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For Immediate Release

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Notice Concerning the Prepayment of the Loans

Daiwa House Residential Investment Corporation (“DHI”) announces its decision to undertake the 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	¥1,300,000,000
Amount of Repayment	¥1,300,000,000 (full repayment)
Prepayment Date (planned)	October 31, 2012
Interest Rate	1.08% (Variable interest rate) (from September 29, 2012 to October 31, 2012)
Loan Date	September 3, 2012
Repayment Date	September 2, 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.

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 14th Fiscal Period (from September 1, 2012 to February 28, 2013) and 15th Fiscal Period (from March 1, 2013 to August 31, 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 September 28, 2012)	After the Repayment (as of October 31, 2012)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-3	1,300	0	(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		75,095	73,795	(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		123,134	121,834	(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) Decrease attributable to the prepayment announced today.

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* URL of the DHI's website: <http://daiwahouse-resi-reit.co.jp/eng/>