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For Immediate Release

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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) (The Norinchukin Bank-1) that executed on January 31, 2014.

(Note) Please refer to the press release “Notice Concerning Debt Financing and the Repayment of the Rehabilitation Obligations” announced on January 24, 2014.

2. Overview of Interest Rate Swap Agreement

Counterparty	Sumitomo Mitsui Trust Bank, Limited (Note 1)	
Notional principal	¥3,500,000,000	
Interest rate (Note 2)	Fixed interest payable	0.49825%
	Variable interest receivable	1 month Japanese Yen TIBOR
Effective date	February 28, 2014	
Termination date	January 29, 2021	
Interest payment dates	First payment on the last day of March 2014 (or last business day of the months). 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 January 29, 2021.	

(Note 1) Sumitomo Mitsui Trust Bank, Limited constitute interested parties as set forth in the bylaws of the Asset Manager. Consequently, such transactions have undergone the procedures required by the Interested-Party Transaction

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.

Rules bylaws of the Asset Manager.

(Note 2) Because of the aforementioned agreements, the interest rates applicable from February 28, 2014 and thereafter for the The Norinchukin Bank-1 will be in effect fixed at 0.89825%.

* 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/>