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For Immediate Release

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**Notice Concerning the Prepayment
of the Rehabilitation Obligations (loans)**

Daiwa House Residential Investment Corporation (“DHI”) announces its decision to undertake the prepayment of the rehabilitation obligations (loans). The details are as follows:

1. Details of Prepayment of the Rehabilitation Obligations (loans)

Creditors	North Pacific Bank, Ltd.			
Prepayment Date (planned)	January 31, 2013			
Maturity Date	January 31, 2014	January 30, 2015	-	
Loan Amount (balance)	¥151,949,621	¥151,959,305	Total	¥303,908,926
Amount of Prepayment	¥151,949,621	¥151,959,305	Total	¥303,908,926
Interest Rate	Basic interest rate (3 month Japanese Yen TIBOR) + 1.00% (Variable interest rate)	1.72553% (annualized) (Fixed interest rate)	-	
Repayment Method	Principal repayment in full on the maturity date			
Collateral	Unsecured, Unguaranteed			

2. Funds for the Repayment

The Repayment will be funded using cash on hand and debt financing (Note 1).

(Note 1) Details will be announced once finalized.

3. Future Prospects

The Repayment will have only a minor impact on operating status forecasts for the fiscal period ending in February 28, 2013 (14th Fiscal Period: from September 1, 2012 to February 28, 2013) and August 31, 2013 (15th Fiscal Period: from March 1, 2013 to August 31, 2013), there is no revision to the operating status forecasts.

4. Other

For the risks concerning Repayment etc., there are no significant changes from the security registration statement (submitted on November 22, 2012).

[Reference]

Status of Balance of Interest-bearing Liabilities after the Prepayment

(Unit: million yen; rounded under million yen)

		Before the Repayment (as of December 28, 2012)	After the Repayment (as of January 31, 2013)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-4	3,800	3,800	–
Long-term loans (Note 1)	Term loan III	10,500	10,500	–
	Term loan IV	31,800	31,800	–
	Resona Bank-1	1,095	1,095	–
	Term loan V	7,000	7,000	–
	Term loan VI	7,000	7,000	–
	The Bank of Tokyo-Mitsubishi UFJ-1	4,000	4,000	–
	Term loan VII	12,400	12,400	–
Total loans		77,595	77,595	–
Investment corporation bonds		3,000	3,000	–
Rehabilitation obligations (loans)		43,435	43,131	(303) (Note 2)
Rehabilitation obligations (investment corporation bonds)		1,604	1,604	–
Total interest-bearing liabilities		125,634	125,330	(303)

(Note 1) Short-term loans are loans with maturity periods of one year or less and long-term loans are loans with maturity periods of over one year.

(Note 2) Decrease attributable to the prepayment announced today.

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

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