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For Immediate Release

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**Notice Concerning Debt Financing and
the Repayment of the Rehabilitation Obligations**

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

1. Details of Debt Financing

(1) Term Loan Agreement (Syndication)

Term Loan X	
Use	Repayment of the rehabilitation obligations (loans and investment corporation bonds)
Lenders	Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited (Note 2), The Norinchukin Bank, Aozora Bank, Ltd., Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Chiba Bank, Ltd.
Amount	¥6,858,000,000
Interest Rate (Variable interest rate) (Note 1)	Basic interest rate (Japanese Bankers Association 1 month yen TIBOR + 0.30%) (Variable interest rate)
Loan Date (planned)	January 30, 2015
Interest Payment Date	First payment on the last day of February 2015 (or last business day of the months). Subsequent payment on the last day of respective months and maturity date (or last business day of the respective months).
Repayment date	January 31, 2022 (or last business day of the months)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(2) Term Loan Agreement (Negotiated)

Use	Repayment of the rehabilitation obligations (loans and investment corporation bonds)
Lenders	Development Bank of Japan Inc.
Amount	¥2,000,000,000
Interest Rate (Fixed interest rate)	TBD (Note 3)
Loan Date (planned)	January 30, 2015
Interest Payment Date	First payment on the last day of March 2015 (or last business day of the months). Subsequent payment on the last day of March, June, September and December and maturity date (or last business day of the respective months).
Repayment date	January 31, 2024 (or last business day of the months)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(Note 1) 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.

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

(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 Rate will be announced on January 28, 2015.

2. Details of Repayment

(1) Rehabilitation Obligations (loans)

Lenders	Sumitomo Mitsui Trust Bank, Limited, Norinchukin Bank, The Aozora Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Development Bank of Japan Inc., Mitsubishi UFJ Trust and Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and The Chiba Bank, Ltd.
Repayment Date (planned)	January 30, 2015
Maturity Date	January 30, 2015
Balance of Principal	¥14,327,064,051
Amount of Repayment	¥14,327,064,051
Interest Rate	1.72553% (Fixed interest rate)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

(2) Rehabilitation Obligations (investment corporation bonds)

Bond Name	New City Residence Investment Corporation First Series Unsecured Investment Corporation Bonds
Redemption Date (planned)	January 30, 2015
Maturity Date	January 30, 2015
Balance of Principal	¥534,823,910
Amount of Redemption	¥534,823,910
Interest Rate	1.72553% (Fixed interest rate)
Repayment method	Principal repayment in full on the maturity date
Collateral	Unsecured, Unguaranteed

3. Funds for the Repayment

The Repayment will be funded using Debt Financing announced today, funds from issuance of investment corporation bonds announced January 16, 2015 and cash on hand.

4. Future Prospects

The Debt Financing and Repayment will have only a minor impact on operating status forecasts for the fiscal period ending in February 28, 2015 (18th Fiscal Period: from September 1, 2014 to February 28, 2015) and August 31, 2015 (19th Fiscal Period: from March 1, 2015 to August 31, 2015), there is no revision to the operating status forecasts.

5. Other

For the risks concerning Debt Financing and Repayment etc., there are no significant changes from the security registration statement (submitted on November 21, 2014).

[Reference]

Status of Balance of Interest-bearing Liabilities after Debt Financing and the Repayment (planned)

(Unit: million yen; rounded under million yen)

		Before Debt Financing and the Repayment (as of January 23, 2015)	After Debt Financing and the Repayment (planned) (as of January 30, 2015)	Increase (Decrease)
Short-term loans (Note 1)	Commitment Line I-7	800	800	—
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	—
	Term loan VIII	7,600	7,600	—
	Term loan IX	17,410	17,410	—
	Development Bank of Japan Inc.-1	1,500	1,500	—
	The Norinchukin Bank-1	3,500	3,500	—
	Term loan X	—	6,858	6,858 (Note 2)
	Development Bank of Japan Inc.-2	—	2,000	2,000 (Note 2)
Total loans		104,605	113,463	8,858
Investment corporation bonds		9,000	9,000	—
Rehabilitation obligations (loans)		14,327	—	(14,327) (Note 3)
Rehabilitation obligations (investment corporation bonds)		534	—	(534) (Note 3)
Total rehabilitation obligations		14,861	—	(14,861)
Total interest-bearing liabilities		128,466	122,463	(6,003)

(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 debt financing announced today.

(Note 3) Decrease attributable to the repayment announced today.

* This press release is (original Japanese version) 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/>