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**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 VII) that will execute on July 31, 2012.

(Note) Please refer to the press release “Notice Concerning Debt Financing and Repayment of the Loans” announced on July 20, 2012.

2. Overview of Interest Rate Swap Agreement

Counterparty	Daiwa Securities Co. Ltd.		
Notional principal	¥12,400,000,000		
Interest rate	Fixed interest payable	0.24536%	
	Variable interest receivable	1 month Japanese Yen TIBOR	
Effective date	July 31, 2012		
Termination date	July 31, 2017		
Interest payment dates	First payment on the last day of August 2012 (or last business day of the month). Subsequent payment on the last day of each month (or last business day of the respective months) and the end of the contract which is July 31, 2017.		

Because of the aforementioned agreements, the interest rates applicable from July 31, 2012 and thereafter for the Term Loan VII will be in effect fixed at 0.69536%.

\* 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/>