

January 16, 2015

For Immediate Release

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Notice Concerning Issue of Investment Corporation Bonds

Daiwa House Residential Investment Corporation (“DHI”) announces its decision today to issue investment corporation bonds based on the comprehensive resolution to issue investment corporation bonds passed at a meeting of the board of directors of DHI held on December 19, 2014 (the “DHI Bonds”).

1. Overview of Investment Corporation Bonds

【6-year bonds】

(1) Name of Investment Corporation Bonds

Daiwa House Residential Investment Corporation No. 2 Unsecured Investment Corporation Bonds
(with special pari passu conditions among specified DHI Bonds)

(2) Aggregate Amount of Investment Corporation Bonds

¥3,000,000,000

(3) Form of Certificates

Under the applicable Act on Book-Entry Transfer of Company Bonds, Shares, etc., no bond certificates for No. 2 DHI Bonds will be issued.

(4) Issue Price

¥100 per par value of ¥100 of each bond

(5) Redemption Price

¥100 per par value of ¥100 of each bond

- (6) Interest Rate
0.350% per annum
- (7) Denomination of Each Bond
¥100,000,000
- (8) Offering Method
Public Offering
- (9) Application Period
January 16 (Friday), 2015
- (10) Payment Date
January 22 (Thursday), 2015
- (11) Security
No security or guarantee shall be created on any DHI Bonds and no fund shall be reserved specifically for the DHI Bonds.
- (12) Method of Redemption and Maturity
 - ①The entire principal of DHI Bonds shall be redeemed on January 22, 2021.
 - ②The DHI Bonds may be purchased and cancelled at any time on and after the date following the payment date unless otherwise stipulated by the depository.
 - ③If the redemption date is a bank holiday in Japan, DHI accelerate redemption the immediately previous business day.
- (13) Interest Payment Date
January 22 and July 22 of every year.
(or the immediately previous business day if such day is a bank holiday in Japan)
- (14) Financial Covenants
The “Negative pledge” is applicable to the DHI Bonds.
- (15) Ratings
Japan Credit Rating Agency, Ltd. (JCR) (AA-)
- (16) Depositary Trust Company
Japan Securities Depository Center, Inc.
- (17) Fiscal Agent, Issuing Agent and Paying Agent
Sumitomo Mitsui Trust Bank, Limited
- (18) Arrangers for Underwriting Securities Companies
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd., and Daiwa Securities Co. Ltd.

【10-year bonds】

- (1) Name of Investment Corporation Bonds
Daiwa House Residential Investment Corporation No. 3 Unsecured Investment Corporation Bonds
(with special pari passu conditions among specified DHI Bonds)
- (2) Aggregate Amount of Investment Corporation Bonds
¥3,000,000,000
- (3) Form of Certificates
Under the applicable Act on Book-Entry Transfer of Company Bonds, Shares, etc., no bond certificates for No. 3 DHI Bonds will be issued.
- (4) Issue Price
¥100 per par value of ¥100 of each bond
- (5) Redemption Price
¥100 per par value of ¥100 of each bond
- (6) Interest Rate
0.670% per annum
- (7) Denomination of Each Bond
¥100,000,000
- (8) Offering Method
Public Offering
- (9) Application Period
January 16 (Friday), 2015
- (10) Payment Date
January 22 (Thursday), 2015
- (11) Security
No security or guarantee shall be created on any DHI Bonds and no fund shall be reserved specifically for the DHI Bonds.
- (12) Method of Redemption and Maturity
 - ①The entire principal of DHI Bonds shall be redeemed on January 22, 2025.
 - ②The DHI Bonds may be purchased and cancelled at any time on and after the date following the payment date unless otherwise stipulated by the depository.
 - ③If the redemption date is a bank holiday in Japan, DHI accelerate redemption the immediately previous business day.
- (13) Interest Payment Date
January 22 and July 22 of every year.

(or the immediately previous business day if such day is a bank holiday in Japan)

(14) Financial Covenants

The “Negative pledge” is applicable to the DHI Bonds.

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(17) Fiscal Agent, Issuing Agent and Paying Agent

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(18) Arrangers for Underwriting Securities Companies

Daiwa Securities Co. Ltd., SMBC Nikko Securities Inc., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2. Purpose of Issuance

The DHI Bonds are being issued for the purpose of staggering maturities and extending loan terms of interest-bearing liabilities and diversifying financing sources by using the proceeds from issuing the DHI Bonds to fund part of payment of existing rehabilitation obligations (loans) and rehabilitation obligations (investment corporation bonds).

3. Amount, Use and Scheduled Expenditure Date of Proceeds

(1) Amount (estimated net proceeds)

¥5,955,000,000

(2) Specific Use and Scheduled Expenditure Date of Proceeds

The proceeds will be used to fund part of payment of rehabilitation obligations (loans) and rehabilitation obligations (investment corporation bonds) scheduled for January 30, 2015.

4. Status of Balance of Interest-bearing Liabilities after the Issue of the Investment Corporation Bonds

(Unit: million yen; rounded under million yen)

	Before the issuance (as of January 16, 2015)	After the issuance (planned) (as of January 22, 2015)	Increase (Decrease)
Short-term loans (Note 1)	800	800	—
Long-term loans (Note 1)	103,805	103,805	—
Total loans	104,605	104,605	—
Investment corporation bonds	3,000	9,000	6,000 (Note 2)
Rehabilitation obligations (loans) Maturity Date: January 30, 2015	14,327	14,327	—
Rehabilitation obligations (investment corporation bonds) Maturity Date: January 30, 2015	534	534	—

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Total rehabilitation obligations	14,861	14,861	—
Total interest-bearing liabilities	122,466	128,466	6,000 (Note 2)

(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 issue of investment corporation bonds announced today.

5. Other

For the risks concerning redemption of the DHI Bonds etc., there are no significant changes from the security registration statement (submitted on November 21, 2014).

* This press release (original Japanese version) 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/>