

May 24, 2013

For Immediate Release

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

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

1. Disposition Details

- | | | | |
|---|--|---|---|
| ① | Property Name | : | FOLEO TOWN Tsutsui (part of land) |
| ② | Asset Type | : | Beneficiary right in trust that places real estate in trust (part of land) |
| ③ | Sale Site Area (planned) | : | 450.20 m ²
(about 3.6% of the area of the land recorded in the register) |
| ④ | Site Area of the Property After the Disposition | : | 12,073.77 m ² (planned) |
| ⑤ | Sale Price (planned) | : | ¥49,024,800
(Excluding such amounts as expenses related to sale, amount equivalent to reimbursement of taxes and dues, etc.) |
| ⑥ | Book Value | : | ¥42,826,708 (as of February 28, 2013) (Note) |
| ⑦ | Difference between Sale Price (planned) and Book Value | : | ¥6,198,092 (difference between ⑤ and ⑥) |
| ⑧ | Execution date of the trust beneficiary rights sale and purchase agreement (planned) | : | May 30, 2013 |
| ⑨ | Delivery Date (planned) | : | May 30, 2013 |
| ⑩ | Buyer (planned) | : | Company engaged in general business in Japan |
| ⑪ | Sale Method | : | Splitting of trust beneficiary rights that place real estate in trust and sale in the form of lump-sum settlement of trust beneficiary rights that place real estate in trust to the abovementioned proposed buyer. |

(Note) The amount is the book value of the land of the Property calculated in proportion to the planned sale area.

2. Reason for Disposition

DHI decided on the Disposition in light of the recent finalization of talks with the buyer (planned) for the site on the southwest side of the Property, which the buyer (planned) had requested to acquire as land for use of parking.

Please note that confirmation has been made that no legal problems arise even after the Disposition with respect to the floor area ratio, building coverage ratio, road diagonal restriction, etc. as stipulated in the Building Standards Act. And according to the appraiser, the Disposition has no impact on appraisal value of the property.

3. Buyer Profiles

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

4. Broker Profile

(1) Broker Profile

Trade name	Daiwa House Industry Co., Ltd.
Head office location	3-3-5, Umeda, Kita-ku, Osaka
Representative	Naotake Ohno, President and COO
Main line of business	Construction business, Urban development business, Overseas business, and Other business
Capital	¥110,120 million (As of March 31, 2013)
Established	March 4, 1947
Relationship with DHI and Asset Management Company	
Capital Relationship	As of February 28, 2013, the Company holds 11.7% of the total number of DHI investment units issued and outstanding. As of March 31, 2013, the Company also holds 100% of the total number of Asset Management Company shares issued and outstanding.
Personnel Relationship	As of May 24, 2013, of the officers and officials of the Asset Management Company, fourteen are personnel dispatched from the Company.
Business Relationship	The Company executed the New Basic Agreement on Pipeline Support, Etc. with DHI and the Asset Management Company, based on which the Company provides the first refusal right, a warehousing function, etc. for residential properties, etc. to DHI and the Asset Management Company. In the fiscal period ended February 2013, there were no asset acquisition, sale or brokerage transactions with DHI or the Asset Management Company.
Status of Classification as Related Party	The Company constitutes a related party of DHI and the Asset Management Company. The Company is also the Asset Management Company's parent company.
Other	The Company constitutes an interested party as set forth in the bylaws of the Asset Management Company.

(2) Broker's Commission

¥1,530 thousand

(Note) Excluding amount equivalent to consumption taxes.

(3) Relationship with Interested Party

The broker, Daiwa House Industry Co., Ltd., constitutes an interested party as set forth in the bylaws of the Asset Management Company. Consequently, the Disposition has undergone the procedures required by the Interested-Party Transaction Rules bylaws of the Asset Management Company.

5. Future Prospects

The Disposition will have only a minor impact on operating status forecasts for the 15th Fiscal Period (from March 1, 2013 to August 31, 2013) and 16th Fiscal Period (from September 1, 2013 to February 28, 2014), there is no revision to the operating status forecasts.

[Reference]

Description of the Property before the Disposition

Address		531-1, Tsutsui-cho, Yamato Koriyama City, Nara Prefecture
Land	Type of Ownership	Proprietary ownership
	Site Area	12,524.00 m ²
	Zoning	Quasi-industrial zone, Class 1 residential zone
	Building Coverage Ratio/ FAR	60% / 200%
Building	Type of Ownership	Proprietary ownership
	Usage	Store, Office
	Total Floor Space	4,115.33 m ²
	Construction/ No. of Floors	S, Flat (partly 2F)
	Completion Date	October 2, 2006 (A building and B building) October 16, 2006 (C building) October 11, 2006 (D building)
	Number of Leasable Units	11 units

* 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/>