

April 10, 2012

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

(September 1, 2011 — February 29, 2012)

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 21, 2012

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 TWELFTH FISCAL PERIOD**

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

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
<b>Twelfth Fiscal Period</b>	¥7,421	10.3%	¥3,434	38.6%	¥2,357	64.0%
<b>Eleventh Fiscal Period</b>	¥6,728	(13.7%)	¥2,478	(34.7%)	¥1,437	(48.0%)

(Millions of yen, Yen; %)

	Net Income (Millions of yen)	Percentage Change	Net Income per Unit (Yen)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
<b>Twelfth Fiscal Period</b>	¥2,234	59.4%	¥14,665	2.7%	1.1%	31.8%
<b>Eleventh Fiscal Period</b>	¥1,401	(56.8%)	¥11,806	1.9%	0.7%	21.4%

Notes:

1. Twelfth Fiscal Period: September 1, 2011 — February 29, 2012  
 Eleventh Fiscal Period: March 1, 2011 — August 31, 2011
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 Eleventh Fiscal Period and the Twelfth Fiscal Period are the amount including the reversal of internal reserves and differ from “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 (%)
Twelfth Fiscal Period	¥16,000	¥2,568	–	–	109.1%	2.7%
Eleventh Fiscal Period	¥16,320	¥1,937	–	–	138.2%	2.6%

**(3) Financial Position**

(Millions of yen; Yen; %)

	Total Assets (Millions of yen)	Unitholders' Equity (Millions of yen)	Equity Ratio (%)	Unitholders' Equity per Unit (Yen)
Twelfth Fiscal Period	¥221,703	¥91,880	41.4%	¥572,339
Eleventh Fiscal Period	¥200,699	¥73,984	36.9%	¥623,103

**(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
Twelfth Fiscal Period	¥3,462	(¥19,802)	¥18,286	¥11,177
Eleventh Fiscal Period	¥5,785	(¥3,492)	(¥2,648)	¥9,230

**2. FORECAST OF RESULTS FOR THE THIRTEENTH AND FOURTEENTH 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
Thirteenth Fiscal Period	¥7,653	3.1%	¥3,514	2.3%	¥2,515	6.7%
Fourteenth Fiscal Period	¥7,593	(0.8%)	¥3,493	(0.6%)	¥2,584	2.7%

(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)
Thirteenth Fiscal Period	¥2,514	12.5%	¥16,100	–
Fourteenth Fiscal Period	¥2,584	2.8%	¥16,100	–

Reference:

Estimated net income per unit for Thirteenth Fiscal Period: 15,661yen, Fourteenth Fiscal Period: 16,100yen

Number of investment units issued and outstanding: 160,535 units.

Notes:

1. Thirteenth Fiscal Period: March 1, 2012 – August 31, 2012  
Fourteenth Fiscal Period: September 1, 2012 – February 28, 2013
2. Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.
3. The amount of funds from which distributions are paid out is the amount including the amount set aside as internal reserves and differs to the “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>Twelfth Fiscal Period</b>	<b>160,535</b>	–
<b>Eleventh Fiscal Period</b>	<b>118,735</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.

This is a translation of the Kessan Tansin in Japanese, released on April 10, 2012 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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