

Daiwa House REIT Investment Corporation  
Investor Presentation for the **13<sup>th</sup>** period  
ended August 2014

# Daiwa House REIT

# 13<sup>th</sup>

 Daiwa House REIT Investment Corporation

 Daiwa House REIT Management Co., Ltd.

Daiwa REIT,  
Daiwa House Group

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Introduction

# Executive Summary

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<b>1</b> 13 <sup>th</sup> Period Results (ended Aug. 2014)	<ul style="list-style-type: none"><li>◆ DPU 8,039 yen (initial forecast 7,800 yen)</li><li>◆ Raised 18.7 billion yen from the 1<sup>st</sup> equity offering since IPO</li></ul>
<b>2</b> New Acquisition and Debt Financing	<ul style="list-style-type: none"><li>◆ Acquired ACROSSPLAZA Miyoshi (land) (Sep. 2014)</li><li>◆ Financed 3 billion yen by debt (Sep. 2014)</li></ul>
<b>3</b> Portfolio Performance	<ul style="list-style-type: none"><li>◆ Portfolio NOI yield 5.9%</li><li>◆ Occupancy rate 99.97% (as of Sep. 30, 2014)</li></ul>
<b>4</b> Financial Forecasts	<ul style="list-style-type: none"><li>◆ 14<sup>th</sup> period (Feb. 2015) DPU 8,400 yen (initial forecast 8,200 yen)</li><li>◆ 15<sup>th</sup> period (Aug. 2015) DPU 7,950 yen</li></ul>
<b>5</b> Our Growth Strategies	<ul style="list-style-type: none"><li>◆ Target AUM of 200 billion yen, leveraging the sponsor pipeline</li><li>◆ Sustainable DPU level of above 7,800 yen and prospect of stable growth</li></ul>



# Financial Results

- ◆ Achieved 8,039 yen of DPU, which outperformed the initial forecast of 7,800 yen
- ◆ Acquired 6 logistics properties in Apr. 2014 through the 1<sup>st</sup> equity offering since IPO in Mar. 2014

## 13<sup>th</sup> Period (Aug 2014) Results – Statements of Income –

(million yen)

	12 <sup>th</sup> Period Result ended Feb 2014	13 <sup>th</sup> Period Result ended Aug 2014	Period-on- period change	13 <sup>th</sup> Period Forecast as of 2014/4/17	Versus forecast
Operating Revenues	4,153	4,928	775	4,916	12
Rent revenues	4,153	4,928	775	—	—
Rent	4,056	4,824	768	—	—
Other revenues	97	103	6	—	—
Operating Expenses	1,832	2,074	242	2,106	-32
Property operating expenses	1,462	1,669	207	—	—
Property operating expenses (excluding depreciation)	617	659	42	—	—
Depreciation	844	1,010	166	1,012	-2
Other operating expenses	370	405	35	—	—
Operating Income	2,321	2,853	532	2,810	43
Non-operating income	2	6	4	—	—
Non-operating expenses	363	499	136	—	—
Interest and borrowing expenses	363	443	80	456	-13
Investment unit issuance expenses	—	55	55	65	-10
Ordinary Income	1,960	2,359	399	2,289	70
Net Income	1,959	2,359	400	2,289	70
Distributions per unit (Note 1)	7,996 yen	8,039 yen	43 yen	7,800 yen	239 yen
FFO per unit (Note 1, 2)	11,442 yen	11,481 yen	39 yen	11,248 yen	233 yen
NOI (Note 3)	3,536	4,269	733	—	—
NOI yield	6.0%	5.9%	-0.1%	—	—
Number of operating days	181 days	184 days	3 days	184 days	0 days

(Note 1) Adjusted for investment unit split on March 1, 2014

(Note 2) FFO (Funds from Operation) per unit: (Net Income + Depreciation – Gain or loss on sale of property, etc.) / Number of investment units issued

(Note 3) NOI (Net Operating Income): Rent revenues - Property operating expenses + Depreciation

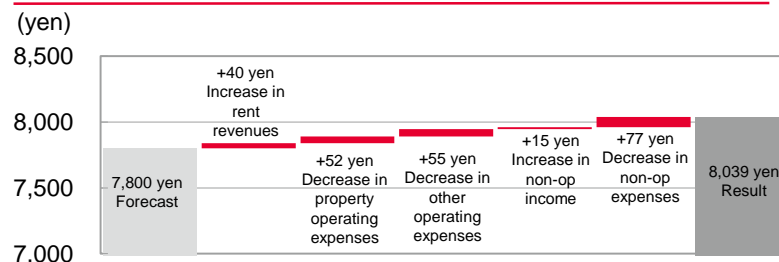
## Major Variation Factors (versus forecast)

Versus forecast	✓ Rent revenues	+12 million yen
	✓ Property operating expenses	-15 million yen
	• Decrease in repairs and maintenance expenses	
	✓ Other operating expenses	-16 million yen
	• Decrease in IR and disclosure related expenses	
	✓ Non-operating expenses	-23 million yen
	• Decrease in interest expenses	
	• Decrease in investment unit issuance expenses	

## Rent Revisions / Lease Contract Renewals

Logistics	1 tenant	revised rent on equal terms
Properties	1 tenant	under discussion through legal proceedings
Retail	【 Core tenants 】	
Properties	2 tenants	revised rent on equal terms

## Variation Breakdown in DPU (actual vs forecast)



- ◆ Raised 18.7 billion yen of equity from the public offering
- ◆ Unrealized gain increased to 17.5 billion yen from the rise of property appraisal value

## 13<sup>th</sup> Period (Aug 2014) Results – Balance Sheets –

(million yen)

	12 <sup>th</sup> Period Result ended Feb 2014	13 <sup>th</sup> Period Result ended Aug 2014	Period-on-period change
Total Assets	131,509	163,088	31,579
Total Liabilities	70,168	82,681	12,513
Interest-bearing debt	63,000	74,500	11,500
Tenant leasehold and security deposits	6,220	7,198	978
Net Assets	61,340	80,407	19,067
LTV (Note1)	47.9%	45.7%	-2.2%
LTV (including tenant security deposits)	52.6%	50.1%	-2.5%

Number of properties	26 properties	32 properties	6 properties
Unrealized gain / loss	13,049	17,556	4,507
Book value	116,644	141,050	24,406
Appraisal value	129,693	158,606	28,913

Number of investment units issued (Note 2)	245,080 units	293,480 units	48,400 units
Net assets per unit (Note 2)	250,288 yen	273,979 yen	23,691 yen
NAV per unit (Note 2, 3)	295,532 yen	325,758 yen	30,226 yen

(Note 1) LTV (Loan-To-Value): Interest-bearing debt / Total Assets

(Note 2) Adjusted for investment unit split on March 1, 2014

(Note 3) NAV (Net Asset Value) per unit: (Net Assets + Unrealized gain or loss) / Number of investment units issued

## Major Variation Factors (period-on-period)

Period-on-period change	✓	Total assets	+31,579 million yen
		• Acquisition of 6 logistics properties	
		• Increase in cash and deposits	
	✓	Interest-bearing debt	+11,500 million yen
	✓	Tenant leasehold and security deposits	+978 million yen
		• Acquisition of 6 logistics properties	
	✓	Net assets	+19,067 million yen
		• Equity raised from the public offering	
✓	Unrealized gain	+4,507 million yen	
	• Increase of appraisal value due to cap rate compression		

## Change in Appraisal Value

	12 <sup>th</sup> Period ended Feb 2014	13 <sup>th</sup> Period ended Aug 2014	Period-on-period change
Total Portfolio	156,243 million yen	158,606 million yen	+2,363 million yen
Logistics Properties	127,213 million yen	129,176 million yen	+1,963 million yen
Retail Properties	29,030 million yen	29,430 million yen	+400 million yen

※ For the properties acquired in the 13<sup>th</sup> fiscal period (6 logistics properties), the appraisal value at the time of the acquisition (26,550 million yen) is applied as the end of the 12<sup>th</sup> fiscal period figure.

## Investment Unit Split

Effective date	March 1, 2014
Split ratio	2-for-1

## Investment Corporation Bonds

### ➤ Submission of shelf registration statement

Submission date	July 25, 2014
Scheduled amount to be issued	100 billion yen
Scheduled issue period	From Aug. 2, 2014 to Aug. 1, 2016

### ➤ Comprehensive resolution of the board of directors' meeting

Scheduled amount to be issued	10 billion yen
Scheduled issue period	From Oct. 17, 2014 to Oct. 16, 2015

## Inclusion in Global Real Estate Index

Inclusion Date	September 22, 2014
Index	FTSE EPRA / NAREIT Global Real Estate Index Series

## Environmental Measures

R-M-3 QiZ Gate URAWA	<p>➤ April 2014</p> <p>Installation of LED light in common area ⇒ Reduced electric power consumption by approx. 22% year-on-year (based on May-September 2014 results)</p>
L-B-20 D Project Kuki I	<p>➤ July 2014</p> <p>Lease of rooftop to install solar power system ⇒ Scheduled to receive rental fees from November 2014 onwards</p>





# 2

## New Acquisition and Debt Financing

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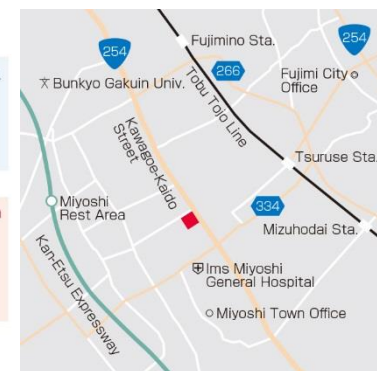
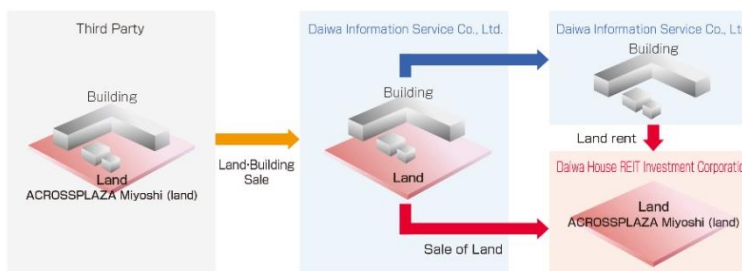
# New Acquisition in the 14<sup>th</sup> Period - ACROSSPLAZA Miyoshi (land) -

New Acquisition and Debt Financing

- ◆ Acquired another non-sponsor property by collaboration with Daiwa House Group
- ◆ Secured long-term stable revenues through a long-term lease agreement

Acquisition date	September 30, 2014
Location	Miyoshi-machi, Iruma, Saitama
Construction date	—
Acquisition price	3,390 million yen
Appraisal value	3,540 million yen (date of value: September 1, 2014)
Appraisal NOI yield	5.0%
Lease term	20 years
Remaining lease term	20 years (as of September 30, 2014)
Leasable area	24,018.00m <sup>2</sup>
Lessee	Mizuho Trust & Banking Co., Ltd. (Beneficiary: Daiwa Information Service Co., Ltd.)
Location	<ul style="list-style-type: none"> <li>■ Located in the southern part of Saitama Prefecture, approx. 30km from central Tokyo. From Tsuruse Station on the Tobu-Tojo Line, the nearest station, many workers and students commute to workplaces and schools in the Tokyo metropolitan area.</li> <li>■ Situated along the Kawagoe-Kaido street, which is a highly convenient and important residential road.</li> </ul>
Trade area characteristics	<ul style="list-style-type: none"> <li>■ Anchored by Yaoko, a food supermarket, the shopping center is comprised of competitive tenants including Kojima, The Daiso, TSUTAYA, and Sugi Pharmacy.</li> <li>■ With a residential town in the hinterland, the trade area population shows a growing trend. Population of 17,800 in the 1km trade area, 158,700 in the 3km trade area, and 386,000 in the 5km trade area.</li> </ul>

## R-M-5 ACROSSPLAZA Miyoshi (land)



- ◆ A new additional lender in Sep. 2014, further diversifying financing methods and debt maturities
- ◆ DHR now has 11 billion yen of purchasing power through debt of up to 50% of LTV

### Financial Status (as of September 30, 2014)

LTV (Note)	46.6 %
Interest-bearing debt	77,500 million yen
Fixed interest ratio	97.4 %
Long-term borrowing ratio	97.4 %
Average interest rate	0.98 %
Average remaining maturity	3.7 years
Commitment line	10,000 million yen

(Note) LTV: Interest-bearing debt / (Total assets at the end of the 13<sup>th</sup> period + 3 billion yen of new borrowings on September 30, 2014)

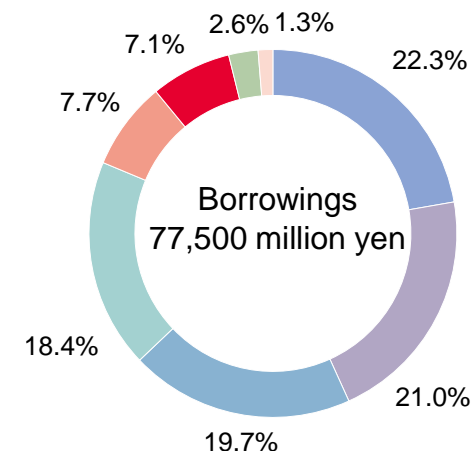
### Credit Rating

Rating agency	JCR (Japan Credit Agency)
Long-term issuer rating	AA- (Stable)

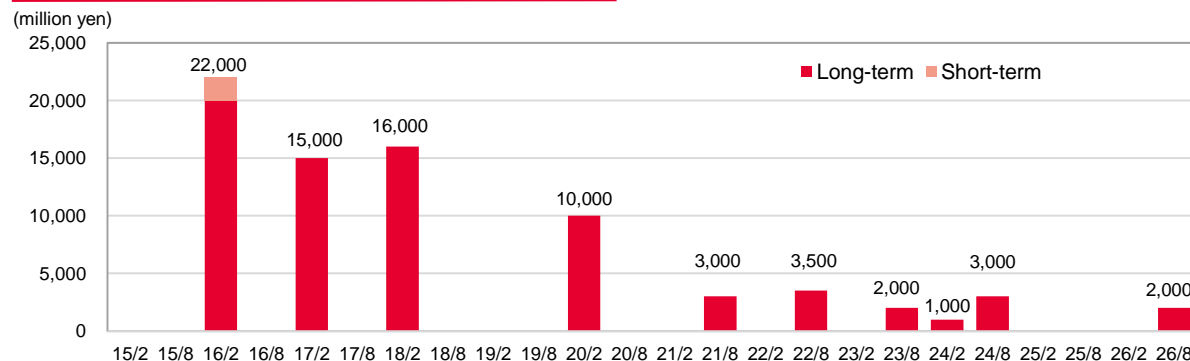
### Bank Formation (as of September 30, 2014)

Sumitomo Mitsui Banking Corporation	17,250 million yen
Sumitomo Mitsui Trust Bank	16,250 million yen
The Bank of Tokyo-Mitsubishi UFJ	15,250 million yen
Mizuho Bank	14,250 million yen
Development Bank of Japan	6,000 million yen
Mitsubishi UFJ Trust and Banking Corporation	5,500 million yen
Resona Bank	2,000 million yen
Nippon Life Insurance Company	1,000 million yen

New Lender



### Diversified Maturity Ladder



◆ DHR has achieved steady AUM growth and stable DPU distribution since IPO

	10 <sup>th</sup> Period ended Feb 2013	11 <sup>th</sup> Period ended Aug 2013	12 <sup>th</sup> Period ended Feb 2014	13 <sup>th</sup> Period ended Aug 2014	As of Sep. 30, 2014
Number of properties	24 properties	25 properties	26 properties	32 properties	33 properties
AUM (acquisition price)	114,519 million yen	117,089 million yen	119,033 million yen	144,163 million yen	147,553 million yen
- Logistics properties	77.7 %	76.0 %	74.8 %	79.2 %	77.4 %
- Retail properties	22.3 %	24.0 %	25.2 %	20.8 %	22.6 %
NOI yield (Note 1)	6.5 %	6.0 %	6.0 %	5.9 %	5.9 %
Occupancy rate	99.99 %	99.99 %	99.95 %	99.97 %	99.97 %
Average property age	5.4 years	5.9 years	6.4 years	6.0 years	6.1 years
Average remaining lease term	13.0 years	12.6 years	12.3 years	12.0 years	12.1 years
Interest-bearing debt	61,000 million yen	63,000 million yen	63,000 million yen	74,500 million yen	77,500 million yen
LTV (Note 2)	47.7 %	48.0 %	47.9 %	45.7 %	46.6 %
Average loan maturity	4.4 years	4.6 years	4.6 years	5.3 years	5.2 years
Unrealized gain / loss (Note 3)	5,945 million yen	10,276 million yen	13,049 million yen	17,556 million yen	17,706 million yen
NAV per unit (Note 3, 4)	266,548 yen	284,220 yen	295,532 yen	325,758 yen	326,269 yen
DPU (Note 4)	3,639 yen	8,028 Yen	7,996 yen	8,039 yen	8,400 yen (Forecast for Feb 2015) 7,950 yen (Forecast for Aug 2015)

(Note 1) NOI yield as of September 30, 2014: (NOI in the 13<sup>th</sup> period (annualized) + appraisal NOI of the new acquisition on September 30, 2014) / total of acquisition price

(Note 2) LTV as of September 30, 2014: Interest-bearing debt / (total assets at the end of the 13<sup>th</sup> period + 3 billion yen of new borrowings on September 30, 2014)

(Note 3) Unrealized gain / loss and NAV per unit as of September 30, 2014 are based on unrealized gain at the end of the 13<sup>th</sup> period + unrealized gain (appraisal value - acquisition price) of the new acquisition on September 30, 2014

(Note 4) NAV per unit and DPU up to the 12<sup>th</sup> period are stated using the per unit figures divided by 2, factoring the impact of a 2-for-1 split of investment units on March 1, 2014

# 3

## Portfolio Performance

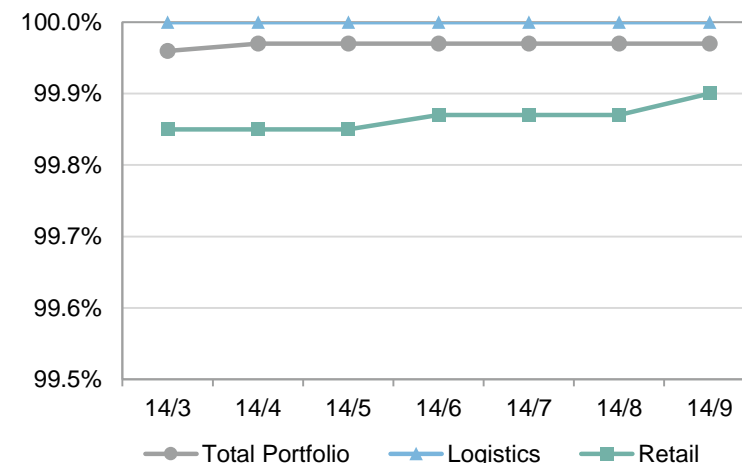
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- ◆ A stable portfolio with long remaining lease terms and newly built properties
- ◆ Maintaining a high-level occupancy rate of above 99.9%

	Total Portfolio	Logistics Properties	Retail Properties
AUM (acquisition price)	147,553 million yen	114,140 million yen	33,413 million yen
Number of properties	33 properties	25 properties	8 properties
Average lease term (weighted by annual rent)	17.3 Years	18.0 years	15.1 years
Average remaining lease term (weighted by annual rent)	12.1 Years	12.6 years	10.2 years
Average property age (weighted by acquisition price)	6.1 years	5.9 years	6.8 years
Occupancy rate	99.97 %	100.00 %	99.90 %

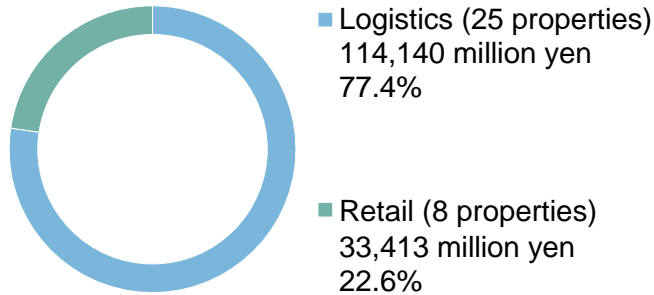
as of September 30, 2014

Monthly Occupancy Rate Trend



### ◆ By Property Type

(weighted by acquisition price)



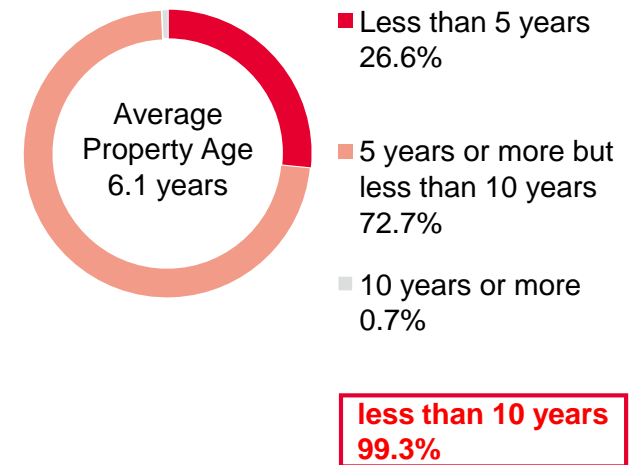
### ◆ By Remaining Lease Term

(weighted by annual rent)



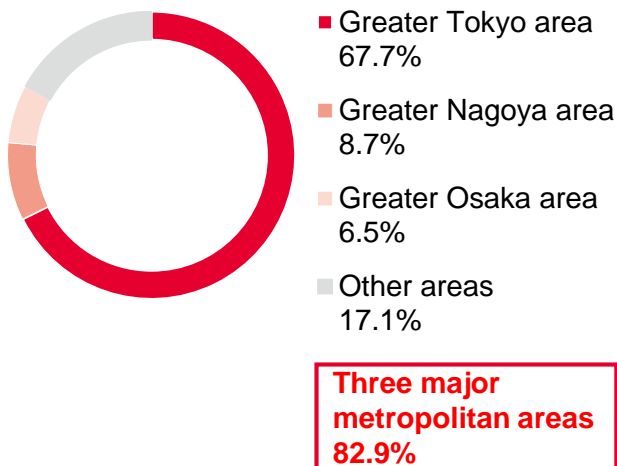
### ◆ By Property Age

(weighted by acquisition price)



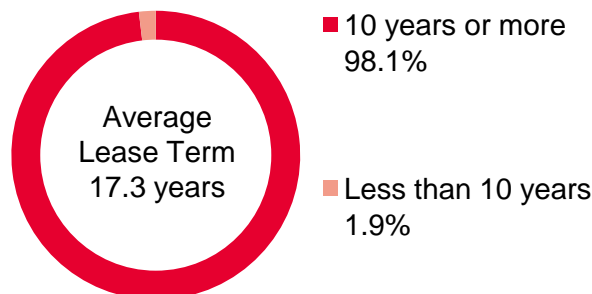
### ◆ By Location

(weighted by acquisition price)

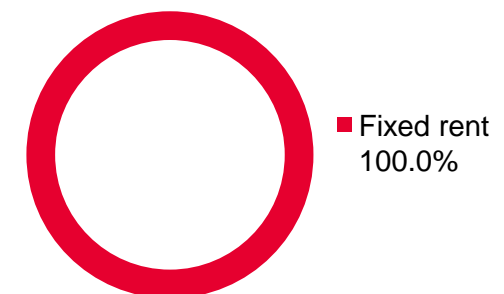


### ◆ By Lease Term

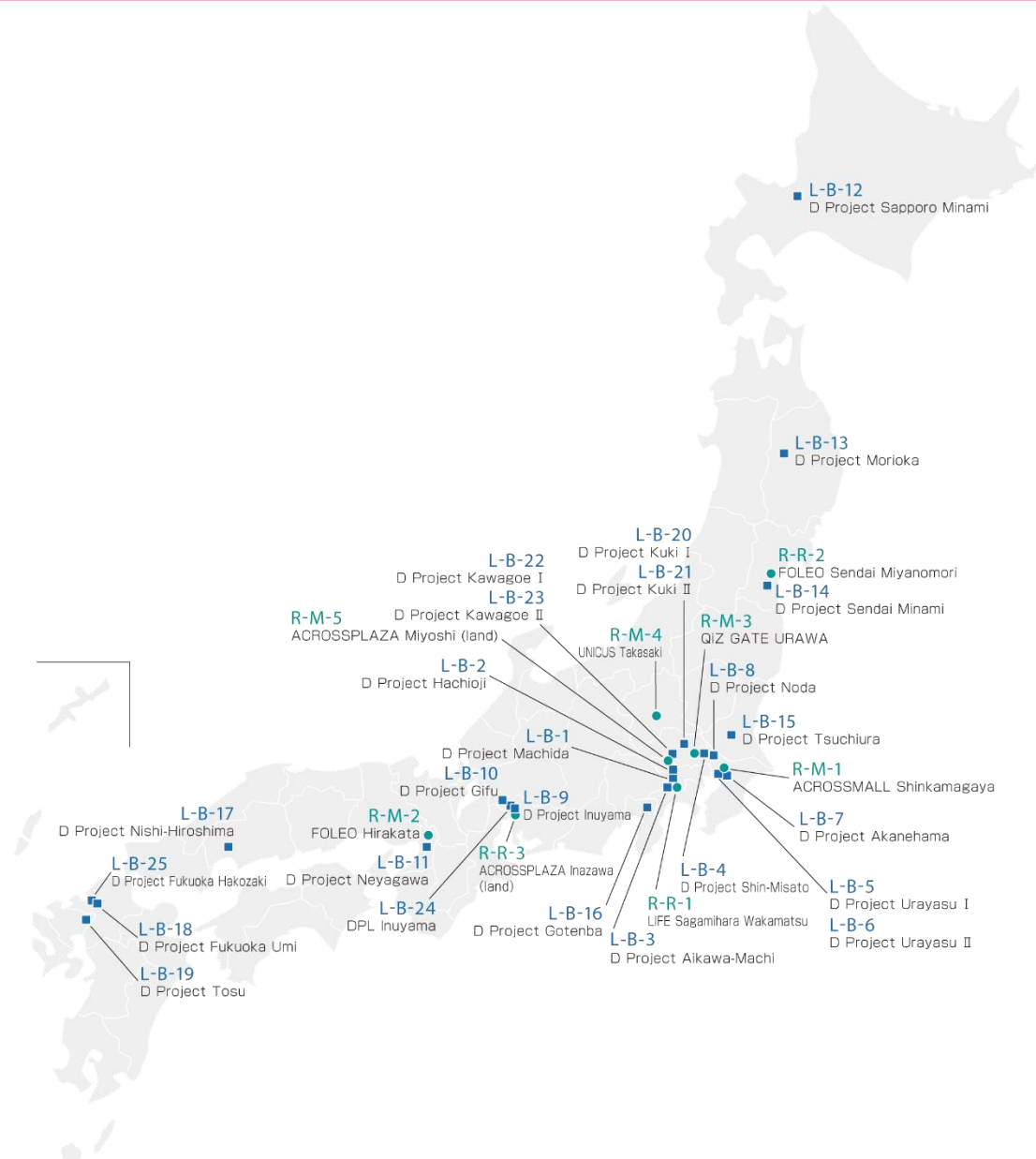
(weighted by annual rent)



### ◆ By Rent Type

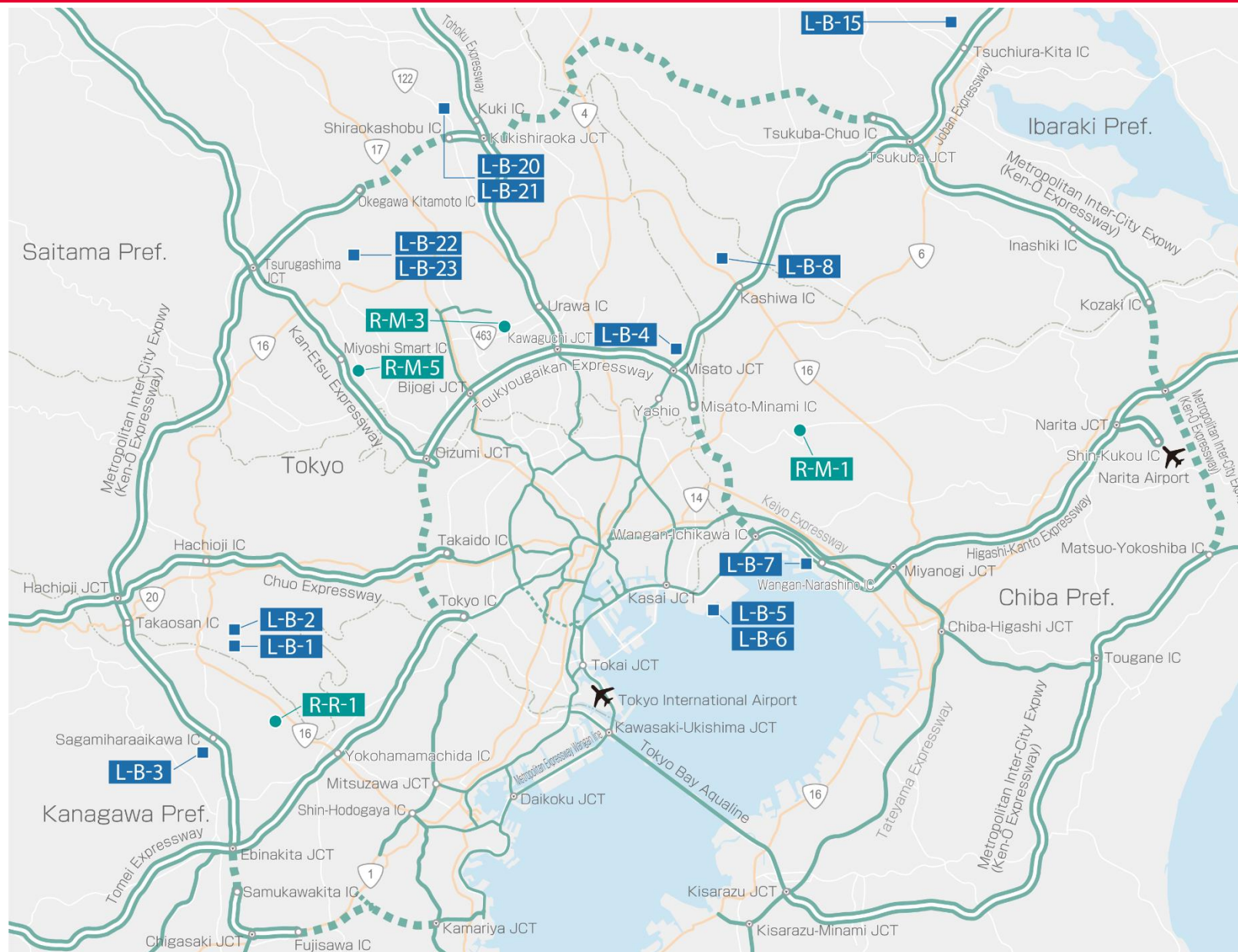


as of September 30, 2014



as of September 30, 2014





# Rent Revision Schedule (Logistics Properties)

Property number	Property name	Tenant	Rent type	2015		2016		2017		2018		2019		Rent revision	Expiry
				Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug		
				14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>	21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>		
Logistics Properties															
L-B-1	D Project Machida	Hitachi Capital Corporation	Fixed											No revision	2027/2/28
L-B-2	D Project Hachioji	Mitsubishi Shokuhin Co., Ltd.	Fixed											2019/2/27	Not disclosed
L-B-2	D Project Hachioji	Tokyo Logistics Factory CO. LTD	Fixed											2019/2/27	2029/2/28
L-B-3	D Project Aikawa-Machi	Hitachi Capital Corporation	Fixed											2016/7/1	2026/6/30
L-B-4	D Project Shin-Misato	Asahi Security Co., Ltd.	Fixed	* under discussion through legal proceedings										2019/5/1	2029/4/30
L-B-5	D Project Urayasu I	Nakano Shokai Co., Ltd.	Fixed											No revision	2026/2/28
L-B-6	D Project Urayasu II	Hitachi Capital Corporation	Fixed											Not disclosed	2027/5/31
L-B-7	D Project Akanehama	Hitachi Capital Corporation	Fixed											2015/10/11	2025/10/10
L-B-8	D Project Noda	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/10/1	Not disclosed
L-B-9	D Project Inuyama	Takihyo Co., Ltd.	Fixed											2015/1/1	2029/12/31
L-B-10	D Project Gifu	GOTSU Co., Ltd.	Fixed											2019/3/23	2024/3/22
L-B-11	D Project Neyagawa	Nippon Meat Packers, Inc.	Fixed											2015/8/1	Not disclosed
L-B-12	D Project Sapporo Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/12/1	Not disclosed
L-B-13	D Project Morioka	Mitsubishi Shokuhin Co., Ltd.	Fixed											-	Not disclosed
L-B-14	D Project Sendai Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2016/4/1	Not disclosed
L-B-15	D Project Tsuchiura	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.	Fixed											2015/4/1	2029/4/14
L-B-16	D Project Gotenba	HOKKOH Transportation, Inc.	Fixed											2019/1/15	2029/1/14
L-B-17	D Project Nishi-Hiroshima Tower A	UCC FOODS CO., LTD.	Fixed											2016/12/25	2023/1/31
L-B-17	D Project Nishi-Hiroshima Tower B	HOKKOH Transportation, Inc.	Fixed											2018/11/1	2028/10/31
L-B-18	D Project Fukuoka Umi Tower A	Nippon Express Co., Ltd	Fixed											No revision	2016/1/20
L-B-18	D Project Fukuoka Umi Tower B	CREATE CORPORATION	Fixed											No revision	2022/4/15
L-B-18	D Project Fukuoka Umi Tower C	Fuji Logitech Co., Ltd.	Fixed											-	2016/5/31
L-B-18	D Project Fukuoka Umi Tower D	Japan Beverage Holdings Inc.	Fixed											2015/9/1	2021/8/31
L-B-19	D Project Tosu	Nippon Meat Packers, Inc.	Fixed											2015/4/1	Not disclosed
L-B-20	D Project Kuki I	TRANCOM Co., Ltd.	Fixed											2016/10/5	2031/10/4
L-B-21	D Project Kuki II	Seven & i Net Media Co., Ltd.	Fixed											2018/6/21	2023/6/30
L-B-22	D Project Kawagoe I	Daiwa Logistics Co., Ltd.	Fixed											2016/5/1	2026/4/30
L-B-23	D Project Kawagoe II	Daiwa Logistics Co., Ltd.	Fixed											2017/9/3	2027/9/2
L-B-24	DPL Inuyama	Sagawa Global Logistics Co., Ltd.	Fixed											2018/10/1	2028/9/30
L-B-25	D Project Fukuoka Hakozaki	Nakano Shokai Co., Ltd.	Fixed											No revision	2032/9/30

# Rent Revision Schedule (Retail Properties)

Portfolio Performance

Property number	Property name	Tenant	Rent type	2015		2016		2017		2018		2019		Rent revision	Expiry
				Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug		
				14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>	21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>		
Retail Properties															
R-M-1	ACROSSMALL Shinkamagaya	Daiwa Information Service Co., Ltd.	Fixed								Expiry			2016/12/12	2017/12/11
R-M-2	FOLEO Hirakata	Core tenant A	Fixed											2016/1/1	2026/12/8
R-M-2	FOLEO Hirakata	Core tenant B	Fixed											2016/1/1	2026/12/14
R-M-3	QiZ GATE URAWA	Core tenant A	Fixed											2017/3/27	2028/3/26
R-M-3	QiZ GATE URAWA	Core tenant B	Fixed											2017/3/27	2028/3/26
R-M-4	UNICUS Takasaki	P&D Consulting Co., Ltd.	Fixed											2014/12/9	2028/11/19
R-M-5	ACROSSPLAZA Miyoshi (land)	Mizuho Trust & Banking Co., Ltd.	Fixed											2015/10/1	2034/9/29
R-R-1	LIFE Sagamihara Wakamatsu	LIFE CORPORATION	Fixed											2016/5/22	2027/5/21
R-R-2	FOLEO Sendai Miyanomori	Daiwa House Industry Co., Ltd.	Fixed											No revision	2022/11/30
R-R-3	ACROSSPLAZA Inazawa (land)	Daiwa Information Service Co., Ltd.	Fixed											No revision	2034/2/24

## Rent Revisions / Lease Contract Renewals

	14 <sup>th</sup> Period (ending Feb 2015)
Logistics Properties	<ul style="list-style-type: none"> <li>• Rent revision of 1 tenant</li> </ul>
Retail Properties	<p>【 Core tenants 】</p> <ul style="list-style-type: none"> <li>• Rent revision of 1 tenant</li> </ul> <p>【 Other than core tenants 】</p> <ul style="list-style-type: none"> <li>• Contract expiry of 3 tenants → 2 tenants renewed lease contract</li> </ul>

	15 <sup>th</sup> Period (ending Aug 2015)
Logistics Properties	<ul style="list-style-type: none"> <li>• Rent revision of 3 tenants</li> </ul>
Retail Properties	<p>【 Other than core tenants 】</p> <ul style="list-style-type: none"> <li>• Contract expiry of 2 tenants</li> </ul>

# 4

## Financial Forecasts

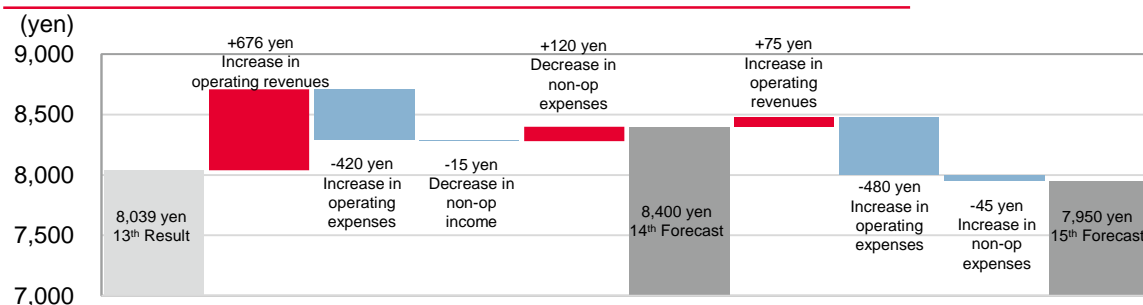
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- ◆ DPU Forecast 8,400 yen for 14<sup>th</sup> period from earnings contribution of new acquisitions
- ◆ DPU Forecast 7,950 yen for 15<sup>th</sup> period from property taxes expensed for new acquisitions in 2014

## 14<sup>th</sup> Period (Feb 2015) and 15<sup>th</sup> Period (Aug 2015) Forecasts

	13 <sup>th</sup> Period Result ended Aug 2014	14 <sup>th</sup> Period Forecast ending Feb 2015 as of 2014/10/17	Period- on-period change	15 <sup>th</sup> Period Forecast ending Aug 2015 as of 2014/10/17	Period- on-period change
Operating Revenues	4,928	5,127	199	5,148	21
Operating Income	2,853	2,930	77	2,811	-119
Ordinary Income	2,359	2,468	109	2,335	-133
Net Income	2,359	2,467	108	2,335	-132
Distributions per unit	8,039 yen	8,400 yen	361 yen	7,950 yen	-450 yen
FFO per unit	11,481 yen	11,964 yen	483 yen	11,514 yen	-450 yen
【Major expenses】					
Property taxes	363	356	-7	479	123
Depreciation	1,010	1,043	33	1,044	1
Borrowing related expenses	443	464	21	478	14

## Variation Breakdown in DPU for 14<sup>th</sup> and 15<sup>th</sup> Periods



## Major Variation Factors for 14<sup>th</sup> Period (Feb 2015)

14 <sup>th</sup> Period Forecast  【versus 13 <sup>th</sup> Period】	✓ Operating revenues	+199 million yen
	• Contribution of ACROSSPLAZA Miyoshi (land)	
	• Full contribution of 6 logistics properties	
	✓ Operating expenses	+122 million yen
	• Full-fiscal period expenses for 6 logistics properties	
	✓ Non-operating expenses	-35 million yen
	• Investment unit issuance expenses not booked	
	• Increase in interest expenses related to new borrowings	

## Major Variation Factors for 15<sup>th</sup> Period (Aug 2015)

15 <sup>th</sup> Period Forecast  【versus 14 <sup>th</sup> Period】	✓ Operating revenues	+21 million yen
	• Full contribution of ACROSSPLAZA Miyoshi (land)	
	✓ Operating expenses	+140 million yen
	• Property taxes for new acquisitions in 2014	
	• Increase in asset management fees related to new acquisitions	
	✓ Non-operating expenses	+13 million yen
	• Increase in interest expenses	

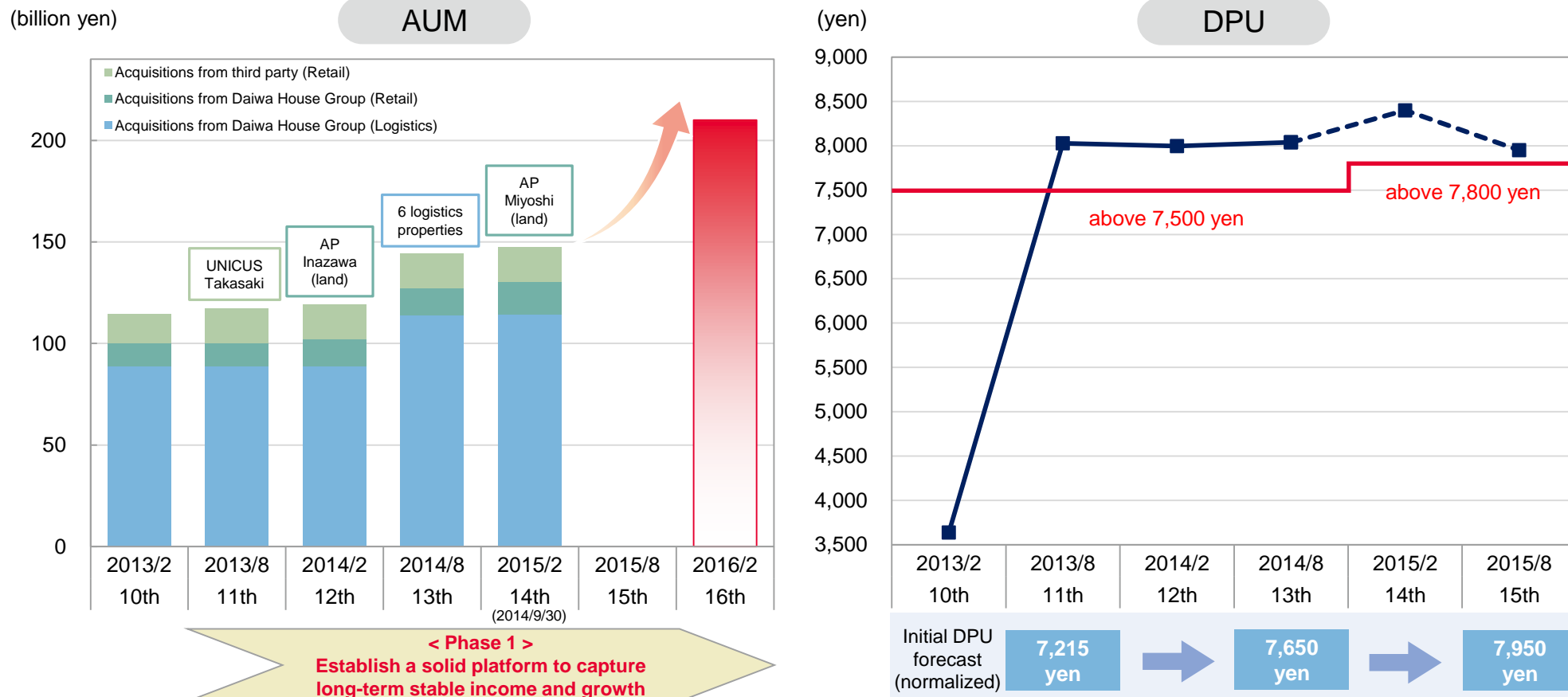


5

# Our Growth Strategies

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- ◆ Target AUM of 200 billion yen by the 16<sup>th</sup> period (ending Feb. 2016) leveraging sponsor pipeline
- ◆ Sustainable DPU level of above 7,800 yen and prospect of stable growth



## External Growth Strategy

- Achieve steady growth by fully leveraging the Daiwa House Group pipeline in a competitive acquisition environment

## Internal Growth Strategy

- Focus on further strengthening tenant relationships in order to maintain and improve rent level at rent revision

## Financial Strategy

- Maintain sound balance sheet with target LTV of 45% to 50% and sustainable DPU level of above 7,800 yen
- Maintain long-term fixed interest rate borrowings as mitigation for potential interest rate rise



# Pipeline with Daiwa House Group (1)

## (Examples of properties developed by Daiwa House Group)

Property name	Category	Location	Construction date (planned)	Number of floors	Gross floor area (㎡)
<b>Logistics Properties</b>					
D Project Kita Hachioji Annex A	BTS	Hachioji, Tokyo	2011/3	5F	16,523
D Project Kita Hachioji Annex B	BTS	Hachioji, Tokyo	2012/1	4F	18,762
D Project Kita Hachioji Annex C	BTS	Hachioji, Tokyo	2014/5	4F	29,636
D Project Jonanjima	BTS	Ota, Tokyo	2014/5	6F	49,927
D Project Kuki Shobu I Annex B	BTS	Kuki, Saitama	2009/12	1F	3,225
D Project Kuki Shobu I Annex E	BTS	Kuki, Saitama	2013/6	4F	27,568
D Project Kuki Shobu II Annex A	BTS	Kuki, Saitama	2009/6	3F	28,035
D Project Kuki Shobu II Annex F	BTS	Kuki, Saitama	2012/7	6F	47,321
D Project Kuki Shobu III Annex H	BTS	Kuki, Saitama	2013/8	3F	31,689
D Project Kawagoe Annex A	BTS	Kawagoe, Saitama	2010/10	2F	27,814
D Project Yashio	BTS	Yashio, Saitama	2011/6	3F	23,055
D Project Matsudo Annex A	BTS	Matsudo, Chiba	2010/10	4F	34,122
D Project Matsudo Annex B	BTS	Matsudo, Chiba	2011/3	5F	21,125
D Project Nishi Yodogawa II	BTS	Osaka, Osaka	2011/4	4F	39,585
D Project Sendai Izumi I A	BTS	Sendai, Miyagi	2014/3	2F	12,774
D Project Hibiki Nada	BTS	Kitakyushu, Fukuoka	2008/8	2F	23,934
DPL Misato	Multi-tenant	Misato, Saitama	2013/7	5F	72,988
DPL Sagamihara	Multi-tenant	Sagamihara, Kanagawa	2013/12	5F	102,918
DPL Yokohama Daikoku	Multi-tenant	Yokohama, Kanagawa	2014/3	6F	149,339
DPL Fukuoka Kasuya	Multi-tenant	Kasuya, Fukuoka	2014/4	6F	96,766
<b>Retail Properties</b>					
FOLEO Shoubu	Roadside	Kuki, Saitama	2010/4	1F	19,287
FOLEO Hakata	Mall	Fukuoka, Fukuoka	2008/1	3F	29,023
FOLEO Otsu Ichiriyama	Mall	Otsu, Shiga	2008/10	2F+B1F	66,038
iias Tsukuba	Mall	Tsukuba, Ibaraki	2008/9	4F	125,249

(Note) As of the date of this document, DHR is not planning or committed to acquire any of the above properties.



# Pipeline with Daiwa House Group (2) (Examples of properties developed by Daiwa House Group)

Our Growth Strategies

## ◆ Logistics Properties



D Project Kita Hachioji Annex A



D Project Kita Hachioji Annex B



D Project Kita Hachioji Annex C



D Project Jonanjima



D Project Kuki Shobu I Annex E



D Project Kuki Shobu II Annex F



D Project Kuki Shobu III Annex H



D Project Kawagoe Annex A



D Project Yashio



D Project Matsudo Annex A



D Project Matsudo Annex B



D Project Nishi Yodogawa II



DPL Misato



DPL Sagamihara



DPL Yokohama Daikoku



DPL Fukuoka Kasuya



FOLEO Shoubu



FOLEO Hakata



FOLEO Otsu Ichiriyama



iias Tsukuba

## ◆ Retail Properties

(Note) As of the date of this document, DHR is not planning or committed to acquire any of the above properties.

Thank you

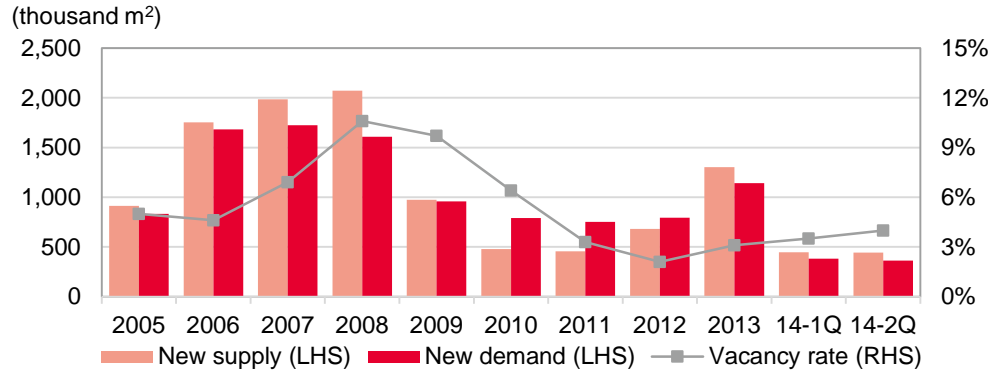


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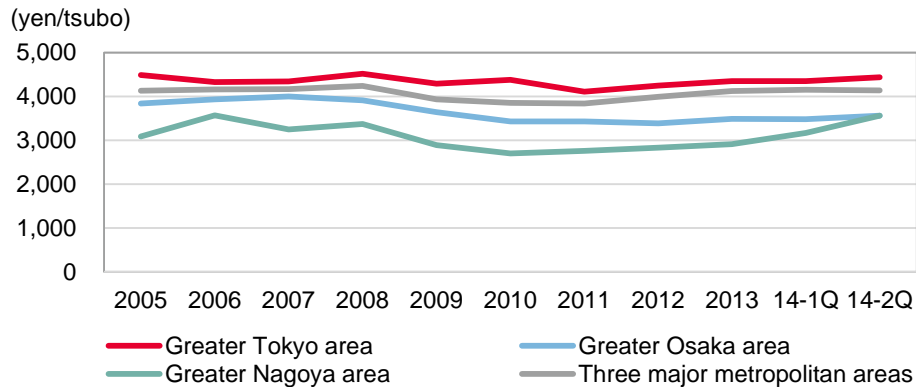
## Appendix

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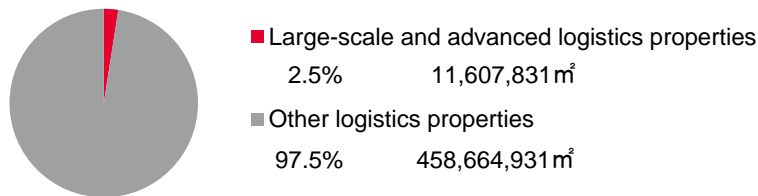
## Supply and Demand of Logistics Properties for Lease in the Three Major Metropolitan Areas of Japan



## Average Offered Rent for Medium-to-Large scale Logistics Properties

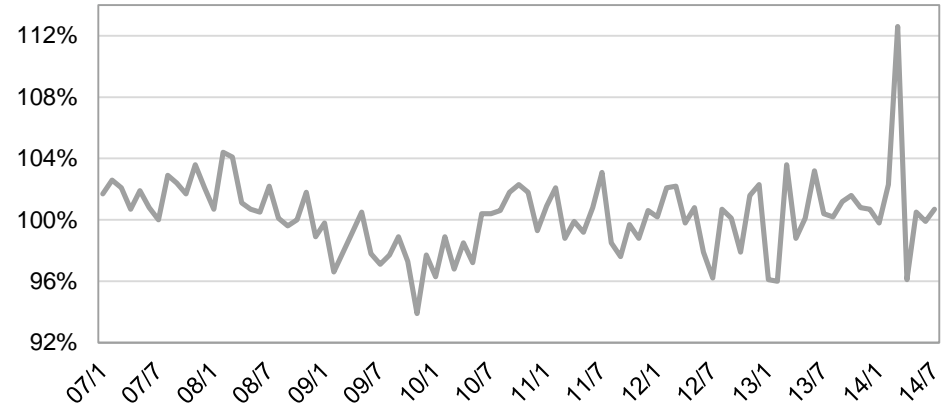


## Supply of Large-scale Advanced Logistics Properties Compared to Other Logistics Properties

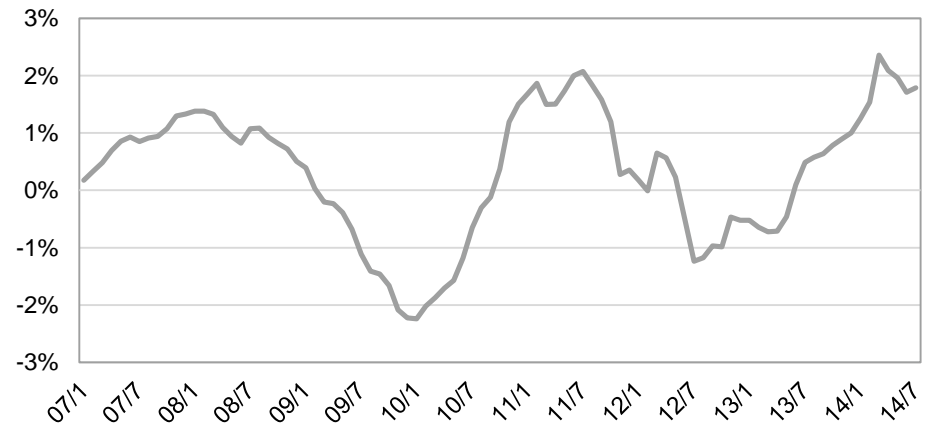


Source: CBRE

## Year-on-year Changes in Sales Volume of Supermarkets Under the Business Category of Large Retail Stores

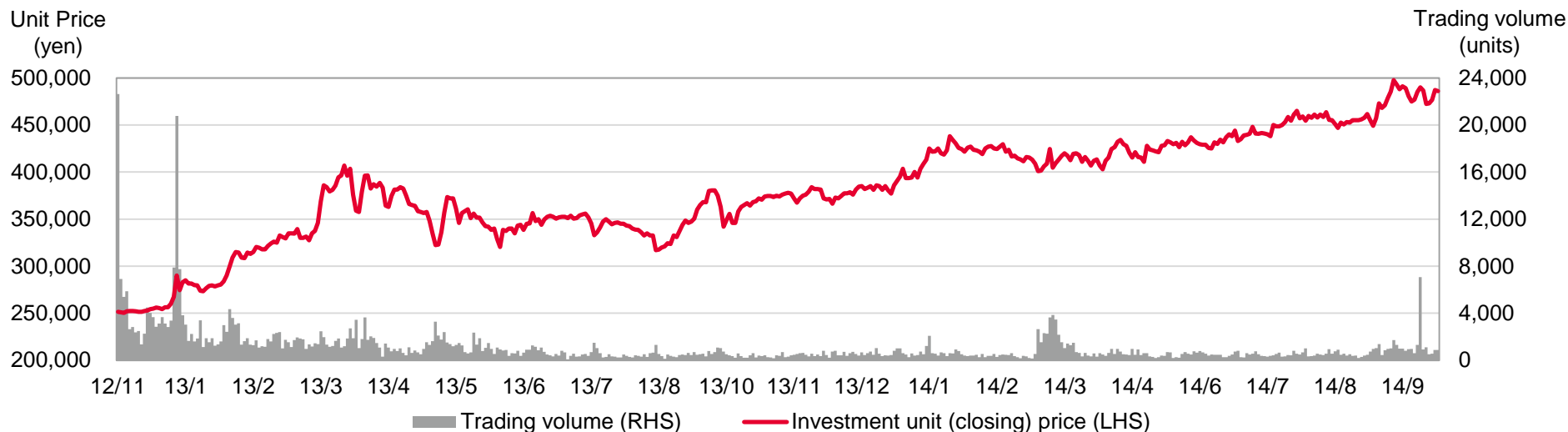


## Trends in Retail Sales Volume (Moving Average of 12 Months) Compared to the Same Month in the Previous Year



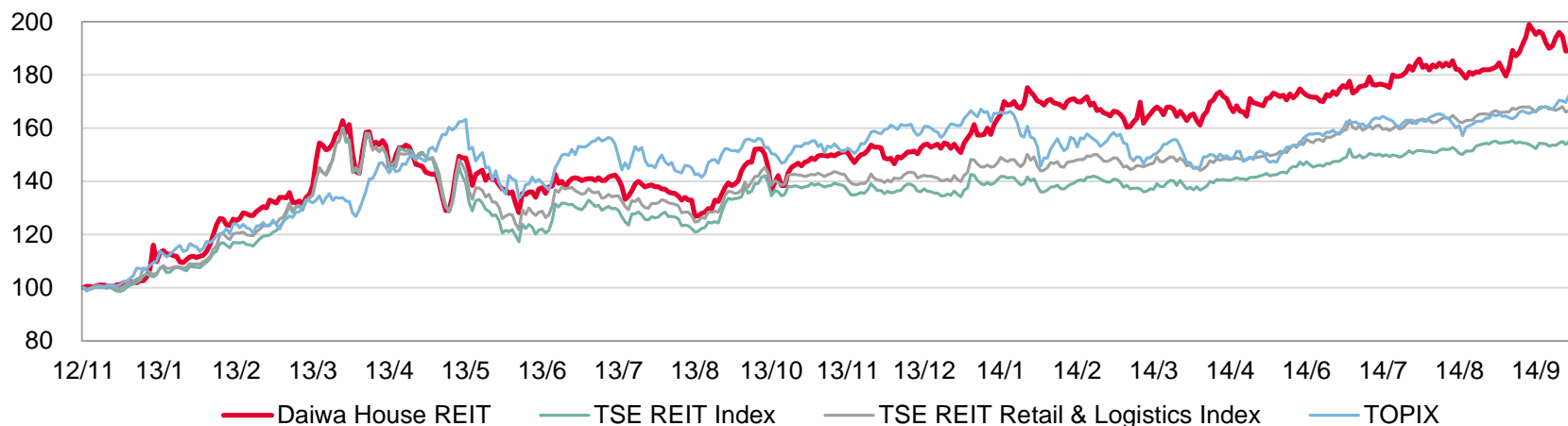
Note: Excluding automobile and fuel sales.  
Source: "Monthly Report on the Current Survey of Commerce", METI

## Unit Price and Trading Volume



※ DHR implemented a 2-for-1 split of investment units on March 1, 2014. Factoring the impact of the split, "unit price" and "trading volume" prior to the split are stated with the unit price divided by 2 and trading volume multiplied by 2.

## Relative Unit Price Performance



※ Indexed with the ¥250,000 (adjusted for the split of investment units) IPO price for DHR's unit price and the closing price of November 27, 2012 for TSE Indices as 100.

(thousand yen)

	12 <sup>th</sup> Period ended Feb 2014	13 <sup>th</sup> Period ended Aug 2014		12 <sup>th</sup> Period ended Feb 2014	13 <sup>th</sup> Period ended Aug 2014
<b>Assets</b>			<b>Liabilities</b>		
Current assets			Current liabilities		
Cash and deposits	6,552,272	11,059,887	Operating accounts payable	80,680	88,692
Cash and deposits in trust	7,812,908	9,318,628	Accounts payable - other	44,731	12,282
Operating accounts receivable	8,914	15,796	Accrued expenses	307,171	346,292
Prepaid expenses	138,170	156,284	Income taxes payable	605	605
Consumption taxes receivable	—	1,071,441	Accrued consumption taxes	94,287	—
Other	418	910	Advances received	419,638	526,541
Total current assets	14,512,684	21,622,949	Other	23,890	32,221
Non-current assets			Total current liabilities	971,005	1,006,635
Property, plant and equipment			Non-current liabilities		
Buildings in trust	53,383,270	67,305,078	Long-term loans payable	63,000,000	74,500,000
Accumulated depreciation	(3,447,770)	(4,403,658)	Tenant leasehold and security deposits in trust	6,197,271	7,174,671
Buildings in trust, net	49,935,499	62,901,419	Total non-current liabilities	69,197,271	81,674,671
Structures in trust	2,160,386	2,568,482	Total liabilities	70,168,276	82,681,307
Accumulated depreciation	(171,080)	(218,008)			
Structures in trust, net	1,989,306	2,350,474	Net assets		
Machinery and equipment in trust	—	343,654	Unitholders' equity		
Accumulated depreciation	—	(7,345)	Unitholders' capital	59,381,050	78,048,300
Machinery and equipment in trust, net	—	336,308	Surplus		
Land in trust	64,720,029	75,462,499	Unappropriated retained earnings	1,959,680	2,359,334
Construction in progress in trust	25,190	300	Total surplus	1,959,680	2,359,334
Total property, plant, and equipment	116,670,025	141,051,002	Total unitholders' equity	61,340,730	80,407,635
Intangible assets			Total net assets	61,340,730	80,407,635
Other	2,550	2,210			
Total intangible assets	2,550	2,210			
Investments and other assets					
Investment securities	6,214	6,294			
Long-term prepaid expenses	317,532	406,485			
Total investments and other assets	323,747	412,780			
Total non-current assets	116,996,322	141,465,993			
Total assets	131,509,007	163,088,942	Total liabilities and net assets	131,509,007	163,088,942

(thousand yen)

	12 <sup>th</sup> Period ended Feb 2014	13 <sup>th</sup> Period ended Aug 2014
Operating revenues		
Rent revenues - real estate	4,056,517	4,824,857
Other lease business revenues	97,293	103,632
Total operating revenues	4,153,811	4,928,490
Operating expenses		
Expenses related to rent business	1,462,241	1,669,573
Asset management fee	277,117	297,219
Asset custody fee	11,456	11,763
Administrative service fees	12,947	14,525
Directors' compensations	6,000	6,000
Other operating expenses	62,765	75,843
Total operating expenses	1,832,527	2,074,925
Operating income	2,321,283	2,853,565
Non-operating income		
Interest income	1,527	1,914
Insurance income	657	4,159
Other	80	80
Total non-operating income	2,265	6,154
Non-operating expenses		
Interest expenses	288,678	360,447
Investment unit issuance expenses	—	55,863
Borrowing related expenses	74,584	83,490
Total non-operating expenses	363,263	499,800
Ordinary income	1,960,285	2,359,918
Income before income taxes	1,960,285	2,359,918
Income taxes - current	605	605
Total income taxes	605	605
Net Income	1,959,680	2,359,313
Retained earnings brought forward	0	21
Unappropriated retained earnings	1,959,680	2,359,334



# Interest-Bearing Debt (1)

as of September 30, 2014

Category	Lender	Balance (million yen)		Interest rate	Floating /Fixed	Borrowing date	Repayment date	Term	Notes	Remaining maturity
		Amount	Total							
Short-term	Sumitomo Mitsui Banking Corporation	2,000	2,000	0.34636% (Note 1)	Floating	2014/9/30	2015/9/30	1 year	Unsecured and non-guaranteed	1.0 year
Long-term	Sumitomo Mitsui Banking Corporation	4,250	20,000	0.72931%	Fixed	2012/11/29	2015/11/30	3 years	Unsecured and non-guaranteed	1.2 years
	Sumitomo Mitsui Trust Bank, Limited	4,250								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,250								
	Mizuho Bank, Ltd.	4,250								
	Mitsubishi UFJ Trust and Banking Corporation	2,000								
	Resona Bank, Ltd.	1,000								
	Sumitomo Mitsui Banking Corporation	3,000	15,000	0.83038%	Fixed	2012/11/29	2016/11/29	4 years	Unsecured and non-guaranteed	2.2 years
	Sumitomo Mitsui Trust Bank, Limited	3,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000								
	Mizuho Bank, Ltd.	3,000								
	Mitsubishi UFJ Trust and Banking Corporation	2,000								
	Resona Bank, Ltd.	1,000								
	Sumitomo Mitsui Banking Corporation	3,000	16,000	0.95649%	Fixed	2012/11/29	2017/11/29	5 years	Unsecured and non-guaranteed	3.2 years
	Sumitomo Mitsui Trust Bank, Limited	3,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000								
	Mizuho Bank, Ltd.	3,000								
	Mitsubishi UFJ Trust and Banking Corporation	1,000								
	Development Bank of Japan Inc.	3,000								
	Sumitomo Mitsui Banking Corporation	2,000	10,000	1.28759%	Fixed	2012/11/29	2019/11/29	7 years	Unsecured and non-guaranteed	5.2 years
	Sumitomo Mitsui Trust Bank, Limited	2,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000								
	Mizuho Bank, Ltd.	2,000								
	Development Bank of Japan Inc.	2,000								



## Interest-Bearing Debt (2)

as of September 30, 2014

Category	Lender	Balance (million yen)		Interest rate	Floating /Fixed	Borrowing date	Repayment date	Term	Notes	Remaining maturity
		Amount	Total							
Long-term	Sumitomo Mitsui Trust Bank, Limited	2,000	2,000	1.49625% (Note 2)	Fixed (Note 2)	2013/3/27	2023/3/27	10 years	Unsecured and non-guaranteed	8.5 years
	Sumitomo Mitsui Banking Corporation	500	3,000	1.0475% (Note 2)	Fixed (Note 2)	2014/4/1	2021/4/1	7 years	Unsecured and non-guaranteed	6.5 years
	Mizuho Bank, Ltd.	1,000								
	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	500								
	Sumitomo Mitsui Trust Bank, Limited	500								
	Mitsubishi UFJ Trust and Banking Corporation	500	3,500	1.205% (Note 2)	Fixed (Note 2)	2014/4/1	2022/4/1	8 years	Unsecured and non-guaranteed	7.5 years
	Sumitomo Mitsui Banking Corporation	1,000								
	Mizuho Bank, Ltd.	1,000								
	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	1,000								
	Sumitomo Mitsui Trust Bank, Limited	500	3,000	1.518% (Note 2)	Fixed (Note 2)	2014/4/1	2024/4/1	10 years	Unsecured and non-guaranteed	9.5 years
	Sumitomo Mitsui Banking Corporation	1,000								
	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	1,000								
	Sumitomo Mitsui Trust Bank, Limited	500								
	Development Bank of Japan, Inc.	500	2,000	2.033% (Note 2)	Fixed (Note 2)	2014/4/1	2026/4/1	12 years	Unsecured and non-guaranteed	11.5 years
	Sumitomo Mitsui Banking Corporation	500								
	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	500								
	Sumitomo Mitsui Trust Bank, Limited	500								
	Development Bank of Japan, Inc.	500	1,000	1.00%	Fixed	2014/9/30	2023/9/29	9 years	Unsecured and non-guaranteed	9.0 years
	Nippon Life Insurance Company	1,000								
<b>Interest-Bearing Debt Total</b>			<b>77,500</b>	<b>0.98%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.2 years</b>	<b>-</b>	<b>3.7 years</b>

(Note 1) The interest rate applicable for the period from September 30, 2014 to October 26, 2014.

(Note 2) The interest rate is fixed in effect by entering into the interest rate swap agreement.

# Property Data (Logistics Properties)

## Portfolio Performance

as of September 30, 2014

Property number	Property name	Location	Construction date (Note 1)	Acquisition price		Appraisal value (million yen) (Note 2)	NOI yield (Note 3)	Total leasable area (㎡)	Occupancy rate	PML
				(million yen)	(%)					
L-B-1	D Project Machida	Machida, Tokyo	2006/10/1	7,600	5.2%	8,510	5.7%	50,490.39	100.00%	2.7%
L-B-2	D Project Hachioji	Hachioji, Tokyo	2008/12/1	12,600	8.5%	14,300	5.8%	62,394.17	100.00%	6.0%
L-B-3	D Project Aikawa-Machi	Aiko, Kanagawa	2006/6/30	2,600	1.8%	3,100	6.2%	14,240.84	100.00%	5.5%
L-B-4	D Project Shin-Misato	Misato, Saitama	2009/4/15	4,440	3.0%	5,620	6.7%	11,289.91	100.00%	0.8%
L-B-5	D Project Urayasu I	Urayasu, Chiba	2005/5/31	7,700	5.2%	8,550	4.9%	36,515.81	100.00%	3.5%
L-B-6	D Project Urayasu II	Urayasu, Chiba	2007/4/10	21,400	14.5%	23,900	5.0%	72,320.01	100.00%	2.1%
L-B-7	D Project Akanehama	Narashino, Chiba	2005/10/11	2,550	1.7%	2,760	5.2%	11,663.39	100.00%	1.7%
L-B-8	D Project Noda	Noda, Chiba	2007/9/30	5,100	3.5%	5,870	6.0%	29,232.53	100.00%	1.7%
L-B-9	D Project Inuyama	Inuyama, Aichi	2009/12/10	6,650	4.5%	7,980	6.8%	43,723.70	100.00%	3.4%
L-B-10	D Project Gifu	Anpachi, Gifu	2009/2/28	900	0.6%	1,060	6.9%	7,669.91	100.00%	4.1%
L-B-11	D Project Neyagawa	Neyagawa, Osaka	2009/7/23	4,600	3.1%	5,510	6.2%	11,151.51	100.00%	2.7%
L-B-12	D Project Sapporo Minami	Kitahiroshima, Hokkaido	2007/10/30	600	0.4%	796	8.4%	6,749.10	100.00%	1.9%
L-B-13	D Project Morioka	Takizawa, Iwate	2002/9/13	1,000	0.7%	1,170	7.3%	9,558.32	100.00%	8.1%
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	2006/3/28	1,250	0.8%	1,420	6.9%	11,052.27	100.00%	1.5%
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	2009/2/19	2,880	2.0%	3,270	6.9%	17,448.86	100.00%	1.6%
L-B-16	D Project Gotenba	Gotenba, Shizuoka	2009/1/15	950	0.6%	1,110	6.9%	6,737.53	100.00%	7.0%
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	2008/1/10	990	0.7%	1,160	7.6%	5,093.51	100.00%	2.3%
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	2006/5/1	3,100	2.1%	3,720	6.8%	24,729.56	100.00%	1.3%
L-B-19	D Project Tosu	Tosu, Saga	2009/2/19	2,100	1.4%	2,620	6.9%	8,826.00	100.00%	4.2%
L-B-20	D Project Kuki I	Kuki, Saitama	2011/10/5	3,500	2.4%	3,690	6.5%	22,708.72	100.00%	0.5%
L-B-21	D Project Kuki II	Kuki, Saitama	2013/6/21	7,200	4.9%	7,660	6.8%	50,490.00	100.00%	3.4%
L-B-22	D Project Kawagoe I	Kawagoe, Saitama	2011/4/30	3,100	2.1%	3,320	6.4%	16,150.88	100.00%	7.6%
L-B-23	D Project Kawagoe II	Kawagoe, Saitama	2012/9/3	4,250	2.9%	4,550	6.4%	19,872.00	100.00%	3.2%
L-B-24	DPL Inuyama	Inuyama, Aichi	2013/9/18	3,380	2.3%	3,570	6.6%	21,628.50	100.00%	7.0%
L-B-25	D Project Fukuoka Hakozaiki	Fukuoka, Fukuoka	2012/10/1	3,700	2.5%	3,960	7.0%	34,710.80	100.00%	10.9%
<b>Logistics Properties Total</b>			<b>25 properties</b>	<b>114,140</b>	<b>77.4%</b>	<b>129,176</b>	<b>5.8%</b>	<b>606,448.22</b>	<b>100.00%</b>	<b>-</b>

# Property Data (Retail Properties)

## Portfolio Performance

as of September 30, 2014

Property number	Property name	Location	Construction date (Note 1)	Acquisition price		Appraisal value (million yen) (Note 2)	NOI yield (Note 3)	Total leasable area (m <sup>2</sup> )	Occupancy rate	PML
				(million yen)	(%)					
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	2006/10/31	7,419	5.0%	7,280	6.1%	41,742.84	100.00%	2.4%
R-M-2	FOLEO Hirakata	Hirakata, Osaka	2006/11/20	5,040	3.4%	4,460	5.9%	16,380.78	99.95%	13.3%
R-M-3	QiZ GATE URAWA	Saitama, Saitama	2008/2/17	5,360	3.6%	4,740	5.4%	9,705.31	98.48%	1.8%
R-M-4	UNICUS Takasaki	Takasaki, Gunma	2008/11/5	2,570	1.7%	2,780	7.5%	9,277.08	100.00%	1.0%
R-M-5	ACROSSPLAZA Miyoshi (land)	Iruma, Saitama	—	3,390	2.3%	3,540	5.0%	24,018.00	100.00%	-
R-R-1	LIFE Sagamihara Wakamatsu	Sagamihara, Kanagawa	2007/4/25	1,650	1.1%	1,500	5.3%	2,973.44	100.00%	11.0%
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	2009/10/6	6,040	4.1%	6,320	7.0%	19,845.72	100.00%	2.8%
R-R-3	ACROSSPLAZA Inazawa (land)	Inazawa, Aichi	—	1,944	1.3%	2,350	7.1%	31,981.70	100.00%	-
<b>Retail Properties Total</b>			<b>8 properties</b>	<b>33,413</b>	<b>22.6%</b>	<b>32,970</b>	<b>6.3%</b>	<b>155,924.87</b>	<b>99.90%</b>	<b>-</b>
<b>Portfolio Total</b>			<b>33 properties</b>	<b>147,553</b>	<b>100.0%</b>	<b>162,146</b>	<b>5.9%</b>	<b>762,373.09</b>	<b>99.97%</b>	<b>1.9%</b>

(Note 1) Construction date indicates the date of completion of the main building recorded in the property registry. For properties with multiple main buildings, the construction date of the oldest building is applied.

(Note 2) Appraisal value for R-M-5 is based on appraisal value as of September 1, 2014.

(Note 3) Real estate taxes for L-B-20 through L-B-25 and R-R-3 are not expensed. NOI yield for R-M-5 is based on appraisal NOI yield.

# Portfolio Appraisal Value (1)

Property number	Property name	Acquisiti on price (million yen)	Book value 13 <sup>th</sup> period (million yen)	Unrealized gain/loss (million yen)	Appraisal value (million yen)			Direct capitalization method			Discounted cash flow method						Real estate appraiser (Note)
								Capitalization rate			Discount rate			Terminal capitalization rate			
					12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	
L-B-1	D Project Machida	7,600	7,470	1,040	8,320	8,510	190	5.2%	5.1%	-0.1%	5.1%	5.0%	-0.1%	5.4%	5.3%	-0.1%	Tanizawa
L-B-2	D Project Hachioji	12,600	12,301	1,999	14,000	14,300	300	5.1%	5.0%	-0.1%	5.0%/5.1%	4.9%/5.0%	-0.1%	5.3%	5.2%	-0.1%	Tanizawa
L-B-3	D Project Aikawa-Machi	2,600	2,563	537	3,030	3,100	70	5.3%	5.2%	-0.1%	5.3%	5.2%	-0.1%	5.5%	5.4%	-0.1%	Tanizawa
L-B-4	D Project Shin-Misato	4,440	4,373	1,247	5,630	5,620	(10)	5.4%	5.4%	0.0%	5.4%	5.4%	0.0%	5.6%	5.6%	0.0%	Tanizawa
L-B-5	D Project Urayasu I	7,700	7,590	960	8,350	8,550	200	4.8%	4.7%	-0.1%	4.9%	4.8%	-0.1%	5.0%	4.9%	-0.1%	Tanizawa
L-B-6	D Project Urayasu II	21,400	21,132	2,768	23,400	23,900	500	4.7%	4.6%	-0.1%	4.7%	4.6%	-0.1%	4.9%	4.8%	-0.1%	Tanizawa
L-B-7	D Project Akanehama	2,550	2,513	247	2,690	2,760	70	5.1%	5.0%	-0.1%	5.2%	5.1%	-0.1%	5.3%	5.2%	-0.1%	Tanizawa
L-B-8	D Project Noda	5,100	4,974	896	5,740	5,870	130	5.3%	5.2%	-0.1%	5.2%	5.1%	-0.1%	5.5%	5.4%	-0.1%	Tanizawa
L-B-9	D Project Inuyama	6,650	6,489	1,491	7,960	7,980	20	5.6%	5.6%	0.0%	5.5%	5.5%	0.0%	5.8%	5.8%	0.0%	Tanizawa
L-B-10	D Project Gifu	900	874	186	1,070	1,060	(10)	5.9%	5.9%	0.0%	5.8%	5.8%/5.9%	0.1%	6.1%	6.1%	0.0%	Tanizawa
L-B-11	D Project Neyagawa	4,600	4,522	988	5,400	5,510	110	5.3%	5.2%	-0.1%	5.3%	5.2%	-0.1%	5.5%	5.4%	-0.1%	Tanizawa
L-B-12	D Project Sapporo Minami	600	583	213	793	796	3	6.4%	6.4%	0.0%	6.2%/6.3%	6.2%/6.3%	0.0%	6.6%	6.6%	0.0%	Tanizawa
L-B-13	D Project Morioka	1,000	969	201	1,160	1,170	10	6.3%	6.3%	0.0%	6.2%	6.2%	0.0%	6.5%	6.5%	0.0%	Tanizawa
L-B-14	D Project Sendai Minami	1,250	1,206	214	1,390	1,420	30	5.8%	5.7%	-0.1%	5.6%/5.7%	5.5%/5.6%	-0.1%	6.0%	5.9%	-0.1%	Tanizawa
L-B-15	D Project Tsuchiura	2,880	2,797	473	3,230	3,270	40	5.6%	5.6%	0.0%	5.5%	5.5%	0.0%	5.8%	5.8%	0.0%	Tanizawa
L-B-16	D Project Gotenba	950	928	182	1,110	1,110	0	5.8%	5.8%	0.0%	5.7%	5.7%	0.0%	6.0%	6.0%	0.0%	Tanizawa
L-B-17	D Project Nishi-Hiroshima	990	977	183	1,150	1,160	10	5.9%	5.9%	0.0%	5.9%/6.0%	5.9%/6.0%	0.0%	6.1%	6.1%	0.0%	Tanizawa
L-B-18	D Project Fukuoka Umi	3,100	3,024	696	3,650	3,720	70	5.9%	5.8%	-0.1%	5.6%/5.7% /5.8%	5.5%/5.6% /5.7%	-0.1%	6.1%	6.0%	-0.1%	Tanizawa
L-B-19	D Project Tosu	2,100	2,043	577	2,590	2,620	30	5.7%	5.6%	-0.1%	5.7%	5.6%/5.7%	-0.1%	5.9%	5.8%	-0.1%	Tanizawa
L-B-20	D Project Kuki I	3,500	3,513	177	3,690	3,690	0	5.4%	5.4%	0.0%	5.4%	5.4%	0.0%	5.6%	5.6%	0.0%	Tanizawa
L-B-21	D Project Kuki II	7,200	7,211	449	7,650	7,660	10	5.4%	5.4%	0.0%	5.4%/5.5%	5.4%/5.5%	0.0%	5.6%	5.6%	0.0%	Tanizawa
L-B-22	D Project Kawagoe I	3,100	3,111	209	3,320	3,320	0	5.4%	5.4%	0.0%	5.4%	5.4%	0.0%	5.6%	5.6%	0.0%	Tanizawa

# Portfolio Appraisal Value (2)

Property number	Property name	Acquisiti on price (million yen)	Book value 13 <sup>th</sup> period (million yen)	Unrealized gain/loss (million yen)	Appraisal value (million yen)			Direct capitalization method			Discounted cash flow method						Real estate appraiser (Note)
								Capitalization rate			Discount rate			Terminal capitalization rate			
					12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	12 <sup>th</sup> period	13 <sup>th</sup> period	Difference	
L-B-23	D Project Kawagoe II	4,250	4,262	288	4,540	4,550	10	5.4%	5.4%	0.0%	5.4%	5.4%	0.0%	5.6%	5.6%	0.0%	Tanizawa
L-B-24	DPL Inuyama	3,380	3,406	164	3,500	3,570	70	5.7%	5.6%	-0.1%	5.6%	5.5%	-0.1%	5.9%	5.8%	-0.1%	Tanizawa
L-B-25	D Project Fukuoka Hakozaki	3,700	3,721	239	3,850	3,960	110	5.6%	5.5%	-0.1%	5.6%	5.4%	-0.2%	5.8%	5.7%	-0.1%	Tanizawa
Logistics Properties Total		114,140	112,564	16,612	127,213	129,176	1,963	-	-	-	-	-	-	-	-	-	-
R-M-1	ACROSSMALL Shinkamagaya	7,419	6,707	573	7,280	7,280	0	6.4%	6.4%	0.0%	6.1%	6.1%	0.0%	6.6%	6.6%	0.0%	JREI
R-M-2	FOLEO Hirakata	5,040	4,640	(180)	4,350	4,460	110	6.8%	6.6%	-0.2%	6.3%	6.1%	-0.2%	6.9%	6.7%	-0.2%	JREI
R-M-3	QiZ GATE URAWA	5,360	4,907	(167)	4,740	4,740	0	6.3%	6.3%	0.0%	5.8%	5.8%	0.0%	6.3%	6.3%	0.0%	JREI
R-M-4	UNICUS Takasaki	2,570	2,621	159	2,700	2,780	80	7.2%	7.0%	-0.2%	6.9%	6.7%	-0.2%	7.4%	7.2%	-0.2%	JREI
R-R-1	LIFE Sagamihara Wakamatsu	1,650	1,638	(138)	1,500	1,500	0	5.8%	5.8%	0.0%	5.4%	5.4%	0.0%	5.9%	5.9%	0.0%	JREI
R-R-2	FOLEO Sendai Miyanomori	6,040	6,002	318	6,140	6,320	180	6.8%	6.6%	-0.2%	6.5%	6.3%	-0.2%	7.0%	6.8%	-0.2%	JREI
R-R-3	ACROSSPLAZA Inazawa (land)	1,944	1,968	382	2,320	2,350	30	-	-	-	5.5%	5.5%	0.0%	-	-	-	JREI
Retail Properties Total		30,023	28,485	945	29,030	29,430	400	-	-	-	-	-	-	-	-	-	-
Portfolio Total		144,163	141,050	17,556	156,243	158,606	2,363	-	-	-	-	-	-	-	-	-	-
【Acquisition in the 14 <sup>th</sup> Period】																	
R-M-5	ACROSSPLAZA Miyoshi (land)	3,390	-	150	-	3,540	-	-	-	-	-	5.0%	-	-	-	-	Tanizawa
Portfolio Grand Total		147,553	-	17,706	-	162,146	-	-	-	-	-	-	-	-	-	-	-

(Note) Tanizawa: The Tanizawa Sogo Appraisal Co., Ltd., JREI: Japan Real Estate Institute

※ For the properties acquired in the 13<sup>th</sup> fiscal period, the appraisal value at the time of the acquisition is applied as the end of the 12<sup>th</sup> fiscal period figure.

For the property acquired in the 14<sup>th</sup> fiscal period, the appraisal value at the time of the acquisition is applied as the end of the 13<sup>th</sup> fiscal period figure.

# Revenues and Expenses by Property (1)

(million yen)

Property number	L-B-1		L-B-2		L-B-3		L-B-4		L-B-5		L-B-6		L-B-7		L-B-8		L-B-9		L-B-10	
Property name	D Project Machida		D Project Hachioji		D Project Aikawa-Machi		D Project Shin-Misato		D Project Urayasu I		D Project Urayasu II		D Project Akanehama		D Project Noda		D Project Inuyama		D Project Gifu	
Number of operating days	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>
	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days
Revenues	Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)	
Rent																				
Other revenues																				
Expenses																				
Property taxes																				
Property management fees																				
Insurance																				
Repairs and maintenance																				
Other rental expenses																				
NOI	217	216	362	366	81	81	150	150	201	191	565	534	69	66	153	154	226	226	31	31
Depreciation	49	49	104	104	15	15	26	26	44	44	109	109	15	15	44	44	56	56	9	9
Operating income from property leasing	167	166	257	261	65	65	123	124	157	147	456	424	53	51	109	109	169	170	21	21
NOI yield (annualized)	5.8%	5.7%	5.8%	5.8%	6.3%	6.2%	6.8%	6.7%	5.3%	4.9%	5.3%	5.0%	5.5%	5.2%	6.1%	6.0%	6.9%	6.8%	7.0%	6.9%
Yield after depreciation (annualized)	4.5%	4.3%	4.1%	4.1%	5.1%	5.0%	5.6%	5.5%	4.1%	3.8%	4.3%	3.9%	4.2%	4.0%	4.3%	4.3%	5.2%	5.1%	4.9%	4.8%

Property number	L-B-11		L-B-12		L-B-13		L-B-14		L-B-15		L-B-16		L-B-17		L-B-18		L-B-19		L-B-20	
Property name	D Project Neyagawa		D Project Sapporo Minami		D Project Morioka		D Project Sendai Minami		D Project Tsuchiura		D Project Gotenba		D Project Nishi-Hiroshima		D Project Fukuoka Umi		D Project Tosu		D Project Kuki I	
Number of operating days	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>
	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	153 days
Revenues	Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		121	121	Not disclosed (Note)		-	-
Rent															120	120			-	-
Other revenues															1	1			-	-
Expenses															13	16			-	-
Property taxes															9	9			-	-
Property management fees															3	3			-	-
Insurance															0	0			-	-
Repairs and maintenance															0	2			-	-
Other rental expenses															0	0			-	-
NOI	142	142	25	25	36	36	43	43	99	100	33	33	37	38	107	105	73	73	-	94
Depreciation	30	30	7	7	11	11	15	15	28	28	8	8	7	7	28	28	20	20	-	20
Operating income from property leasing	112	112	18	18	25	25	27	28	71	71	24	24	30	30	79	77	52	53	-	74
NOI yield (annualized)	6.2%	6.2%	8.5%	8.4%	7.3%	7.3%	6.9%	6.9%	7.0%	6.9%	7.0%	6.9%	7.7%	7.6%	7.0%	6.8%	7.0%	6.9%	-	6.5%
Yield after depreciation (annualized)	4.9%	4.9%	6.1%	6.0%	5.1%	5.1%	4.5%	4.5%	5.0%	4.9%	5.2%	5.1%	6.2%	6.2%	5.2%	5.0%	5.1%	5.0%	-	5.1%

(Note) Not disclosed due to consent for disclosure not obtained from the lessee.

# Revenues and Expenses by Property (2)

(million yen)

Property number	L-B-21		L-B-22		L-B-23		L-B-24		L-B-25		Logistics Properties Total	
Property name	D Project Kuki II		D Project Kawagoe I		D Project Kawagoe II		DPL Inuyama		D Project Fukuoka Hakozaki			
Number of operating days	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>
		153 days		153 days		153 days		153 days		153 days	181 days	184 days
Revenues	-	Not disclosed (Note)	-	85	-	115	-	Not disclosed (Note)	-	Not disclosed (Note)	3,024	3,736
Rent	-		-	85	-	115	-		-		2,999	3,702
Other revenues	-		-	0	-	0	-		-		24	33
Expenses	-		-	1	-	1	-		-		364	417
Property taxes	-		-	-	-	-	-		-		251	263
Property management fees	-		-	1	-	1	-		-		74	85
Insurance	-		-	0	-	0	-		-		5	6
Repairs and maintenance	-		-	-	-	-	-		-		20	49
Other rental expenses	-		-	0	-	0	-		-		12	11
NOI	-	204	-	83	-	113	-	93	-	109	2,659	3,319
Depreciation	-	58	-	15	-	23	-	22	-	23	633	799
Operating income from property leasing	-	145	-	67	-	89	-	71	-	85	2,025	2,520
NOI yield (annualized)	-	6.8%	-	6.4%	-	6.4%	-	6.6%	-	7.0%	6.0%	5.8%
Yield after depreciation (annualized)	-	4.8%	-	5.2%	-	5.0%	-	5.0%	-	5.5%	4.6%	4.4%

Property number	R-M-1		R-M-2		R-M-3		R-M-4		R-R-1		R-R-2		R-R-3		Retail Properties Total			
Property name	ACROSSMALL Shinkamagaya		FOLEO Hirakata		QIZ GATE URAWA		UNICUS Takasaki		LIFE Sagamihara Wakamatsu		FOLEO Sendai Miyanomori		ACROSSPLAZA Inazawa (land)					
Number of operating days	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>		
	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	4 days	184 days	181 days	184 days		
Revenues	275	275	191	189	242	238	129	129	Not disclosed (Note)				238	238	1	69	1,129	1,191
Rent	275	275	187	188	173	170	129	129					238	238	1	69	1,057	1,121
Other revenues	-	-	4	1	68	68	-	-					-	-	-	-	72	70
Expenses	47	45	54	39	96	91	21	32					26	25	0	0	253	241
Property taxes	26	26	23	23	14	14	-	10					21	21	-	-	89	99
Property management fees	8	8	9	7	32	32	20	20					3	3	-	-	75	74
Insurance	0	0	0	0	0	0	0	0					0	0	-	-	1	1
Repairs and maintenance	11	9	16	3	13	8	0	1					-	-	-	-	43	23
Other rental expenses	0	0	3	3	36	36	0	0					0	0	0	0	42	42
NOI	227	229	137	149	145	146	108	97	42	43	212	212	1	69	876	949		
Depreciation	71	71	42	42	51	51	14	14	4	4	26	26	-	-	210	211		
Operating income from property leasing	156	158	95	107	94	95	94	83	38	39	185	185	1	69	666	738		
NOI yield (annualized)	6.2%	6.1%	5.5%	5.9%	5.5%	5.4%	8.5%	7.5%	5.2%	5.3%	7.1%	7.0%	7.8%	7.1%	5.9%	6.3%		
Yield after depreciation (annualized)	4.2%	4.2%	3.8%	4.2%	3.5%	3.5%	7.4%	6.4%	4.7%	4.8%	6.2%	6.1%	7.8%	7.1%	4.5%	4.9%		

Portfolio Total	
12 <sup>th</sup>	13 <sup>th</sup>
181 days	184 days
4,153	4,928
4,056	4,824
97	103
617	659
341	363
150	160
6	8
63	73
55	53
3,536	4,269
844	1,010
2,691	3,258
6.0%	5.9%
4.6%	4.5%

(Note) Not disclosed due to consent for disclosure not obtained from the lessee.

## Highest Priority on Long-term Stable Cash Flow

- 1 Investment in High-performance Logistics Properties and Specialty Retail Complexes**
- 2 Collaboration with Daiwa House Group**
- 3 Continuous Focus on Unitholders' Interests**
- 4 Solid Financing Strategy**



**Logistics and retail properties as indispensable assets  
closely connected to daily life**



- Indispensable under all economic conditions
- Long-term lease agreements with corporate tenants
- Stable occupancy rate

**Logistics and retail properties are asset types  
suitable to achieve stable income on a long-term basis**

## Investment Criteria

### Location

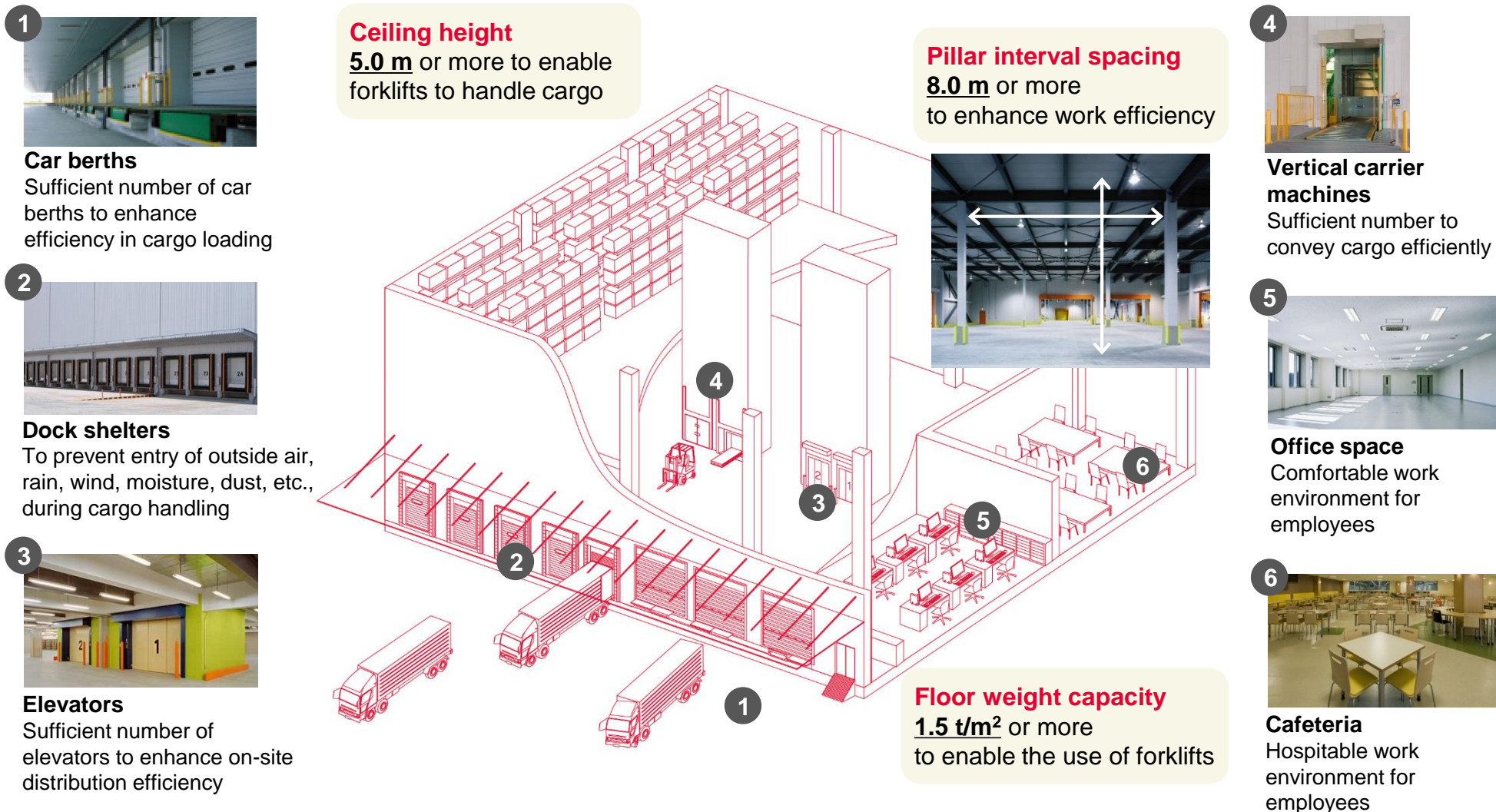
- Proximity to both consumption and production areas
- Accessibility to transportation networks
  - Highways, airports and harbors, etc.
- Ease in securing workforce and convenience in commuting for employees



### Specifications

- Space and specifications in principle
  - Gross floor area (6,000m<sup>2</sup> or more)
  - Floor weight capacity (1.5t/m<sup>2</sup> or more)
  - Ceiling height (5.0m or more)
  - Pillar interval spacing (8.0m or more)
- Building, equipment and other features (car berths, etc.) in accordance with the expected size and type of parcels to be delivered and shipping frequency

## Specifications of Competitive High-performance Logistics Properties

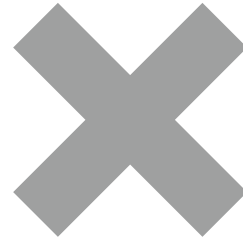


(Note) Not all logistics properties in DHR's portfolio are equipped with all of the specifications above.

## Investment Criteria

### Location

- Long-term stability through the ability to attract customers
  - Accessibility from main highways, residential roads and urban areas
  - High visibility of the building
- Characteristics suitable for the market areas and regions
  - Suitable floor composition, parking capacity, etc.
  - Adequate size



### Tenants

- Competitive specialty stores
- Well-known tenants closely connected to consumers' daily life
- Long-term agreements with "core tenants" (Note)
- Stable occupancy rate

(Note) "Core tenants" have a lease area of at least 2,000 square meters.



## Three Categories of Specialty Retail Complexes - Roadside, Mall and Urban Type Retail Properties as Investment Criteria

- Current portfolio consists of roadside and mall type retail properties only

### Roadside Type Retail Properties



- Single retail properties or retail complexes consisting of independent stores located along a main highway or residential roads

### Mall Type Retail Properties



- Either enclosed or open malls located along a main highway or residential roads

### Major Tenants

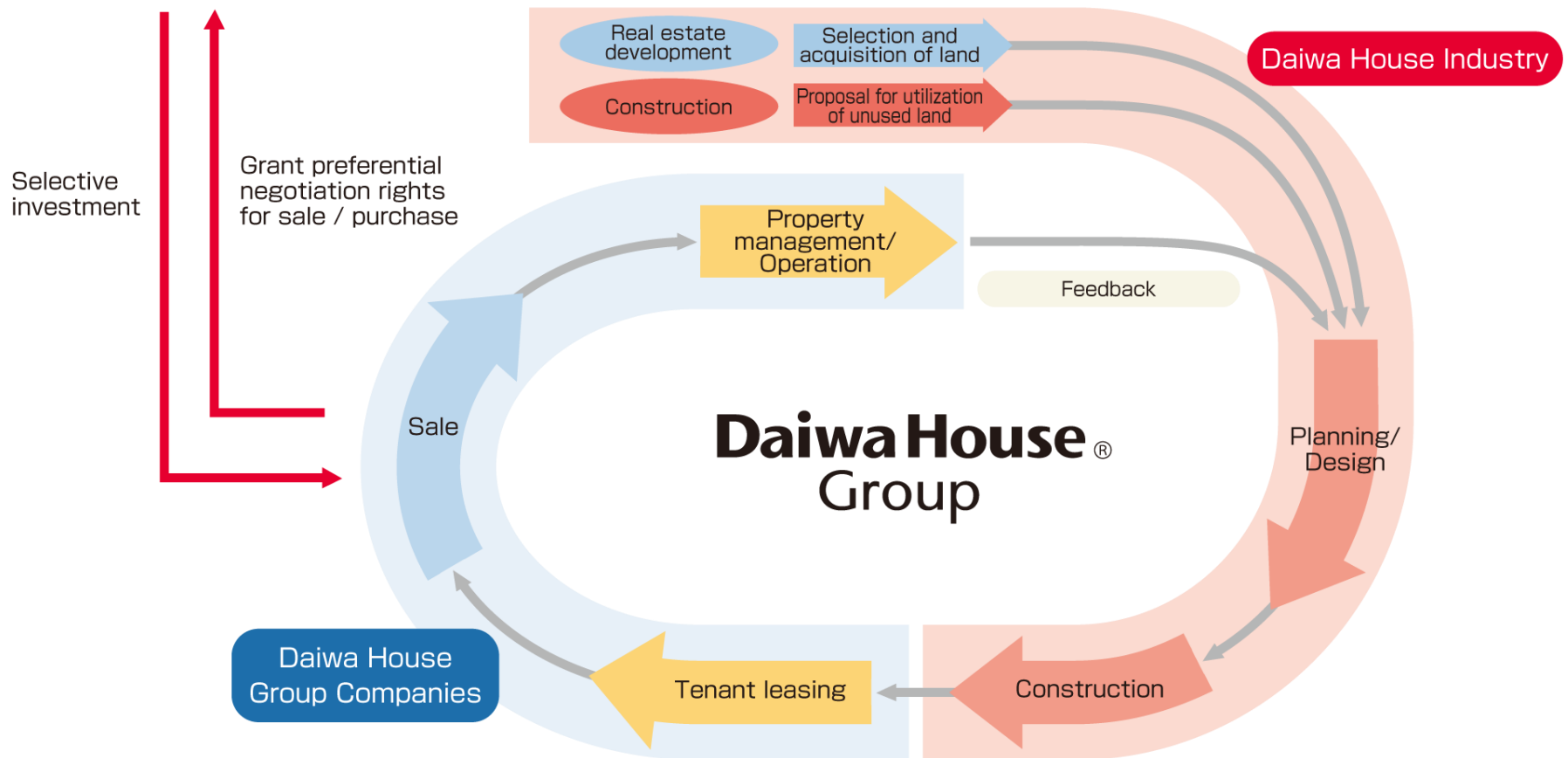


(Note) Not all retail properties in DHR's portfolio are leased to all of the above tenants.











# Value Chain of Daiwa House Group

- ◆ Planning and development of logistics and retail properties as part of the Daiwa House Group's core businesses
- ◆ Pipeline supporting agreements to grant preferential negotiation rights to DHR for the sale and purchase of the properties
- ◆ Information sharing on the development of logistics and retail properties between the Asset Manager

## Daiwa House REIT Investment Corporation













# List of Logistics Properties - BTS Type (1)

Property Name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato	D Project Urayasu I
Photo					
Tenant	Hitachi Capital Corporation	Mitsubishi Shokuhin Co., Ltd.	Hitachi Capital Corporation	Asahi Security Co., Ltd.	Nakano Shokai Co., Ltd.
Line of Products	Household goods, etc. (mail-order company)	Food, etc. (food wholesale company)	Food, etc. (logistics company)	—	Home appliances (logistics company)
Number of Tenants	1	2	1	1	1
Specifications	<ul style="list-style-type: none"> <li>Gross floor area: 50,490.34 m<sup>2</sup> (5F)</li> <li>Floor weight capacity: 0.5~1.5 t/m<sup>2</sup></li> <li>Ceiling height: 3.3~7.2 m</li> <li>Pillar interval: 9.0 m × 11.0 m</li> <li>Cargo EV: 6</li> <li>Vertical carrier machine: 1</li> <li>Connected car berths: 2 sides (for 40 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 58,678.15 m<sup>2</sup> (4F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 6.3~7.4 m</li> <li>Pillar interval: 10.0 m × 10.8 m</li> <li>Cargo EV: 3 (1st and 2nd floor) / 4 (3rd and 4th floor)</li> <li>Vertical carrier machines: 3</li> <li>Connected car berths: 2 sides (for 75 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 13,213.43 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 0.8 t/m<sup>2</sup></li> <li>Ceiling height: 5.7~6.8 m</li> <li>Pillar interval: 10.0m × 11.0 m</li> <li>Cargo EV: 2</li> <li>Vertical carrier machines: 2</li> <li>Connected car berths: 1 side (for 23 vehicles)</li> <li>Dock shelters: for 20 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 11,257.04 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup> (partly 2.5 t/m<sup>2</sup>)</li> <li>Ceiling height: 4.0~6.0 m</li> <li>Pillar interval: 10.2 m × 10.0 m</li> <li>Cargo EV: 2</li> <li>Connected car berths: 1 side (for 11 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 36,515.81 m<sup>2</sup> (5F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 6.5~7.1 m</li> <li>Pillar interval: 10.0 m × 10.0 m</li> <li>Cargo EV: 4</li> <li>Vertical carrier machines: 12</li> <li>Connected car berths: 2 sides (for 48 vehicles)</li> </ul>
Property Name	D Project Urayasu II	D Project Akanehama	D Project Noda	D Project Inuyama	D Project Gifu
Photo					
Tenant	Hitachi Capital Corporation	Hitachi Capital Corporation	Mitsubishi Shokuhin Co., Ltd.	Takihyo Co., Ltd.	GOTSU Co., Ltd.
Line of Products	Business equipment, etc. (warehouse company)	Vegetable, etc. (food retailer)	Food (food wholesale company)	Clothes, etc. (apparel wholesale company)	Beverage, etc. (logistics company)
Number of Tenants	1	1	1	1	1
Specifications	<ul style="list-style-type: none"> <li>Gross floor area: 72,320.01 m<sup>2</sup> (5F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 5.4~7.1 m</li> <li>Pillar interval: 10.5 m × 10.7 m</li> <li>Cargo EV: 10</li> <li>Vertical carrier machines: 8</li> <li>Connected car berths: 3 sides (for 99 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 11,656.89 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.0 t/m<sup>2</sup></li> <li>Ceiling height: 5.0~6.2m</li> <li>Pillar interval: 8.4 m × 10.0 m</li> <li>Cargo EV: 4</li> <li>Connected car berths: 1 side (for 21 vehicles)</li> <li>Dock shelters: for 21 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 29,190.21 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 8.3~11.3 m</li> <li>Pillar interval: 10.8 m × 11.0 m</li> <li>Cargo EV: 4</li> <li>Vertical carrier machines: 6</li> <li>Connected car berths: 3 sides (for 78 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 42,083.63 m<sup>2</sup> (4F)</li> <li>Floor weight capacity: 0.5~1.5 t/m<sup>2</sup></li> <li>Ceiling height: 3.3~7.3 m</li> <li>Pillar interval: 10.0 m × 10.0 m</li> <li>Cargo EV: 2</li> <li>Vertical carrier machines: 4</li> <li>Connected car berths: 1 side (for 55 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 6,921.06 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 6.3~6.6 m</li> <li>Pillar interval: 10.1 (8.1) m × 10.5 m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 2</li> <li>Connected car berths: 1 side (for 6 vehicles)</li> </ul>








# List of Logistics Properties - BTS Type (2)

Property Name	D Project Neyagawa	D Project Sapporo Minami	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura
Photo					
Tenant	Nippon Meat Packers, Inc.	Mitsubishi Shokuhin Co., Ltd.	Mitsubishi Shokuhin Co., Ltd.	Mitsubishi Shokuhin Co., Ltd.	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.
Line of Products	Frozen foods (food maker)	Food, etc. (food wholesale company)	Food, beverage, etc. (food wholesale company)	Snacks and beverage, etc. (food wholesale company)	PC support and maintenance center
Number of Tenants	1	1	1	1	1
Specifications	<ul style="list-style-type: none"> <li>Gross floor area: 11,303.11 m<sup>2</sup> (4F)</li> <li>Floor weight capacity: 1.3 t/m<sup>2</sup></li> <li>Ceiling height: 4.5~8.5 m</li> <li>Pillar interval: 11.0 m × 12.0 m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 4</li> <li>Connected car berths: 2 sides (for 25 vehicles)</li> <li>Dock shelters: for 25 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 6,749.10 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 8.0~9.0 m</li> <li>Pillar interval: 11.0 m × 11.0 m (partly 11.0 m × 9.0 m)</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 1</li> <li>Connected car berths: 1 side (for 17 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 8,849.12 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5~2.0 t/m<sup>2</sup></li> <li>Ceiling height: 8.5~9.1 m</li> <li>Pillar interval: 11.0 m × 7.8 m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 2</li> <li>Connected car berths: 1 side (for 19 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 11,042.27 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 9.0~12.2 m</li> <li>Pillar interval: 10.5 m × 11.0 m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 2</li> <li>Connected car berths: 1 side (for 19 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 17,448.86 m<sup>2</sup> (6F)</li> <li>Floor weight capacity: 0.5~1.5 t/m<sup>2</sup></li> <li>Ceiling height: 4.8~7.0 m</li> <li>Pillar interval: 9.2 m × 8.6 m</li> <li>Cargo EV: 2</li> <li>Vertical carrier machines: 1</li> <li>Connected car berths: 1 side (for 17 vehicles)</li> </ul>
Property Name	D Project Gotenba	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Photo					
Tenant	HOKKOH Transportation, Inc.	UCC FOODS CO., LTD	Nippon Express Co., Ltd	Nippon Meat Packers, Inc.	TRANCOM Co., Ltd.
Line of Products	Materials for rubber and chemical products (logistics company)	Food and beverage (food wholesale company)/auto parts (logistics company)	Automobile tire (logistics company) / household goods (logistics company)	Frozen foods (food maker)	—
Number of Tenants	1	2	4	1	1
Specifications	<ul style="list-style-type: none"> <li>Gross floor area: 6,457.26 m<sup>2</sup> (4F)<sub>2</sub></li> <li>Floor weight capacity: 1.6~4.0 t/m<sup>2</sup></li> <li>Ceiling height: 6.1~7.0 m</li> <li>Pillar interval: 9.4 m × 10.0 m</li> <li>Vertical carrier machines: 2</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 4,453.45 m<sup>2</sup> (3F / 2F)</li> <li>Floor weight capacity: 1.6~4.0 t/m<sup>2</sup></li> <li>Ceiling height: 6.5~10.6 m</li> <li>Pillar interval: 9.0 m × 16.0 m / 11.0 m × 8.0 m / 9.5 m × 14.0 m (16.0 m) / 7.5 m × 9.7 m</li> <li>Connected car berths: 1 side (for 8 vehicles)</li> <li>Dock shelters: for 11 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 23,742.02 m<sup>2</sup> (2F / 3F)</li> <li>Floor weight capacity: 1.0~2.2 t/m<sup>2</sup></li> <li>Ceiling height: 6.4~10.9 m</li> <li>Pillar interval: 8.1 m × 8.7 m / 8.4 m × 8.9 m</li> <li>Cargo EV: 4</li> <li>Vertical carrier machines: 2</li> <li>Connected car berths: 1 side (for 22 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 8,504.62 m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.3 t/m<sup>2</sup></li> <li>Ceiling height: 6.7~7.4 m</li> <li>Pillar interval: 11.0 m × 11.0 m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 3</li> <li>Connected car berths: 1 side (for 24 vehicles)</li> <li>Dock shelters: for 24 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 22,701.12 m<sup>2</sup> (3F)</li> <li>Floor weight capacity: 1.5 t/m<sup>2</sup></li> <li>Ceiling height: 6.0 m</li> <li>Pillar interval: 10.6 m × 10.0 m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 4</li> <li>Connected car berths: 3 sides (for 30 vehicles)</li> </ul>



# List of Logistics Properties - BTS Type (3)

Property Name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama	D Project Fukuoka Hakozaki
Photo					
Tenant	Seven & i Net Media Co., Ltd.	Daiwa Logistics Co., Ltd.	Daiwa Logistics Co., Ltd.	Sagawa Global Logistics Co., Ltd.	Nakano Shokai Co., Ltd.
Line of Products	Household goods, etc. (mail-order company)	Food, drink, etc. (food wholesale company)	Food (food maker)	Confectionary, etc. (logistics company)	Communication devices, building materials (logistics company)
Number of Tenants	1	1	1	1	1
Specifications	<ul style="list-style-type: none"> <li>Gross floor area: 50,490.00m<sup>2</sup> (3F)</li> <li>Floor weight capacity: 0.7~1.5t/m<sup>2</sup></li> <li>Ceiling height: 3.5~6.0m</li> <li>Pillar interval: 10.0m×9.9m</li> <li>Cargo EV: 3</li> <li>Vertical carrier machines: 3</li> <li>Connected car berths: 2 sides (for 59 vehicles)</li> <li>Dock shelters: for 1 vehicle</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 16,150.89m<sup>2</sup> (3F)</li> <li>Floor weight capacity: 1.5t/m<sup>2</sup></li> <li>Ceiling height: 7.5m</li> <li>Pillar interval: 10.0m×10.9m</li> <li>Cargo EV: 2</li> <li>Vertical carrier machines: 3</li> <li>Connected car berths: 2 sides (for 28 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 19,872.00m<sup>2</sup> (2F)</li> <li>Floor weight capacity: 1.5t/m<sup>2</sup></li> <li>Ceiling height: 5.5m</li> <li>Pillar interval: 11.0m×9.6m</li> <li>Cargo EV: 1</li> <li>Vertical carrier machines: 5</li> <li>Connected car berths: 2 sides (for 46 vehicles)</li> <li>Dock shelters: for 37 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 20,872.50m<sup>2</sup> (3F)</li> <li>Floor weight capacity: 1.5t/m<sup>2</sup></li> <li>Ceiling height: 6.5m</li> <li>Pillar interval: 11.0m×11.5m</li> <li>Cargo EV: 2</li> <li>Vertical carrier machines: 4</li> <li>Connected car berths: 1 side (for 26 vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>Gross floor area: 33,332.18 m<sup>2</sup> (4F)</li> <li>Floor weight capacity: 1.5t/m<sup>2</sup></li> <li>Ceiling height: 6.0m</li> <li>Pillar interval: 10.6m</li> <li>Cargo EV: 2</li> <li>Vertical carrier machines: 6</li> <li>Connected car berths: 1 side (for 16 vehicles)</li> </ul>

# List of Retail Properties

Property Name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki	ACROSSPLAZA Miyoshi (land)
Photo					
Tenant	Daiwa Information Service Co., Ltd.	Alpen Co., Ltd.	Major Food Supermarket, etc.	P&D Consulting Co., Ltd.	Mizuho Trust & Banking Co., Ltd.
Number of Tenants	1	23	10	1	1
Tenant composition	<ul style="list-style-type: none"> <li>Tenants include Toys "R" Us-Japan Ltd., the main tenant, and Sport Club NAS, as well as various other retail businesses such as restaurants and stores specializing in casual fashion, general merchandise, books, hobbies and household goods</li> </ul>	<ul style="list-style-type: none"> <li>Tenants include specialty stores such as Cineplex, Sports Depo (which includes Alpen and various other stores), as well as stores specializing in casual fashion, Shoe Plaza, a bookstore, a 100-yen shop and a pet shop, in addition to restaurants</li> </ul>	<ul style="list-style-type: none"> <li>Tenants include a major food supermarket, major home furnishings store, drugstore and service stores (beauty salon, clinic, dry cleaner, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>With the supermarket Yaoko as the core tenant, the property also has Sugi Pharmacy, SHOO-LA-RUE, Honeys, ABC Mart and Daiso and other daily life service providers</li> </ul>	<ul style="list-style-type: none"> <li>With the supermarket Yaoko as the core tenant, the property also has Kojima, The Daiso, TSUTAYA, Sugi Pharmacy and other daily life service providers</li> </ul>
Property Name	LIFE Sagami-hara Wakamatsu	FOLEO Sendai Miyanomori	ACROSSPLAZA Inazawa (land)		
Photo					
Tenant	LIFE CORPORATION	Daiwa House Industry Co., Ltd.	Daiwa Information Service Co., Ltd.		
Number of Tenants	1	1	1		
Tenant composition	<ul style="list-style-type: none"> <li>A major food supermarket chain, LIFE CORPORATION, rents the entire property, which gives LIFE CORPORATION an advantageous scale in the neighboring commercial area</li> <li>The second floor, where the parking lot is located, is subleased to restaurants</li> </ul>	<ul style="list-style-type: none"> <li>Tenants are leading companies of various business categories, such as York Benimaru, a supermarket, and prominent tenants include specialized stores such as CAWACHI (drugstore), K's Denki (home appliances store), TSUTAYA (books and rental store), Shoe Plaza and Nishimatsuya Chain, as well as restaurants such as Hamazushi and MOS BURGER</li> </ul>	<ul style="list-style-type: none"> <li>The shopping center is comprised of competitive tenants, with the supermarket Aoki Super and Keiyo D2 as the core tenants and also features Shimamura, ZIP DRUG as well as restaurants and such</li> </ul>		

## Number of Unitholders and Units Held by Unitholder Type

	12 <sup>th</sup> Period (ended Feb 2014)				13 <sup>th</sup> Period (ended Aug 2014)			
	Number of unitholders		Number of units		Number of unitholders		Number of units	
	Unitholders	(%)	Investment units	(%)	Unitholders	(%)	Investment units	(%)
Individuals and others	3,798	92.03%	10,076	8.22%	5,675	92.96%	25,054	8.54%
Financial institutions	75	1.82%	78,271	63.87%	105	1.72%	192,561	65.61%
Banks / trust banks	37	0.90%	70,258	57.33%	47	0.77%	172,341	58.72%
City banks	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Regional banks	30	0.73%	10,736	8.76%	37	0.61%	30,500	10.39%
Trust banks	7	0.17%	59,522	48.57%	10	0.16%	141,841	48.33%
Life insurance companies	5	0.12%	2,439	1.99%	7	0.11%	7,465	2.54%
Non-life insurance companies	1	0.02%	2,797	2.28%	1	0.02%	5,594	1.91%
Other financial institutions	32	0.78%	2,777	2.27%	50	0.82%	7,161	2.44%
Shinkin banks	19	0.46%	1,773	1.45%	31	0.51%	4,324	1.47%
Others	13	0.31%	1,004	0.82%	19	0.31%	2,837	0.97%
Other domestic corporations	151	3.66%	20,543	16.76%	190	3.11%	46,596	15.88%
Foreign corporations and individuals	89	2.16%	13,103	10.69%	117	1.92%	26,307	8.96%
Securities firms	14	0.34%	547	0.45%	18	0.29%	2,962	1.01%
<b>Total</b>	<b>4,127</b>	<b>100.00%</b>	<b>122,540</b>	<b>100.00%</b>	<b>6,105</b>	<b>100.00%</b>	<b>293,480</b>	<b>100.00%</b>

## Top 10 Unitholders

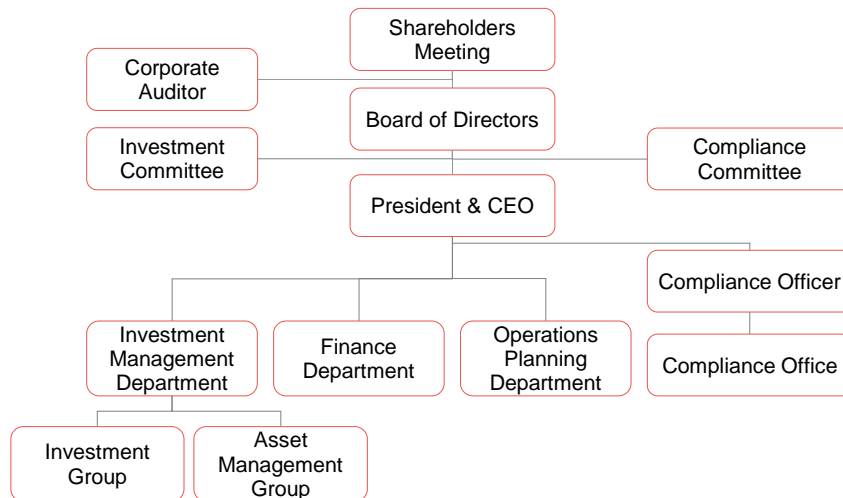
13 <sup>th</sup> Period (ended Aug 2014)		
Name of unitholders	Number of units held	Ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	78,908	26.89%
Daiwa House Industry Co., Ltd.	37,600	12.81%
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,211	9.61%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	15,262	5.20%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	13,278	4.52%
Nomura Bank (Luxembourg) S.A.	5,904	2.01%
The Fuji Fire and Marine Insurance Co., Ltd.	5,594	1.91%
State Street Bank and Trust Company 505225	3,784	1.29%
The Hachijuni Bank, Ltd.	3,424	1.17%
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	2,533	0.86%
<b>Total</b>	<b>194,498</b>	<b>66.27%</b>

# Asset Manager and REIT Organization

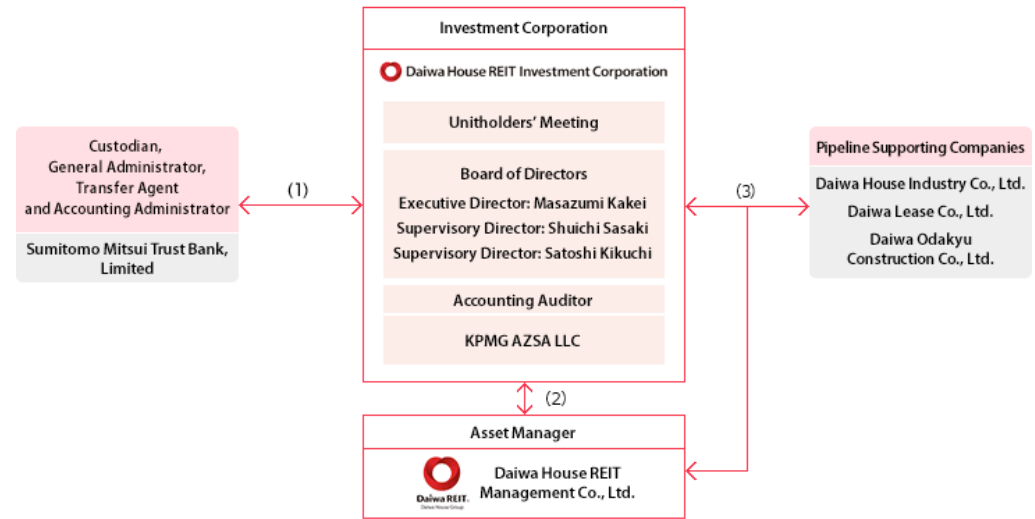
## Overview of the Asset Manager

Corporate Name	Daiwa House REIT Management Co., Ltd.
Paid-in Capital	200 million yen (as of the date of this document)
Shareholder	Daiwa House Industry Co., Ltd. (100%)
Representative Director, President and CEO	Hiroataka Najima
License/Registration	<ul style="list-style-type: none"> <li>License for real estate transaction business: (2) No. 86218 granted by Tokyo Prefectural Government</li> <li>Handling discretionary accounts: No. 54 granted by the Ministry of Land, Infrastructure, Transport and Tourism</li> <li>Registration of financial instruments business (Investment Management): No. 354 with Kanto Finance Bureau (kinsho)</li> </ul>

## Organization of the Asset Manager



## Structure and Formation of Related Parties



(1) Asset custody agreement / General administration agreement / Transfer agency agreement / Accounting administration agreement

(2) Asset management agreement

(3) Pipeline supporting agreements

- This material may contain information such as data on future performances, plans, management targets and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends of the business environment, but these hypotheses and assumptions are not necessarily correct. Actual results may significantly vary due to various factors.
- This material is to be used for the explanation of Daiwa House REIT Investment Corporation and not prepared for the purpose of soliciting the acquisition of its investment securities or the signing of a financial instruments contract.
- No assurance or warranty is given with respect to the accuracy, certainty and sufficiency of this material.
- This material may be revised, amended or modified without notice.