

April 9, 2015

FINANCIAL REPORT FOR THE EIGHTEENTH FISCAL PERIOD

(September 1, 2014 — February 28, 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/>

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Planned start of distribution payments: May 11, 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 EIGHTEENTH FISCAL PERIOD

(1) Business Results

(Millions of yen; %)

| | Operating Revenues | Percentage Change | Operating Income | Percentage Change | Ordinary Income | Percentage Change |
|----------------------------------|--------------------|-------------------|------------------|-------------------|-----------------|-------------------|
| Eighteenth Fiscal Period | ¥8,693 | 1.3% | ¥3,881 | (0.6%) | ¥3,081 | (0.0%) |
| Seventeenth Fiscal Period | ¥8,578 | 3.1% | ¥3,906 | 9.7% | ¥3,082 | 14.0% |

(Millions of yen, Yen; %)

| | 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 |
|----------------------------------|---------------------------------|-------------------|-----------------------------------|------------------|---------------------------------|---------------------------------------|
| Eighteenth Fiscal Period | ¥3,080 | (0.0%) | ¥4,119 | 2.8% | 1.3% | 35.4% |
| Seventeenth Fiscal Period | ¥3,081 | 14.0% | ¥4,120 | 2.8% | 1.3% | 35.9% |

Notes:

- Eighteenth Fiscal Period: September 1, 2014 — February 28, 2015
 Seventeenth Fiscal Period: March 1, 2014 — August 31, 2014
- 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 17th 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 (%) |
|----------------------------------|--|--|--|--|---------------------|--|
| Eighteenth Fiscal Period | ¥8,691 | ¥3,249 | – | – | 105.5% | 2.9% |
| Seventeenth Fiscal Period | ¥8,686 | ¥3,247 | – | – | 105.4% | 2.9% |

Notes:

- 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 Seventeenth Fiscal Period are the amount including the reversal of internal reserves (166 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) (*) |
|----------------------------------|-----------------------------------|--|---------------------|---|
| Eighteenth Fiscal Period | ¥238,730 | ¥111,455 | 46.7% | ¥149,056 |
| Seventeenth Fiscal Period | ¥238,092 | ¥111,622 | 46.9% | ¥149,280 |

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 17th 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 |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Eighteenth Fiscal Period | ¥4,683 | (¥2,573) | (¥2,490) | ¥6,842 |
| Seventeenth Fiscal Period | ¥4,466 | (¥5,631) | (¥3,243) | ¥7,223 |

2. FORECAST OF RESULTS FOR THE NINETEENTH AND TWENTIETH 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 |
|---------------------------------|---|-------------------|---------------------------------------|-------------------|--------------------------------------|-------------------|
| Nineteenth Fiscal Period | ¥9,252 | 6.4% | ¥3,924 | 1.1% | ¥3,132 | 1.7% |
| Twentieth Fiscal Period | ¥9,532 | 3.0% | ¥3,954 | 0.8% | ¥3,151 | 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) |
|---------------------------------|---------------------------------|-------------------|--|--|
| Nineteenth Fiscal Period | ¥3,132 | 1.7% | ¥4,440 | – |
| Twentieth Fiscal Period | ¥3,150 | 0.6% | ¥4,480 | – |

Reference:

Estimated net income per unit for Nineteenth Fiscal Period: 4,189yen, Twentieth Fiscal Period: 4,214yen

Notes:

1. Twentieth Fiscal Period: September 1, 2015 – February 29, 2016
Nineteenth Fiscal Period: March 1, 2015 – August 31, 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 Nineteenth Fiscal Period are the amount including the reversal of internal reserves (187 million yen) and differ from “net income”.
The funds from which distributions are paid out for the Twentieth Fiscal Period are the amount including the reversal of internal reserves (198 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 |
| Eighteenth Fiscal Period | 373,870 | – |
| Seventeenth 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 April 9, 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.
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