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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
Jiro Kawanishi, Executive Director
(Code Number: 8984)

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

Notice Concerning Signing of Interest Rate Swap Agreement

Daiwa House Residential Investment Corporation (“DHI”) announces its decision to enter into interest rate swap agreement. The details are as follows:

1. Reason for entering into Interest Rate Swap Agreements

To hedge the risk of interest rate fluctuations of variable rate loan (Note) (Term Loan XII) that will execute on December 28, 2015.

(Note) Please refer to the press release “Notice Concerning Debt Financing and Repayment of the Loans” announced on December 18, 2015.

2. Overview of Interest Rate Swap Agreement

Counterparty	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
Notional principal	¥10,500,000,000		
Interest rate	Fixed interest payable	0.285%	
	Variable interest receivable	1 month Japanese Yen TIBOR	
Effective date	December 28, 2015		
Termination date	December 28, 2022		
Interest payment dates	First payment day: January 29, 2016. Subsequent payment on the last day of respective months (or last business day of the respective months) and the end of the contract which is December 28, 2022.		

Because of the aforementioned agreements, the interest rates applicable from December 28, 2015 and thereafter for the Term Loan XII will be in effect fixed at 0.585%.

* 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/>