



June 7, 2012

For Immediate Release

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Notice Concerning Signing of Interest Rate Swap Agreement

Daiwa House Residential Investment Corporation (“DHI”) announces its decision to enter into interest rate swap agreement. The details are as follows:

1. Reason for entering into Interest Rate Swap Agreements

To hedge the risk of interest rate fluctuations of variable rate loan (Note) (Term Loan V, Term Loan VI) that executed on March 27, 2012.

(Note) Please refer to the press release “Notice Concerning Debt Financing and Retirement by Purchase of Rehabilitation Obligations (Investment Corporation Bonds)” announced on March 21, 2012.

2. Overview of Interest Rate Swap Agreement

(1) Term Loan V

Counterparty	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
Notional principal	¥7,000,000,000	
Interest rate	Fixed interest payable	0.425%
	Variable interest receivable	3 month Japanese Yen TIBOR
Effective date	June 29, 2012	
Termination date	March 31, 2017	

Interest payment dates	First payment on the last day of September 2012 (or last business day of the months). Subsequent payment on the last day of March, June, September and December (or last business day of the respective months) and the end of the contract which is March 31, 2017.
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Because of the aforementioned agreements, the interest rates applicable from June 29, 2012 and thereafter for the Term Loan V will be in effect fixed at 1.025%.

(2) Term Loan VI

Counterparty	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Notional principal	¥7,000,000,000
Interest rate	Fixed interest payable 0.425% Variable interest receivable 3 month Japanese Yen TIBOR
Effective date	June 29, 2012
Termination date	March 31, 2017
Interest payment dates	First payment on the last day of September 2012 (or last business day of the months). Subsequent payment on the last day of March, June, September and December (or last business day of the respective months) and the end of the contract which is March 31, 2017.

Because of the aforementioned agreements, the interest rates applicable from June 29, 2012 and thereafter for the Term Loan VI will be in effect fixed at 1.025%.

* 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/>