

March 3, 2015

For Immediate Release

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Notice Concerning Debt Financing

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it will conduct debt financing. The details are as follows:

1. Details of debt financing

Category	Lender	Anticipated borrowing amount (millions of yen)	Borrowing period	Interest rate	Floating/ fixed	Anticipated date of execution	Repayment due date	Method of repayment	Collateral
Short-term	Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.	4,000	1 year	Base interest rate +0.20% (Note 1)	Floating	June 1, 2015	June 1, 2016	Bullet repayment	Unsecured and non-guaranteed
Long-term	Mitsui Sumitomo Insurance Company, Limited	1,000	5 years	TBD (Note 2) (Note 6)	Fixed	April 1, 2015	April 1, 2020		
	Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Norinchukin Bank	3,000	7.5 years	Base interest rate +0.45% (Note 3)	Fixed (Note 5)		October 3, 2022		
	Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd.; Resona Bank, Limited	4,000	8.5 years	Base interest rate +0.50% (Note 3)	Fixed (Note 5)		October 2, 2023		
	Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation	4,000	10.5 years	Base interest rate +0.60% (Note 3)	Fixed (Note 5)		October 1, 2025		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	10.5 years	TBD (Note 4) (Note 6)	Fixed		October 1, 2025		
	Development Bank of Japan, Inc.	1,500	12 years	TBD (Note 2) (Note 6)	Fixed		April 1, 2027		
Total		20,500							

Disclaimer: This announcement is prepared for the public disclosure of debt financing of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors make an investment based on their own responsibility and on their own judgment after making sure to read the prospectus for the issue of new investment units and secondary offering of investment units, as well as any revisions thereto, prepared by DHR.

- (Note 1) The first interest payment date will be June 30, 2015, subsequent interest payment dates will be the last day of every month except for the last day of the preceding month of the principal payment due date, and the principal payment due date (in case such date is not a business day, the following business day will be the date, however, in case this following business day falls into the following month, the immediately preceding business day will be the date). JBA 1 month Japanese yen TIBOR as of 11 A.M. on two business days prior to the latest interest payment date (initially the anticipated date of execution) will be used as the base rate to calculate the applicable interest rate for the current calculation period. For the JBA Japanese yen TIBOR, which is the base rate, please refer to JBA TIBOR Administration website (<http://www.jbatibor.or.jp/english/rate/>).
- (Note 2) The first interest payment date will be August 31, 2015, subsequent interest payment dates will be the last day of the months of February and August of every year and the principal payment due date (in case such date is not a business day, the following business day will be the date, however, in case this following business day falls into the following month, the immediately preceding business day will be the date).
- (Note 3) The first interest payment date will be April 30, 2015, subsequent interest payment dates will be the last day of every month except for the last day of the preceding month of the principal payment due date, and the principal payment due date (in case such date is not a business day, the following business day will be the date, however, in case this following business day falls into the following month, the immediately preceding business day will be the date). JBA 1 month Japanese yen TIBOR as of 11 A.M. on two business days prior to the latest interest payment date (initially the anticipated date of execution) will be used as the base rate to calculate the applicable interest rate for the current calculation period.
- (Note 4) The first interest payment date will be April 30, 2015, subsequent interest payment dates will be the last day of every month except for the last day of the preceding month of the principal payment due date, and the principal payment due date (in case such date is not a business day, the following business day will be the date, however, in case this following business day falls into the following month, the immediately preceding business day will be the date).
- (Note 5) Although the individual term loan agreements are based on floating interest rate, DHR intends to fix the interest rates for anticipated date of execution and thereafter by entering into interest rate swap agreements. Execution of interest rate swap agreements will be announced once determined.
- (Note 6) Interest rate will be announced once determined.

2. Reason for conducting debt financing

The debt financing will be conducted so that the loans will be used as part of the funds for acquiring trust beneficiary interests in real estate assets to be acquired indicated in the press release “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and Leasing of Assets” announced today (7 properties, total anticipated acquisition price of 48,420 million yen), and other related expenses.

By implementing long-term debt financings and fixing interest rates by entering into interest swap agreements as indicated above, DHR aims to improve stability of the financial base through extending repayment periods of interest-bearing debts, fixing interest rates and diversifying repayment maturities.

3. Total amount, use of proceeds and scheduled outlay date of the proceeds

(1) Total amount

20,500 million yen

(2) Use of proceeds

Funds for acquiring trust beneficiary interests in real estate of 7 properties mentioned above and related expenses

(3) Scheduled outlay date

April 1, 2015 and June 1, 2015

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4. Status of interest-bearing debt after the debt financing

(Unit: millions of yen)

	Before the debt financing (as of December 25, 2014)	After the debt financing (as of June 1, 2015)	Increase (Decrease)
Short-term loans (Note)	0	4,000	4,000
Long-term loans (Note)	75,500	92,000	16,500
Total loans	75,500	96,000	20,500
Investment corporation bonds	2,000	2,000	0
Total of loans and investment corporation bonds	77,500	98,000	20,500
Other interest-bearing debt	0	0	0
Total interest-bearing debt	77,500	98,000	20,500

(Note) Short-term loans are loans with maturity periods of one year or less and long-term loans are loans with maturity periods of more than one year. Further, long-term loans with maturity periods of less than one year until the repayment date as of each date are also included in long-term loans.

5. Other

For the risks concerning repayment, etc., of the debt financing, there are no changes from the security registration statement submitted on March 3, 2015.

* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

* DHR’s website: <http://www.daiwahouse-reit.jp>

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