

October 10, 2013

**FINANCIAL REPORT FOR THE FIFTEENTH FISCAL PERIOD**
**(March 1, 2013 — August 31, 2013)**

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

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

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Planned start of distribution payments: November 11, 2013

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 FIFTEENTH FISCAL PERIOD**
**(1) Business Results**

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Fifteenth Fiscal Period</b>	¥7,971	4.7%	¥3,661	7.7%	¥2,780	9.9%
<b>Fourteenth Fiscal Period</b>	¥7,612	(1.7%)	¥3,398	(7.9%)	¥2,529	(7.2%)

(Millions of yen, Yen; %)

	Net Income (Millions of yen)	Percentage Change	Net Income per Unit (Yen) (*4)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
<b>Fifteenth Fiscal Period</b>	¥2,779	9.9%	¥7,973	2.8%	1.2%	34.9%
<b>Fourteenth Fiscal Period</b>	¥2,528	(3.4%)	¥7,875	2.8%	1.1%	33.2%

Notes:

- Fifteenth Fiscal Period: March 1, 2013 — August 31, 2013  
 Fourteenth Fiscal Period: September 1, 2012 — February 28, 2013
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.
- The funds from which distributions are paid out for the Fifteenth Fiscal Period are the amount including the reversal of internal reserves (141 million yen) and differ from “net income”.  
 The funds from which distributions are paid out for the Fourteenth Fiscal Period are the amount including the reversal of internal reserves (191 million yen) and differ from “net income”.
- DHI implemented a 2-for-1 split of the investment units on March 1, 2013 as the effective date.  
 “Net income per unit” calculated under assumption that the split implement on beginning of the 14th fiscal period.  
 “Net income per unit” for the 15th Fiscal Period is calculated by dividing net income by the daily weighted average number of investment units in the 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 (Yen)	Payout Ratio (%)	Distribution Ratio to Unitholders' Equity (%)
Fifteenth Fiscal Period	¥8,300	¥2,920	–	–	104.1%	2.9%
Fourteenth Fiscal Period	¥16,947	¥2,720	–	–	107.6%	3.0%

## (3) Financial Position

(Millions of yen; Yen; %)

	Total Assets (Millions of yen)	Unitholders' Equity (Millions of yen)	Equity Ratio (%)	Unitholders' Equity per Unit (Yen) (*)
Fifteenth Fiscal Period	¥229,781	¥103,406	45.0%	¥293,878
Fourteenth Fiscal Period	¥221,779	¥91,846	41.4%	¥286,063

Notes: DHI implemented a 2-for-1 split of the investment units on March 1, 2013 as the effective date.

\*"Unitholders' Equity per Unit" calculated under assumption that the split implement on beginning of the 14th 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
Fifteenth Fiscal Period	¥4,376	(¥8,823)	¥4,957	¥11,135
Fourteenth Fiscal Period	¥6,814	(¥5,280)	¥1,100	¥10,625

## 2. FORECAST OF RESULTS FOR THE SIXTEENTH AND SEVENTEENTH 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
Sixteenth Fiscal Period	¥8,316	4.3%	¥3,885	6.1%	¥3,007	8.2%
Seventeenth Fiscal Period	¥8,375	0.7%	¥3,785	(2.6%)	¥2,958	(1.6%)

(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)
Sixteenth Fiscal Period	¥3,007	8.2%	¥8,470	–
Seventeenth Fiscal Period	¥2,958	(1.6%)	¥8,340	–

Reference:

Estimated net income per unit for Sixteenth Fiscal Period: 8,043yen, Seventeenth Fiscal Period: 7,913yen

Supposed number of investment units issued and outstanding: 373,870 units.

Notes:

1. Seventeenth Fiscal Period: March 1, 2014 – August 31, 2014  
Sixteenth Fiscal Period: September 1, 2013 – February 28, 2014
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 Seventeenth Fiscal Period are the amount including the reversal of internal reserves (159 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 (159 million yen) and differ from “net income”.
4. The Seventeenth Fiscal Period is based on the assumption that the consumption tax rate will be raised to 8% in April 2014.

### 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
<b>Fifteenth Fiscal Period</b>	<b>351,870</b>	–
<b>Fourteenth Fiscal Period</b>	<b>160,535</b>	–

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 not guarantee the amount of distributions.

The resolution was passed at a board of directors meeting held on October 10, 2013 to issue new investment units through public offering and third-party allotment. “2. Forecast of results for the sixteenth and seventeenth fiscal period” above are calculated under assumption that the number of investment units issued and outstanding are 373,870 units.

This is a translation of the Kessan Tansin in Japanese, released on October 10, 2013 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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