

April 10, 2014

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

**(September 1, 2013 — February 28, 2014)**

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: May 12, 2014

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 SIXTEENTH FISCAL PERIOD**

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

(Millions of yen; %)

	<b>Operating Revenues</b>	<b>Percentage Change</b>	<b>Operating Income</b>	<b>Percentage Change</b>	<b>Ordinary Income</b>	<b>Percentage Change</b>
<b>Sixteenth Fiscal Period</b>	<b>¥8,316</b>	<b>4.3%</b>	<b>¥3,559</b>	<b>(2.8%)</b>	<b>¥2,704</b>	<b>(2.7%)</b>
<b>Fifteenth Fiscal Period</b>	<b>¥7,971</b>	<b>4.7%</b>	<b>¥3,661</b>	<b>7.7%</b>	<b>¥2,780</b>	<b>9.9%</b>

(Millions of yen, Yen; %)

	<b>Net Income (Millions of yen)</b>	<b>Percentage Change</b>	<b>Net Income per Unit (Yen)</b>	<b>Return on Equity</b>	<b>Ordinary Income to Total Assets</b>	<b>Ordinary Income to Operating Revenues</b>
<b>Sixteenth Fiscal Period</b>	<b>¥2,703</b>	<b>(2.7%)</b>	<b>¥7,373</b>	<b>2.5%</b>	<b>1.2%</b>	<b>32.5%</b>
<b>Fifteenth Fiscal Period</b>	<b>¥2,779</b>	<b>9.9%</b>	<b>¥7,973</b>	<b>2.8%</b>	<b>1.2%</b>	<b>34.9%</b>

Notes:

- Sixteenth Fiscal Period: September 1, 2013 — February 28, 2014  
 Fifteenth Fiscal Period: March 1, 2013 — August 31, 2013
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.

## (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 (%)
Sixteenth Fiscal Period	¥8,688	¥3,248	–	–	117.8%	2.9%
Fifteenth Fiscal Period	¥8,300	¥2,920	–	–	104.1%	2.9%

Notes:

- The funds from which distributions are paid out for the Sixteenth Fiscal Period are the amount including the reversal of internal reserves (544 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 (141 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)
Sixteenth Fiscal Period	¥237,934	¥111,789	47.0%	¥299,006
Fifteenth Fiscal Period	¥229,781	¥103,406	45.0%	¥293,878

## (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
Sixteenth Fiscal Period	¥5,652	(¥10,705)	¥5,550	¥11,632
Fifteenth Fiscal Period	¥4,376	(¥8,823)	¥4,957	¥11,135

## 2. FORECAST OF RESULTS FOR THE SEVENTEENTH AND EIGHTEENTH 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
Seventeenth Fiscal Period	¥8,570	3.1%	¥3,825	7.5%	¥3,001	11.0%
Eighteenth Fiscal Period	¥8,543	(0.3%)	¥3,838	0.3%	¥3,031	1.0%

(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)
Seventeenth Fiscal Period	¥3,000	11.0%	¥8,470	–
Eighteenth Fiscal Period	¥3,030	1.0%	¥8,550	–

Reference:

Estimated net income per unit for Seventeenth Fiscal Period: 8,026yen, Eighteenth Fiscal Period: 8,106yen

Notes:

1. Eighteenth Fiscal Period: September 1, 2014 – February 28, 2015  
Seventeenth Fiscal Period: March 1, 2014 – August 31, 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 (165 million yen) and differ from “net income”.  
The funds from which distributions are paid out for the Eighteenth Fiscal Period are the amount including the reversal of internal reserves (165 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
<b>Sixteenth Fiscal Period</b>	373,870	–
<b>Fifteenth Fiscal Period</b>	351,870	–

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 not guarantee the amount of distributions.

This is a translation of the Kessan Tanshin in Japanese, released on April 10, 2014 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.