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**For Immediate Release**

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**Notice Concerning Debt Financing**

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

1. Details of Debt Financing

Debt financing based on Commitment Line Agreement on September 5, 2011

Commitment Line I-3	
Use	Funds for acquisition of trust beneficiary rights and related expenses (Note 1)
Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited (Note 2) and Mizuho Corporate Bank, Ltd.
Amount	¥1,300,000,000
Interest Rate (Note 3)	Basic interest rate (Japanese Bankers Association 1month yen TIBOR + 0.90%) (Variable interest rate)
Loan Date (planned)	September 3, 2012
Repayment date	September 2, 2013 (or last business day of the months)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(Note 1) Please refer to the press release “Notice Concerning the Proposed Acquisition of Trust Beneficiary Rights in Real Estate” announced today.

(Note 2) Sumitomo Mitsui Trust Bank, Limited, constitutes an interested party as set forth in the bylaws of the Asset Management Company.

(Note 3) Interest payment dates are last business day of every months, and the principal repayment date (or last business day of the month).

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JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be used 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.

## 2. Future Prospects

For operation status forecasts for the fiscal period ending in February 28, 2013 (14th Fiscal Period: from September 1, 2012 to February 28, 2013) and August 31, 2013 (15th Fiscal Period: from March 1, 2013 to August 31, 2013) that take the Debt Financing into account are currently being assessed and will be announced in Kessan Tanshin for the 13th Fiscal Period on October 11, 2012.

## 3. 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 Loans after the Debt Financing (planned)

(Unit: million yen; rounded under million yen)

		Before the Debt Financing (as of August 31, 2012)	After the Debt Financing (as of September 3, 2012)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-3	—	1,300	1,300 (Note 2)
Long-term loans (Note 1)	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	—
Total loans		73,795	75,095	1,300
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		121,834	123,134	1,300

(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) 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/>

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