



December 12, 2011

**For Immediate Release**

Investment Corporation:  
Daiwa House Residential Investment Corporation  
7th Floor, Nissei Nagatacho Building  
2-4-8 Nagatacho, Chiyoda-ku, Tokyo  
Michio Taki, Executive Director  
(Code Number: 8984)

Asset Manager:  
Daiwa House Asset Management Co., Ltd.  
Yuji Yamada, CEO & President

Inquiries:  
Hirotaka Uruma  
CFO & General Manager  
Finance & Corporate Planning Department  
TEL: +81-3-3595-1265

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

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

1. Acquisition Background and Rationale

DHI decided to acquire Castalia Hatsudai and Castalia Mibu (the “Acquisitions”) in order to secure stable revenue over the medium to long term based on the investment policy set forth in DHI’s Articles of Incorporation.

2. Acquisition Details

	Property name (Note 1)	Acquisition price (Note 2)	Seller
Property 1	Castalia Hatsudai (Forecity Hatsudai Grande)	¥2,030,000,000	Special purpose corporation in Japan (Note 3)
Property 2	Castalia Mibu (Pacific Residence Mibu)	¥1,193,210,000	Company engaged in general business in Japan (Note 3)

(Note 1) DHI is scheduled to change the property name of the assets above. Accordingly, the name after the change is shown with the name as of today shown in parentheses.

(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.

*This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.*

(Note 3) No name, etc. is shown as the seller has not consented to such disclosure. Please note that the seller does not constitute a party with particular vested interest in DHI or the Daiwa House Asset Management Co., Ltd. (“Asset Management Company”).

(1) Scheduled execution date of the sale and purchase agreement

December 16, 2011

(2) Scheduled acquisition date

Property 1 December 19, 2011 or on a date agreed upon by the seller and DHI.

Property 2 December 22, 2011 or on a date agreed upon by the seller and DHI.

(3) Acquisition funds

The properties will be bought using debt financing outlined in the press release “Notice Concerning Debt Financing” separately announced today, and cash on hand.

(4) Method of Settlement

Payment of entire amount upon delivery

### 3. Asset Description

Property 1) Castalia Hatsudai

Name and Location, etc. of Respective Real Estate				
Type of specified asset	Beneficiary right in trust that places real estate in trust			
Present titleholder	Not Disclosed			
Most recent previous titleholder	Not Disclosed			
Trustee	Mizuho Trust & Banking Co., Ltd.			
Location	Lot number	1-10-9, Honmachi, Shibuya-ku, Tokyo		
	Residence indication	1-10-9, Honmachi, Shibuya-ku, Tokyo		
Land	Form of ownership	Proprietary ownership		
	Site area	658.94m <sup>2</sup> (Note)		
	Zoning	Commercial district	Class 1 residential zone	
	Building coverage ratio / Floor area ratio	80% / 500%	60% / 300%	
Building	Form of ownership	Proprietary ownership		
	Usage	Apartment complex		
	Total floor area	3,762.01m <sup>2</sup>		
	Structure / Number of floors	RC structure; 14F		
	Construction completion date	November 10, 2006		
Overview of Leasing (as of October 31, 2011)				
Total number of tenants	1	Monthly rent (incl. common area charges)	¥ 11,424 thousand	
Number of leasable units	81	Deposits, guarantees, etc.	¥ 12,550 thousand	
Number of leased units	79	Occupancy rate (based on floor area)	97.6%	
Leasable floor area	3,077.05m <sup>2</sup>	Occupancy rate (based on number of units)	97.5%	
Leased floor area	3,002.39m <sup>2</sup>	Breakdown of Residential Unit Type		
Property management company	MORIMOTO QUALITY Co.,Ltd. (planned)	Type	As a percentage of total number of units	As a percentage of total floor area
Sublessee	MORIMOTO QUALITY Co.,Ltd. (planned)	Single Type	29.6%	22.3%
		DINKS Type	70.4%	77.7%
Sublease type	Pass-through type	Family Type	—	—
		Large Type	—	—
Engineering Report				

This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.

Building investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Earthquake resistance investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Report date	November 2011	Report date	November 2011
Emergency repair expenses	–	Earthquake probable maximum loss	3.9%
Short-term repair expenses (within 1 year)	–	Soil environment investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Long-term repair expenses (next 12 years)	¥22,072 thousand	Report date	November 2011
Building replacement cost	¥840,600 thousand	Summary of engineering report	No matters were pointed out in particular.
<b>Building Developer, Designer, Structural Designer, Building Contractor and Building Confirmation Agency</b>			
Building developer	Nihon Housing Co., Ltd.	Building contractor	Horimatsu Construction Co., Ltd.
Building designer	K.K. Disk first-class architect office	Building confirmation agency	Bureau Veritas Japan Co., Ltd.
Structural designer	K.K. Disk first-class architect office		
<b>Other Information</b>			
(Note)	The road on the southwest side and the road on the northwest side of the property are roads as stipulated in Article 42, Paragraph 2 of the Building Standards Act. Therefore, there is a setback upon construction of the property's building (area: approximately 18.24m <sup>2</sup> ).		
<b>Location Environment and Other Property Characteristics</b>			
The property is located approximately four minutes walk from Hatsudai Station on the Keio New Line and Shinjuku is accessible in approximately four minutes (on board time) from Hatsudai Station, making it a district boasting close proximity to downtown Tokyo and excellent convenience in terms of transportation. The neighborhood is a mixed commercial-residential district lined with medium- to high-rise office buildings, condominium complexes, etc. The neighborhood and its surrounding area is in close proximity to downtown Tokyo and the area surrounding the nearest station is comprised of shopping streets, making it a district boasting high convenience. The district thus has strong residential demand from mainly businesspersons who work in downtown Tokyo and has many apartment complexes.			
<b>Matters of Special Note</b>			
N/A			

Property 2) Castalia Mibu

<b>Name and Location, etc. of Respective Real Estate</b>			
Type of specified asset	Beneficiary right in trust that places real estate in trust (Note 1)		
Present titleholder	Not Disclosed		
Most recent previous titleholder	Not Disclosed		
Trustee	The Chuo Mitsui Trust and Banking Company, Limited. (Note 1) (planned)		
Location	Lot number	79, Mibu, Aiai-chou, Nakagyo-ku, Kyoto City, Kyoto Prefecture	
	Residence indication	NCW	
Land	Form of ownership	Proprietary ownership	
	Site area	1,525.55m <sup>2</sup> (Note 2)	
	Zoning	Light-industrial district	
	Building coverage ratio / Floor area ratio	60% / 200%	
Building	Form of ownership	Proprietary ownership	
	Usage	Apartment complex	
	Total floor area	3,616.65m <sup>2</sup>	
	Structure / Number of floors	RC structure; 7F	
	Construction completion date	March 19, 2008	
<b>Overview of Leasing (as of October 31, 2011)</b>			
Total number of tenants	1	Monthly rent (incl. common area charges)	¥ 7,037 thousand
Number of leasable units	78	Deposits, guarantees, etc.	¥ 6,441 thousand
Number of leased units	75	Occupancy rate (based on floor area)	96.3%
Leasable floor area	2,828.39m <sup>2</sup>	Occupancy rate (based on number of units)	96.2%
Leased floor area	2,725.14m <sup>2</sup>	<b>Breakdown of Residential Unit Type</b>	

Property management company	K.K. Nakagawa builde's office	Type	As a percentage of total number of units	As a percentage of total floor area
Sublessee	K.K. Nakagawa builde's office	Single Type	—	—
		DINKS Type	100%	100%
Sublease type	Pass-through type	Family Type	—	—
		Large Type	—	—
<b>Engineering Report</b>				
Building investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Earthquake resistance investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
Report date	November 2011	Report date	October 2011	
Emergency repair expenses	—	Earthquake probable maximum loss	9.4%	
Short-term repair expenses (within 1 year)	—	Soil environment investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
Long-term repair expenses (next 12 years)	¥28,580 thousand	Report date	October 2011	
Building replacement cost	¥638,700 thousand	Summary of engineering report	No matters were pointed out in particular.	
<b>Building Developer, Designer, Structural Designer, Building Contractor and Building Confirmation Agency</b>				
Building developer	K.K. Nakagawa builde's office	Building contractor	MATSUMURA-GUMI CORPORATION	
Building designer	Toyo-Sekkei Co., Ltd.	Building confirmation agency	K.K. I-PEC	
Structural designer	Toyo-Sekkei Co., Ltd.			
<b>Other Information</b>				
(Note 1)	Although a real estate in kind as of today, plans are fro a real estate management and disposal agreement that places the property as the core property in trust to be executed between the seller and the trustee by the scheduled acquisition date and then acquire the asset as a beneficiary right in trust that places the asset in trust.			
(Note 2)	The road on the south side and west side of the property is a road as stipulated in Article 42, Paragraph 2 of the Building Standards Act. Therefore, there is a setback upon construction of the property's building (area: approximately 2.1m <sup>2</sup> ).			
<b>Location Environment and Other Property Characteristics</b>				
The property is located approximately seven minutes walk from Omiya Station on the Hankyu Kyoto Line in a district boasting excellent transit access.				
<b>Matters of Special Note</b>				
N/A				

[Explanation of Entries in Table Above]

The summary of the respective real estate in trust is the information as of October 31, 2011, 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, and "Most recent previous titleholder" is the previous titleholder.
- (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.

*This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.*

- (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 October 31, 2011 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.
- (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 October 31, 2011.
- (v) “Leasable floor area” is the floor area of the real estate in trust that is leasable based on information as of October 31, 2011.
- (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 October 31, 2011. 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, the sum total amount of the monthly rent of the asset scheduled for acquisition (including common area charges, but excluding the monthly use fees for parking space, trunk room and other ancillary facilities) entered in the lease contract concluded with end-tenants as of October 31, 2011, excluding consumption taxes, etc. and rounded down to the nearest thousand yen.
- (viii) “Deposits, guarantees, etc.” is, in principle, the sum total amount of the deposits, guarantees, etc. of the asset scheduled for acquisition that must be returned to end-tenants based on the lease contract concluded with end-tenants as of October 31, 2011, rounded down to the nearest thousand yen.
- (ix) “Occupancy rate (based on floor area)” is the ratio of leased floor area to leasable floor area of the asset scheduled for acquisition, rounded to one decimal place.
- (x) “Occupancy rate (based on number of units)” is the ratio of the number of leased units to the number of leasable units of the asset scheduled for acquisition, rounded to one decimal place.
- (xi) “Property management company” is the property management company that, as of today, is delegated property management services for the asset scheduled for acquisition.
- (xii) “Sublessee” is the lessee that has a lease agreement concluded with the Present titleholder for the purpose of subleasing to third parties.
- (xiii) “Sublease 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
Single Type	30m <sup>2</sup> or less
DINKS Type	70m <sup>2</sup> or less, but over 30m <sup>2</sup>
Family Type	100m <sup>2</sup> or less, but over 70m <sup>2</sup>
Large Type	Over 100m <sup>2</sup>

- (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%.
- (iii) “As a percentage of total floor area” is the ratio of the leasable floor area 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” is based on the entries in the earthquake risk analysis report. The earthquake risk analysis is computed by Engineering & Risk Services Corporation and OYO RMS Corporation using the natural disaster risk analysis software RiskLink. In the analysis, the amount and probability of the probable maximum loss that buildings may suffer from an earthquake are computed based on the results of a comprehensive evaluation, including earthquake hazards and ground conditions, by evaluating the earthquake resistance of buildings derived from a qualitative judgment made from drawings (refers to general architectural drawings, structural drawings, structural calculation documents, etc.) and quantitative analysis using proprietary structural evaluation approaches. The analysis results represent the probable maximum loss from an earthquake as being the amount of probable loss of damage that may result from an earthquake having a 10% probability of occurring within the useful life of a building (50 years) (0.21% annual exceedance probability; 475-year return period) expressed as a percentage (%) of the replacement cost (Note).  
 However, the amount of probable loss is in relation to direct loss on only the building (structural member, non-structural member, and building equipment) caused by seismic motion. The amount does not account for indirect damages, such as equipment, furniture, fixture and other damages, loss caused by water or fire after an earthquake, compensation for victims, and operating losses due to the suspension of business.

(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

#### 4. Seller Profile

Property 1) Castalia Hatsudai

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

Property 2) Castalia Mibu

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

#### 5. Status of Property Owners, etc.

Entry is omitted since the property is not acquired from a party with particular vested interest in DHI or the Asset Management Company.

#### 6. Broker Profile

Property 1) Castalia Hatsudai

Names and commission is not shown as the broker has not consented to such disclosure.

Property 2) Castalia Mibu

Trade name	The Chuo Mitsui Trust and Banking Company, Limited.
Head office location	3-33-1, Shiba, Minato-ku, Tokyo
Representative	Jun Okuno, President
Main line of business	Trust banking business
Capital	¥399,697million (As of September 30, 2011)
Established	May 26, 1962
Net Assets	¥737,742million (As of September 30, 2011)
Total Assets	¥13,041,804million (As of September 30, 2011)
Relationship with DHI and Asset Management Company	

Capital Relationship	As of August 31, 2011, the Company holds 3.0% of the total number of DHI investment units issued and outstanding.
Personnel Relationship	As of December 12, 2011, of the officers and officials of the Asset Management Company, 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 Management Company, based on which the Company provides sale and brokerage information on income-producing real estate to DHI and the Asset Management Company. 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 Management Company. Furthermore, there are no capital relationships requiring special mention between affiliated persons or affiliated companies of DHI or the Asset Management Company and affiliated persons or affiliated companies of the Company.
Other	The Company constitutes an interested party as set forth in the bylaws of the Asset Management Company.

#### Broker's Commission

	Property name	Commission (Note)
Property 2	Castalia Mibu	¥23,864,000

(Note) Excluding amount equivalent to consumption taxes.

#### 7. Relationship with Interested Party

Transactions with an interested party, etc. for acquisition of the property 2) Castalia Mibu has undergone the procedures required by the Interested-Party Transaction Rules bylaws of the Asset Management Company.

#### 8. Matters Concerning Earthquake Resistance, etc.

DHI outsourced the examination/confirmation of earthquake-resistant structure content, including structural calculation documents, of the to-be-acquired assets to a professional third party institution (Tokio Marine & Nichido Risk Consulting Co., Ltd.) and has received a statement that no willful alteration of the structural calculation documents by the building designer is suspected. In addition, DHI has received a statement concerning the structural design and it is judged that the design is generally in accordance with the provisions of earthquake resistance of the Building Standards Act and its ordinances for enforcement, etc.

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.

*This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.*



## 9. Future Prospects

The Acquisition will have only a minor impact on operating status forecasts for the 12th Fiscal Period (from September 1, 2011 to February 29, 2012) and the 13th Fiscal Period (from March 1, 2012 to August 31, 2012), 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. Summary of Real Estate Appraisal

Property 1) Castalia Hatsudai

Real estate appraiser	DAIWA REAL ESTATE APPRAISAL CO.,LTD	Date of value opinion: December 1, 2011 Date of appraisal: December 1, 2011
Final opinion of value	2,180,000,000	
A. Value indicated by the cost approach	1,770,000,000	
B. Value indicated by the income approach	2,180,000,000	
1. Value indicated by the income approach based on the direct capitalization method	2,210,000,000	
(1) Total revenue	139,496,159	①+②+③+④-⑤
① Rent income	135,771,024	
② Common area charges income	4,752,360	
③ Parking space income	3,468,000	
④ Other income	3,034,944	Renewal fee, Sign income etc.
⑤ Losses from vacancies, etc.	7,530,169	
(2) Total expenses	24,813,169	Sum total of a. to h.
a. Maintenance and management expenses	2,502,000	
b. Utilities expenses	1,898,995	
c. Repair expenses	2,200,638	
d. Property management fee	4,146,754	
e. Leasing fee	4,355,433	
f. Taxes and dues	8,181,800	
g. Non-life insurance expenses	217,180	
h. Other expenses	1,310,369	
(3) Operating income (loss) from property leasing	114,682,990	(1) - (2)
(4) Operating revenue from deposits/guarantees, etc.	434,702	
(5) Opportunity loss of operating revenue	0	
(6) Capital expenditures	2,496,990	Based on an assessment
(7) Net operating income	112,620,702	(3) + (4) - (5) - (6)
(8) Cap rate	5.1%	
2. Value indicated by the income approach based on the DCF method	2,170,000,000	

Discount rate	4.9%	
Terminal cap rate	5.3%	

Property 2) Castalia Mibu

Real estate appraiser	Japan Real Estate Institute	Date of value opinion: November 1, 2011 Date of appraisal: December 8, 2011
Final opinion of value	1,210,000,000	
A. Value indicated by the cost approach	1,030,000,000	
B. Value indicated by the income approach	1,210,000,000	
1. Value indicated by the income approach based on the direct capitalization method	1,210,000,000	
(1) Total revenue	92,992,000	①+②+③+④-⑤
① Rent income	80,051,000	
② Common area charges income	7,343,000	
③ Parking space income	7,405,000	
④ Other income	4,146,000	Key money, renewal fee, etc.
⑤ Losses from vacancies, etc.	6,044,000	
(2) Total expenses	19,891,000	Sum total of a. to h.
a. Maintenance and management expenses	4,209,000	
b. Utilities expenses	960,000	
c. Repair expenses	1,830,000	
d. Property management fee	2,226,000	
e. Leasing fee	3,507,000	
f. Taxes and dues	6,881,000	
g. Non-life insurance expenses	168,000	
h. Other expenses	110,000	
(3) Operating income (loss) from property leasing	73,101,000	(1) - (2)
(4) Operating revenue from deposits/guarantees, etc.	127,000	
(5) Opportunity loss of operating revenue	0	
(6) Capital expenditures	1,873,000	Based on an assessment (taking into consideration the engineering report)
(7) Net operating income	71,355,000	(3) + (4) - (5) - (6)
(8) Cap rate	5.9%	

This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.



	2. Value indicated by the income approach based on the DCF method	1,200,000,000	
	Discount rate	5.7%	
	Terminal cap rate	6.1%	

2. Real Estate Portfolio List after Acquisition of Properties

	Area (Note1)	Property No.	Property Name (Note2)	Acquisition Date (Note3)	Acquisition Price (Note4)	Investment Ratio (Note5)		
Residential	Area 1	1001	Qiz Ebisu	March 22, 2006	7,650	3.6%		
		1002	IPSE Azabujuban Shichimenzaka	March 22, 2006	4,500	2.1%		
		1003	IPSE Shibakoen	March 22, 2006	2,630	1.2%		
		1004	IPSE Ginza	March 22, 2006	2,520	1.2%		
		1005	Next Form Nishiazabu	March 22, 2006	2,220	1.1%		
		1006	IPSE Nihonbashi	March 22, 2006	1,200	0.6%		
		1007	IPSE Tokyo East	March 7, 2007	2,300	1.1%		
		1008	IPSE Azabujuban	June 21, 2007	2,910	1.4%		
		1009	IPSE Azabujuban DUO	June 21, 2007	2,690	1.3%		
		1010	IPSE Shinjuku Natsumezaka	June 21, 2007	1,865	0.9%		
		1011	UNIROYAL Ginza	June 21, 2007	1,800	0.9%		
		1012	IPSE Shibuya Tiers	June 21, 2007	1,400	0.7%		
		1014	NCR Nishi Azabu Twin Tower	April 1, 2010	2,352	1.1%		
		1015	NCR Nishi Azabu	April 1, 2010	2,143	1.0%		
		1016	NCR Ochanomizu	April 1, 2010	1,770	0.8%		
		1017	NCR Sangubashi	April 1, 2010	1,393	0.7%		
		1018	NCR Nihonbashi East	April 1, 2010	1,279	0.6%		
		1019	NCR Nihonbashi West	April 1, 2010	1,138	0.5%		
		1020	NCR Ginza Twin I	April 1, 2010	932	0.4%		
		1021	NCR Ginza Twin II	April 1, 2010	825	0.4%		
		1022	NCR Harajuku	April 1, 2010	887	0.4%		
		1023	NCR Yoyogi Uehara	April 1, 2010	608	0.3%		
		1024	NCR Sendagaya	April 1, 2010	555	0.3%		
		1025	NCR Shinjuku 7 chome	April 1, 2010	464	0.2%		
		1026	NCR Ichigaya Sanaicho	April 1, 2010	424	0.2%		
		1027	NCR Ningyocho I	April 1, 2010	947	0.4%		
		1028	NCR Ningyocho II	April 1, 2010	1,070	0.5%		
		1029	NCR Shin-Ochanomizu	April 1, 2010	914	0.4%		
		1030	NCR Nihonbashi Ningyocho III	April 1, 2010	1,370	0.6%		
		1031	NCR Jinbocho II	April 1, 2010	1,160	0.5%		
		1032	NCR Ginza East III	April 1, 2010	675	0.3%		
		1033	NCR Shinjuku Gyoen I	April 1, 2010	2,720	1.3%		
		1034	NCR Takanawadai	April 1, 2010	860	0.4%		
		1035	NCR Nihonbashi Ningyocho IV	April 1, 2010	666	0.3%		
		1036	NCR Shinjuku Gyoen II	April 1, 2010	486	0.2%		
		1037	NCR Ginza East IV	April 1, 2010	400	0.2%		
		1038	NCR Takanawadai II	April 1, 2010	1,190	0.6%		
		1039	NCR Minami Azabu	April 1, 2010	642	0.3%		
		1040	NCR Ginza	April 1, 2010	2,880	1.4%		
		1041	NCR Nihonbashi Suitengu	April 1, 2010	2,707	1.3%		
		1042	NCR Takanawa	April 1, 2010	7,430	3.5%		
		1043	NCR Higashi Nihonbashi	April 1, 2010	3,520	1.7%		
		1045	NCR Shinjuku	April 1, 2010	2,950	1.4%		
		1046	IPSE 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 (planned)	2,030	1.0%		
		Subtotal					91,592	43.4%
		Residential	Area 2	2001	Meguro Kamurozaka Residencia	December 20, 2005	4,500	2.1%
2002	IPSE Toritsudaigaku			March 22, 2006	648	0.3%		
2003	Comfort Time Otsuka			March 22, 2006	779	0.4%		
2004	IPSE Yukigaya			March 7, 2007	1,110	0.5%		
2005	IPSE Yutenji			June 21, 2007	1,450	0.7%		
2006	IPSE Otsuka			June 21, 2007	1,480	0.7%		
2007	IPSE Kikukawa			June 21, 2007	817	0.4%		
2008	NCR Meguro			April 1, 2010	844	0.4%		
2009	NCR Otsuka			April 1, 2010	1,040	0.5%		

This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.

2010	NCR Jiyugaoka	April 1, 2010	1,200	0.6%	
2011	NCR Mejiro East	April 1, 2010	988	0.5%	
2012	NCR Ikebukuro	April 1, 2010	2,570	1.2%	
2013	NCR Kaname-cho	April 1, 2010	1,140	0.5%	
2014	NCR Shinagawa Seaside Tower	April 1, 2010	7,380	3.5%	
2015	NCR Yakumo	April 1, 2010	857	0.4%	
2016	NCR Togoshiiekimae	April 1, 2010	1,560	0.7%	
2017	NCR Todoroki	April 1, 2010	1,210	0.6%	
2018	NCR Honjo Azumabashi	April 1, 2010	996	0.5%	
2019	NCR Kitazawa	April 1, 2010	742	0.4%	
2020	NCR Monzennakacho	April 1, 2010	503	0.2%	
2023	NCR Kamiikedai	April 1, 2010	198	0.1%	
2024	NCR Morishita	April 1, 2010	832	0.4%	
2025	NCR Wakabayashi koen	April 1, 2010	776	0.4%	
2026	NCR Asakusabashi	April 1, 2010	792	0.4%	
2027	NCR Iriya	April 1, 2010	546	0.3%	
2028	NCR Ueno Tower	April 1, 2010	2,641	1.3%	
2029	NCR Morishita West	April 1, 2010	686	0.3%	
2030	NCR Minowa	April 1, 2010	1,430	0.7%	
2031	NCR Jiyugaoka West	April 1, 2010	533	0.3%	
2032	NCR Nakano	April 1, 2010	1,060	0.5%	
2033	NCR Yoga	April 1, 2010	923	0.4%	
2034	NCR Sumiyoshi	April 1, 2010	948	0.4%	
2035	NCR Monzennakacho East	April 1, 2010	2,160	1.0%	
2036	NCR Oshiage	April 1, 2010	1,100	0.5%	
2037	NCR Kuramae	April 1, 2010	1,260	0.6%	
2038	IPSE Nakanobu	June 29, 2010	1,790	0.8%	
2039	Royal Parks Toyosu	November 1, 2010	7,360	3.5%	
2040	IPSE Togoshi	November 1, 2010	1,770	0.8%	
2041	Castalia Ooimachi	June 30, 2011	1,181	0.6%	
2042	My Atria Omori	August 2, 2011	1,500	0.7%	
2043	My Atria Mishuku	October 7, 2011	1,900	0.9%	
Subtotal			63,200	29.9%	
Area 3	3001	Cosmo Heim Musashikosugi	March 22, 2006	1,674	0.8%
	3002	IPSE Tsurumi	June 21, 2007	666	0.3%
	3003	NCR Funabashi Honcho	April 1, 2010	704	0.3%
	3005	NCR Toyoda	April 1, 2010	864	0.4%
	3006	NCR Nishi Funabashi	April 1, 2010	783	0.4%
	3007	NCRMaihama	April 1, 2010	670	0.3%
	3008	NCR Ichikawamyoden	April 1, 2010	671	0.3%
	3009	NCRKumegawa	April 1, 2010	480	0.2%
	3010	NCRUrayasu	April 1, 2010	592	0.3%
	3011	NCR Minamigyotoku I	April 1, 2010	543	0.3%
	3012	NCR Minamigyotoku II	April 1, 2010	385	0.2%
	3013	NCR Nogeyama	April 1, 2010	325	0.2%
	3014	NCR Minamirinkan	April 1, 2010	363	0.2%
	3017	PT Ichikawa	April 1, 2010	461	0.2%
3018	Royal Parks Hanakoganei	October 7, 2011	5,300	2.5%	
Subtotal			14,481	6.9%	
Area 4	4001	Fourteen Hills East Tower	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	NCR Honmachi East	April 1, 2010	1,490	0.7%
	4011	NCR Shin-Umeda	April 1, 2010	1,376	0.7%
	4012	NCR Abeno	April 1, 2010	4,368	2.1%
	4014	NCR Sakae	April 1, 2010	1,010	0.5%
	4015	NCR Nipponbashi Kouzu	April 1, 2010	3,570	1.7%
	4016	NCR Maruyama Urasando	April 1, 2010	411	0.2%
	4017	NCR Maruyama Omotesando	April 1, 2010	1,740	0.8%
	4018	NCR Hakataekihigashi	April 1, 2010	960	0.5%
	4019	NCR Shinsaibashi East Tower	April 1, 2010	3,400	1.6%

		4020	NCR Sannomiya	April 1, 2010	1,230	0.6%
		4021	NCR Kotodaikoen	April 1, 2010	481	0.2%
		4022	NCR Ichibancho	April 1, 2010	783	0.4%
		4023	NCR Omachi	April 1, 2010	656	0.3%
		4024	NCR Uemachidai	April 1, 2010	2,190	1.0%
		4025	NCR Higobashi Tower	April 1, 2010	2,670	1.3%
		4026	Big Tower Minami Sanjo	November 1, 2010	1,740	0.8%
		4027	Lexington Square Fushimi	January 14, 2011	2,260	1.1%
		4028	Castalia Meieki Minami	August 1, 2011	720	0.3%
		4029	Besta Yakuin	September 26, 2011	930	0.4%
		4030	Castalia Mibu	December 22, 2011 (planned)	1,193	0.6%
		Subtotal			39,442	18.7%
		Subtotal			208,715	98.9%
Retail	Area 3	8001	INAGEYA Yokohama Nishigaoka	September 27, 2007	1,000	0.5%
	Area 4	8002	FOLEO TOWN Tsutsui	March 23, 2007	1,410	0.7%
		Subtotal			2,410	1.1%
		Total			211,125	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) Under “Property Name,” “NCR” is the acronym for “New City Residence” and “PT” for “Park Terrace.”

(Note 3) “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 4) “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 5) “Investment Share” is the ratio of the acquisition price to the total amount of acquisition prices, rounded to one decimal place.



3. Photograph of the Property Planned for Acquisition  
Property 1) Castalia Hatsudai



