

October 9, 2014

FINANCIAL REPORT FOR THE SEVENTEENTH FISCAL PERIOD

(March 1, 2014 — August 31, 2014)

Daiwa House Residential Investment Corporation (“DHI”) is listed on the Tokyo Stock Exchange with the securities code number 8984. Representative person is Tetsuji Tada, Executive Director.

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Planned start of distribution payments: November 10, 2014

This financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures have been rounded down to eliminate amounts of less than one million yen.

1. PERFORMANCE FOR THE SEVENTEENTH FISCAL PERIOD

(1) Business Results

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Seventeenth Fiscal Period	¥8,578	3.1%	¥3,906	9.7%	¥3,082	14.0%
Sixteenth Fiscal Period	¥8,316	4.3%	¥3,559	(2.8%)	¥2,704	(2.7%)

(Millions of yen, Yen; %)

	Net Income (Millions of yen)	Percentage Change	Net Income per Unit (Yen)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
Seventeenth Fiscal Period	¥3,081	14.0%	¥8,241	2.8%	1.3%	35.9%
Sixteenth Fiscal Period	¥2,703	(2.7%)	¥7,373	2.5%	1.2%	32.5%

Notes:

- Seventeenth Fiscal Period: March 1, 2014 — August 31, 2014
 Sixteenth Fiscal Period: September 1, 2013 — February 28, 2014
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.

(2) Distributions

(Millions of yen; Yen; %)

	Distribution per Unit (Yen) Excluding excess of earnings	Total Distributions (Millions of yen)	Distribution in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings (Millions of yen)	Payout Ratio (%)	Distribution Ratio to Unitholders' Equity (%)
Seventeenth Fiscal Period	¥8,686	¥3,247	–	–	105.4%	2.9%
Sixteenth Fiscal Period	¥8,688	¥3,248	–	–	117.8%	2.9%

Notes:

- The funds from which distributions are paid out for the Seventeenth Fiscal Period are the amount including the reversal of internal reserves (166 million yen) and differ from “net income”.
The funds from which distributions are paid out for the Sixteenth Fiscal Period are the amount including the reversal of internal reserves (544 million yen) and differ from “net income”.

(3) Financial Position

(Millions of yen; Yen; %)

	Total Assets (Millions of yen)	Unitholders' Equity (Millions of yen)	Equity Ratio (%)	Unitholders' Equity per Unit (Yen)
Seventeenth Fiscal Period	¥238,092	¥111,622	46.9%	¥298,560
Sixteenth Fiscal Period	¥237,934	¥111,789	47.0%	¥299,006

(4) Cash Flow Position

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Seventeenth Fiscal Period	¥4,466	(¥5,631)	(¥3,243)	¥7,223
Sixteenth Fiscal Period	¥5,652	(¥10,705)	¥5,550	¥11,632

2. FORECAST OF RESULTS FOR THE EIGHTEENTH AND NINETEENTH FISCAL PERIOD

(Millions of yen; %)

	Operating Revenues (Millions of yen)	Percentage Change	Operating Income (Millions of yen)	Percentage Change	Ordinary Income (Millions of yen)	Percentage Change
Eighteenth Fiscal Period	¥8,651	0.9%	¥3,858	(1.2%)	¥3,047	(1.1%)
Nineteenth Fiscal Period	¥8,664	0.2%	¥3,846	(0.3%)	¥3,065	0.6%

(Millions of yen; Yen; %)

	Net Income (Millions of yen)	Percentage Change	Distribution per Unit (Yen) Excluding excess of earnings	Distribution in Excess of Earnings per Unit (Yen)
Eighteenth Fiscal Period	¥3,046	(1.1%)	¥8,600	–
Nineteenth Fiscal Period	¥3,065	0.6%	¥8,650	–

Reference:

Estimated net income per unit for Eighteenth Fiscal Period: 8,149yen, Nineteenth Fiscal Period: 8,199yen

Notes:

1. Nineteenth Fiscal Period: March 1, 2015 – August 31, 2015
Eighteenth Fiscal Period: September 1, 2014 – February 28, 2015
2. Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.
3. The funds from which distributions are paid out for the Eighteenth Fiscal Period are the amount including the reversal of internal reserves (168 million yen) and differ from “net income”.
The funds from which distributions are paid out for the Nineteenth Fiscal Period are the amount including the reversal of internal reserves (168 million yen) and differ from “net income”.

3. OTHER

(1) Changes in Accounting Policy

(A) Changes in accordance with revision of accounting standards: No

(B) Change except (A): No

(2) Total Number of Investment Units Outstanding

		(Units)
	Total Number of Investment Units Outstanding as end of fiscal period (including Treasury Investment Units)	Treasury Investment Units as end of fiscal period
Seventeenth Fiscal Period	373,870	–
Sixteenth Fiscal Period	373,870	–

The above forecasts were calculated based on currently available information and certain assumptions deemed reasonable by DHI. The actual results may change due to many factors. These forecasts also do no guarantee the amount of distributions.

This is a translation of the Kessan Tansin in Japanese, released on October 9, 2014 and was prepared solely for the convenience of readers outside in Japan. In case of any discrepancies between this translation and the Japanese original, the later shall prevail.
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