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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 (Negotiated)

Use	Repayment of the rehabilitation obligations (loans and investment corporation bonds) (Note 2)
Lenders	The Norinchukin Bank
Amount	¥3,500,000,000
Interest Rate (Variable interest rate) (Note 1)	Basic interest rate (Japanese Bankers Association 1month yen TIBOR + 0.40%)
Loan Date (planned)	January 31, 2014
Interest Payment Date	First payment on the last day of February 2014 (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, 2021 (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) Please refer to the 2. “Details of Repayment” below.

2. Details of Repayment

(1) Rehabilitation Obligations (loans)

Lenders	The Norinchukin Bank
Repayment Date (planned)	January 31, 2014
Maturity Date	January 31, 2014
Balance of Principal	¥3,039,055,695
Amount of Repayment	¥3,039,055,695
Interest Rate	Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 1.00%) (Variable 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 31, 2014
Maturity Date	January 31, 2014
Balance of Principal	¥534,789,876
Amount of Redemption	¥534,789,876
Interest Rate	Basic interest rate (Japanese Bankers Association 3month yen TIBOR + 1.00%) (Variable 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 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, 2014 (16th Fiscal Period: from September 1, 2013 to February 28, 2014) and August 31, 2014 (17th Fiscal Period: from March 1, 2014 to August 31, 2014), there is no revision to the operating status forecasts.

5. Other

For the risks concerning Debt Financing etc., there are no significant changes from the security registration statement (submitted on November 25, 2013).

[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 December 30, 2013)	After Debt Financing and the Repayment (planned) (as of January 31, 2014)	Increase (Decrease)
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 (Note 2)
Total loans		100,305	103,805	3,500
Investment corporation bonds		3,000	3,000	—
Rehabilitation obligations (loans)	Maturity Date: Jan. 31, 2014	3,039	—	(3,039) (Note 3)
	Maturity Date: Jan. 30, 2015	14,327	14,327	—
Rehabilitation obligations (investment corporation bonds)	Maturity Date: Jan. 31, 2014	534	—	(534) (Note 3)
	Maturity Date: Jan. 30, 2015	534	534	—
Total rehabilitation obligations		18,435	14,861	(3,573)
Total interest-bearing liabilities		121,740	121,666	(73)

(Note 1) 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 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/>