

January 25, 2013

For Immediate Release

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Notice Concerning the Proposed Disposition of
Trust Beneficiary Rights in Real Estate

Daiwa House Residential Investment Corporation (“DHI”) announces its decision today to dispose trust beneficiary rights in real estate as follows:

1. Reasons for Disposition

Daiwa House Asset Management Co., Ltd., the asset manager to which DHI entrusts the management of its assets (the “Asset Manager”), made amendments to the Asset Management Guidelines pertaining to the management of DHI’s assets, which are internal rules of the Asset Manager, on September 5, 2011 to limit the investment target to residential properties.

DHI holds two retail properties (accounting for 1.1% of the entire portfolio). While continuing to hold these properties due in part to their high occupancy (occupancy rate of 98.2% at the end of December 2012), DHI has been considering when to sell these properties based on assessment of market conditions and other factors. Such led to the decision today to dispose of the retail property “INAGEYA Yokohama Nishigaoka” (the “Disposition”).

The policy is to similarly keep sale under consideration based on assessment of market conditions, occupancy status and other factors for the retail property “FOLEO TOWN Tsutsui,” as well.

2. Disposition Detail

- | | |
|------------------------|---|
| ① Property Name | : INAGEYA Yokohama Nishigaoka |
| ② Asset Type | : Beneficiary right in trust that places real estate in trust |
| ③ Sale Price (planned) | : ¥853,000,000 |

(Excluding such amounts as expenses related to sale, amount equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.)

- ④ Acquisition Date : September 27, 2007
- ⑤ Acquisition Price : ¥1,000,000,000
- ⑥ Book Value : ¥1,038,048,005 (as of August 31, 2012)
- ⑦ Difference between Sale Price (planned) and Book Value : ▲¥185,048,005 (difference between ③ and ⑥)
- ⑧ Execution date of the trust beneficiary rights sale and purchase agreement (planned) : January 29, 2013
- ⑨ Appraisal Value : ¥853,000,000 (Date of value opinion: August 31, 2012)
- ⑩ Delivery Date (planned) : January 29, 2013 or on a date agreed upon by the buyer and DHL.
- ⑪ Buyer (planned) : Please refer to 3. below for details.
- ⑫ Sale Method : Sale in the form of lump-sum settlement of real estate to the proposed buyer.

Address		1-2-1, Nishigaoka, Izumi-ku, Yokohama City, Kanagawa
Land	Type of Ownership	Proprietary ownership
	Site Area	3,279.08 m ²
	Zoning	Quasi-residential zone
	Building Coverage Ratio/ FAR	60% / 200%
Building	Type of Ownership	Proprietary ownership
	Usage	Retail
	Total Floor Space	2,221.32 m ²
	Construction/ No. of Floors	S · RC, 3F
	Completion Date	February 14, 1994
Tenants (Note 1)	Number of Tenants	1
	Number of Leasable Units	1 unit
	Number of Leased Units	1 unit
	Occupancy Rate	100.0%
	Rental Revenues	¥5,862 thousand
	Deposits and Guarantees	¥91,439 thousand
Appraisal value (Note 2)	Real Estate Appraiser	Japan Real Estate Institute
	Date of Value Opinion	August 31, 2012
	Appraisal Value	¥853,000,000

(Note 1) (i) “Number of Tenants” is recorded as “1” where a single master lease contract has been executed with a master lease company.

(ii) “Number of Leasable Units” is the number of units of the real estate that is leasable.

(iii) “Number of Leased Units”, “Occupancy Rate”, “Rental Revenues” and “Deposits and Guarantees” are as of December 31, 2012.

(iv) “Number of Leased Units” is the number of units for which a lease agreement has been concluded with an end-tenant for real estate.

(v) “Occupancy Rate” is the ratio of leased floor area to leasable floor area of the real estate, rounded to one decimal place.

(vi) “Rental Revenues” is the monthly rental revenues as of December 2012, rounded down to the nearest thousand yen.

(vii) “Deposits and Guarantees” is the total amount of the deposits and guarantees of the real estate that must be returned to end-tenants based on the lease contract concluded with end-tenants, rounded down to the nearest thousand yen.

(Note 2) “Appraisal Values” is the real estate appraisal values as end of the 13th fiscal period (August 31, 2012).

3. Buyer Profiles

Trade name	Total Estate Corporation
Head Office Address	113-6, Aioi-cho, Naka-ku, Yokohama City, Kanagawa
Representative	Koji Morikawa, President
Principal Activities	Buying, selling and leasing real estate Managing, owning, and brokering real estate etc.
Capital	¥ 210 million (As of December 31, 2012)
Established	October 23, 1998
Relationship with DHI and Asset Management Company	
Capital Relationship	There is no capital relationship to describe between DHI, asset management company and Total Estate Corporation.
Personnel Relationship	There is no personnel relationship to describe between DHI, asset management company and Total Estate Corporation.
Business Relationship	There is no business relationship to describe between DHI, asset management company and Total Estate Corporation.
Status of Classification as Related Party	The Company does not constitute a related party of DHI or the Asset Management Company. Furthermore, affiliated persons or affiliated companies of the Company do not constitute a related party of DHI or the Asset Management Company.

4. Broker Profiles

(1) Broker Profile

No name, etc. is shown as the broker has not consented to such disclosure. Please note that the broker does not constitute a party with particular vested interest in DHI or the Asset Management Company.

(2) Broker's Commission

Commission is not shown as the broker has not consented to such disclosure.

5. Future Prospects

DHI expects loss on sales of a total of 192 million yen (including broker's commission and other sundry expenses, etc.) will result from the Disposition, but reversal of internal reserves (reserve for distribution) (Note 1) will absorb any impact this loss on sales may have on distributions.

The Disposition excluding the loss on sales will have only a minor impact on operating status forecasts for the fiscal period ending in February 28, 2013 (14th Fiscal Period: from September 1, 2012 to February 28, 2013) and August 31, 2013 (15th Fiscal Period: from March 1, 2013 to August 31, 2013), there is no revision to the operating status forecasts.

(Note 1) DHI has 19,473 million yen of total retained earnings (reserve for distribution) as of August 31, 2012.

* 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/>

[Reference Information]

Real Estate Portfolio List after Disposition

	Area (Note 1)	Property No.	Property Name	Acquisition Date (Note 2)	Acquisition Price (Note 3)	Investment Ratio (Note 4)
Residential	Area 1	1001	Qiz Ebisu	March 22, 2006	7,650	3.6%
		1002	Castalia Azabujuban Shichimenzaka	March 22, 2006	4,500	2.1%
		1003	Castalia Shibakoen	March 22, 2006	2,630	1.2%
		1004	Castalia Ginza	March 22, 2006	2,520	1.2%
		1005	Castalia Hiroo	March 22, 2006	2,220	1.0%
		1006	Castalia Nihonbashi	March 22, 2006	1,200	0.6%
		1007	Castalia Hacchobori	March 7, 2007	2,300	1.1%
		1008	Castalia Azabujuban	June 21, 2007	2,910	1.4%
		1009	Castalia Azabujuban II	June 21, 2007	2,690	1.3%
		1010	Castalia Shinjuku Natsumezaka	June 21, 2007	1,865	0.9%
		1011	Castalia Ginza II	June 21, 2007	1,800	0.8%
		1012	Castalia Shibuya Sakuragaoka	June 21, 2007	1,400	0.7%
		1015	Castalia Nishi Azabu Kasumicho	April 1, 2010	2,143	1.0%
		1016	Castalia Ochanomizu	April 1, 2010	1,770	0.8%
		1017	Castalia Sangubashi	April 1, 2010	1,393	0.7%
		1018	Castalia Suitengu	April 1, 2010	1,279	0.6%
		1019	Castalia Suitengu II	April 1, 2010	1,138	0.5%
		1020	Castalia Shintomicho	April 1, 2010	932	0.4%
		1021	Castalia Shintomicho II	April 1, 2010	825	0.4%
		1022	Castalia Harajuku	April 1, 2010	887	0.4%
		1023	Castalia Yoyogi Uehara	April 1, 2010	608	0.3%
		1024	Castalia Sendagaya	April 1, 2010	555	0.3%
		1025	Castalia Shinjuku 7 chome	April 1, 2010	464	0.2%
		1027	Castalia Ningyocho	April 1, 2010	947	0.4%
		1028	Castalia Ningyocho II	April 1, 2010	1,070	0.5%
		1029	Castalia Shin-Ochanomizu	April 1, 2010	914	0.4%
		1030	Castalia Higashi Nihonbashi II	April 1, 2010	1,370	0.6%
		1031	Castalia Jinbocho	April 1, 2010	1,160	0.5%
		1032	Castalia Shintomicho III	April 1, 2010	675	0.3%
		1033	Castalia Shinjuku Gyoen	April 1, 2010	2,720	1.3%
		1034	Castalia Takanawadai	April 1, 2010	860	0.4%
		1035	Castalia Higashi Nihonbashi III	April 1, 2010	666	0.3%
		1036	Castalia Shinjuku Gyoen II	April 1, 2010	486	0.2%
		1037	Castalia Shintomicho IV	April 1, 2010	400	0.2%
		1038	Castalia Takanawadai II	April 1, 2010	1,190	0.6%
		1039	Castalia Minami Azabu	April 1, 2010	642	0.3%
		1040	Castalia Ginza III	April 1, 2010	2,880	1.4%
		1041	Castalia Kayabacho	April 1, 2010	2,707	1.3%
		1042	Castalia Takanawa	April 1, 2010	7,430	3.5%
		1043	Castalia Higashi Nihonbashi	April 1, 2010	3,520	1.7%
		1045	Castalia Shinjuku	April 1, 2010	2,950	1.4%
		1046	Castalia Ichigaya	June 29, 2010	940	0.4%
		1047	Shibaura Island Bloom Tower	October 18, 2011	7,580	3.6%
		1048	Castalia Hatsudai	December 19, 2011	2,030	1.0%
		Subtotal			88,816	41.8%
	Area 2	2001	Castalia Meguro Kamurozaka	December 20, 2005	4,500	2.1%
		2002	IPSE Toritsudaigaku	March 22, 2006	648	0.3%
		2004	Castalia Yukigaya	March 7, 2007	1,110	0.5%
		2005	Castalia Yutenji	June 21, 2007	1,450	0.7%
		2006	Castalia Otsuka	June 21, 2007	1,480	0.7%
		2007	Castalia Kikukawa	June 21, 2007	817	0.4%
		2008	Castalia Meguro	April 1, 2010	844	0.4%
		2009	Castalia Otsuka II	April 1, 2010	1,040	0.5%
		2010	Castalia Jiyugaoka	April 1, 2010	1,200	0.6%
		2011	Castalia Mejiro	April 1, 2010	988	0.5%
		2012	Castalia Ikebukuro	April 1, 2010	2,570	1.2%

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		2013	Castalia Kaname-cho	April 1, 2010	1,140	0.5%
		2014	Castalia Tower Shinagawa Seaside	April 1, 2010	7,380	3.5%
		2015	Castalia Yakumo	April 1, 2010	857	0.4%
		2016	Castalia Togoshiekimae	April 1, 2010	1,560	0.7%
		2018	Castalia Honjo Azumabashi	April 1, 2010	996	0.5%
		2019	Castalia Kitazawa	April 1, 2010	742	0.3%
		2020	Castalia Monzennakacho	April 1, 2010	503	0.2%
		2023	Castalia Kamiikedai	April 1, 2010	198	0.1%
		2024	Castalia Morishita	April 1, 2010	832	0.4%
		2025	Castalia Wakabayashi koen	April 1, 2010	776	0.4%
		2026	Castalia Asakusabashi	April 1, 2010	792	0.4%
		2027	Castalia Iriya	April 1, 2010	546	0.3%
		2028	Castalia Kita Ueno	April 1, 2010	2,641	1.2%
		2029	Castalia Morishita II	April 1, 2010	686	0.3%
		2030	Castalia Minowa	April 1, 2010	1,430	0.7%
		2031	Castalia Oyamadai	April 1, 2010	533	0.3%
		2032	Castalia Nakano	April 1, 2010	1,060	0.5%
		2033	Castalia Yoga	April 1, 2010	923	0.4%
		2034	Castalia Sumiyoshi	April 1, 2010	948	0.4%
		2035	Castalia Monzennakacho II	April 1, 2010	2,160	1.0%
		2036	Castalia Oshiage	April 1, 2010	1,100	0.5%
		2037	Castalia Kuramae	April 1, 2010	1,260	0.6%
		2038	Castalia Nakanobu	June 29, 2010	1,790	0.8%
		2039	Royal Parks Toyosu	November 1, 2010	7,360	3.5%
		2040	Castalia Togoshi	November 1, 2010	1,770	0.8%
		2041	Castalia Oomachi	June 30, 2011	1,181	0.6%
		2042	Castalia Omori	August 2, 2011	1,500	0.7%
		2043	Castalia Mishuku	October 7, 2011	1,900	0.9%
		2044	Castalia Arakawa	March 28, 2012	1,660	0.8%
		2045	Castalia Omori II	March 29, 2012	2,370	1.1%
		2046	Castalia Nakameguro	November 29, 2012	3,800	1.8%
		Subtotal			69,041	32.5%
	Area 3	3001	Cosmo Heim Musashikosugi	March 22, 2006	1,674	0.8%
		3002	Castalia Tsurumi	June 21, 2007	666	0.3%
		3003	Castalia Funabashi	April 1, 2010	704	0.3%
		3006	Castalia Nishi Funabashi	April 1, 2010	783	0.4%
		3007	Castalia Maihama	April 1, 2010	670	0.3%
		3008	Castalia Ichikawamyoden	April 1, 2010	671	0.3%
		3010	Castalia Urayasu	April 1, 2010	592	0.3%
		3011	Castalia Minamigyotoku	April 1, 2010	543	0.3%
		3012	Castalia Minamigyotoku II	April 1, 2010	385	0.2%
		3013	Castalia Nozeyama	April 1, 2010	325	0.2%
		3017	Castalia Ichikawa	April 1, 2010	461	0.2%
		3018	Royal Parks Hanakoganei	October 7, 2011	5,300	2.5%
		Subtotal			12,774	6.0%
	Area 4	4001	Castalia Shinsakae	December 20, 2005	1,920	0.9%
		4008	Aprile Tarumi	April 1, 2010	1,340	0.6%
		4009	Crest Kusatsu	April 1, 2010	3,004	1.4%
		4010	Castalia Sakaisuji Honmachi	April 1, 2010	1,490	0.7%
		4011	Castalia Shin-Umeda	April 1, 2010	1,376	0.6%
		4012	Castalia Abeno	April 1, 2010	4,368	2.1%
		4014	Castalia Sakae	April 1, 2010	1,010	0.5%
		4015	Castalia Nipponbashi Kouzu	April 1, 2010	3,570	1.7%
		4016	Castalia Maruyama Urasando	April 1, 2010	411	0.2%
		4017	Castalia Maruyama Omotesando	April 1, 2010	1,740	0.8%
		4018	Castalia Higashi Hie	April 1, 2010	960	0.5%
		4019	Castalia Tower Nagahorobashi	April 1, 2010	3,400	1.6%
		4020	Castalia Sannomiya	April 1, 2010	1,230	0.6%
		4021	Castalia Kotodaikoen	April 1, 2010	481	0.2%
		4022	Castalia Ichibancho	April 1, 2010	783	0.4%
		4023	Castalia Omachi	April 1, 2010	656	0.3%
		4024	Castalia Uemachidai	April 1, 2010	2,190	1.0%

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		4025	Castalia Tower Higobashi	April 1, 2010	2,670	1.3%	
		4026	Big Tower Minami Sanjo	November 1, 2010	1,740	0.8%	
		4027	Castalia Fushimi	January 14, 2011	2,260	1.1%	
		4028	Castalia Meieki Minami	August 1, 2011	720	0.3%	
		4029	Castalia Yakuin	September 26, 2011	930	0.4%	
		4030	Castalia Mibu	December 22, 2011	1,193	0.6%	
		4031	Castalia Tsutsujigaoka	September 3, 2012	1,209	0.6%	
		Subtotal				40,651	19.1%
		Subtotal				211,282	99.3%
		Retail	Area 4	8002	FOLEO TOWN Tsutsui	March 23, 2007	1,410
Subtotal				1,410	0.7%		
Total					212,692	100.0%	

(Note 1) Under “Area,” “Area 1” refers to the Chiyoda, Chuo, Minato, Shibuya and Shinjuku Wards, “Area 2” refers to the wards of Tokyo excluding “Area 1,” “Area 3” refers to the Tokyo metropolitan area (Tokyo (excluding “Areas 1” and “Area 2”)), Kanagawa, Saitama and Chiba Prefectures), and “Area 4” refers to other cities (areas with populations of approximately 100,000 people or more).

(Note 2) “Acquisition Date” is entered as the effective date of the merger (April 1, 2010) for properties that were held by the former New City Residence Investment Corporation.

(Note 3) “Acquisition Price” is excluding such amounts as expenses related to acquisition, reimbursement of taxes and dues, etc., and consumption taxes. For properties that were held by the former New City Residence Investment Corporation, the price at which the properties were succeeded at the time of the merger (the appraisal value as of the end of February 2010) is shown. Amounts are rounded to the nearest million yen.

(Note 4) “Investment Share” is the ratio of the acquisition price to the total amount of acquisition prices, rounded to one decimal place.