

Attention

This is an unofficial translation of a press release announced on November 18, 2014 by Daiwa Securities Group Inc. and Daiwa PI Partners Co. Ltd. The original press release is in Japanese.

November 18, 2014

Press Release

Daiwa Securities Group Inc.
Daiwa PI Partners Co. Ltd.

Notice Regarding New Project in Real Estate Asset Management Business - Acquisition of Shares of Mi-Casa Asset Management Inc. -

We announce that Daiwa Securities Group Inc. (“DSGI”) made the following decision on the acquisition of (i) approximately 30% of the outstanding 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”) and (ii) approximately 2.5% of the outstanding investment units of JRH. We also announce that, in conjunction with these transactions, Daiwa PI Partners Co. Ltd. (“Daiwa PI”) made the following decision on the provision of a loan secured by the investment units of JRH.

1. Background

The Daiwa Securities group entered the real estate asset management business in 2009 by making Daiwa Real Estate Asset Management Co. Ltd. (“Daiwa Real Estate”) its subsidiary, and has been actively investing the group’s management resources in this business sector by various methods including the announcement of our “Sweeping Support for the Real Estate Asset Management Business” in our Mid-Term Management Plan published in 2012.

The Daiwa Securities group already set up Daiwa Residential Private Investment Corporation, which is an unlisted REIT focused on residential properties and Nippon Healthcare Investment Corporation, which is the first healthcare-focused listed REIT in Japan, in addition to Daiwa Office Investment Corporation, which is a listed REIT focused on offices and has been managed by Daiwa Real Estate since it became a subsidiary of the Daiwa Securities group in 2009 as described above. Our group’s real estate management business has been developed and extended to the current level where the total amount of the investment assets held by these three investment corporations now exceeds 450 billion yen.

As a new project in our real estate management business, the Daiwa Securities group has decided to acquire certain shares of MAM, which is the asset management company of JRH. JRH is a listed REIT focused on residential properties with the total portfolio of 189 properties (189.5 billion yen). The Daiwa Securities group highly appreciates the excellent asset management skills of MAM, which has conducted asset management services for JRH with the best occupancy rate of portfolio properties (approximately 98.1%, as of the end of September 2014) among all the listed residential REITs, and, as a result of discussion with AppleRingo Ventures 1 Limited (“ARV”) and AppleRingo Investments B.V. (“ARI”) as MAM’s major shareholders and both advised by Oaktree Capital Management L.P., which is a major investment fund management company in the U.S., DSGI has agreed with ARV and ARI that DSGI would acquire from ARV approximately 30% of the outstanding shares of MAM and approximately 2.5% of the outstanding investment units of JRH, both held by ARV. In addition, it has also been agreed that DSGI has the right to acquire the remaining shares of MAM (approximately 68% of the outstanding shares) held by ARV and ARI subject to certain conditions set out in the relevant agreements between DSGI, ARV and ARI. Along with this, Daiwa PI as DSGI’s subsidiary has agreed to provide ARV’s wholly-owned subsidiary (a Japanese limited liability company) with a loan secured by the remaining investment units of JRH held by ARV.

The Daiwa Securities group will make efforts to contribute to further growth of the corporate value of JRH

and MAM after our acquisition of shares of MAM through the above arrangements and we firmly believe that such attempt will certainly enable us to achieve further development of our real estate asset management business and to provide real estate investment products which would better satisfy the needs of our clients.

2. Contemplated Timeline*

November 18 (Tuesday)	Execution of relevant agreements
November 28 (Friday)	Acquisition by DSGI of MAM's shares (approximately 30% of the outstanding shares) and JRH's investment units (approximately 2.5% of the outstanding investment units) Drawdown of Daiwa PI's loan secured by JRH's investment units

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

3. Overview of JRH and MAM

(1) Profile of JRH

(As of September 30, 2014)

(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 Amount of Outstanding Units	79,517 million yen	
(5) End of Fiscal Period	March and September	
(6) Number of Properties in Portfolio	189 properties	
(7) Total Acquisition Price	189.5 billion yen	
(8) Major Unitholders and Ownership Share	AppleRingo Ventures 1 Limited	33.4%
	Japan Trustee Services Bank, Ltd. (Trust Account)	19.2%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.9%

(2) Profile of MAM

(As of September 30, 2014)

(1) Name	Mi-Casa Asset Management Inc.	
(2) Address	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	87.4%
	AppleRingo Investments B.V.	10.6%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.0%
	Sumitomo Mitsui Banking Corporation	1.0%