Daiwa House Residential Investment Corporation

June 15, 2012

For Immediate Release

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Notice Concerning the Partial Prepayment of the Loans

Daiwa House Residential Investment Corporation ("DHI") announces its decision to undertake the partial prepayment of the loans. The details are as follows:

1. Details of Prepayment of the Loans

Short-term Loans (Debt Financing based on Commitment Line Agreement on September 5, 2011)

Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited (Note 1) Mizuho Corporate Bank, Ltd.
Loan Amount	¥3,200,000,000
Amount of Repayment	¥1,000,000,000 (partial repayment)
Prepayment Date (planned)	June 29, 2012
Interest Rate	1.08% (Variable interest rate) (from June 1, 2012 to June 29, 2012)
Loan Date	March 28, 2012
Repayment Date	March 27, 2013
Repayment Method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(Note 1) Sumitomo Mitsui Trust Bank, Limited, constitutes an interested party as set forth in the bylaws of the Asset Management Company.

This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. DHI makes no warranties as to its accuracy or completeness.

2. Funds for the Repayment

The Repayment will be funded using cash on hand.

3. Future Prospects

The Repayment will have only a minor impact on operating status forecasts for the 13th Fiscal Period (from March 1, 2012 to August 31, 2012) and 14th Fiscal Period (from September 1, 2012 to February 28, 2013), there is no revision to the operating status forecasts.

4. Other

For the risks concerning Repayment etc., there are no significant changes from the security registration statement (submitted on May 25, 2012).

[Reference]

Status of Balance of Interest-bearing Liabilities after the Prepayment

(Unit: million yen; rounded under million yen)

		Before the Repayment (as of May 31, 2012)	After the Repayment (as of June 29, 2012)	Increase (Decrease)
Short-term loans	Commitment Line I-2	3,200	2,200	(1,000) (Note 2)
Long-term loans	Term loan I	12,496	12,473	(23) (Note 3)
	Term loan III	10,500	10,500	–
	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	–
Total loans		77,091	76,068	(1,023)
Investment corporation bonds		3,000	3,000	–
Rehabilitation obligations (loans)		43,435	43,435	–
Rehabilitation obligations (investment corporation bonds)		1,604	1,604	–
Total interest-bearing liabilities		125,130	124,107	(1,023)

(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) Decrease attributable to the prepayment announced today.
(Note 3) Decrease attributable to the repayment scheduled on June 29, 2012.

* 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/