

October 30, 2015

For Immediate Release

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**Notice Concerning Conclusion of Agreement with Toyo Tire & Rubber Co., Ltd.
on Compensation for Damages**

Daiwa House Residential Investment Corporation (“DHI”) and Daiwa House Asset Management Co., Ltd. (the “Asset Manager”, collectively the “DHI and Others”), the asset manager of DHI, had announced that one property (“concerned property”) uses seismic isolation materials that are substandard to the performance standard of the Ministry of Land, Infrastructure, Transport and Tourism’s certification, as outlined in “Notice Concerning Properties Using Seismic Isolation Materials Made by Toyo Tire & Rubber Co., Ltd.” dated March 18, 2015 and March 31, 2015. The following agreement has been reached with Toyo Tire & Rubber Co., Ltd. concerning compensation.

1. Background of signing a Compensation Agreement

DHI and Others negotiated with Toyo Tire & Rubber Co., Ltd. and Toyo Chemical Industrial Products Co., Ltd. (collectively the “Toyo Tires Companies”) regarding compensation for damages due to the use of seismic isolation rubber that are substandard to the performance standard of the Minister’s certification in the concerned property. As a result of the negotiations, DHI and Others signed a Compensation Agreement (the “Agreement”) with Toyo Tires Companies.

2. Objective of the Agreement

The Agreement was concluded as the DHI and Others, and Toyo Tires Companies reached an understanding regarding portion of payment of compensation for the damages, losses and expenses suffered by the DHI and Others.

3. Contents of the Agreement

For the time being, an understanding has been reached concerning compensation for damages. However, the contents of the Agreement will not be disclosed because problems may occur during in the implementation of compensation payments.

DHI and Others will continue to hold discussions regarding construction related to the replacement of the substandard seismic isolation rubber and plan to ask Toyo Tires Companies to take all actions required for a satisfactory conclusion of this problem including the implementation of the replacement of substandard seismic isolation rubber with the expense of Toyo Tires Companies.

* This press release (original Japanese version) 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/>