

December 12, 2014

For Immediate Release

Investment Corporation:
Daiwa House REIT Investment Corporation
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Notice Concerning Issuance of Investment Corporation Bonds and Prepayment of Short-Term Loans

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it has decided today to issue investment corporation bonds in accordance with the comprehensive resolution at the board of directors’ meeting held on October 17, 2014, and to prepay its short-term loans, as described below.

1. Overview of Investment Corporation Bonds

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| (1) Name of bonds | : Daiwa House REIT Investment Corporation 1st Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (the “Bonds”) |
| (2) Total amount to be issued | : 2 billion yen |
| (3) Form of bond certificate | : No bond certificates will be issued subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. |
| (4) Issue price | : 100 yen per value of 100 yen of each bond |
| (5) Redemption price | : 100 yen per value of 100 yen of each bond |
| (6) Interest rate | : 0.826% |
| (7) Denomination of each bond | : 100 million yen |
| (8) Offering method | : Public offering |
| (9) Offering period | : December 12, 2014 (Friday) |
| (10) Payment date | : December 24, 2014 (Wednesday) |
| (11) Collateral and guarantee | : No collateral or guarantee is provided for the bonds, and no assets are reserved as security specifically for the bonds. |
| (12) Redemption method and redemption date | : The total amount of the bonds will be redeemed on December 24, 2024. The bonds may be retired by purchase at any time after the payment date unless otherwise stipulated by the depository. |
| (13) Interest payment dates | : June 24 and December 24 each year
(in case such date is a bank holiday, the immediately preceding bank business day will be the date) |
| (14) Financial covenants | : Negative pledge clause is applicable. |
| (15) Credit rating | : AA- (Japan Credit Rating Agency, Ltd.) |
| (16) Fiscal, issuing and paying agent | : The Bank of Tokyo Mitsubishi UFJ, Ltd. |
| (17) Underwriters | : SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |

2. Reason for the Issuance of the Bonds

DHR has decided to issue the Bonds in order to diversify its financing sources, as well as to fund part of its prepayment of short-term loans.

3. Total Amount to be Procured, Specific Use of Proceeds and Scheduled Outlay Period

- (1) Total amount to be procured (approximate net balance)
1,980 million yen
- (2) Specific use of proceeds and scheduled outlay period
DHR will use the proceeds on December 25, 2014 to fund part of its prepayment of short-term loans with repayment due date of September 30, 2015.

4. Description of Short-Term Loans to be Prepaid

- (1) Lender : Sumitomo Mitsui Banking Corporation
 - (2) Borrowing amount : 2,000 million yen
 - (3) Repayment amount : 2,000 million yen
 - (4) Interest rate : 0.33364% (floating interest rate) (Note)
 - (5) Date of execution : September 30, 2014
 - (6) Repayment due date : September 30, 2015
 - (7) Prepayment date : December 25, 2014 (planned)
 - (8) Collateral and guarantee : Unsecured and non-guaranteed
- (Note) The interest rate applicable for the period from November 25, 2014 to December 25, 2014.

5. Status of Interest-Bearing Liabilities After the Issuance of the Bonds and the Prepayment of Short-Term Loans

	Before refinancing (as of December 12, 2014)	After refinancing (as of December 25, 2014)	Increase (Decrease)
Short-term loans (Note)	2,000	0	-2,000
Long-term loans (Note)	75,500	75,500	0
Total loans	77,500	75,500	-2,000
Investment corporation bonds	0	2,000	2,000
Total of loans and investment corporation bonds	77,500	77,500	0
Other interest-bearing liabilities	0	0	0
Total interest-bearing liabilities	77,500	77,500	0

(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.

6. Other

For the risks concerning issuance and redemption, etc., of the Bonds, there are no changes in the “Investment Risks” stated in the Japanese language securities report submitted on November 28, 2014.

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