

August 22, 2014

For Immediate Release

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**Notice Concerning the Proposed Acquisition of
Trust Beneficiary Rights in Real Estate (Aburatsubo Marina HILLS)**

Daiwa House Residential Investment Corporation (“DHI”) announced a decision today by Daiwa House Asset Management Co., Ltd., the asset manager to which DHI entrusts the management of its assets (the “Asset Manager”), to acquire trust beneficiary rights in real estate as follows:

1. Acquisition Background and Rationale etc.

The Asset Manager made amendments to the Asset Management Guidelines on October 11, 2012 that newly added policies and standards concerning acquisition of residential properties for the elderly (properties for the elderly with services (Note 1), fee-based homes for the elderly (Note 2) and other rental residences, nursing homes, etc. dedicated to serve as a place of residence for elderly single persons or married couples by providing nursing care services, etc.), for which a certain level of demand is expected to continue as the aging of the population progresses, and acquired Urban Living Inage from Daiwa House Industry Co., Ltd. (“Daiwa House Industry”) in June 2013 as DHI’s first case of acquiring residential properties for the elderly.

Based on these policies and standards, the Asset Manager decided to acquire a fee-based home for the elderly with nursing care services, Aburatsubo Marina HILLS (the “Acquisition”). The property is its second such acquisition after the aforementioned Urban Living Inage and follows multiple consultations with Daiwa House Industry concerning further acquisitions of such properties.

Aburatsubo Marina HILLS is a residential property for the elderly planned, designed and constructed by Daiwa House Industry. It also comprises a fee-based home for the elderly with nursing care services that has a member of Ginza Medical Group, Japan Life Design Corporation (Note 3), as its operator (Note 4). This is also the case with Urban Living Inage.

In addition, Daiwa House Industry is scheduled to provide support in managing and operating the property as the master lease company and property management company. Moreover, a rent-guaranteed-type master lease agreement is scheduled to be concluded with Daiwa House Industry and DHI as of acquisition.

2. Due diligence and other systems in association with acquisitions of “residential properties for the elderly”

Upon acquisition of “residential properties for the elderly,” the Asset Manager has policies to control the acquisitions of such properties with the ratio of such properties against the entire portfolio being set as up to around 5% or 10 billion yen for the time being. In order to mitigate operational risk specific to residential properties for the elderly that differ from regular residential properties, in principle, investments will target properties leased to a single operator deemed by the Asset Manager to have the necessary operational management capabilities and creditworthiness or to the Daiwa House Group, or target properties for which management support from the Daiwa House Group can be expected.

Upon the Acquisition, the Asset Manager entrusted a company (the “DD company”) (Note 5) experienced in analyzing residential properties for the elderly to conduct due diligence (“DD”) assessing the market and investigating the operator’s policy on facility management and the operational status of the facility. At the same time the Asset Manager will be conducting its own analysis of the operator’s credit risks and facility’s profitability, among other factors.

Furthermore, the DD company and the Asset Manager will continue such monitoring even after the Acquisition.

(Note 1) Of residences dedicated to serve as a place of residence for elderly single persons or married couples, “properties for the elderly with services” are those residences that plan to provide welfare services necessary for the daily life of the elderly residents.

(Note 2) “Fee-based homes for the elderly” are the fee-based homes for the elderly prescribed in the Act on Social Welfare for the Elderly (Act No. 133 of July 11, 1963, as amended).

(Note 3) Please refer to “[Reference Information] Operator Profile” below for an overview of Ginza Medical Group and Japan Life Design Corporation.

(Note 4) “Operator” refers to an entity which provides necessary services, etc. at residential properties for the elderly.

(Note 5) Please refer to “[Reference Information] DD Company Profile” below for an overview of the DD company.

3. Acquisition Details

Property Name	Aburatsubo Marina HILLS
Asset Type	Beneficiary right in trust that places real estate in trust (Note 1)
Acquisition Price (Note 2)	¥1,100,000,000
Seller	Daiwa House Industry Co., Ltd.
Execution Date of the Sale and Purchase Agreement (planned)	September 1, 2014
Acquisition Date (planned)	September 1, 2014 or on a date agreed upon by the seller and DHI.
Method of settlement	Payment of entire amount upon delivery.

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Acquisition Funds	The property will be bought using funds from debt financing outlined in the press release "Notice Concerning Debt Financing" separately announced today and cash on hand.
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(Note 1) Although actual real estate as of today, plans are for the present titleholder to place the property in trust to trustee by the scheduled acquisition date and then for DHI to acquire the beneficiary right in trust.

(Note 2) Excluding such amounts as expenses related to acquisition, amount equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.

4. Acquisition of Aburatsubo Marina HILLS

(1) Asset Description

Name and Location, etc. of Respective Real Estate			
Type of specified asset		Beneficiary right in trust that places real estate in trust (Note 1)	
Present titleholder		Daiwa House Industry Co., Ltd.	
Trustee		Sumitomo Mitsui Trust Bank, Limited (planned) (Note 1)	
Expiration date of trust period		August 31, 2024 (Note 1)	
Location	Lot number	1523-1, Shirasu, Misaki town moroisoaza, Miura city, Kanagawa Prefecture	
	Residence indication	1523-1, Shirasu, Misaki town moroisoaza, Miura city, Kanagawa Prefecture (Note 2)	
Land	Form of ownership	Proprietary ownership	
	Site area	2,207.05m ²	
	Zoning	Class 1 medium- to high-rise exclusive residential district	
	Building coverage ratio / Floor area ratio	40% / 200%	
Building	Form of ownership	Proprietary ownership	
	Usage	Nursing home	
	Total floor area	3,901.14m ²	
	Structure / Number of floors	S structure, 5F	
	Construction completion date	April 18, 2008	
Overview of Leasing (as of July 31, 2014)			
Total number of tenants	1	Monthly rent (incl. common area charges)	Non-disclosure (Note 5)
Number of leasable units	1 (Note 3)	Deposits, guarantees, etc.	Non-disclosure (Note 5)
Number of leased units	1 (Note 3)	Occupancy rate	100.0%
Leasable floor area	3,901.14m ² (Note 4)		
Leased floor area	3,901.14m ² (Note 4)	Breakdown of Residential Unit Type	
Type	As a percentage of total number of units	Property management company	Daiwa House Industry Co., Ltd. (planned)
Compact Type	—	Master lease company	Daiwa House Industry Co., Ltd. (planned)
Family Type	—	Master lease type	Rental guarantee type (planned)
Engineering Report			
Building investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Earthquake resistance investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Report date	August 2014	Report date	June 2014
Emergency repair expenses	0	Earthquake probable maximum loss	8.8%
Short-term repair expenses (within 1 year)	0	Soil environment investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Long-term repair expenses (next 12 years)	¥29,198 thousand	Report date	August 2014
Building replacement cost	¥829,200 thousand	Summary of engineering report	No matters were pointed out in particular.

Building Developer, Designer, Structural Designer, Building Contractor and Building Confirmation Agency			
Building developer	Daiwa House Industry Co., Ltd., yokohama branch	Building contractor	Daiwa House Industry Co., Ltd., yokohama branch
Building designer	Daiwa House Industry Co., Ltd., yokohama branch, first-class architect's office		
Structural designer	Ike Architect Office	Building confirmation agency	Bureau Veritas Japan Co., Ltd.
Other Information			
(Note 1) Although actual real estate as of today, plans are for the present titleholder to place the property in trust to trustee by the scheduled acquisition date and then for DHI to acquire the beneficiary right in trust.			
(Note 2) The address of the property does not comply with residence indication.			
(Note 3) The number of units of the exclusive-use portion is 106 units, but the entry for the number of leasable units is 1 because of leasing in its entirety.			
(Note 4) The leased floor area including the common-use portion entered in the lease contract is shown because of leasing in its entirety.			
(Note 5) Not shown as the seller has not consented to such disclosure.			
Location Environment and Other Property Characteristics			
The property is located approximately 15 minutes by bus from Misakiguchi Station on the Keikyu Kurihama Line and a further 10 minute walk (approx.) from the bus stop. There is a mix of low-rise general housing, homes for the elderly, etc. in the neighborhood.			
Matters of Special Note			
Due to height control districts being implemented by Miura City's city planners in October 2011, the address where the property stands is designated as a Category 1 height control district. Therefore, the property building became kizon futekikaku (real estate that no longer conforms to the law but is not categorized as an illegal structure) with an absolute height limit. There is thus the possibility that a building of the same size and height may not be able to be built in the event that the property has to be rebuilt in the future.			

[Explanation of Entries in Table Above]

The summary of the respective real estate in trust is the information as of July 31, 2014, unless otherwise specified.

a. Explanation of "Name and Location, etc. of Respective Real Estate"

- (i) "Present titleholder" is the parties that sold the real estate, etc. to DHI.
- (ii) "Trustee" is the trustee or the party that is scheduled to become the trustee of the to-be-acquired asset.
- (iii) "Location (Lot number)" is the lot number as indicated in the register, and "Location (Residence indication)" is the residence indication of the asset to be acquired as indicated in the register (for properties without residence indication, the location of the building is as indicated in the register (only one location is indicated for properties that have several locations)).
- (iv) "Form of ownership" for the land and building are the kind of rights held by the trustee for the asset scheduled for acquisition.
- (v) "Site area" for the land is the area of the land recorded in the register.
- (vi) "Zoning" for the land is the zoning provided in Article 8, Paragraph 1, Item 1 of the City Planning Act.
- (vii) "Building coverage ratio" for the land is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act and is the maximum figure of the building coverage ratio determined by city planning in accordance with the zoning, etc. (designated building coverage ratio). Designated building coverage ratios may be relaxed / increased, or decreased, since the building is a fireproof building in a fire prevention district, or for other reasons. Therefore it may differ from the actual building coverage ratio to be applied.
- (viii) "Floor area ratio" for the land is the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act and is the maximum figure of the floor area ratio determined by city planning in accordance with the zoning, etc. (designated floor area ratio). Designated floor area ratios may be relaxed / increased, or decreased, since the width of the road adjacent to the site, or for other reasons. Therefore it may defer from the actual floor area ratio to be applied.
- (ix) "Usage" for the building is the primary use out of the types recorded in the register.
- (x) "Total floor area" for the building is the sum total of the floor area recorded in the register.
- (xi) "Structure / Number of floors" for the building is the structure recorded in the register.
"Structure / Number of floors" entries use the following acronyms.
RC: Reinforced concrete structure SRC: Steel reinforced concrete structure S: Steel framed structure
- (xii) "Construction completion date" for the building is when construction was completed as recorded in the register.

b. Explanation of "Overview of Leasing"

- (i) "Overview of Leasing" numerical figures and information are based on information as of July 31, 2014 and have been derived based on numerical figures and information granted us from the previous owner of the asset scheduled for acquisition.
- (ii) "Total number of tenants" enters the number of tenants as 1 if there is a master lease agreement concluded with the sublessee. In the foregoing case, the number of leased units is calculated on the assumption that consent for the sublessee to become the lessor has been obtained from all end-tenants. The entry is 1 tenant when 1 party leases multiple rental units.
- (iii) "Number of leasable units" is the number of units of the asset scheduled for acquisition that is leasable as of July 31, 2014.

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- (iv) “Number of leased units” is the number of units for which a lease agreement has been concluded with an end-tenant for the asset scheduled for acquisition as of July 31, 2014.
- (v) “Leasable floor area” is the floor area of the real estate in trust that is leasable based on information as of July 31, 2014.
- (vi) “Leased floor area” is the sum total of the floor area of the asset scheduled for acquisition entered in the lease contract concluded with end-tenants as of July 31, 2014. However, where there is clearly an error in the lease contract entry, that based on information received from the previous titleholder of the acquired asset, completion drawings, etc. is shown.
- (vii) “Monthly rent (incl. common area charges)” is, in principle, in the case where the master lease type is the pass-through type, the sum total amount of the monthly rent (including common area charges, but excluding the monthly use fees for parking space, trunk room and other ancillary facilities and consumption taxes etc.) entered in the lease contract, etc. concluded between the master lease company or the titleholder of the real estate / real estate in trust and end-tenants. In addition, in the case where the master lease type is the rent-guaranteed type, it is the sum total amount of the guaranteed amount of monthly rent (including common area charges, but excluding the monthly use fees for parking space, trunk room and other ancillary facilities and consumption taxes, etc.) entered in the rent-guaranteed sublease contract concluded between the master lease company and the titleholder of the real estate / real estate in trust or the rent-guaranteed sublease contract concluded between the master lease company and the sublessee to which the master lease company is blanket subleasing. However, in the case where agreements of different master lease types are concluded, it is the sum total amount of the monthly rent of the pass-through type and monthly rent of the rent-guaranteed type. Amounts are rounded down to the nearest thousand yen.
- (viii) “Deposits, guarantees, etc.” is, in principle, in the case where the master lease type is the pass-through type, the sum total of the balance of the deposits, guarantees, etc. that must be returned to end-tenants based on the lease agreement concluded between the master lease company or the titleholder of the real estate / real estate in trust and end-tenants, rounded down to the nearest thousand yen. However, in the case where there is a portion that need not be returned due to special provisions for non-refundable deposits, amortization of deposits, etc. in lease agreements, the amount after deducting the concerned amount is shown. In addition, in the case where the master lease type is the rent-guaranteed type, it is the balance of the deposits, guarantees, etc. based on the rent-guaranteed lease contract concluded between the master lease company and the titleholder of the real estate / real estate in trust or the rent-guaranteed sublease contract concluded between the master lease company and the sublessee to which the master lease company is blanket subleasing. However, in the case where agreements of different master lease types are concluded, it is the sum total amount of the deposits, guarantees, etc. of the pass-through type and deposits, guarantees, etc. of the rent-guaranteed type. Amounts are rounded down to the nearest thousand yen.
- (ix) “Occupancy rate” is the ratio of leased floor area to leasable floor area of the asset scheduled for acquisition, rounded to one decimal place.
- (x) “Property management company” is the property management company that, as of today, is delegated property management services for the asset scheduled for acquisition.
- (xi) “Master lease company” is the lessee that has a blanket lease agreement concluded with the Present titleholder for the purpose of subleasing to third parties.
- (xii) “Master lease type” is “Pass-through type” when the master lease agreement concluded is not one based on payment of a guaranteed amount of rent, while it is “Rent-guaranteed type” when the master lease agreement concluded is one based on payment of a guaranteed amount of rent. With “Pass-through type,” rent is received only when subleasing actually takes place.

c. Explanation of “Breakdown of Residential Unit Type”

- (i) “Breakdown of Residential Unit Type” is based on the following classification.

	Exclusive-use floor area
Compact Type	60m ² or less
Family Type	More than 60m ²

- (ii) “As a percentage of total number of units” is the ratio of the number of leasable units of the residential unit type to the number of leasable units of the asset scheduled for acquisition, rounded to one decimal place. Accordingly, the sum total of the entered percentages does not necessarily add up to 100.0%.

d. Explanation of “Engineering Report”

- (i) “Engineering Report” is based on the entries in the engineering report prepared for the asset scheduled for acquisition.
- (ii) “Earthquake probable maximum loss” represent the probable maximum loss from an earthquake as being the amount of probable loss of damage that may result from an earthquake having 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost (Note).

(Note) Replacement cost: Refers to the expenses that will be incurred if the existing building is to be newly constructed at the time of investigation.

e. Explanation of “Other Information”

“Other Information” provides an explanation of matters that need to be noted with respect to the entries of the items in the summary of the asset scheduled for acquisition.

f. Explanation of “Location Environment and Other Property Characteristics”

“Location Environment and Other Property Characteristics” is, in principle, based on the entries of real estate appraisal reports for the asset scheduled for acquisition.

g. Explanation of “Matters of Special Note”

“Special Notation” presents matters recognized to be of importance in terms of the rights, use, etc. of assets, as well as matters recognized to be of importance in consideration of the degree of impact on the appraised value, profitability and appropriation of assets, including the following matters.

- (i) Significant limitations or restrictions by laws, ordinances, rules and regulations

- (ii) Significant burdens or limitations pertaining to rights, etc.
- (iii) Significant cases where there are buildings, etc. crossing the boundaries of real estate in trust and cases where there are issues with boundary confirmation, etc.; and related arrangements, etc.
- (iv) Significant agreements, arrangements, etc. made with co-owners or condominium unit owners

(2) Seller 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	General construction business	
Capital	¥161,699million (As of March 31, 2014)	
Established	March 4, 1947	
Net assets	¥ 820,683 million (As of March 31, 2014)	
Total assets	¥ 1,798,797 million (As of March 31, 2014)	
Major stockholder and ratio (March 31, 2014)	Stockholder	Ratio
	The Master Trust Bank of Japan, Ltd (Trust Account)	5.25%
	Japan Trustee Services Bank, Ltd (Trust Account)	4.48%
	Sumitomo Mitsui Banking Corporation	2.44%
Relationship with DHI and Asset Manager		
Capital Relationship	As of February 28, 2014, the Company holds 10.08% of the total number of DHI investment units issued and outstanding. As of July 31, 2014, the Company also holds 100% of the total number of Asset Manager shares issued and outstanding.	
Personnel Relationship	As of July 31, 2014, of the officers and officials of the Asset Manager, thirteen are personnel dispatched from the Company.	
Business Relationship	The Company executed the Support Agreement with DHI and the Asset Manager, based on which the Company provides the first refusal right, a warehousing function, etc. for residential properties, etc. to DHI and the Asset Manager. In addition, the Company is the property management company and lessee (master lease company) for real estate, etc. held by DHI.	
Status of Classification as Related Party	The Company constitutes a related party of DHI and the Asset Manager. The Company is also the Asset Manager's parent company.	
Other	The Company constitutes an interested party as set forth in the bylaws of the Asset Manager.	

(3) Broker Profile

① Broker Profile

Trade name	Sumitomo Mitsui Trust Bank, Limited
Head Office Address	1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Representative	Hitoshi Tsunekage, President and CEO
Principal Activities	Trust banking business
Capital	¥ 342,037 million (As of March 31, 2014)
Established	July 28, 1925
Relationship with DHI and Asset Manager	
Capital Relationship	As of July 31, 2014, there is no capital relationship to describe between DHI, Asset Manager and Sumitomo Mitsui Trust Bank, Limited.
Personnel Relationship	As of July 31, 2014, of the officers and officials of the Asset Manager, one is personnel dispatched from the Company.

	Business Relationship	The Company has a basic agreement on the provision of brokerage information on properties, etc. with DHI and the Asset Manager, based on which the Company provides sale and brokerage information on income-producing real estate to DHI and the Asset Manager. The Company is also DHI's asset custodian, general administration operator, unitholder registration operator, special account managing institution, investment corporation bond manager, investment corporation bond general administration operator, trustee and lender.
	Status of Classification as Related Party	The Company does not constitute a related party of DHI or the Asset Manager. Furthermore, affiliated persons or affiliated companies of the Company do not constitute a related party of DHI or the Asset Manager.
	Other	The Company constitutes an interested party as set forth in the bylaws of the Asset Manager.

② Broker's Commission

¥ 5,000 thousand

(Note) Excluding amount equivalent to consumption taxes.

(4) Status of Property Owners, etc.

Property name		Aburatsubo Marina HILLS	
Status of property titleholders, etc.	Present titleholder	Previous titleholder	
Name of company/individual	Daiwa House Industry Co., Ltd.	N/A	
Relationship with party having particular vested interest	See “(2) Seller Profile” above		
Acquisition background, rationale, etc.	Self-developed property		
Acquisition value	—		
Acquisition timing	—		

(5) Relationship with Interested Party

Daiwa House Industry Co., Ltd. (seller, property management and master lease company) and Sumitomo Mitsui Trust Bank, Limited (broker and trustee) constitute interested parties as set forth in the bylaws of the Asset Manager. Consequently, such transactions have undergone the procedures required by the Interested-Party Transaction Rules bylaws of the Asset Manager.

5. Matters Concerning Earthquake Resistance, etc.

The to-be-acquired asset has not undergone investigation concerning seismic resistance performance, etc. by a third party institution since structural calculation conformity judgment has been performed by a designated structural calculation conformity judgment institution in accordance with the Building Standards Act.

In addition, in the course of due diligence upon property acquisition, DHI has earthquake risk analyses conducted separate to the investigation of examination/confirmation conducted by the

confirmation and investigation agencies. The analyses are based on a design drawing review, ground survey, etc. using structural drawings, structural calculation documents and other materials.

6. Future Prospects

The Acquisition will have only a minor impact on operating status forecasts for the fiscal period ending in February 2015 (18th Fiscal Period: from September 1, 2014 to February 28, 2015), there is no revision to the operating status forecasts.

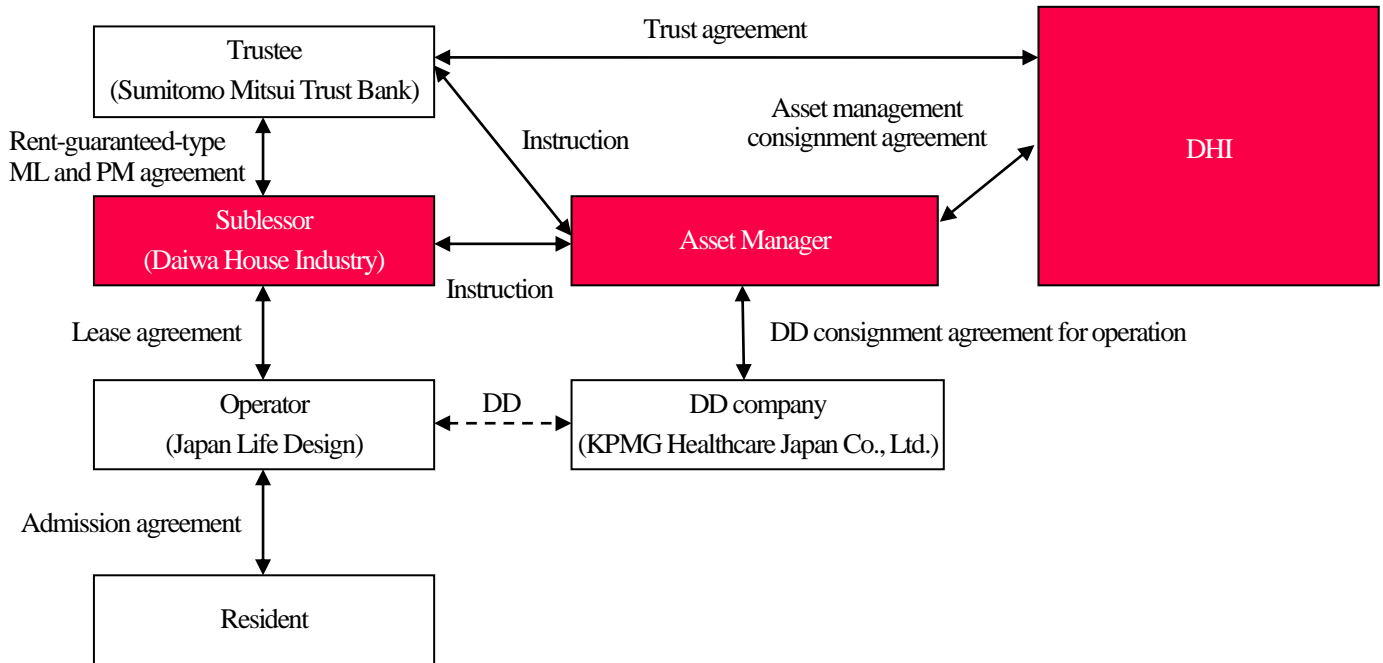
* This press release is to be distributed to the Kabuto Club (the press club of the Tokyo Stock Exchange); the Ministry of Land, Infrastructure, Transport and Tourism Press Club; and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.

* URL of the DHI's website: <http://daiwahouse-resi-reit.co.jp/eng/>

[Reference Information]

1. Flow Chart of Scheme after Acquisition, and Operator and DD Company Profile

(1) Flow Chart of Scheme after Acquisition



(2) Operator Profile

Trade name	Japan Life Design Corporation
Head Office Address	7-4-12, Ginza, Chuo-ku, Tokyo
Representative	Fumio Kato, President
Principal Activities	Operating various nursing care services, with the running of fee-based homes for the elderly at the core
Capital	¥ 188.2 million (As of March 31, 2014)
Established	May 13, 2003
Relationship with DHI and Asset Manager	
Capital Relationship	There is no capital relationship to describe between DHI, asset manager and Japan Life Design Corporation.
Personnel Relationship	There is no personnel relationship to describe between DHI, asset manager and Japan Life Design Corporation.
Business Relationship	There is no business relationship to describe between DHI, asset manager and Japan Life Design Corporation.
Status of Classification as Related Party	The Company does not constitute a related party of DHI or the Asset Manager. Furthermore, affiliated persons or affiliated companies of the Company do not constitute a related party of DHI or the Asset Manager.
Operation facilities	Fee-based home for the elderly with nursing care services: Urban Living Inage (Chiba city, Chiba) Fee-based home for the elderly with nursing care services: Hayama no oka (Hayama town, Miura-gun, Kanagawa) Short stay, day service: Yamato Shorakuan (Yamato city, Kanagawa) Group home, day service: Yuuraku (Kawasaki city, Kanagawa) Day service facility specializing in short-stay rehabilitation: TAKE (Yokosuka city, Kanagawa) Day service facility specializing in rehabilitation: ARK Hayama no mori (Hayama town, Miura-gun, Kanagawa)

Other	<p>< Ginza Medical Group > Ginza Medical Group have operations in nationwide with 5 companies, 34 business place with 624 employees. (As of March 31, 2014) The Ginza Medical Corporation, established on March 30, 2012 is its parent organization. Japan Life Design Corporation is a main subsidiary of Ginza Medical Group.</p>
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(3) DD Company Profile

Trade name	KPMG Healthcare Japan Co., Ltd.
Head Office Address	Marunouchi Trust Tower N, 1-8-1, Marunouchi, Chiyoda-ku, Tokyo
Representative	Keiichi Ohwari, CEO
Principal Activities	Advisory services
Capital	¥ 10 million (As of July 31, 2014)
Established	February 9, 2000
Relationship with DHI and Asset Manager	
Capital Relationship	There is no capital relationship to describe between DHI, asset manager and KPMG Healthcare Japan Co., Ltd.
Personnel Relationship	There is no personnel relationship to describe between DHI, asset manager and KPMG Healthcare Japan Co., Ltd.
Business Relationship	There is no business relationship to describe between DHI, asset manager and KPMG Healthcare Japan Co., Ltd.
Status of Classification as Related Party	The Company does not constitute a related party of DHI or the Asset Manager. Furthermore, affiliated persons or affiliated companies of the Company do not constitute a related party of DHI or the Asset Manager.

2. Summary of Real Estate Appraisal

Real estate appraiser	Japan Real Estate Institute	Date of value opinion: August 1, 2014 Date of appraisal: August 6, 2014
Final opinion of value	1,170,000,000	
A. Value indicated by the cost approach	959,000,000	
B. Value indicated by the income approach	1,170,000,000	
1. Value indicated by the income approach based on the direct capitalization method	1,180,000,000	
(1) Total revenue	87,498,000	①+②+③+④+⑤-⑥
① Rent income	87,498,000	
② Common area charges income	—	
③ Utilities expenses income	—	
④ Parking space income	—	
⑤ Other income	—	
⑥ Losses from vacancies, etc.	—	
(2) Total expenses	7,859,000	Sum total of a. to h.
a. Maintenance and management expenses	—	
b. Utilities expenses	—	
c. Repair expenses	1,275,000	
d. Property management fee	—	
e. Leasing fee	—	
f. Taxes and dues	5,323,000	
g. Non-life insurance expenses	261,000	
h. Other expenses	1,000,000	
(3) Operating income from property leasing	79,639,000	(1) - (2)
(4) Investment gains of lump-sum fees	1,078,000	
(5) Capital expenditures	3,050,000	Based on an assessment (taking into consideration the engineering report)
(6) Net operating income	77,667,000	(3) + (4) - (5)
(7) Cap rate	6.6%	
2. Value indicated by the income approach based on the DCF method	1,160,000,000	
Discount rate	6.4%	
Terminal cap rate	6.8%	

[Reference]

Appraisal NOI yield (Note)	7.2%
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(Note) “Appraisal NOI yield” is calculated by the Asset Manager by dividing net rental income obtained through the direct capitalization method shown in the above real estate appraisal report by acquisition price, and is rounded to one decimal place.

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3. Real Estate Portfolio List after Acquisition of Property

	Area (Note 1)	Property No.	Property Name	Acquisition Date (planned) (Note 2)	Acquisition Price (planned) (Note 3)	Investment Ratio (Note 4)
Residential	Area 1	1001	Qiz Ebisu	March 22, 2006	7,650	3.2%
		1002	Castalia Azabujuban Shichimenzaka	March 22, 2006	4,500	1.9%
		1003	Castalia Shibakoen	March 22, 2006	2,630	1.1%
		1004	Castalia Ginza	March 22, 2006	2,520	1.1%
		1005	Castalia Hiroo	March 22, 2006	2,220	0.9%
		1006	Castalia Nihonbashi	March 22, 2006	1,200	0.5%
		1007	Castalia Hacchobori	March 7, 2007	2,300	1.0%
		1008	Castalia Azabujuban	June 21, 2007	2,910	1.2%
		1009	Castalia Azabujuban II	June 21, 2007	2,690	1.1%
		1010	Castalia Shinjuku Natsumezaka	June 21, 2007	1,865	0.8%
		1011	Castalia Ginza II	June 21, 2007	1,800	0.8%
		1012	Castalia Shibuya Sakuragaoka	June 21, 2007	1,400	0.6%
		1015	Castalia Nishi Azabu Kasumicho	April 1, 2010	2,143	0.9%
		1016	Castalia Ochanomizu	April 1, 2010	1,770	0.7%
		1017	Castalia Sangubashi	April 1, 2010	1,393	0.6%
		1018	Castalia Suitengu	April 1, 2010	1,279	0.5%
		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	0.3%
		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	0.2%
		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	1.1%
		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	0.5%
		1039	Castalia Minami Azabu	April 1, 2010	642	0.3%
		1040	Castalia Ginza III	April 1, 2010	2,880	1.2%
		1041	Castalia Kayabacho	April 1, 2010	2,707	1.1%
		1042	Castalia Takanawa	April 1, 2010	7,430	3.1%
		1043	Castalia Higashi Nihonbashi	April 1, 2010	3,520	1.5%
		1045	Castalia Shinjuku	April 1, 2010	2,950	1.2%
		1046	Castalia Ichigaya	June 29, 2010	940	0.4%
		1047	Shibaura Island Bloom Tower	October 18, 2011	7,580	3.2%
		1048	Castalia Hatsudai	December 19, 2011	2,030	0.9%
		1049	Castalia Hatsudai II	September 27, 2013	1,900	0.8%
		1050	Castalia Ebisu	September 27, 2013	1,420	0.6%
		Subtotal			92,136	38.8%
	Area 2	2001	Castalia Meguro Kamurozaka	December 20, 2005	4,500	1.9%
		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	0.6%
		2006	Castalia Otsuka	June 21, 2007	1,480	0.6%
		2007	Castalia Kikukawa	June 21, 2007	817	0.3%
		2008	Castalia Meguro	April 1, 2010	844	0.4%
		2009	Castalia Otsuka II	April 1, 2010	1,040	0.4%
		2010	Castalia Jiyugaoka	April 1, 2010	1,200	0.5%
		2011	Castalia Mejiro	April 1, 2010	988	0.4%

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	2012	Castalia Ikebukuro	April 1, 2010	2,570	1.1%
	2013	Castalia Kaname-cho	April 1, 2010	1,140	0.5%
	2014	Castalia Tower Shinagawa Seaside	April 1, 2010	7,380	3.1%
	2015	Castalia Yakumo	April 1, 2010	857	0.4%
	2016	Castalia Togoshiiekimae	April 1, 2010	1,560	0.7%
	2018	Castalia Honjo Azumabashi	April 1, 2010	996	0.4%
	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	0.3%
	2026	Castalia Asakusabashi	April 1, 2010	792	0.3%
	2027	Castalia Iriya	April 1, 2010	546	0.2%
	2028	Castalia Kita Ueno	April 1, 2010	2,641	1.1%
	2029	Castalia Morishita II	April 1, 2010	686	0.3%
	2030	Castalia Minowa	April 1, 2010	1,430	0.6%
	2031	Castalia Oyamadai	April 1, 2010	533	0.2%
	2032	Castalia Nakano	April 1, 2010	1,060	0.4%
	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	0.9%
	2036	Castalia Oshiage	April 1, 2010	1,100	0.5%
	2037	Castalia Kuramae	April 1, 2010	1,260	0.5%
	2038	Castalia Nakanobu	June 29, 2010	1,790	0.8%
	2039	Royal Parks Toyosu	November 1, 2010	7,360	3.1%
	2040	Castalia Togoshi	November 1, 2010	1,770	0.7%
	2041	Castalia Ooimachi	June 30, 2011	1,181	0.5%
	2042	Castalia Omori	August 2, 2011	1,500	0.6%
	2043	Castalia Mishuku	October 7, 2011	1,900	0.8%
	2044	Castalia Arakawa	March 28, 2012	1,660	0.7%
	2045	Castalia Omori II	March 29, 2012	2,370	1.0%
	2046	Castalia Nakameguro	November 29, 2012	3,800	1.6%
	2047	Castalia Meguro Chojyamaru	September 27, 2013	2,030	0.9%
	2048	Castalia Meguro Takaban	September 27, 2013	1,750	0.7%
	2049	Castalia Omori III	September 27, 2013	1,520	0.6%
	2050	Morino Tonari	July 1, 2014	1,020	0.4%
	2051	Castalia Meguro Tairamachi	September 26, 2014 (planned)	1,165	0.5%
	Subtotal			76,526	32.2%
Area 3	3001	Cosmo Heim Musashikosugi	March 22, 2006	1,674	0.7%
	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	0.3%
	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	0.2%
	3011	Castalia Minamigyotoku	April 1, 2010	543	0.2%
	3012	Castalia Minamigyotoku II	April 1, 2010	385	0.2%
	3013	Castalia Nogeyama	April 1, 2010	325	0.1%
	3017	Castalia Ichikawa	April 1, 2010	461	0.2%
	3018	Royal Parks Hanakoganei	October 7, 2011	5,300	2.2%
	3019	Castalia Musashikosugi	September 27, 2013	1,680	0.7%
	3020	Royal Parks Wakabadai	March 28, 2014	4,360	1.8%
	Subtotal			18,814	7.9%
Area 4	4001	Castalia Shinsakae	December 20, 2005	1,920	0.8%
	4008	Aprile Tarumi	April 1, 2010	1,340	0.6%
	4009	Crest Kusatsu	April 1, 2010	3,004	1.3%
	4010	Castalia Sakaisuji Honmachi	April 1, 2010	1,490	0.6%
	4011	Castalia Shin-Umeda	April 1, 2010	1,376	0.6%
	4012	Castalia Abeno	April 1, 2010	4,368	1.8%
	4014	Castalia Sakae	April 1, 2010	1,010	0.4%
	4015	Castalia Nipponbashi Kouzu	April 1, 2010	3,570	1.5%

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		4016	Castalia Maruyama Urasando	April 1, 2010	411	0.2%	
		4017	Castalia Maruyama Omotesando	April 1, 2010	1,740	0.7%	
		4018	Castalia Higashi Hie	April 1, 2010	960	0.4%	
		4019	Castalia Tower Nagahoribashi	April 1, 2010	3,400	1.4%	
		4020	Castalia Sannomiya	April 1, 2010	1,230	0.5%	
		4021	Castalia Kotodaikoen	April 1, 2010	481	0.2%	
		4022	Castalia Ichibancho	April 1, 2010	783	0.3%	
		4023	Castalia Omachi	April 1, 2010	656	0.3%	
		4024	Castalia Uemachidai	April 1, 2010	2,190	0.9%	
		4025	Castalia Tower Higobashi	April 1, 2010	2,670	1.1%	
		4026	Big Tower Minami Sanjo	November 1, 2010	1,740	0.7%	
		4027	Castalia Fushimi	January 14, 2011	2,260	1.0%	
		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	0.5%	
		4031	Castalia Tsutsujigaoka	September 3, 2012	1,209	0.5%	
		4032	Castalia Ohori Bay Tower	March 25, 2013	2,910	1.2%	
		4033	Royal Parks Namba	March 29, 2013	2,830	1.2%	
		4034	Castalia Shigahondori	June 26, 2013	1,730	0.7%	
		Subtotal				48,120	20.3%
		Subtotal				235,596	99.1%
Residential	Area 3	6001	Urban Living Inage	June 24, 2013	930	0.4%	
		6002	Aburatsubo Marina HILLS	September 1, 2014 (planned)	1,100	0.5%	
(Residential properties for the elderly) Subtotal				2,030	0.9%		
Total				237,626	100.0%		

(Note 1) Under “Area,” “Area 1” refers to the 5 major wards of Tokyo (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 (planned)” 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 (planned)” 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 February 28, 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.

4. Photograph of the Property Planned for Acquisition

