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For Immediate Release

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**Notice Concerning Change of Property Management and
Master Lease Company at Owned Property**

Daiwa House Residential Investment Corporation (“DHI”) announces the following decision to change the following property management (“PM Company”) and master lease company (“ML Company”). The details are as follows:

1. Reason for Change

DHI has been considering reviewing the companies to which it entrusts PM services and ML companies for such purposes as enhancement of tenant satisfaction through improvement of management quality, boosting of management efficiency and reduction of management costs. Based on such considerations, DHI decided on the policy to consolidate to its sponsor, the Daiwa House Group, in principle.

In addition, as part of organizational restructuring of the Daiwa House Group, DH Leasing LLC, which serves as a ML company for DHI, will be absorbed in an absorption-type merger with Daiwa Living Management Co., Ltd. that will take effect on March 29, 2013.

Based on these, DHI decided to change the PM company to Daiwa Living Co., Ltd. and the ML company to Daiwa Living Management Co., Ltd. for the 70 properties listed in 2. (1) below.

Concerning the six properties listed in 2. (2) below, DHI decided to consolidate the PM services and ML company to the Daiwa House Group.

Furthermore, the ML company for the one property listed in 2. (3) below will be changed to Daiwa Living Management Co., Ltd.

DHI expects annual cost reduction of ¥22 million as a result of these changes and consolidations, review of the building maintenance service carried out separately, and combined with the PM company change, etc. for six properties announced on February 19, 2013 (Note), annual cost reduction of ¥24 million is expected.

(Note) Please refer to the press release “Notice Concerning Change of Property Management and Master Lease Company at Owned Property” dated February 19, 2013.

2. Overview of Change

Of DHI's assets under management, DHI will change the PM Company and ML Company for the property below effective March 29, 2013.

(1)

Before Change		After Change	
PM Company	ML Company	PM Company	ML Company
Taisei Housy Property Co., Ltd.	DH Leasing LLC (Note)	Daiwa Living Co., Ltd.	Daiwa Living Management Co., Ltd. (Note)

(Note) An absorption-type merger with Daiwa Living Management Co., Ltd. as the surviving company and DH Leasing LLC as the absorbed company is scheduled to take effect on March 29, 2013.

<70 properties>

No.	Property Name	No.	Property Name
1015	Castalia Nishi Azabu Kasumicho	2019	Castalia Kitazawa
1016	Castalia Ochanomizu	2020	Castalia Monzennakacho
1018	Castalia Suitengu	2023	Castalia Kamiikedai
1019	Castalia Suitengu II	2024	Castalia Morishita
1020	Castalia Shintomicho	2025	Castalia Wakabayashi koen
1021	Castalia Shintomicho II	2026	Castalia Asakusabashi
1022	Castalia Harajuku	2027	Castalia Iriya
1024	Castalia Sendagaya	2028	Castalia Kita Ueno
1025	Castalia Shinjuku 7 chome	2029	Castalia Morishita II
1027	Castalia Ningyocho	2030	Castalia Minowa
1028	Castalia Ningyocho II	2032	Castalia Nakano
1029	Castalia Shin-Ochanomizu	2033	Castalia Yoga
1030	Castalia Higashi Nihonbashi II	2034	Castalia Sumiyoshi
1031	Castalia Jinbocho	2035	Castalia Monzennakacho II
1032	Castalia Shintomicho III	2036	Castalia Oshiage
1033	Castalia Shinjuku Gyoen	2037	Castalia Kuramae

1034	Castalia Takanawadai	3003	Castalia Funabashi
1035	Castalia Higashi Nihonbashi III	3006	Castalia Nishi Funabashi
1036	Castalia Shinjuku Gyoen II	3007	Castalia Maihama
1037	Castalia Shintomicho IV	3008	Castalia Ichikawamyoden
1038	Castalia Takanawadai II	3010	Castalia Urayasu
1039	Castalia Minami Azabu	3011	Castalia Minamigyotoku
1040	Castalia Ginza III	3012	Castalia Minamigyotoku II
1041	Castalia Kayabacho	3013	Castalia Noge-yama
1043	Castalia Higashi Nihonbashi	3017	Castalia Ichikawa
1045	Castalia Shinjuku	4009	Crest Kusatsu
2009	Castalia Otsuka II	4010	Castalia Sakaisuji Honmachi
2010	Castalia Jiyugaoka	4011	Castalia Shin-Umeda
2011	Castalia Mejiro	4012	Castalia Abeno
2012	Castalia Ikebukuro	4014	Castalia Sakae
2013	Castalia Kaname-cho	4015	Castalia Nipponbashi Kouzu
2014	Castalia Tower Shinagawa Seaside	4019	Castalia Tower Nagahoribashi
2015	Castalia Yakumo	4020	Castalia Sannomiya
2016	Castalia Togoshiekimae	4024	Castalia Uemachidai
2018	Castalia Honjo Azumabashi	4025	Castalia Tower Higobashi

(2)

Before Change		After Change	
PM Company	ML Company	PM Company	ML Company
Taisei Housy Property Co., Ltd.	Taisei Housy Property Co., Ltd.	Daiwa Living Co., Ltd.	Daiwa Living Management Co., Ltd.

<6 properties>

No.	Property Name	No.	Property Name
2041	Castalia Ooimachi	4001	Castalia Shinsakae
2042	Castalia Omori	4027	Castalia Fushimi
2043	Castalia Mishuku	4028	Castalia Meieki Minami

(3)

Before Change		After Change	
PM Company	ML Company	PM Company	ML Company
Mitsui Fudosan Housing Lease Co., Ltd.	DH Leasing LLC (Note)	Mitsui Fudosan Housing Lease Co., Ltd.	Daiwa Living Management Co., Ltd. (Note)

(Note) An absorption-type merger with Daiwa Living Management Co., Ltd. as the surviving company and DH Leasing LLC as the absorbed company is scheduled to take effect on March 29, 2013.

<1 property>

No.	Property Name
1042	Castalia Takanawa

3. Property Manager and Master Lessee Profile

Trade name	Daiwa Living Co., Ltd.
Head office address	3-7-18, Ariake, Koto-ku, Tokyo
Date established	October 26, 1989
Capital	100 million yen (100% affiliated company of Daiwa Living Management Co., Ltd.)
Business description	Apartment management business, Lease management business, etc
Relationship of interest with DHI or the Asset Manager	Daiwa Living Co., Ltd. constitutes an interested party as set forth in the bylaws of the Asset Management Company. Consequently, such transactions have undergone the procedures required by the Interested-Party Transaction Rules bylaws of the Asset Management Company.

Trade name	Daiwa Living Management Co., Ltd.
Head office address	3-7-18, Ariake, Koto-ku, Tokyo
Date established	January 27, 2012
Capital	100 million yen (100% affiliated company of Daiwa House Industry Co., Ltd.)
Business description	Real estate rental business, etc
Relationship of interest with DHI or the Asset Manager	Daiwa Living Management Co., Ltd. constitutes an interested party as set forth in the bylaws of the Asset Management Company. Consequently, such transactions have undergone the procedures required by the Interested-Party Transaction Rules bylaws of the Asset Management Company.

4. Future Prospects

The Change of PM and ML company will have only a minor impact on operating status forecasts for the fiscal period ending in August 31, 2013 (15th Fiscal Period: from March 1, 2013 to August 31, 2013), there is no revision to the operating status forecasts.

* 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/>