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For Immediate Release

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**Notice Concerning Debt Financing and Retirement by Purchase of
Rehabilitation Obligations (Investment Corporation Bonds)**

Daiwa House Residential Investment Corporation (“DHI”) announces its decision to undertake debt financing and retirement by purchase of the rehabilitation obligations (investment corporation bonds) (the “Retirement by Purchase”). The details are as follows:

1. Details of Debt Financing

(1) Term Loan Agreement (Syndication)

| Term Loan V | |
|------------------------|--|
| Use | Funds for retirement by purchase of the rehabilitation obligations (investment corporation bonds) and repayment of the rehabilitation obligations (loans) (Note 2) |
| Lenders | Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Shinkin Central Bank |
| Amount | ¥7,000,000,000 |
| Interest Rate (Note 1) | Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 0.60%) (Variable interest rate) |
| Loan Date (planned) | March 27, 2012 |
| Interest Payment Date | First payment on the last day of June 2012 (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 | March 31, 2017 (or last business day of the months) |
| Repayment method | Principal repayment in full on the maturity date |
| Collateral | Unsecured, Unguaranteed |

| Term Loan VI | |
|------------------------|--|
| Use | Funds for retirement by purchase of the rehabilitation obligations (investment corporation bonds) and repayment of the rehabilitation obligations (loans) (Note 2) |
| Lenders | Mizuho Corporate Bank, Ltd., The Chuo Mitsui Trust and Banking Co., Ltd. (Note 4) and Mizuho Trust & Banking Co., Ltd. |
| Amount | ¥7,000,000,000 |
| Interest Rate (Note 1) | Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 0.60%) (Variable interest rate) |
| Loan Date (planned) | March 27, 2012 |
| Interest Payment Date | First payment on the last day of June 2012 (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 | March 31, 2017 (or last business day of the months) |
| Repayment method | Principal repayment in full on the maturity date |
| Collateral | Unsecured, Unguaranteed |

(2) Term Loan Agreement (Negotiated)

| | |
|--|--|
| Use | Funds for retirement by purchase of the rehabilitation obligations (investment corporation bonds) and repayment of the rehabilitation obligations (loans) (Note 2) |
| Lenders | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| Amount | ¥4,000,000,000 |
| Interest Rate (Fixed interest rate) | TBD (Note 3) |
| Loan Date (planned) | March 27, 2012 |
| Interest Payment Date | First payment on the last day of June 2012 (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 | March 27, 2019 (or last business day of the months) |
| Repayment method | Principal repayment in full on the maturity date |
| Collateral | Unsecured, Unguaranteed |

(Note 1) Interest payment dates are last business day of each months, and the principal repayment date (or last business day of the month).

JBA 3 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 “Details of the Retirement by Purchase” below.

(Note 3) Interest Rate will be announced on March 23, 2012.

(Note 4) The Chuo Mitsui Trust and Banking Co., Ltd., constitutes an interested party as set forth in the bylaws of the Asset Management Company.

2. Details of the Retirement by Purchase

Details of the Rehabilitation Obligations (investment corporation bonds) to be Retired by Purchase

< Retired by Purchase planned on March 27, 2012 (Total: 20,072,270,427 yen) >

New City Residence Investment Corporation First Series Unsecured Investment Corporation Bonds

- | | |
|---------------------------------------|--------------------|
| (a) Balance of principal: | 12,835,229,296 yen |
| (b) Amount of retirement by purchase: | 11,042,072,262 yen |



- (c) Balance of principal after retirement by purchase: 1,793,157,034 yen
(balance after deduction of (b) above from (a) above)

New City Residence Investment Corporation Second Series Unsecured Investment Corporation Bonds

- (a) Balance of principal: 7,126,405,425 yen
(b) Amount of retirement by purchase: 7,126,405,425 yen

New City Residence Investment Corporation Third Series Unsecured Investment Corporation Bonds

- (a) Balance of principal: 1,903,792,740 yen
(b) Amount of retirement by purchase: 1,903,792,740 yen

< Retired by Purchase planned on April 12, 2012 (Total: 188,753,372 yen) >

New City Residence Investment Corporation First Series Unsecured Investment Corporation Bonds

- (a) Balance of principal: 1,793,157,034 yen
(b) Amount of retirement by purchase: 188,753,372 yen
(c) Balance of principal after retirement by purchase: 1,604,403,662 yen
(balance after deduction of (b) above from (a) above)

3. Funds for the Retired by Purchase

The Retired by Purchase will be funded using debt financing announced above and cash on hand.

4. Future Prospects

For operation status forecasts for the fiscal period ending in August 31, 2012 (13th Fiscal Period: from March 1, 2012 to August 31, 2012) that take the Debt Financing and Retired by Purchase into account are currently being assessed and will be announced on April 10, 2012.

5. Other

For the risks concerning Debt Financing etc., there are no significant changes from the security registration statement (submitted on November 25, 2011).

[Reference]

Status of Balance of Loans after the Debt Financing and Retired by Purchase

(Unit: million yen; rounded under million yen)

| | | Before the Retired by Purchase (as of Feb. 29, 2012) | After the Retired by Purchase (as of April 12, 2012) | Increase (Decrease) |
|--|---|---|---|------------------------|
| Short-term loans | Commitment Line I-1 | 3,200 | — | (3,200) (Note 2) |
| | Commitment Line I-2 | — | 3,200 | 3,200 (Note 3) |
| Long-term loans | Term loan I | 12,519 | 12,496 | (23) (Note 4) |
| | Term loan III | 10,500 | 10,500 | — |
| | Term loan IV | 31,800 | 31,800 | — |
| | Resona Bank-1 | — | 1,095 | 1,095 (Note 3) |
| | Term loan V | — | 7,000 | 7,000 (Note 5) |
| | Term loan VI | — | 7,000 | 7,000 (Note 5) |
| | The Bank of Tokyo-Mitsubis hi UFJ-1 | — | 4,000 | 4,000 (Note 5) |
| Total loans | | 58,019 | 77,091 | 19,072 |
| Investment corporation bonds | | — | 3,000 | 3,000 (Note 6) |
| Rehabilitation obligations (loans) | | 45,441 | 43,435 | (2,005) (Note 2) |
| Rehabilitation obligations (investment corporation bonds) | | 21,865 | 1,604 | (20,261) (Note 7) |
| Total interest-bearing liabilities | | 125,325 | 125,130 | (194) |

(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) Please refer to the press release “Notice Concerning the Prepayment of the Rehabilitation Obligations (loans) and Loans” announced on March 9, 2012 and “Notice Concerning the Partial Prepayment of the Rehabilitation Obligations (loans)” announced on March 19, 2012.

(Note 3) Please refer to the press release “Notice Concerning Debt Financing” announced today.

(Note 4) Decrease attributable to the contractual repayment planned on March 30, 2012.

(Note 5) Increase attributable to the debt financing announced today.

(Note 6) Please refer to the press release “Notice Concerning Issue of Investment Corporation Bonds” announced on March 2, 2012.

(Note 7) Decrease attributable to the Retired by Purchase announced today.

* 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/>