

JCR Affirmed AA-/Stable Long-term Issuer Rating and AA- Rating on Bonds of Daiwa House Residential Investment Corporation

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Rationale

Daiwa House Residential Investment Corporation ("DHI") is a J-REIT that primarily invests in residential properties. Its asset management company, Daiwa House Asset Management Co., Ltd., is owned by Daiwa House Industry Co., Ltd.

DHI's portfolio consists of 133 properties with total acquisition price of 231.3 billion yen. Its asset size has expanded significantly by merger with New City Residence Investment Corporation. Since then it has been promoting improvement in profitability by replacing properties. DHI maintains a high level of occupancy rate of the portfolio that exceeds 95% and also a relatively stable rent level. Collaboration with Daiwa House Group promotes expansion in asset size and internal growth of DHI, and DHI maintains a stable residential property lease business.

It achieved steady progress in making payment periods of interest-bearing debt longer, changing the debts into the debts with fixed interest rates and cutting financial expenses. As a result, its financial base is more stable than before. It also controls LTV within the scope of the limit on an ongoing basis by implementing public offerings.

Shigeo Sugiyama, Takanori Akiyama

Rating

Issuer: Daiwa House Residential Investment Corporation (security code: 8984)

<Affirmation>

Long-term Issuer Rating: AA-	Outlook: Stable				
Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
bonds no.1	Y3	Mar. 9, 2012	Mar. 9, 2017	1.12%	AA-

Rating Assignment Date: November 8, 2013

Outline of methodology for determination of the credit rating is shown as "J-REIT" (July 1, 2013) in Structured Finance, Rating Methodology on JCR's website (<http://www.jcr.co.jp/english/>).

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