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For Immediate Release

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Notice Concerning Debt Financing

Daiwa House Residential Investment Corporation (“DHI”) announces its decision to undertake debt financing. The details are as follows:

1. Details of Debt Financing

Debt financing based on Commitment Line Agreement on September 5, 2011

Commitment Line I-5	
Use	Funds for acquisition of trust beneficiary rights and related expenses (Note 1)
Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited (Note 2) and Mizuho Bank, Ltd.
Amount	¥7,000,000,000
Interest Rate (Note 3)	Basic interest rate (Japanese Bankers Association 1month yen TIBOR + 0.80%) (Variable interest rate)
Loan Date (planned)	September 27, 2013
Repayment date	September 26, 2014 (or last business day of the months)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(Note 1) Please refer to the press release “Notice Concerning the Proposed Acquisition of Trust Beneficiary Rights in Real Estate” announced today.

(Note 2) Sumitomo Mitsui Trust Bank, Limited, constitutes 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.

(Note 3) Interest payment dates are last business day of every months, and the principal repayment date (or last business day of the month).

JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date (first interest payment date: execution date of debt financing) 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.

2. Future Prospects

For operation status forecasts for the fiscal period ending in February 28, 2014 (16th Fiscal Period: from September 1, 2013 to February 28, 2014) and August 31, 2014 (17th Fiscal Period: from March 1, 2014 to August 31, 2014) that take the Debt Financing into account are currently being assessed and will be announced once determined. Kessan Tanshin for the 15th Fiscal Period will be announced on October 10, 2013.

3. Other

For the risks concerning Debt Financing etc., there are no significant changes from the security registration statement (submitted on May 24, 2013).

[Reference]

Status of Balance of Loans after the Debt Financing (planned)

(Unit: million yen; rounded under million yen)

		Before the Debt Financing (as of August 30, 2013)	After the Debt Financing (as of September 27, 2013)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-5	–	7,000	7,000 (Note 2)
	Term loan III	10,500	10,500	–
Long-term loans (Note 1)	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	–
	Term loan VIII	7,600	7,600	–
	Term loan IX	17,410	17,410	–
	Development Bank of Japan Inc-1	1,500	1,500	–
Total loans		100,305	107,305	7,000
Investment corporation bonds		3,000	3,000	–
Current portion of rehabilitation debt (loans)		3,039	3,039	–
Rehabilitation obligations (loans)		14,327	14,327	–
Current portion of rehabilitation debt (investment corporation bonds)		534	534	–
Rehabilitation obligations (investment corporation bonds)		534	534	–
Total interest-bearing liabilities		121,740	128,740	7,000

(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) Amount of increase attributable to the debt financing announced today.

* This press release (original Japanese version) 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://daiwhouse-resi-reit.co.jp/eng/>