

April 11, 2013

## **FINANCIAL REPORT FOR THE FOURTEENTH FISCAL PERIOD**

(September 1, 2012 — February 28, 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: May 20, 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 FOURTEENTH FISCAL PERIOD**

#### **(1) Business Results**

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Fourteenth Fiscal Period</b>	¥7,612	(1.7%)	¥3,398	(7.9%)	¥2,529	(7.2%)
<b>Thirteenth Fiscal Period</b>	¥7,746	4.4%	¥3,691	7.5%	¥2,724	15.6%

(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>Fourteenth Fiscal Period</b>	¥2,528	(3.4%)	¥7,875	2.8%	1.1%	33.2%
<b>Thirteenth Fiscal Period</b>	¥2,616	17.1%	¥8,150	2.8%	1.2%	35.2%

Notes:

- Fourteenth Fiscal Period: September 1, 2012 — February 28, 2013  
 Thirteenth Fiscal Period: March 1, 2012 — August 31, 2012
- 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 Fourteenth Fiscal Period are the amount including the reversal of internal reserves (191 million yen) and differ from “net income”.  
 “Net income” for the Thirteenth Fiscal Period is the amount including the reversal of internal reserves (5 million yen) and differ from the funds from which distributions are paid out.
- 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 13th 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 (Yen)	Payout Ratio (%)	Distribution Ratio to Unitholders' Equity (%)
Fourteenth Fiscal Period	¥16,947	¥2,720	–	–	107.6%	3.0%
Thirteenth Fiscal Period	¥16,264	¥2,610	–	–	99.8%	2.8%

## (3) Financial Position

(Millions of yen; Yen; %)

	Total Assets (Millions of yen)	Unitholders' Equity (Millions of yen)	Equity Ratio (%)	Unitholders' Equity per Unit (Yen) (*)
Fourteenth Fiscal Period	¥221,779	¥91,846	41.4%	¥286,063
Thirteenth Fiscal Period	¥218,295	¥91,928	42.1%	¥286,320

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 13th 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
Fourteenth Fiscal Period	¥6,814	(¥5,280)	¥1,100	¥10,625
Thirteenth Fiscal Period	¥7,105	(¥4,213)	(¥6,079)	¥7,989

## 2. FORECAST OF RESULTS FOR THE FIFTEENTH AND SIXTEENTH 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
Fifteenth Fiscal Period	¥7,903	3.8%	¥3,599	5.9%	¥2,705	7.0%
Sixteenth Fiscal Period	¥7,941	0.5%	¥3,671	2.0%	¥2,852	5.4%

(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)
Fifteenth Fiscal Period	¥2,705	7.0%	¥8,300	–
Sixteenth Fiscal Period	¥2,852	5.4%	¥8,300	–

Reference:

Estimated net income per unit for Fifteenth Fiscal Period: 7,689yen, Sixteenth Fiscal Period: 8,108yen

Supposed number of investment units issued and outstanding: 351,870 units.

Notes:

1. Sixteenth Fiscal Period: September 1, 2013 – February 28, 2014  
Fifteenth Fiscal Period: March 1, 2013 – August 31, 2013
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 Sixteenth Fiscal Period are the amount including the reversal of internal reserves (67 million yen) and differ from “net income”.  
The funds from which distributions are paid out for the Fifteenth Fiscal Period are the amount including the reversal of internal reserves (214 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

	Total Number of Investment Units Outstanding as end of fiscal period (including Treasury Investment Units)	Treasury Investment Units as end of fiscal period
Fourteenth Fiscal Period	160,535	–
Thirteenth Fiscal Period	160,535	–

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.

With February 28, 2013 as the record date, DHI implemented a 2-for-1 split of the investment units on March 1, 2013 as the effective date.

The resolution was passed at a board of directors meeting held on March 1, 2013 to issue new investment units through public offering and third-party allotment. “2. Forecast of results for the fifteenth and sixteenth fiscal period” above are calculated under assumption that the number of investment units issued and outstanding are 351,870 units.

This is a translation of the Kessan Tansin in Japanese, released on April 11, 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 latter shall prevail.  
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