

January 25, 2013

For Immediate Release

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Notice Concerning Debt Financing,
Repayment and the Prepayment of the Rehabilitation Obligations

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

1. Details of Debt Financing
(1) Term Loan Agreement (Syndication)

Term Loan VIII	
Use	Repayment of the rehabilitation obligations (loans and investment corporation bonds) (Note 2)
Lenders	Sumitomo Mitsui Trust Bank, Limited, Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd. The Norinchukin Bank, The Chiba Bank, Ltd., The Shizuoka Bank, Ltd. The Bank of Fukuoka
Amount	¥7,600,000,000
Interest Rate (Variable interest rate) (Note 1)	Basic interest rate (Japanese Bankers Association 1month yen TIBOR + 0.30%) (Variable interest rate)
Loan Date	January 31, 2013
Interest Payment Date	First payment on the last day of February 2013 (or last business day of the month). Subsequent payment on the last day of each month (or last business day of the respective months).
Repayment date	March 31, 2016 (or last business day of the month)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

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Term Loan IX	
Use	Repayment of the rehabilitation obligations (loans and investment corporation bonds) (Note 2)
Lenders	Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd., Mizuho Corporate Bank, Ltd., Mizuho Trust & Banking Co., Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Norinchukin Bank, Mitsubishi UFJ Trust and Banking Corporation
Amount	¥17,410,000,000 ※Staggered drawdown 1st drawdown amount: ¥6,200,000,000 2nd drawdown amount: ¥11,210,000,000
Interest Rate (Variable interest rate) (Note 1)	Basic interest rate (Japanese Bankers Association 1month yen TIBOR + 0.50%) (Variable interest rate)
Loan Date	1st drawdown date: January 31, 2013 2nd drawdown date: February 28, 2013
Interest Payment Date	First payment on the last day of February 2013 (or last business day of the month). Subsequent payment on the last day of each month (or last business day of the respective months).
Repayment date	January 31, 2020 (or last business day of the month)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(2) Term Loan Agreement (Negotiated)

Use	Repayment of the rehabilitation obligations (loans and investment corporation bonds) (Note 2)
Lenders	Development Bank of Japan Inc.
Amount	¥1,500,000,000
Interest Rate (Fixed)	TBA (Note 3)
Loan Date (planned)	January 31, 2013
Interest Payment Date	First payment on the last day of March 2013 (or last business day of the months). Subsequent payment on the last day of March, June, September and December and maturity date (or last business day of the respective months).
Repayment date	January 31, 2020 (or last business day of the months)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(Note 1) JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be use as the base rate to calculate the applicable interest rate for the current calculation period.

Please refer to JBA website (<http://www.zenginkyo.or.jp/en/tibor/>) for the yen TIBOR.

(Note 2) Please refer to the 2. “Details of Repayment” and 3. “Details of Prepayment” below.

(Note 3) Interest Rate will be finalized in January 29, 2013.

(Note 4) Sumitomo Mitsui Trust Bank, Limited. constitutes an interested party as set forth in the bylaws of the Asset Management Company.

2. Details of Repayment

(1) Rehabilitation Obligations (loans)

Lenders	Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., The Norinchukin Bank, Mitsubishi UFJ Trust and Banking Corporation Mizuho Trust & Banking Co., Ltd., Development Bank of Japan Inc. The Chiba Bank, Ltd., North Pacific Bank, Ltd.
Repayment Date (planned)	January 31, 2013
Maturity Date	January 31, 2013
Balance of Principal	¥14,478,100,833
Amount of Repayment	¥14,478,100,833
Interest Rate	Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 0.90%) (Variable interest rate)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(2) Rehabilitation Obligations (investment corporation bonds)

Bond Name	New City Residence Investment Corporation First Series Unsecured Investment Corporation Bonds
Redemption Date (planned)	January 31, 2013
Maturity Date	January 31, 2013
Balance of Principal	¥534,789,876
Amount of Redemption	¥534,789,876
Interest Rate	Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 0.90%) (Variable interest rate)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

3. Details of Prepayment

Rehabilitation Obligations (loans)

Lenders	Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation Mizuho Trust & Banking Co., Ltd., Development Bank of Japan Inc., The Chiba Bank, Ltd
Repayment Date (planned)	February 28, 2013
Maturity Date	January 31, 2014
Balance of Principal	¥14,478,100,833
Amount of Repayment	¥11,287,095,517
Interest Rate	Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 1.00%) (Variable interest rate)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(Note 1) As announced in the “Notice Concerning the Prepayment of the Rehabilitation Obligations (loans)” dated January 24, 2013, prepayment to North Pacific Bank, Ltd. is also planned, but the planned prepayment date is January 31, 2013.

4. Funds for the Repayment

The Repayment will be funded using Debt Financing announced today and cash on hand.

5. Future Prospects

The Debt Financing and 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.

6. 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 Debt Financing and Repayment as of January 2013 and February 2013

(1) Debt Financing

(Unit: million yen; rounded under million yen)

	Term loan VIII	Term loan IX	Development Bank of Japan -1	Total
Loan date (planned)	Jan. 31, 2013	1st drawdown date: Jan. 31, 2013 2nd drawdown date: Feb. 28, 2013	Jan. 31, 2013	-
Repayment date	Mar. 31, 2016	Jan. 31, 2020	Jan. 31, 2020	-
Loan amount	7,600	1st drawdown date 6,200 2nd drawdown date 11,210 (subtotal) 17,410	1,500	26,510

(2) Repayment of the Rehabilitation Obligations

(Unit: million yen; rounded under million yen)

	January 31, 2013 Repayment term 3 years	January 31, 2014 Repayment term 4 years	January 30, 2015 Repayment term 5 years	Total
Balance of Principal	15,012	15,012	15,013	45,039
Repayment amount as of January 31, 2013	15,012	(Note 1) 151	(Note 1) 151	15,316
as of February 28, 2013	-	11,287	-	11,287
Total repayment amount	15,012	11,439	151	26,603
[Balance after repayment]	[0]	[3,573]	[14,861]	[18,435]

(Note 1) Decrease attributable to the prepayment announced January 24, 2013.

(3) Rehabilitation Obligations after the repayment

(Unit: yen)

Lenders	January 31, 2013 Repayment term 3 years	January 31, 2014 Repayment term 4 years	January 30, 2015 Repayment term 5 years	Total
Sumitomo Mitsui Trust Bank, Limited	0	0	3,218,197,459	3,218,197,459
The Norinchukin Bank	0	3,039,055,695	3,039,249,336	6,078,305,031
Aozora Bank, Ltd	0	0	2,353,296,932	2,353,296,932
Sumitomo Mitsui Banking Corporation	0	0	1,883,981,158	1,883,981,158
Mizuho Corporate Bank, Ltd	0	0	1,215,563,724	1,215,563,724
Mizuho Trust & Banking Co., Ltd	0	0	914,765,972	914,765,972
Development Bank of Japan Inc	0	0	516,699,909	516,699,909
Mitsubishi UFJ Trust and Banking Corporation	0	0	455,846,686	455,846,686
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0	0	425,564,505	425,564,505
The Chiba Bank, Ltd	0	0	303,898,370	303,898,370
North Pacific Bank, Ltd.	0	0	0	0
Rehabilitation obligations (investment corporation bonds)	0	534,789,876	534,823,910	1,069,613,786
Total	0	3,573,845,571	14,861,887,961	18,435,733,532

(4) Status of Balance of Interest-bearing Liabilities after the Repayment and Prepayment

(Unit: million yen; rounded under million yen)

		As of Dec. 28, 2012	As of Jan. 31, 2013 (planned)	As of Feb. 28, 2013 (planned)	Increase (Decrease) (Note 2)
Short-term loans (Note 1)	Commitment Line I-4	3,800	3,800	3,800	-
Long-term loans (Note 1)	Term loan III	10,500	10,500	10,500	-
	Term loan IV	31,800	31,800	31,800	-
	Resona Bank-1	1,095	1,095	1,095	-
	Term loan V	7,000	7,000	7,000	-
	Term loan VI	7,000	7,000	7,000	-
	The Bank of Tokyo-Mitsubishi UFJ-1	4,000	4,000	4,000	-
	Term loan VII	12,400	12,400	12,400	-
	Term loan VIII	-	7,600	7,600	(Note 3) 7,600
	Term loan IX	-	6,200	17,410	(Note 3) 17,410
	Development Bank of Japan-1	-	1,500	1,500	(Note 3) 1,500
Total loans		77,595	92,895	104,105	26,510
Investment corporation bonds		3,000	3,000	3,000	-
Rehabilitation obligations (loans)	3 years	14,478	-	-	(Note 4) (14,478)
	4 years	14,478	14,326	3,039	(Note 5) (11,439)
	5 years	14,479	14,327	14,327	(Note 6) (151)
Total rehabilitation obligations (loans)		43,435	28,653	17,366	(26,069)
Rehabilitation obligations (investment corporation bonds)	3 years	534	-	-	(Note 4) (534)
	4 years	534	534	534	-
	5 years	534	534	534	-
Total rehabilitation obligations (investment corporation bonds)		1,604	1,069	1,069	(534)
Total interest-bearing liabilities		125,634	125,617	125,540	(93)

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- (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) Comparison between before the repayment (as of December 28, 2012) and after the prepayment (February 28, 2013).
- (Note 3) Increase attributable to the debt financing announced today.
- (Note 4) Decrease attributable to the repayment announced today.
- (Note 5) Decrease attributable to the prepayment announced today and January 24, 2013.
- (Note 6) Decrease attributable to the prepayment announced January 24, 2013.

* 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/>