

October 8, 2015

FINANCIAL REPORT FOR THE NINETEENTH FISCAL PERIOD

(March 1, 2015 — August 31, 2015)

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.

URL: <http://daiwahouse-resi-reit.co.jp/eng/>

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

Planned start of distribution payments: November 9, 2015

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 NINETEENTH FISCAL PERIOD

(1) Business Results

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Nineteenth Fiscal Period	¥9,356	7.6%	¥3,925	1.1%	¥3,146	2.1%
Eighteenth Fiscal Period	¥8,693	1.3%	¥3,881	(0.6%)	¥3,081	(0.0%)

	Net Income (Millions of yen)	Percentage Change	Net Income per Unit (Yen) (*3)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
Nineteenth Fiscal Period	¥3,145	2.1%	¥4,207	2.8%	1.3%	33.6%
Eighteenth Fiscal Period	¥3,080	(0.0%)	¥4,119	2.8%	1.3%	35.4%

Notes:

- Nineteenth Fiscal Period: March 1, 2015 — August 31, 2015
 Eighteenth Fiscal Period: September 1, 2014 — February 28, 2015
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.
- DHI implemented a 2-for-1 split of the investment units on March 1, 2015 as the effective date.
 “Net income per unit” calculated under assumption that the split implement on beginning of the 18th fiscal period.

(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 (%)
Nineteenth Fiscal Period	¥4,460	¥3,334	0	0	106.0%	3.0%
Eighteenth Fiscal Period	¥8,691	¥3,249	0	0	105.5%	2.9%

Notes:

1. The funds from which distributions are paid out for the Nineteenth Fiscal Period are the amount including the reversal of internal reserves (reserved for distribution) (189 million yen) and differ from “net income”.
2. The funds from which distributions are paid out for the Eighteenth Fiscal Period are the amount including the reversal of internal reserves (reserved for distribution) (168 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) (*)
Nineteenth Fiscal Period	¥258,400	¥111,352	43.1%	¥148,918
Eighteenth Fiscal Period	¥238,730	¥111,455	46.7%	¥149,056

Notes: DHI implemented a 2-for-1 split of the investment units on March 1, 2015 as the effective date.

“Unitholders' Equity per Unit” calculated under assumption that the split implement on beginning of the 18th fiscal period.

(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
Nineteenth Fiscal Period	¥3,796	(¥18,923)	¥15,953	¥7,668
Eighteenth Fiscal Period	¥4,683	(¥2,573)	(¥2,490)	¥6,842

2. FORECAST OF RESULTS FOR THE TWENTIETH AND TWENTY-FIRST 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
Twentieth Fiscal Period	¥9,565	2.2%	¥3,939	0.4%	¥3,158	0.4%
Twenty-first Fiscal Period	¥9,596	0.3%	¥3,927	(0.3%)	¥3,165	0.2%

(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)
Twentieth Fiscal Period	¥3,157	0.4%	¥4,490	0
Twenty-first Fiscal Period	¥3,164	0.2%	¥4,500	0

Reference:

Estimated net income per unit for Twentieth Fiscal Period: 4,223yen, Twenty-first Fiscal Period: 4,232yen

Notes:

1. Twenty-first Fiscal Period: March 1, 2016 – August 31, 2016
Twentieth Fiscal Period: September 1, 2015 – February 29, 2016
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 Twentieth Fiscal Period are the amount including the reversal of internal reserves (reserved for distribution) (199 million yen) and differ from “net income”.
4. The funds from which distributions are paid out for the Twenty-first Fiscal Period are the amount including the reversal of internal reserves (reserved for distribution) (200 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
Nineteenth Fiscal Period	747,740	–
Eighteenth 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 8, 2015 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.
DHI is not responsible nor does it assume any liability for the completeness, appropriateness and accuracy of this translation.