

July 20, 2012

For Immediate Release

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Notice Concerning Debt Financing and Repayment of the Loans

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

1. Details of Debt Financing

Term Loan VII	
Use	Repayment of Term Loan I
Lenders	Sumitomo Mitsui Trust Bank, Limited (Note 1) Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Amount	¥12,400,000,000
Interest Rate (Variable interest rate)	Basic interest rate (Japanese Bankers Association 1month yen TIBOR + 0.45%) (Variable interest rate)
Loan Date	July 31, 2012
Interest Payment Date	First payment on the last day of August 2012 (or last business day of the months). Subsequent payment on the last day of each month (or last business day of the respective months).
Repayment date	July 31, 2017 (or last business day of the months)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured

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

2. Details of Repayment of the Loans

	Term Loan I
Lenders	Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Loan Amount (balance as of today)	¥12,473,000,000
Amount of Repayment	¥12,473,000,000 (full repayment)
Interest Rate (Variable interest rate)	Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 1.0%) (Variable interest rate)
Repayment date	July 31, 2012
Repayment Date (planned)	July 31, 2012
Collateral	Unsecured

3. Funds for the Repayment

The Repayment will be funded using Debt Financing announced today and cash on hand.

4. Future Prospects

There is no revision to the operating status forecasts concerning Debt Financing and Repayment of the Loans.

5. Other

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

[Reference]

Status of Balance of Interest-bearing Liabilities as of July 31, 2012 (planned)

(Unit: million yen; rounded under million yen)

		As of June 29, 2012	As of July 31, 2012 (planned)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-2	2,200	1,000	(1,200) (Note 2)
Long-term loans (Note 1)	Term loan I	12,473	—	(12,473) (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	—
	Term loan VII	—	12,400	12,400 (Note 4)
Total loans		76,068	74,795	(1,273)

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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	124,107	122,834	(1,273)

(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 Partial Prepayment of the Loans” announced on July 17, 2012.

(Note 3) Decrease attributable to the repayment announced today.

(Note 4) Increase attributable to the debt financing 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/>