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**For Immediate Release**

Investment Corporation:  
Daiwa House Residential Investment Corporation  
7th Floor, Nissei Nagatacho Building  
2-4-8 Nagatacho, Chiyoda-ku, Tokyo  
Michio Taki, Executive Director  
(Code Number: 8984)

Asset Manager:  
Daiwa House Asset Management Co., Ltd.  
Yuji Yamada, CEO & President  
Inquiries:  
Hirotaka Uruma, CFO & Director  
Finance & Corporate Planning Department  
TEL: +81-3-3595-1265

**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-4	
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	¥3,800,000,000
Interest Rate (Note 3)	Basic interest rate (Japanese Bankers Association 1 month yen TIBOR + 0.80%) (Variable interest rate)
Loan Date (planned)	November 29, 2012
Repayment date	November 28, 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).

JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be use as the base rate to calculate the applicable interest rate for the current calculation period.

*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.*

Please refer to JBA website (<http://www.zenginkyo.or.jp/en/tibor/>) for the yen TIBOR.

## 2. Future Prospects

The Debt Financing will have only a minor impact on operating 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), there is no revision to the operating status forecasts.

## 3. Other

For the risks concerning Debt Financing etc., please refer to the the security registration statement submitted today.

[Reference]

Status of Balance of Loans after the Debt Financing (planned)

(Unit: million yen; rounded under million yen)

		Before the Debt Financing (as of October 31, 2012)	After the Debt Financing (as of November 29, 2012)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-4	—	3,800	3,800 (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	77,595	3,800
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	125,634	3,800

(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/>