



March 21, 2012

For Immediate Release

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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 Arakawa and Castalia Omori II (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. In addition, DHI has decided today to dispose of two properties (the “Disposition” (Note)). Considerations are underway to keep on replacing properties in light of the management efficiency, etc. of real estate, etc. in the portfolio.

(Note) Please refer to the press release “Notice Concerning the Proposed Disposition of Real Estate and Trust Beneficiary Rights in Real Estate” announced on March 21, 2012 for disposition.

2. Acquisition Details

	Property name (Note 1)	Acquisition price (Note 2)	Seller
Property 1	Castalia Arakawa (MyAtria Arakawa)	¥1,660,000,000	Special purpose company in Japan (Note 3)
Property 2	Castalia Omori II (PROUD FLAT Omori)	¥2,370,000,000	Nomura Real Estate Development Co., Ltd.

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 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.

(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

Property 1	March 28, 2012
Property 2	March 29, 2012

(2) Scheduled acquisition date

Property 1	March 28, 2012 or on a date agreed upon by the seller and DHI.
Property 2	March 29, 2012 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” (Note) and proceeds from the Disposition outlined in the press release “Notice Concerning the Proposed Disposition of Real Estate and Trust Beneficiary Rights in Real Estate” separately announced today.

(Note) Please refer to the press release “Notice Concerning Debt Financing” announced on March 21, 2012.

(4) Method of Settlement

Payment of entire amount upon delivery

3. Acquisition of Castalia Arakawa

(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		
Present titleholder	Not Disclosed		
Most recent previous titleholder	Meiwa Estate Co., Ltd.		
Trustee	The Chuo Mitsui Trust and Banking Company, Limited. (planned)		
Location	Lot number	2-3-1, Arakawa, Arakawa-ku, Tokyo	
	Residence indication	2-3-1, Arakawa, Arakawa-ku, Tokyo	
Land	Form of ownership	Proprietary ownership	
	Site area	703.73m ²	
	Zoning	Commercial district	
	Building coverage ratio / Floor area ratio	80% / 600%	
Building	Form of ownership	Proprietary ownership	
	Usage	Apartment complex	
	Total floor area	4,361.49m ²	
	Structure / Number of floors	RC structure; 15F	
	Construction completion date	February 6, 2007	
Overview of Leasing (as of February 29, 2012)			
Total number of tenants	1	Monthly rent (incl. common area charges)	¥ 10,247 thousand
Number of leasable units	70	Deposits, guarantees, etc.	¥ 11,430 thousand

Number of leased units	67	Occupancy rate (based on floor area)	95.2%
Leasable floor area	3,797.92m ²	Occupancy rate (based on number of units)	95.7%
Leased floor area	3,613.90m ²	Breakdown of Residential Unit Type	
Property management company	Daiwa Living Co.,Ltd. (planned)	Type	As a percentage of total number of units
Sublessee	Daiwa Living Co.,Ltd. (planned)	Single Type	–
		DINKS Type	100.0%
Sublease type	Pass-through type	Family Type	–
		Large Type	–
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	February 2012	Report date	February 2012
Emergency repair expenses	–	Earthquake probable maximum loss	4.5%
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)	¥45,940 thousand	Report date	February 2012
Building replacement cost	¥955,600 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	Meiwa Estate Co., Ltd.	Building contractor	Tsuchiya Corporation
Building designer	Yurino Kenchiku Sekkei	Building confirmation agency	EHOMES K.K., Center of international architectural standard
Structural designer	K.K. Sebtech Kenchiku Laboratory		
Other Information			
N/A			
Location Environment and Other Property Characteristics			
The property is located approximately nine minutes walk from Mikawashima Station on the JR Joban Line and approximately five minutes walk from Arakawakuyakushomae on the Toden Arakawa Line in an area where there is a concentration of government offices. Also adjacent to a park, it is an area that is recognized to have strong demand as a residential district boasting outstanding convenience in terms of lifestyle.			
Matters of Special Note			
The road on the south side of the property (Meiji-dori) is designated as a road authorized under the City Planning Act (Kansho 4 Gosen) and part of the land of the property is the planned site for a road authorized under the City Planning Act. In the event that the planned site is provided, the property's building may become kizon futekikaku (structures that conformed to the law when constructed but no longer conform to the law as a result of subsequent laws or amendments, but are not categorized as illegal structures).			

[Explanation of Entries in Table Above] (Same for Castalia Omori II)

The summary of the respective real estate in trust is the information as of February 29, 2012, 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.
- (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 February 29, 2012 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 February 29, 2012.
- (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 February 29, 2012.
- (v) "Leasable floor area" is the floor area of the real estate in trust that is leasable based on information as of February 29, 2012.
- (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 February 29, 2012. 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 February 29, 2012, 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 February 29, 2012, 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 ² or less
DINKS Type	70m ² or less, but over 30m ²
Family Type	100m ² or less, but over 70m ²
Large Type	Over 100m 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%.
- (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" 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

The seller is a special purpose company 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.

(3) Broker Profile

① Broker Profile

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 February 29, 2012, 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.

② Broker's Commission

¥23,000,000

(Note) Excluding amount equivalent to consumption taxes.

(4) 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.

(5) Relationship with Interested Party

The Chuo Mitsui Trust and Banking Co., Ltd. constitute 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. Acquisition of Castalia Omori II

(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			
Present titleholder	Nomura Real Estate Development Co., Ltd.			
Most recent previous titleholder	-			
Trustee	Mitsubishi UFJ Trust and Banking Corporation			
Location	Lot number	1-8-15, Omori kita, Ota-ku, Tokyo		
	Residence indication	1-8-13, Omori kita, Ota-ku, Tokyo		
Land	Form of ownership	Proprietary ownership		
	Site area	695.51m ²		
	Zoning	Commercial district		
	Building coverage ratio / Floor area ratio	80%/ 500%, 80%/ 600%		
Building	Form of ownership	Proprietary ownership		
	Usage	Apartment complex, Retail and Parking		
	Total floor area	3,609.15m ²		
	Structure / Number of floors	RC structure; 12F / B1F		
	Construction completion date	March 10, 2009		
Overview of Leasing (as of February 29, 2012)				
Total number of tenants	1	Monthly rent (incl. common area charges)	¥ 13,014 thousand	
Number of leasable units	112	Deposits, guarantees, etc.	¥ 29,671 thousand	
Number of leased units	108	Occupancy rate (based on floor area)	96.5%	
Leasable floor area	2,818.70m ²	Occupancy rate (based on number of units)	96.4%	
Leased floor area	2,719.71m ²	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	100%	100%
		DINKS Type	-	-
Sublease type	Pass-through type	Family Type	-	-
		Large Type	-	-
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	February 2012	Report date	February 2012	
Emergency repair expenses	-	Earthquake probable maximum loss	4.0%	
Short-term repair expenses (within 1 year)	-	Soil environment investigation agency	Tokio Marine & Nichido Risk Consulting Co., Ltd.	

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Long-term repair expenses (next 12 years)	¥26,089 thousand	Report date	February 2012
Building replacement cost	¥871,800 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	Nomura Real Estate Development Co., Ltd.	Building contractor	Hazama Corporation
Building designer	United Liberty Architects, Inc.	Building confirmation agency	Fuji Building Consulting, Inc.
Structural designer	United Liberty Architects, Inc.		
Other Information			
N/A			
Location Environment and Other Property Characteristics			
The property is located approximately four minutes walk from Omori Station on the JR Keihin Tohoku Line and also approximately ten minutes walk from Omori-kaigan Station on the Keikyu Line. Accessible via several stations on several lines, Shinagawa Station is approximately six minutes and Tokyo Station is approximately eighteen minutes from Omori Station. Boasting relatively high customer traffic since it is situated within a shopping district where there is an arcade, it is also a good retail location. In addition, the neighborhood and its surrounding area have many supermarkets, eating/drinking establishments and goods stores, making it an area also boasting high convenience in terms of lifestyle.			
Matters of Special Note			
N/A			

(2) Seller Profile

Trade name	Nomura Real Estate Development Co., Ltd.
Head Office Address	1-26-2, Nishi-shinjuku, Shinjuku-ku, Tokyo
Representative	Hirohisa Suzuki, President
Principal Activities	Real estate business
Capital	¥2,000 million (As of April 1, 2011)
Established	April 15, 1957
Net Assets	Non-disclosure (Note)
Total Assets	Non-disclosure (Note)
Relationship with DHI and Asset Management Company	
Capital Relationship	There is no capital relationship to describe between DHI, asset management company and Nomura Real Estate Development Co., Ltd.
Personnel Relationship	There is no personnel relationship to describe between DHI, asset management company and Nomura Real Estate Development Co., Ltd.
Business Relationship	There is no business relationship to describe between DHI, asset management company and Nomura Real Estate Development Co., Ltd.
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.

(Note) Net Assets and Total Assets are not shown as the seller has not consented to such disclosure.

(3) Broker Profile

N/A

(4) 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.



5. 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.

6. Future Prospects

For operation status forecasts for the fiscal period ending in August 31, 2012 (13th Fiscal Period: from March 1, 2012 to August 31, 2012) that take the Acquisition and Disposition (Note) into account are currently being assessed and will be announced on April 10, 2012.

(Note) Please refer to the press release “Notice Concerning the Proposed Disposition of Real Estate and Trust Beneficiary Rights in Real Estate” announced on March 21, 2012 for disposition.

* 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 Arakawa

Real estate appraiser	Chuo Real Estate Appraisal Co., Ltd.	Date of value opinion: March 1, 2012 Date of appraisal: March 8, 2012
Final opinion of value	1,830,000,000	
A. Value indicated by the cost approach	1,390,000,000	
B. Value indicated by the income approach	1,830,000,000	
1. Value indicated by the income approach based on the direct capitalization method	1,850,000,000	
(1) Total revenue	132,267,000	①+②+③+④-⑤
① Rent income	120,774,000	
② Common area charges income	7,747,000	
③ Parking space income	3,600,000	
④ Other income	6,932,000	Key money, Renewal fee, etc.
⑤ Losses from vacancies, etc.	6,786,000	
(2) Total expenses	24,441,000	Sum total of a. to h.
a. Maintenance and management expenses	2,735,000	
b. Utilities expenses	1,948,000	
c. Repair expenses	2,385,000	
d. Property management fee	5,270,000	
e. Leasing fee	3,466,000	
f. Taxes and dues	8,390,000	
g. Non-life insurance expenses	247,000	
h. Other expenses	0	
(3) Operating income (loss) from property leasing	107,826,000	(1) - (2)
(4) Operating revenue from deposits/guarantees, etc.	388,000	
(5) Opportunity loss of operating revenue	0	
(6) Capital expenditures	2,752,000	Based on an assessment (taking into consideration the engineering report)
(7) Net operating income	105,462,000	(3) + (4) - (5) - (6)
(8) Cap rate	5.7%	
2. Value indicated by the income approach based on the DCF method	1,830,000,000	

Discount rate	5.4%	
Terminal cap rate	5.9%	

Property 2) Castalia Omori II

Real estate appraiser	Morii Appraisal & Investment Consulting, Inc.	Date of value opinion: February 29, 2012 Date of appraisal: February 29, 2012
Final opinion of value	2,460,000,000	
A. Value indicated by the cost approach	1,640,000,000	
B. Value indicated by the income approach	2,460,000,000	
1. Value indicated by the income approach based on the direct capitalization method	2,490,000,000	
(1) Total revenue	157,475,000	①+②+③+④-⑤
① Rent income	148,323,000	
② Common area charges income	9,271,000	
③ Parking space income	4,560,000	
④ Other income	3,769,000	Key money, renewal fee, etc.
⑤ Losses from vacancies, etc.	10,198,000	
(2) Total expenses	29,438,000	Sum total of a. to h.
a. Maintenance and management expenses	5,209,000	
b. Utilities expenses	3,377,000	
c. Repair expenses	1,899,000	
d. Property management fee	4,673,000	
e. Leasing fee	5,567,000	
f. Taxes and dues	6,627,000	
g. Non-life insurance expenses	228,000	
h. Other expenses	1,858,000	
(3) Operating income (loss) from property leasing	128,037,000	(1) - (2)
(4) Operating revenue from deposits/guarantees, etc.	539,000	
(5) Opportunity loss of operating revenue	1,000	
(6) Capital expenditures	1,522,000	Based on an assessment (taking into consideration the engineering report)
(7) Net operating income	127,053,000	(3) + (4) - (5) - (6)
(8) Cap rate	5.1%	

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	2. Value indicated by the income approach based on the DCF method	2,430,000,000	
	Discount rate	4.8%	
	Terminal cap rate	5.4%	

2. Real Estate Portfolio List after Acquisition and Disposition (Note 6) of Properties

	Area (Note1)	Property No.	Property Name (Note2)	Acquisition Date (planned) (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	1.0%		
		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	0.8%		
		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%		
		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	2,030	1.0%		
				Subtotal			91,168	43.0%
			Area 2	2001	Meguro Kamurozaka Residencia	December 20, 2005	4,500	2.1%
				2002	IPSE Toritsudaigaku	March 22, 2006	648	0.3%
	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%		
	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%		

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.

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	0.3%	
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	1.2%	
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	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%	
Subtotal			66,451	31.3%	
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%
	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%
	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 Nogeiyama	April 1, 2010	325	0.2%
	3017	PT 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	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	0.6%
	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 Hakatakihigashi	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	1,193	0.6%
		Subtotal			39,442	18.6%
		Subtotal			209,835	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					212,245	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.

(Note 6) Please refer to the press release “Notice Concerning the Proposed Disposition of Real Estate and Trust Beneficiary Rights in Real Estate” announced on March 21, 2012 for disposition.

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



