandums, etc. concluded between DHI and operators, that with regard to fees and the content of contracts, etc., operators comply with the related laws and regulations applicable to residential properties for the elderly which are subject to DHI's management and operate pursuant to administrative guidelines.



- (3) DHI has excluded retail properties from the investment assets as announced in the press release “Notice Concerning Amendments to Asset Management Guidelines of Asset Manager” dated September 5, 2011. In addition, due to the disposition of “FOLEO TOWN Tsutsui,” the only retail property DHI had owned, on December 26, 2013, the portfolio now specializes only in residential properties.

Since DHI does not intend to own retail properties going forward, policies concerning retail properties have been deleted by this amendment.

2. Amendment date

November 21, 2014

3. Future Prospects

There is no revision to the operating status forecasts for the fiscal period ending in February 2015 (18th Fiscal Period: from September 1, 2014 to February 28, 2015) and August 2015 (19th Fiscal Period: from March 1, 2015 to August 31, 2015).

4. Other

A securities report was submitted today to the Director-General of the Kanto Local Finance Bureau pursuant to the provisions of the Financial Instruments and Exchange Act in relation to this matter.

* 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/>