

October 11, 2012

FINANCIAL REPORT FOR THE THIRTEENTH FISCAL PERIOD

(March 1, 2012 — August 31, 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.

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Planned start of distribution payments: November 12, 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 THIRTEENTH FISCAL PERIOD

(1) Business Results

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Thirteenth Fiscal Period	¥7,746	4.4%	¥3,691	7.5%	¥2,724	15.6%
Twelfth Fiscal Period	¥7,421	10.3%	¥3,434	38.6%	¥2,357	64.0%

(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
Thirteenth Fiscal Period	¥2,616	17.1%	¥16,301	2.8%	1.2%	35.2%
Twelfth Fiscal Period	¥2,234	59.4%	¥14,665	2.7%	1.1%	31.8%

Notes:

- Thirteenth Fiscal Period: March 1, 2012 — August 31, 2012
 Twelfth Fiscal Period: September 1, 2011 — February 29, 2012
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and 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.
 The funds from which distributions are paid out for the Twelfth Fiscal Period are the amount including the reversal of internal reserves (334 million yen) and differ from “net income”.
 “Net income per unit” for the Twelfth fiscal Period is calculated by the division of net income / weighted average units outstanding.

(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 (%)
Thirteenth Fiscal Period	¥16,264	¥2,610	–	–	99.8%	2.8%
Twelfth Fiscal Period	¥16,000	¥2,568	–	–	109.1%	2.7%

(3) Financial Position

(Millions of yen; Yen; %)

	Total Assets (Millions of yen)	Unitholders' Equity (Millions of yen)	Equity Ratio (%)	Unitholders' Equity per Unit (Yen)
Thirteenth Fiscal Period	¥218,295	¥91,928	42.1%	¥572,640
Twelfth Fiscal Period	¥221,703	¥91,880	41.4%	¥572,339

(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
Thirteenth Fiscal Period	¥7,105	(¥4,213)	(¥6,079)	¥7,989
Twelfth Fiscal Period	¥3,462	(¥19,802)	¥18,286	¥11,177

2. FORECAST OF RESULTS FOR THE FOURTEENTH AND FIFTEENTH 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
Fourteenth Fiscal Period	¥7,540	(2.7%)	¥3,484	(5.6%)	¥2,612	(4.1%)
Fifteenth Fiscal Period	¥7,595	0.7%	¥3,518	1.0%	¥2,648	1.4%

(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)
Fourteenth Fiscal Period	¥2,612	(0.2%)	¥16,500	–
Fifteenth Fiscal Period	¥2,648	1.4%	¥16,500	–

Reference:

Estimated net income per unit for Fourteenth Fiscal Period: 16,273yen, Fifteenth Fiscal Period: 16,500yen

Supposed number of investment units issued and outstanding: 160,535 units.

Notes:

1. Fourteenth Fiscal Period: September 1, 2012 – February 28, 2013
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 Fourteenth Fiscal Period are the amount including the reversal of internal reserves (36 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
Thirteenth Fiscal Period	160,535	–
Twelfth 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.

This is a translation of the Kessan Tansin in Japanese, released on October 11, 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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