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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  
Michio Taki, Executive Director  
(Code Number: 8984)

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

**Notice Concerning Revision of Operation Status Forecasts  
for the 15th Fiscal Period and 16th Fiscal Period**

Daiwa House Residential Investment Corporation (“DHI”) announces the following revision of operation status forecasts for the fiscal period ending in August 2013 (15th Fiscal Period: from March 1, 2013 to August 31, 2013) and the fiscal period ending in February 2014 (16th Fiscal Period: from September 1, 2013 to February 28, 2014) from that announced on April 11, 2013.

1. Reason for Announcement

DHI is announcing the revision of operation status forecasts for the fiscal period ending in August 2013 and February 2014 from that announced on April 11, 2013, as DHI has decided to acquire two properties today. (Note) Furthermore, as of today there are no changes to the distribution per unit forecasts for the fiscal period ending in August 2013 and February 2014.

(Note) Please refer to the press releases “Notice Concerning the Proposed Acquisition of Trust Beneficiary Rights in Real Estate” dated today.

## 2. Revision of Operation Status Forecasts for the 15th Fiscal Period and 16th Fiscal Period

### (1) Revision of Operation Status Forecasts for the 15th Fiscal Period

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution in excess of earnings per unit (yen)
15th Fiscal Period Previous forecasts (A)	7,903	3,599	2,705	2,705	8,300	—
15th Fiscal Period Revised forecasts (B)	7,946	3,606	2,726	2,726	8,300	—
Amount of increase (decrease) (B-A)	43	6	21	21	—	—
Rate of increase (decrease) (%)	0.5	0.2	0.8	0.8	—	—

(Note) Total distributions for the 15th fiscal period revised forecasts include the reversal of internal reserves (193 million yen).

### (2) Revision of Operation Status Forecasts for the 16th Fiscal Period

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution in excess of earnings per unit (yen)
16th Fiscal Period Previous forecasts (A)	7,941	3,671	2,852	2,852	8,300	—
16th Fiscal Period Revised forecasts (B)	8,050	3,716	2,898	2,898	8,300	—
Amount of increase (decrease) (B-A)	109	45	45	45	—	—
Rate of increase (decrease) (%)	1.4	1.2	1.6	1.6	—	—

(Note) Total distributions for the 16th fiscal period revised forecasts include the reversal of internal reserves (22 million yen).

#### [Reference]

Forecasted number of outstanding investment units for the 15th Fiscal Period: 351,870 units

Forecasted number of outstanding investment units for the 16th Fiscal Period: 351,870 units

#### [Note]

- (1) The above forecasts are the current operation status forecasts calculated based on the assumption in the attachment "Assumptions for Operating Forecasts of the 15th and 16th Fiscal Periods." Actual operating revenue, operating income, ordinary income, net income and distributions per unit may vary due to factors such as the future acquisition or sale of real estate, etc. changes in rent income due to changes in tenants, etc., unanticipated need for repairs, fluctuations in the real estate market, etc., fluctuations in interest rates, the actual decided number and issue value of new investment units to be issued, and changes in other conditions surrounding DHI. Moreover, these forecasts are not intended as a guarantee of distribution amount.
- (2) Figures for monetary amounts are rounded down to the nearest specified unit, the same hereafter.
- (3) The funds from which distributions are paid out for the 15th Fiscal Period as well as for the 16th Fiscal Period are the amounts including the reversal of internal reserves and differ from "net income."

**3. Basis for Calculation of Forecasts for Total Distributions and Distribution per Unit for the 15th Fiscal Period and 16th Fiscal Period**

**(1) Future Distribution Level**

DHI sets the near-term target distribution level at 8,300 yen as announced on April 11, 2013. Concerning distribution per unit for the 15th Fiscal Period and 16th Fiscal Period, DHI adopts the policy of implementing a reversal of part of internal reserves (reserve in preparation of distribution) and making this the source of funds, aside from net income, from which it will pay out the amount of distribution per unit over net income per unit. Based on this policy, total distributions and distribution per unit in the forecasts for the 15th Fiscal Period and 16th Fiscal Period are calculated by assuming such reversal of internal reserves (Note).

Please refer below for details such as the amount of reversal in the forecasts.

(Note)The target distribution level above is a benchmark for calculating the amount of reversal of internal reserves set by DHI and is not intended as a guarantee or promise of distributions in that amount.

**(2) Forecasts for the 15th Fiscal Period**

	Previous forecasts	Revised forecasts
Net income (net income per unit)	2,705 million yen (7,689 yen)	2,726 million yen (7,750 yen)
Reversal of reserve in preparation of distribution (reversal of reserve in preparation of distribution per unit)	214 million yen (611 yen)	193 million yen (550 yen)
Total distributions (distribution per unit)	2,920 million yen (8,300 yen)	2,920 million yen (8,300 yen)

**(3) Forecasts for the 16th Fiscal Period**

	Previous forecasts	Revised forecasts
Net income (net income per unit)	2,852 million yen (8,108 yen)	2,898 million yen (8,237 yen)
Reversal of reserve in preparation of distribution (reversal of reserve in preparation of distribution per unit)	67 million yen (192 yen)	22 million yen (63 yen)
Total distributions (distribution per unit)	2,920 million yen (8,300 yen)	2,920 million yen (8,300 yen)

\* 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/>

Assumptions for Operating Forecasts of the 15th and 16th Fiscal Periods

Item	Assumptions
Period	<ul style="list-style-type: none"> <li>• Fiscal period ending in August 2013: March 1, 2013 to August 31, 2013 (184 days)</li> <li>• Fiscal period ending in February 2014: September 1, 2013 to February 28, 2014 (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>• DHI owns 125 real estate and trust beneficiary rights in real estate ("real estate, etc.") as of today.</li> <li>• The acquisition of 2 properties to be acquired announced today will bring the total to 127 properties (assets under management). DHI assumes there will be no changes in portfolio composition (new property acquisitions or sale of acquired properties, etc.) from the 127 properties through to February 28, 2014.</li> <li>• The actual assets under management may vary as a result of changes in the portfolio composition, etc.</li> </ul>
Investment Units Issued and Outstanding	<ul style="list-style-type: none"> <li>• DHI assumes that a total number of 351,870 units will not change through to February 28, 2014.</li> </ul>
Operating Revenue	<ul style="list-style-type: none"> <li>• Operating revenue include rent income, common area charges income, parking space income, incidental revenue, utilities income, key money, etc. Each of these items is calculated based on historical data and future projections.</li> <li>• The fiscal period average of month-end occupancy rates is expected to be 96.0% for the 15th Fiscal Period and 96.0% for the 16th Fiscal Period.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• Operating expenses include management fees, utilities expenses, non-life insurance expenses, depreciation and amortization, trust compensations, repair expenses, etc. For property tax, urban planning tax and depreciative property tax, 425 million yen is forecast for the 15th Fiscal Period and 431 million yen is forecast for the 16th Fiscal Period. As for property tax and urban planning tax which are to be settled with the previous owner (previous beneficiary) according to the number of days owned in conjunction with the new acquisition of real estate, etc., they are calculated into the acquisition cost and are therefore not recorded as expense. Each of these items is calculated based on historical data and future projections.</li> <li>• Selling, general and administrative expenses are estimated based on actual values or rates, etc. of each item individually.</li> <li>• Depreciation and amortization is calculated based on the straight-line method. Depreciation and amortization is expected to be 1,523 million yen for the 15th Fiscal Periods and 1,538 million yen for the 16th Fiscal Periods.</li> </ul>
Balance of Interest-bearing Liabilities	<ul style="list-style-type: none"> <li>• DHI assumes the balance of interest-bearing liabilities as of June 21, 2013 of 121,740 million yen and assumes the following changes in this balance:           <ul style="list-style-type: none"> <li>– Refinancing in the same amount as the accompanying repayment upon maturity of about 3,573 million yen in rehabilitation obligations on the last day of January 2014.</li> </ul> </li> </ul> <p>DHI assumes that there will be no subsequent change in the balance of interest-bearing liabilities through to February 28, 2014.</p>
Non-operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses, etc. (including borrowing related expenses) are expected to be 830 million yen for the 15th Fiscal Period and 815 million yen for the 16th Fiscal Period.</li> <li>• Investment unit issuance costs are expected to be 46 million yen for the 15th Fiscal Period.</li> </ul>
Distribution per Unit	<ul style="list-style-type: none"> <li>• DHI assumes it will pay out distributions (distribution per unit) of no more than the amount of earnings pursuant to the cash distribution policy set forth in its Articles of Incorporation. Moreover, because DHI assumes it will implement a reversal of part of internal reserves and make this the source of funds, aside from net income, from which it will pay out the amount of distribution per unit over net income per unit to reach the 8,300 yen target distribution level (Note) it has set as of today, DHI assumes it will implement reversal of internal reserves (reserve in preparation of distribution) of 193 million yen for the 15th Fiscal Period and 22 million yen for the 16th Fiscal Period.</li> <li>• The amount of distributions per unit may vary due to factors such as acquisition or sale of real estate, etc., changes in rent income in conjunction with changes in tenants, etc., unanticipated need for repairs, fluctuations in the real estate market, etc., fluctuations in interest rates, the actual decided number and issue value of new investment units to be</li> </ul>

	issued, and changes in other conditions surrounding DHI.
Distribution in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• DHI does not currently anticipate distributions in excess of earnings per unit.</li> </ul>
Others	<ul style="list-style-type: none"> <li>• DHI assumes that there will be no amendments to laws and regulations, the taxation system, accounting standards, listing regulations, Investment Trusts Association rules, etc. that would affect the above forecasts.</li> <li>• DHI assumes that there will be no unforeseen material changes in general economic conditions, real estate market conditions, etc.</li> </ul>

(Note) The target distribution level above is a benchmark for calculating the amount of reversal of internal reserves set by DHI and is not intended as a guarantee or promise of distributions in that amount.