

October 17, 2014

Financial Results for the Fiscal Period Ended August 31, 2014 (March 1, 2014 - August 31, 2014)

Real estate investment trust unit issuer: **Daiwa House REIT Investment Corporation** (“DHR”)

Listing: Tokyo Stock Exchange

Securities code: 3263

URL: <http://www.daiwahouse-reit.jp/english/>

Representative: Masazumi Kakei, Executive Director

Asset manager: Daiwa House REIT Management Co., Ltd.

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Scheduled date of submitting Securities Report: November 28, 2014

Scheduled date of starting distribution payments: November 10, 2014

Supplementary materials for the financial results provided: Yes

Results briefing for the period: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial results for the fiscal period ended August 31, 2014 (March 1, 2014 – August 31, 2014)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended August 31, 2014	4,928	18.6	2,853	22.9	2,359	20.4	2,359	20.4
Fiscal period ended February 28, 2014	4,153	0.6	2,321	0.0	1,960	(0.4)	1,959	(0.4)

	Net income per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended August 31, 2014	8,188	3.3	1.6	47.9
Fiscal period ended February 28, 2014	7,996	3.2	1.5	47.2

(Note) DHR implemented a 2-for-1 split of investment units with an effective date of March 1, 2014. Net income per unit is calculated as if the split of investment units had been completed at the beginning of the fiscal period ended February 28, 2014.

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings per unit)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended August 31, 2014	8,039	2,359	0	—	100.0	3.1
Fiscal period ended February 28, 2014	15,992	1,959	0	—	100.0	3.2

(Note) Due to the issuance of new investment units, the payout ratio for the fiscal period ended August 31, 2014 is calculated based on the following formula, rounded to the nearest tenth.

$$\text{Payout ratio} = \text{Total distributions (excluding distributions in excess of earnings)} / \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2014	163,088	80,407	49.3	273,979
As of February 28, 2014	131,509	61,340	46.6	250,288

(Note) DHR implemented a 2-for-1 split of investment units with an effective date of March 1, 2014. Net assets per unit are calculated as if the split of investment units had been completed at the beginning of the fiscal period ended February 28, 2014.

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended August 31, 2014	2,292	(25,420)	28,152	13,406
Fiscal period ended February 28, 2014	2,949	(1,966)	(1,966)	8,382

2. Forecasts of operating results for the fiscal period from September 1, 2014 to February 28, 2015 and for the fiscal period from March 1, 2015 to August 31, 2015

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending February 28, 2015	5,127	4.0	2,930	2.7	2,468	4.6	2,467	4.6	8,400	0
Fiscal period ending August 31, 2015	5,148	0.4	2,811	(4.1)	2,335	(5.4)	2,335	(5.4)	7,950	0

(Reference) Forecasted net income per unit

For the fiscal period ending February 28, 2015: ¥8,400

For the fiscal period ending August 31, 2015: ¥7,950

Forecasted net income per unit is calculated using the following formula and amounts are rounded down to the nearest ¥10:

$$\text{Forecasted net income per unit} = \text{Forecasted net income} / \text{Forecasted number of investment units issued at the end of the period}$$

* **Other**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- a. Changes in accounting policies due to amendment of accounting standards and other regulations: None
- b. Changes in accounting policies due to reasons other than a. above: None
- c. Changes in accounting estimates: None
- d. Retrospective restatement: None

(2) Number of investment units issued

- a. Number of investment units issued at the end of the period (including treasury investment units)

As of August 31, 2014	293,480 units
As of February 28, 2014	122,540 units
- b. Number of treasury investment units at the end of the period

As of August 31, 2014	0 units
As of February 28, 2014	0 units

(Note) Please refer to “Per Unit Information” on page 34 for the number of investment units used as the basis for calculating net income per unit.

* **Status of auditing procedures**

As of the time of disclosure of this financial results report, DHR had not completed auditing procedures for the financial statements pursuant to the Financial Instruments and Exchange Act.

* **Remarks on appropriate use of forecasts of operating results and other special notes**

The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available to DHR and on certain assumptions deemed reasonable by DHR. The actual operating and other results may differ significantly from those presented herein as a consequence of numerous factors. These forecasts also do not guarantee the amount of distributions. Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending February 28, 2015 and August 31, 2015” on pages 8 and 9 for information on assumptions for the forecasts of operating results.

Disclaimer:

This English translation has been prepared for general reference purposes only. DHR shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on October 17, 2014.

1. The Investment Corporation and Related Corporations

As during the current fiscal period, there have been no significant changes in “Management structure of the Investment Corporation” in the latest Securities Report (submitted on May 27, 2014; prepared in Japanese only), the disclosure is omitted.

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on May 27, 2014; prepared in Japanese only), the disclosure is omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

DHR was established on September 14, 2007, in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trusts Act”), with Daiwa House REIT Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) as the organizer, and completed its registration in the Kanto Local Finance Bureau on October 23, 2007 (Director-General of the Kanto Local Finance Bureau No. 66).

DHR issued new investment units through public offering on November 27, 2012. The following day, November 28, 2012, DHR was listed (with the securities code number 3263) on the J-REIT section of the Tokyo Stock Exchange, Inc.

To achieve its basic investment policy of focusing predominantly on “stability” in the management of its assets, DHR targets investment in logistics and retail properties, investing in “high-performance logistics properties” and “specialty retail complexes.” In addition, DHR is planning steady growth in the scale of its assets by acquiring highly competitive assets through collaboration with the Daiwa House Group (see Note 1), which has an extensive logistics and retail properties development track record supported by an extensive land information network and a customer base covering the whole country. Furthermore, DHR has its sights set on maintaining and improving the value of its assets through operations and management that maximize their competitiveness.

In the current fiscal period (ended August 31, 2014), DHR acquired six logistics properties (total acquisition price of ¥25,130 million) (see Note 2) with funds raised in the first capital increase through public offering since DHR’s listing and associated loans. Consequently, DHR held a total of 32 properties (total acquisition price of ¥144,163 million) as of August 31, 2014.

(Note 1) The Daiwa House Group comprises Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), its 113 consolidated subsidiaries, one non-consolidated subsidiary, 21 equity-method associates, and two non-equity-method associates, as of October 1, 2014). The same shall apply hereinafter.

(Note 2) Total acquisition prices shown are rounded to the nearest million yen. The same shall apply hereinafter.

(B) Investment environment and performance

The Japanese economy maintained its modest recovery trend partly on the back of the effects of various government policies. This occurred despite increasingly marked weakness in individual consumption and other indicators partly reflecting a pullback in demand following a rush ahead of a consumption tax hike implemented in April.

In the real estate market, the *Land Price LOOK Report* published by the Ministry of Land, Infrastructure, Transport and Tourism in August 2014 continued to have areas showing rising land prices accounting for 80% of the total, reflecting heightened eagerness towards real estate investment on the back of monetary easing and other factors. The upward trend in land prices is expected to continue, particularly in retail districts.

J-REIT unit prices rose firmly, with the TSE (Tokyo Stock Exchange) REIT Index rising 5.5% from the closing price on December 30, 2013, through the closing price on June 30, 2014. Even so, owing

to heightened competition for property acquisitions, the asset acquisition amount by J-REITs in the January through June 2014 period decreased 42.8% year-on-year to only approximately ¥770 billion, showing a slowdown in the pace of acquisitions.

The logistics property rental market was firm, underpinned by expansion in industries such as e-commerce and retailers' mail order businesses, which are the main sources of demand for this market. In the vacancy rates for large multi-tenant logistics properties announced in August 2014 by CBRE K.K., demand for logistics properties remained strong, rates in the greater Tokyo and greater Osaka areas rose to 6.1% and 0.8%, respectively (as of June 2014), due to the impact of new supply and other factors. Offered rent levels were stable reflecting continued strength in needs for logistics properties. For the time being, in addition to these factors for growth in the industry, distribution volume will increase in conjunction with the increase in the number of convenience stores and major home delivery operators are planning aggressive capital investments. Demand is expected to be maintained for logistics properties due to such construction of new networks spanning broad areas.

With regard to the business environment surrounding retail properties, the retail sales total according to the commercial sales statistics (excluding automobile and fuel sales) fluctuated in the first-half period from January to June 2014 due to the impact of the consumption tax hike, with rush demand causing an increase of 2.3% year-on-year. In the supermarket sector, companies implemented more unique sales strategies, such as developing new products and implementing product renewals among private brand products, and by enhancing customer services in partnership with online retailers and home delivery providers.

In such an environment, DHR expanded and diversified its portfolio by collaborating with the Daiwa House Group to acquire six logistics properties with high utilization rates and for which long-term agreements have been concluded (total acquisition price of ¥25,130 million). As of August 31, 2014, DHR owned 32 properties (with a total book value of ¥141,050 million at the end of the period) with a total leasable area of 738,355.09 m² and an occupancy rate of 99.97% (the figure is rounded down to the nearest 100th).

(C) Overview of financing

In the current fiscal period (ended August 31, 2014), DHR issued new investment units (44,000 units) through public offering on March 19, 2014 and new investment units (4,400 units) through third-party allotment on April 14, 2014, raising a total amount of ¥18,667 million. As a result, unitholders' capital amounted to ¥78,048 million, and the number of total investment units issued came to 293,480 units as of August 31, 2014.

DHR borrowed funds of ¥11,500 million through syndicated loans as of April 1, 2014 in order to partially cover the acquisition costs for six logistics properties and related costs, and entered into interest rate swap agreements for the purpose of hedging the risk of interest rate fluctuations for the loans. Consequently, as of August 31, 2014, loans payable amounted to ¥74,500 million.

The credit rating DHR has obtained as of August 31, 2014 is as follows:

Rating agency	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA-	Stable

(D) Overview of financial results and distributions

As a result of the above-mentioned operations, operating revenues came to ¥4,928 million, operating income came to ¥2,853 million, ordinary income came to ¥2,359 million, and net income came to ¥2,359 million, for the fiscal period under review.

In accordance with the distribution policy stipulated in Article 46, item 1 of the Articles of Incorporation of DHR, it was decided that the full amount of unappropriated retained earnings would be distributed, except fractions of less than ¥1 of distributions per investment unit. The aim would be to include earnings distributions in tax deductible expenses based on application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per investment unit came to ¥8,039.

ii) Outlook for next fiscal period

Despite concerns about a rebound drop following the increase in the consumption tax rate in April, as well as concerns about downside overseas economic risk reflecting the direction of monetary policy in the U.S., the Japanese economy is expected to gradually recover, underpinned by the effects of economic measures that have been put in place.

In the J-REIT market, eagerness towards property acquisition is expected to remain strong against a backdrop of a stabilized financing environment, as highlighted by the fixing of interest rates on interest-bearing debt at low interest rates and extending maturities. In addition, the introduction of the Japanese (Nippon) version of the Individual Savings Account (“NISA”), a tax exemption scheme for small investments, from January 2014, and the investment unit splits executed by a number of J-REIT investment corporations, are expected to enlarge the base of individual investors.

In such an environment, DHR will focus predominantly on “stability” in the management of its assets and, adhering to its basic policy of targeting long-term, stable earnings and maximizing unitholder value, will work to further expand the scale of its assets while maintaining and enhancing asset value over the medium to long term.

(A) External growth strategy

DHR aims to achieve stable external growth through support and assistance from the Daiwa House Group. DHR has entered into separate memorandums (hereinafter referred to as the “pipeline supporting agreements”) with Daiwa House, Daiwa Lease Co., Ltd., and Daiwa Odakyu Construction Co., Ltd. Through these agreements DHR intends to take advantage of the Daiwa House Group’s strong development capabilities in supplying community-based properties that leverage the strengths of each regional economy through the Daiwa House Group’s nationwide land information network.

By constructing a mechanism that enables the understanding and sharing of DHR’s investment policy with the Daiwa House Group, DHR will seek to enjoy continuous support, including from the development phase, for a supply of properties that fit the needs of tenants and that result in long-term lease agreements to achieve long-term and stable cash flow.

In addition to obtaining information on properties from the Daiwa House Group, DHR intends to proactively collect information from independent information sources available to the Asset Manager and make efforts to acquire quality assets using such information. Further, in connection with the acquisition of properties from parties outside the Daiwa House Group, DHR may seek to utilize warehousing services provided by the Daiwa House Group until DHR’s acquisition of properties, as contemplated under the pipeline supporting agreements.

(B) Internal growth strategy

As DHR’s investment policy is to select properties with long-term and stable lease agreements, DHR considers it important to promote internal growth by engaging in cost reduction by streamlining operations in order to enhance profitability.

DHR believes that, under the principle of “industrialization of construction,” Daiwa House has realized standardization and efficiency in design and construction. It has constructed economical and well-planned, easily-maintained buildings using solid construction and technical capabilities as well as its abundant experience and know-how with respect to logistics and retail properties throughout Japan.

DHR believes that by receiving consistent support from the Daiwa House Group on a long-term basis, ranging from building and facilities maintenance to short-term repair, long-term repair, renewal construction and redevelopment, DHR can optimize life cycle costs by taking advantage of the Daiwa House Group’s know-how, understanding the status of buildings through well-planned and periodic inspections and implementing adequate and timely preventive repairs and improving performance.

DHR will seek to engage in operations and management that take advantage of the Daiwa House Group’s know-how through the Daiwa House Group’s support with respect to life cycle costs and its property management, and will also take measures to maintain and improve competitiveness and asset values. In such manner, DHR will seek to maintain and improve rent and occupancy rates and reduce costs.

(C) Financial strategy

DHR seeks as its basic policy to execute a well-planned and flexible financial strategy with the aim of ensuring sustainable profits on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.

(D) Forecasts of operating results for the fiscal periods ending February 28, 2015 and August 31, 2015

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending February 28, 2015	5,127	2,930	2,468	2,467	8,400	0
Fiscal period ending August 31, 2015	5,148	2,811	2,335	2,335	7,950	0

For the assumptions for the forecasts above, please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending February 28, 2015 and August 31, 2015” on pages 8 and 9. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, net income and distributions per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

(A) Debt financing

DHR conducted debt financing as described below on September 30, 2014.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Floating / fixed	Date of execution	Repayment due date	Method of repayment	Collateral
Nippon Life Insurance Company	1,000	1.00	Fixed	September 30, 2014	September 29, 2023	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	2,000	Base interest rate (Japanese Bankers Association 1 month yen TIBOR) + 0.20	Floating	September 30, 2014	September 30, 2015	Bullet repayment	Unsecured and non-guaranteed
Total	3,000						

(B) Acquisition of assets

DHR acquired an asset as described below on September 30, 2014.

Property name	ACROSSPLAZA Miyoshi (land)
Acquisition price (Note 1)	¥3,390,000 thousand
Seller (Note 2)	Daiwa Information Service Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	855-403 Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma-gun, Saitama
Agreement date	September 30, 2014
Acquisition date	September 30, 2014

(Note 1) Acquisition price does not include acquisition expenses which were incurred in connection with the acquisition, settlement money such as taxes and duties, and consumption taxes.

(Note 2) As the seller is an interested party, etc. as defined in the Investment Trusts Act, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its internal rules to avoid transactions with conflicts of interest.

**Assumptions for Forecasts of Operating Results for the Fiscal Periods
Ending February 28, 2015 and August 31, 2015**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending February 28, 2015 (14th fiscal period: 181 days from September 1, 2014 to February 28, 2015) Fiscal period ending August 31, 2015 (15th fiscal period: 184 days from March 1, 2015 to August 31, 2015)
Portfolio	<ul style="list-style-type: none"> DHR has assumed that there will be no changes until August 31, 2015 in the composition of DHR's portfolio (acquisition of new properties or sale of the current properties) associated with the 33 properties held by DHR (hereinafter referred to as the "Portfolio") as of the date of this financial results report. Changes in the composition of the portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> DHR has calculated its revenues related to rent business taking into account the relevant lease agreements effective as of the date of this financial results report, market trends, etc. DHR has assumed no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> Operating expenses mainly comprise expenses related to rent business. Those expenses, excluding depreciation of the current properties, are calculated based on past performance, making certain adjustments as appropriate considering factors causing changes in expenses. DHR has assumed that DHR will incur depreciation expenses of ¥1,043 million for the fiscal period ending February 28, 2015 and ¥1,044 million for the fiscal period ending August 31, 2015. These figures are calculated using the straight-line method with incidental expenses added to purchase prices of non-current assets. DHR has estimated property tax and city planning tax, etc. at ¥356 million for the fiscal period ending February 28, 2015 and ¥479 million for the fiscal period ending August 31, 2015. Generally, when a property is sold, the purchaser of the property typically reimburses the seller for the pro rata portion of property tax and city planning tax, etc. that has previously been paid by the seller. However, this reimbursed amount is usually included in the acquisition cost and is not booked under expenses. Property tax and city planning tax, etc. for ACROSSPLAZA Miyoshi (land) already acquired on September 30, 2014 will be expensed from the fiscal period ending August 31, 2015. DHR has assumed that ¥4 million of property tax and city planning tax, etc. will be included in the acquisition cost for ACROSSPLAZA Miyoshi (land). DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period for the ongoing repair and maintenance of the properties in DHR's portfolio based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from DHR's forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by unforeseeable factors, (ii) generally, there is a substantial difference in expenses incurred between each fiscal period, and (iii) expenses are not incurred based on a regular schedule.
Non-operating expenses	<ul style="list-style-type: none"> DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥464 million for the fiscal period ending February 28, 2015 and ¥478 million for the fiscal period ending August 31, 2015.
Interest-bearing debt	<ul style="list-style-type: none"> As of the date of this financial results report, DHR has a total interest-bearing debt of ¥77,500 million. DHR has assumed this total interest-bearing debt will be unchanged until August 31, 2015.
Investment units	<ul style="list-style-type: none"> The number of investment units is based on DHR's assumption of 293,480 units, which is the number of investment units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until August 31, 2015.

Item	Assumptions
Distributions per unit	<ul style="list-style-type: none"> DHR has calculated distributions (distributions per unit) based on the distribution policy prescribed in DHR's Articles of Incorporation. Changes in DHR's portfolio, fluctuations in rental revenues due to changes in tenants and other factors, unforeseen repairs and maintenance expenses and other factors may lead to changes in the amount of distributions per unit.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> DHR has no plans to pay distributions in excess of earnings as of the date of this financial results report.
Others	<ul style="list-style-type: none"> DHR has assumed no enforcement of such revisions to laws and regulations, tax systems, accounting standards, securities listing regulations and rules of The Investment Trusts Association, Japan, etc. that may affect the above forecasts. DHR's forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.

(3) Investment Risk

As there have been no significant changes in the "Investment Risk" as described in the latest Securities Report (submitted on May 27, 2014; prepared in Japanese only), the disclosure is omitted.

3. Financial Statements

(1) Balance Sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Assets		
Current assets		
Cash and deposits	6,552,272	11,059,887
Cash and deposits in trust	7,812,908	9,318,628
Operating accounts receivable	8,914	15,796
Prepaid expenses	138,170	156,284
Consumption taxes receivable	—	1,071,441
Other	418	910
Total current assets	14,512,684	21,622,949
Non-current assets		
Property, plant and equipment		
Buildings in trust	53,383,270	67,305,078
Accumulated depreciation	(3,447,770)	(4,403,658)
Buildings in trust, net	49,935,499	62,901,419
Structures in trust	2,160,386	2,568,482
Accumulated depreciation	(171,080)	(218,008)
Structures in trust, net	1,989,306	2,350,474
Machinery and equipment in trust	—	343,654
Accumulated depreciation	—	(7,345)
Machinery and equipment in trust, net	—	336,308
Land in trust	64,720,029	75,462,499
Construction in progress in trust	25,190	300
Total property, plant and equipment	116,670,025	141,051,002
Intangible assets		
Other	2,550	2,210
Total intangible assets	2,550	2,210
Investments and other assets		
Investment securities	*4 6,214	*4 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

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	80,680	88,692
Accounts payable - other	44,731	12,282
Accrued expenses	307,171	346,292
Income taxes payable	605	605
Accrued consumption taxes	94,287	-
Advances received	419,638	526,541
Other	23,890	32,221
Total current liabilities	971,005	1,006,635
Non-current liabilities		
Long-term loans payable	63,000,000	74,500,000
Tenant leasehold and security deposits in trust	6,197,271	7,174,671
Total non-current liabilities	69,197,271	81,674,671
Total liabilities	70,168,276	82,681,307
Net assets		
Unitholders' equity		
Unitholders' capital	59,381,050	78,048,300
Surplus		
Unappropriated retained earnings (undisposed loss)	1,959,680	2,359,334
Total surplus	1,959,680	2,359,334
Total unitholders' equity	61,340,730	80,407,635
Total net assets	*3 61,340,730	*3 80,407,635
Total liabilities and net assets	131,509,007	163,088,942

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Operating revenues		
Rent revenues - real estate	*1, *2 4,056,517	*1, *2 4,824,857
Other lease business revenues	*2 97,293	*2 103,632
Total operating revenues	4,153,811	4,928,490
Operating expenses		
Expenses related to rent business	*1, *2 1,462,241	*1, *2 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	*1 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 (undisposed loss)	1,959,680	2,359,334

(3) Statements of Unitholders' Equity

Previous fiscal period (From September 1, 2013 to February 28, 2014)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	59,381,050	1,967,380	1,967,380	61,348,430	61,348,430
Changes of items during period					
Dividends of surplus		(1,967,379)	(1,967,379)	(1,967,379)	(1,967,379)
Net income		1,959,680	1,959,680	1,959,680	1,959,680
Total changes of items during period	—	(7,699)	(7,699)	(7,699)	(7,699)
Balance at end of current period	*1 59,381,050	1,959,680	1,959,680	61,340,730	61,340,730

Current fiscal period (From March 1, 2014 to August 31, 2014)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	59,381,050	1,959,680	1,959,680	61,340,730	61,340,730
Changes of items during period					
Issuance of new investment units	18,667,250			18,667,250	18,667,250
Dividends of surplus		(1,959,659)	(1,959,659)	(1,959,659)	(1,959,659)
Net income		2,359,313	2,359,313	2,359,313	2,359,313
Total changes of items during period	18,667,250	399,654	399,654	19,066,904	19,066,904
Balance at end of current period	*1 78,048,300	2,359,334	2,359,334	80,407,635	80,407,635

(4) Statements of Cash Distributions

Item	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	1,959,680,892	2,359,334,949
II Distributions	1,959,659,680	2,359,285,720
[Distributions per investment unit]	[15,992]	[8,039]
III Earnings carried forward	21,212	49,229

Calculation method for distributions	Based on the distribution policy set forth in Article 46, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay earnings distributions at the total amount of ¥1,959,659,680, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 122,540, which is the number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 46, item 2 of the Articles of Incorporation of DHR.	Based on the distribution policy set forth in Article 46, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay earnings distributions at the total amount of ¥2,359,285,720, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 293,480, which is the number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 46, item 2 of the Articles of Incorporation of DHR.
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Cash flows from operating activities		
Income before income taxes	1,960,285	2,359,918
Depreciation	844,946	1,010,501
Interest income	(1,527)	(1,914)
Interest expenses	288,678	360,447
Investment unit issuance expenses	—	55,863
Decrease (increase) in prepaid expenses	(4,922)	(18,114)
Decrease (increase) in long-term prepaid expenses	64,782	(88,952)
Decrease (increase) in operating accounts receivable	2,733	(6,881)
Decrease (increase) in consumption taxes refund receivable	—	(1,071,441)
Increase (decrease) in operating accounts payable	4,203	4,694
Increase (decrease) in accrued consumption taxes	(23,910)	(95,280)
Increase (decrease) in accounts payable - other	2,723	(3,837)
Increase (decrease) in accrued expenses	1,334	39,720
Increase (decrease) in advances received	10,722	106,902
Increase (decrease) in deposits received	(4)	8,331
Other, net	88,155	(12,711)
Subtotal	3,238,201	2,647,244
Interest income received	1,527	1,914
Interest expenses paid	(289,642)	(355,944)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	2,949,480	2,292,609
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(1,966,229)	(25,420,643)
Net cash provided by (used in) investing activities	(1,966,229)	(25,420,643)
Cash flows from financing activities		
Proceeds from long-term loans payable	—	11,500,000
Proceeds from issuance of investment units	—	18,611,387
Dividends paid	(1,966,663)	(1,959,250)
Net cash provided by (used in) financing activities	(1,966,663)	28,152,136
Net increase (decrease) in cash and cash equivalents	(983,413)	5,024,103
Cash and cash equivalents at beginning of period	9,365,821	8,382,408
Cash and cash equivalents at end of period	*1 8,382,408	*1 13,406,512

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Valuation basis and accounting methods for assets	Securities Held-to-maturity bonds The amortized cost method (straight-line method) is used.
2. Method of depreciation of non-current assets	Property, plant and equipment (including properties in trust) The straight-line method is used. The useful lives of property, plant and equipment are listed below. Buildings in trust 3 to 46 years Structures in trust 10 to 43 years Machinery and equipment in trust 19 years
3. Accounting method for deferred assets	Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure.
4. Recognition of revenues and expenses	Property-related taxes For property tax, city planning tax, and depreciation asset tax for real properties held, the amount of tax levied corresponding to the fiscal period is recorded as expenses related to rent business. The amount equivalent to property-related taxes to be paid by DHR in the first year for acquisition of real properties or trust beneficiary interests in real estate is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property-related taxes included in acquisition cost for properties is ¥12,160 thousand for the previous fiscal period and ¥151,449 thousand for the current fiscal period.
5. Method of hedge accounting	(1) Method of hedge accounting For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings (3) Hedging policy DHR conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of DHR pursuant to the basic policy of risk management. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.

6. Accounting method for trust beneficiary interests in real estate	<p>With regard to trust beneficiary interests in real estate, all assets and liabilities as well as all revenues and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income.</p> <p>Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <p>i) Cash and deposits in trust</p> <p>ii) Buildings in trust, structures in trust, machinery and equipment in trust, land in trust and construction in progress in trust</p> <p>iii) Tenant leasehold and security deposits in trust</p>
7. Scope of cash in the statements of cash flows	Cash in the statements of cash flows (cash and cash equivalents) include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
8. Accounting method for consumption taxes	Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

(8) Notes to Financial Statements

Notes to Balance Sheets

1. Unused balances regarding commitment line contracts and others

DHR has commitment line contracts with banks or other institutions with which it has transaction.

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Total amount specified in commitment line contracts	10,000,000	10,000,000
Loans executed and outstanding	—	—
Unused credit lines	10,000,000	10,000,000

2. Contingent liability

A case that involves DHR has been brought regarding D Project Shin-Misato by Asahi Security Co., Ltd., the tenant of that property, through Mitsubishi UFJ Trust and Banking Corporation, the trustee of the property, requesting confirmation of a reduction of approximately 16% in the rent compared with the current level for the period from May 2014. The case was brought at the Tokyo District Court on June 27, 2014, and is currently pending. DHR believes that the current rent level is suitable and intends to emphasize this point through the trustee in future court proceedings.

Even if the whole of the requested reduction amount were accepted, its impact on net income for the fiscal period ended August 31, 2014, would be less than 1%. Please note that it is currently not possible to predict the outcome of the case.

- *3. Minimum net assets stipulated in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
	50,000	50,000

- *4. Government bonds have been deposited with the Tokyo Legal Affairs Bureau as business security deposits in accordance with the Building Lots and Building Transaction Business Act.

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Investment securities	6,214	6,294

Notes to Statements of Income

*1. Volume of operating transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Volume of operating transactions	307,117	328,962

*2. Breakdown of income (loss) from real estate leasing business

(Unit: Thousands of yen)				
		Previous fiscal period (From September 1, 2013 to February 28, 2014)		Current fiscal period (From March 1, 2014 to August 31, 2014)
A. Real estate leasing business revenues				
Rent revenues—real estate				
Rent		4,056,517		4,824,857
Other lease business revenues				
Common service fees	54,398		53,943	
Other revenues	42,894	97,293	49,689	103,632
Total real estate leasing business revenues		4,153,811		4,928,490
B. Real estate leasing business expenses				
Expenses related to rent business				
Taxes and public dues	341,911		363,681	
Outsourcing expenses	150,395		160,677	
Insurance	6,658		8,160	
Repairs and maintenance expenses	63,587		73,151	
Depreciation	844,606		1,010,161	
Other expenses related to rent business	55,082	1,462,241	53,741	1,669,573
Total real estate leasing business expenses		1,462,241		1,669,573
C. Income (loss) from real estate leasing business (A – B)		2,691,570		3,258,916

Notes to Statements of Unitholders' Equity

*1. Total number of authorized investment units and number of investment units issued

	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Total number of authorized investment units	2,000,000 units	4,000,000 units
Number of investment units issued	122,540 units	293,480 units

Notes to Statements of Cash Flows

- *1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheets

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Cash and deposits	6,552,272	11,059,887
Cash and deposits in trust	7,812,908	9,318,628
Restricted deposits in trust (Note)	(5,982,772)	(6,972,003)
Cash and cash equivalents	8,382,408	13,406,512
(Note)	These deposits are leasehold deposits provided by tenants and will be returned to the tenants at the time of the move-out. Therefore, the deposits are retained in the account in trust.	

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Due within one year	5,931,669	7,622,483
Due after one year	45,001,602	59,916,791
Total	50,933,271	67,539,274

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

With the aim of ensuring sustainable profits on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability, DHR raises funds to acquire real properties and others by issuing additional investment units, borrowing from financial institutions, or issuing investment corporation bonds.

Derivative transactions are carried out for the purpose of hedging risks such as the risk of fluctuations in interest rates for borrowings and other financing methods.

DHR invests surplus funds in a careful manner, taking safety and liquidity into account and fully considering the market environment and the cash management.

(2) Content and risks of financial instruments and risk management system therefor

Deposits are used as a means of investments of DHR's surplus funds, and they are exposed to credit risks such as the insolvency of financial institutions in which the excess funds are deposited. These risks are limited by having business only with highly rated financial institutions in which the funds are deposited.

Loans payable, which are received for the purpose of acquiring additional portfolio assets or repaying debts, are exposed to liquidity risks at the time of repayment. DHR manages these risks by making efforts to maintain and strengthen the ability to raise funds through issuing investment units and other methods in the capital market, having entered into commitment line contacts with main banks with which DHR has business, preparing and updating monthly statements of cash flows based on reports of the asset manager, and maintaining liquidity on hand.

Floating-rate loans payable are exposed to the risk of fluctuations in interest rates. DHR mitigates the effects of rising interest rates by closely monitoring the movement of interest rates and increasing the proportion of fixed-rate loans, etc. As of August 31, 2014, DHR had a derivative (interest rate swap) as hedging instrument for the purpose of fixing the interest rate of floating-rate loans to avoid the risk of fluctuations in interests payable. The assessment of hedge effectiveness is omitted based on the judgement that the interest rate swap satisfies the requirements for special treatment.

Tenant leasehold and security deposits in trust, which are deposits provided by tenants, are exposed to liquidity risks due to move-out of tenants and others. These risks are managed through deposits in assets in trust and other methods.

(3) Supplementary remarks on fair value, etc. of financial instruments

The fair value of financial instruments is based on market prices or reasonably calculated value if there is no market price available. As certain assumptions are used in calculating these values, if different assumptions, etc. are used, these values could vary.

2. Matters regarding fair value, etc. of financial instruments

Balance sheet carrying amounts, fair values, and the difference between the two values as of February 28, 2014, are as shown below.

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	6,552,272	6,552,272	—
(2) Cash and deposits in trust	7,812,908	7,812,908	—
(3) Investment securities Held-to-maturity bonds	6,214	6,703	488
Total assets	14,371,395	14,371,884	488
(4) Long-term loans payable	63,000,000	63,155,619	155,619
(5) Tenant leasehold and security deposits in trust	214,498	203,750	(10,748)
Total liabilities	63,214,498	63,359,370	144,871
Derivative transactions	—	—	—

Balance sheet carrying amounts, fair values, and the difference between the two values as of August 31, 2014, are as shown below.

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	11,059,887	11,059,887	—
(2) Cash and deposits in trust	9,318,628	9,318,628	—
(3) Investment securities Held-to-maturity bonds	6,294	6,948	653
Total assets	20,384,811	20,385,464	653
(4) Long-term loans payable	74,500,000	74,846,801	346,801
(5) Tenant leasehold and security deposits in trust	202,667	193,948	(8,719)
Total liabilities	74,702,667	75,040,749	338,082
Derivative transactions	—	—	—

(Note 1) Measurement methods for fair values of financial instruments

Assets

(1) Cash and deposits, (2) Cash and deposits in trust

The book value is used as the fair value of these assets, given that the fair value is approximate to the book value, as it is settled in a short time.

(3) Investment securities

The fair value is based on reference bond trading statistics.

For the balance sheet carrying amount and fair value of held-to-maturity bonds and the difference between the two values, refer to “Securities” described later.

Liabilities

(4) Long-term loans payable

Because long-term loans payable that carry floating interest rates are reviewed on a short-term interval to reflect market interest rates and their fair value is approximate to the book value, the book value is used as the fair value of these liabilities. However, for long-term loans payable with floating interest rate to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar loan that is made corresponding to the remaining period. The fair value of long-term loans payable carrying fixed interest rates is calculated by discounting the total of principal and interest at the rate assumed when a new loan corresponding to the remaining period is made.

(5) Tenant leasehold and security deposits in trust

The fair value is measured based on the discounted cash flows, using rates reflecting the period up to payment.

Derivative transactions

Please refer to “Derivative Transactions” described later.

(Note 2) Balance sheet carrying amount of financial instruments whose fair value is considered to be extremely difficult to determine

(Unit: Thousands of yen)

Category	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Tenant leasehold and security deposits in trust *	5,982,772	6,972,003

* Tenant leasehold deposits in trust are not subject to fair value disclosure because there are no market prices for them, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease agreement, which in turn makes it difficult to reasonably estimate future cash flow.

(Note 3) Redemption schedule for monetary claims and securities with maturity after balance sheet date
(February 28, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	6,552,272	—	—	—	—	—
Cash and deposits in trust	7,812,908	—	—	—	—	—
Investment securities Held-to-maturity bonds	—	—	—	—	—	10,000
Total	14,365,181	—	—	—	—	10,000

Redemption schedule for monetary claims and securities with maturity after balance sheet date
(August 31, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	11,059,887	—	—	—	—	—
Cash and deposits in trust	9,318,628	—	—	—	—	—
Investment securities Held-to-maturity bonds	—	—	—	—	—	10,000
Total	20,378,516	—	—	—	—	10,000

(Note 4) Expected amount of repayments of loans payable after balance sheet date
(February 28, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans payable	—	20,000,000	15,000,000	16,000,000	—	12,000,000
Total	—	20,000,000	15,000,000	16,000,000	—	12,000,000

Expected amount of repayments of loans payable after balance sheet date
(August 31, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans payable	—	20,000,000	15,000,000	16,000,000	—	23,500,000
Total	—	20,000,000	15,000,000	16,000,000	—	23,500,000

Securities

Previous fiscal period (As of February 28, 2014)

Held-to-maturity bonds with fair value

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	6,214	6,703	488
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,214	6,703	488

Current fiscal period (As of August 31, 2014)

Held-to-maturity bonds with fair value

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	6,294	6,948	653
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,294	6,948	653

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable as of February 28, 2014 and August 31, 2014.

2. Derivative transactions applying hedge accounting

The following table shows contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

Previous fiscal period (As of February 28, 2014)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	2,000,000	2,000,000	(Note)	—

(Note) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans payable as such interest rate swap and the hedged long-term loans payable are processed as a single unit. (Please refer to “Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) (4)” above.)

Current fiscal period (As of August 31, 2014)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	13,500,000	13,500,000	(Note)	—

(Note) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans payable as such interest rate swap and the hedged long-term loans payable are processed as a single unit. (Please refer to “Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) (4)” above.)

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2013 to February 28, 2014)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	161,699	Construction business	13.5	Master lessee and entrustment of property management	Outsourcing expenses	66,231	Operating accounts payable	21,390
							Repairs and maintenance expenses, etc. (Note 3)	2,386		
							Rental revenues, etc.	238,500	Advances received	41,737
							—	—	Tenant leasehold and security deposits in trust	238,500

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Method of determining transaction terms, etc.: Transaction terms are based on current market practices.

(Note 3) Repairs and maintenance expenses, etc. include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.

Current fiscal period (From March 1, 2014 to August 31, 2014)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	161,699	Construction business	12.8	Master lessee and entrustment of property management	Outsourcing expenses	76,111	Operating accounts payable	31,633
							Repairs and maintenance expenses, etc. (Note 3)	13,742		
							Miscellaneous expenses	609	—	—
							Purchase of trust beneficiary interests in real estate (Note 4)	25,130,000	—	—
							Rental revenues, etc.	238,500	Advances received	42,930
							—	—	Tenant leasehold and security deposits in trust	238,500

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Method of determining transaction terms, etc.: Transaction terms are based on current market practices.

(Note 3) Repairs and maintenance expenses, etc. include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.

(Note 4) The amount of transaction for purchase of trust beneficiary interests in real estate does not include acquisition expenses which were incurred in connection with the acquisition, settlement money such as taxes and duties, and consumption taxes.

2. Associates, etc.

Previous fiscal period (From September 1, 2013 to February 28, 2014)

Not applicable.

Current fiscal period (From March 1, 2014 to August 31, 2014)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (From September 1, 2013 to February 28, 2014)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	—	Master lessee and entrustment of property management	Outsourcing expenses	49,528	Operating accounts payable	30,712
							Cost of utilities	30,591		
							Other expenses related to rent business	5,216		
							Repairs and maintenance expenses, etc. (Note 3)	27,047		
							Purchase of trust beneficiary interests in real estate (Note 4)	1,944,000	—	—
							Acceptance of tenant leasehold deposits in trust	139,320	Tenant leasehold and security deposits in trust	690,720
							Rental revenues, etc.	277,358	Advances received	59,857
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Royal Co., Ltd.	Chiyoda- ku, Tokyo	500	Asset management business	—	Entrustment of property management	Outsourcing expenses	9,089	Operating accounts payable	16,217
							Other expenses related to rent business	3,286		
							Repairs and maintenance expenses, etc. (Note 3)	23,072		
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Service Co., Ltd.	Nishi-ku, Osaka	130	Asset management business	—	Repairs and maintenance, etc. of real estate held	Outsourcing expenses	5,296	Operating accounts payable	1,867
							Repairs and maintenance expenses, etc. (Note 3)	1,042		
Company whose major corporate unitholders hold a majority of voting rights	Shinwa Agency Co., Ltd.	Nishi-ku, Osaka	62	Advertising agency	—	Lease of real estate held	Rental revenues, etc.	25	—	—
Company whose major corporate unitholders hold a majority of voting rights	Daiwa House REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	—	Entrustment of asset management	Asset management fee (Note 5)	281,977	Accrued expenses	296,076

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Method of determining transaction terms, etc.: Transaction terms are based on current market practices.

(Note 3) Repairs and maintenance expenses, etc. include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.

(Note 4) The amount of transaction for purchase of trust beneficiary interests in real estate does not include acquisition expenses which were incurred in connection with the acquisition, settlement money such as taxes and duties, and consumption taxes.

(Note 5) Asset management fee includes ¥4,860 thousand in management fees associated with property acquisitions factored into acquisition costs of individual investment properties, etc.

Current fiscal period (From March 1, 2014 to August 31, 2014)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	—	Master lessee and entrustment of property management	Outsourcing expenses	49,910	Operating accounts payable	32,148
							Cost of utilities	32,631		
							Other expenses related to rent business	2,895		
							Repairs and maintenance expenses, etc. (Note 3)	40,980		
							—	—	Tenant leasehold and security deposits in trust	690,720
							Rental revenues, etc.	345,360	Advances received	11,610
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Royal Co., Ltd.	Chiyoda- ku, Tokyo	500	Asset management business	—	Entrustment of property management	Outsourcing expenses	7,914	Operating accounts payable	6,006
							Other expenses related to rent business	3,078		
							Repairs and maintenance expenses, etc. (Note 3)	8,442		
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Service Co., Ltd.	Nishi-ku, Osaka	130	Asset management business	—	Repairs and maintenance, etc. of real estate held	Outsourcing expenses	6,096	Operating accounts payable	1,183
							Repairs and maintenance expenses, etc. (Note 3)	444		
							Miscellaneous expenses	40	—	—
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Energy Co., Ltd.	Abeno-ku, Osaka	50	Environment business	—	Lease of equipment held	Rental revenues, etc.	8,955	Advances received	1,934
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Logistics Co., Ltd.	Nishi-ku, Osaka	3,764	Transport business	—	Lease of real estate held	Rental revenues, etc.	201,250	Advances received	42,262
							Acceptance of tenant leasehold deposits in trust	313,648	Tenant leasehold and security deposits in trust	313,648
Company whose major corporate unitholders hold a majority of voting rights	Daiwa House REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	—	Entrustment of asset management	Asset management fee (Note 4)	360,044	Accrued expenses	319,991

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Method of determining transaction terms, etc.: Transaction terms are based on current market practices.

(Note 3) Repairs and maintenance expenses, etc. include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.

(Note 4) Asset management fee includes ¥62,825 thousand in management fees associated with property acquisitions factored into acquisition costs of individual investment properties, etc.

4. Directors and principal individual unitholders

Previous fiscal period (From September 1, 2013 to February 28, 2014)

Not applicable.

Current fiscal period (From March 1, 2014 to August 31, 2014)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Deferred tax assets (fixed)		
Tax loss carried forward	189,445	189,210
Subtotal deferred tax assets (fixed)	189,445	189,210
Valuation allowance	(189,445)	(189,210)
Total deferred tax assets (fixed)	—	—
Net deferred tax assets (fixed)	—	—

2. Reconciliation of significant difference between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting

(Unit: %)

	Previous fiscal period (As of February 28, 2014)	Current fiscal period (As of August 31, 2014)
Statutory effective tax rate	36.59	36.59
(Adjustments)		
Distributions paid included in deductibles	(36.58)	(36.58)
Change in valuation allowance	(0.01)	(0.01)
Other	0.03	0.03
Effective tax rate after application of tax effect accounting	0.03	0.03

Investment and Rental Properties

DHR holds rental logistics and retail properties in the greater Tokyo area and other regions for rental revenues. The balance sheet carrying amounts, changes during the fiscal period, and fair values of these rental properties are as follows:

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Balance sheet carrying amount		
Balance at beginning of period	115,515,287	116,644,835
Changes during period	1,129,547	24,405,867
Balance at end of period	116,644,835	141,050,702
Fair value at end of period	129,693,000	158,606,000

(Note 1) The balance sheet carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) In the changes during period, the increase in the previous fiscal period is mainly due to acquisition of ACROSSPLAZA Inazawa (land) (¥1,968,141 thousand), while the decrease is principally attributable to depreciation (¥844,606 thousand). In the current fiscal period, the increase is mainly due to acquisition of D Project Kuki I, D Project Kuki II, D Project Kawagoe I, D Project Kawagoe II, DPL Inuyama, and D Project Fukuoka Hakozaki (¥25,392,754 thousand), while the decrease is principally attributable to depreciation (¥1,010,161 thousand).

(Note 3) The fair value at end of period is the appraisal value or survey price provided by a real estate appraiser, in accordance with the method and criteria of asset valuation set forth in the Articles of Incorporation of DHR and the rules established by the Investment Trusts Association, Japan.

The income or loss concerning investment and rental properties is indicated under “Notes to Statements of Income.”

Segment Information

1. Segment information

(1) Summary of reportable segments

DHR’s reportable segments are components of DHR for which separate financial information is available that is evaluated regularly by the highest decision making body to determine allocation of management resources and assess performance.

DHR manages assets that are rental logistics and retail properties located in Japan.

Thus, DHR’s segments consist of segments by types of portfolio assets and DHR has two reportable segments: “logistics property leasing business” and “retail property leasing business.”

(2) Method for measuring profit, assets, liabilities and other items of reportable segments

The accounting method for reported business segments is basically the same as the method described in “Notes on Important Accounting Policies.” Profits of reportable segments are reported on the basis of operating income.

(3) Information about profit, assets, liabilities and other items of reportable segments

Previous fiscal period (From September 1, 2013 to February 28, 2014)

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	3,024,017	1,129,794	—	4,153,811
Segment profit	2,014,497	661,238	(354,453)	2,321,283
Segment assets	93,313,715	31,222,014	6,973,277	131,509,007
Other items				
Depreciation	633,927	210,679	340	844,946
Increase in property, plant and equipment and intangible assets	25,743	1,973,601	—	1,999,344

(Note 1) DHR's operating revenues are fully from external customers.

(Note 2) Adjustment of segment profit of negative ¥354,453 thousand is corporate expenses that are not allocated to any particular reportable segments. Corporate expenses mainly consist of asset management fee, asset custody fee, administrative service fees, Directors' compensation, etc. that are not attributable to any particular reportable segments.

Adjustment of segment assets of ¥6,973,277 thousand includes current assets of ¥6,678,052 thousand and investments and other assets of ¥292,674 thousand.

Adjustment of depreciation of ¥340 thousand presented in other items is depreciation of intangible assets in corporate assets.

Current fiscal period (From March 1, 2014 to August 31, 2014)

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	3,736,594	1,191,895	—	4,928,490
Segment profit	2,509,463	735,335	(391,233)	2,853,565
Segment assets	119,362,195	31,071,178	12,655,568	163,088,942
Other items				
Depreciation	799,090	211,070	340	1,010,501
Increase in property, plant and equipment and intangible assets	25,368,031	23,106	—	25,391,138

(Note 1) DHR's operating revenues are fully from external customers.

(Note 2) Adjustment of segment profit of negative ¥391,233 thousand is corporate expenses that are not allocated to any particular reportable segments. Corporate expenses mainly consist of asset management fee, asset custody fee, administrative service fees, Directors' compensation, etc. that are not attributable to any particular reportable segments.

Adjustment of segment assets of ¥12,655,568 thousand includes current assets of ¥12,272,820 thousand and investments and other assets of ¥380,538 thousand.

Adjustment of depreciation of ¥340 thousand presented in other items is depreciation of intangible assets in corporate assets.

2. Related information

Previous fiscal period (From September 1, 2013 to February 28, 2014)

(1) Information about product and service

Information about product and service is omitted since DHR's reportable segments are composed of by product and service. (Please refer to "Information about profit, assets, liabilities and other items of reportable segment.")

(2) Information about geographical area

i) Operating revenues

Information about operating revenues is omitted since operating revenues from external customers in Japan exceeded 90% of operating revenues on the statements of income.

ii) Property, plant and equipment

Information about property, plant and equipment is omitted since the amount of property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenues	Related segment
Hitachi Capital Corporation	— (Note)	Logistics property leasing business
Mitsubishi Shokuhin Co., Ltd.	— (Note)	Logistics property leasing business

(Note) Undisclosed as consent for disclosure of rent, etc. has not been obtained from the lessee.

Current fiscal period (From March 1, 2014 to August 31, 2014)

(1) Information about product and service

Information about product and service is omitted since DHR's reportable segments are composed of by product and service. (Please refer to "Information about profit, assets, liabilities and other items of reportable segment.")

(2) Information about geographical area

i) Operating revenues

Information about operating revenues is omitted since operating revenues from external customers in Japan exceeded 90% of operating revenues on the statements of income.

ii) Property, plant and equipment

Information about property, plant and equipment is omitted since the amount of property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the balance sheet.

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenues	Related segment
Hitachi Capital Corporation	— (Note)	Logistics property leasing business
Mitsubishi Shokuhin Co., Ltd.	— (Note)	Logistics property leasing business

(Note) Undisclosed as consent for disclosure of rent, etc. has not been obtained from the lessee.

Per Unit Information

	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Net assets per unit	¥250,288	¥273,979
Net income per unit	¥7,996	¥8,188
(Note 1) DHR implemented a 2-for-1 split of investment units with an effective date of March 1, 2014. Net assets per unit and net income per unit are calculated as if the split of investment units had been completed at the beginning of the previous fiscal period.		
(Note 2) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Fully diluted net income per investment unit is not stated, as there is no potential investment unit.		
(Note 3) The basis for calculating net income per unit is as follows:		

	Previous fiscal period (From September 1, 2013 to February 28, 2014)	Current fiscal period (From March 1, 2014 to August 31, 2014)
Net income (Thousands of yen)	1,959,680	2,359,313
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	1,959,680	2,359,313
Average number of investment units for the period (Units)	245,080	288,123

Major Subsequent Events

1. Debt financing

DHR conducted debt financing as described below on September 30, 2014.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Floating / fixed	Date of execution	Repayment due date	Method of repayment	Collateral
Nippon Life Insurance Company	1,000	1.00	Fixed	September 30, 2014	September 29, 2023	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	2,000	Base interest rate (Japanese Bankers Association 1 month yen TIBOR) + 0.20	Floating	September 30, 2014	September 30, 2015	Bullet repayment	Unsecured and non-guaranteed
Total	3,000						

2. Acquisition of assets

DHR acquired an asset as described below on September 30, 2014.

Property name	ACROSSPLAZA Miyoshi (land)
Acquisition price (Note 1)	¥3,390,000 thousand
Seller (Note 2)	Daiwa Information Service Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	855-403 Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma-gun, Saitama
Agreement date	September 30, 2014
Acquisition date	September 30, 2014

(Note 1) Acquisition price does not include acquisition expenses which were incurred in connection with the acquisition, settlement money such as taxes and duties, and consumption taxes.

(Note 2) As the seller is an interested party, etc. as defined in the Investment Trusts Act, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its internal rules to avoid transactions with conflicts of interest.

Omission of Disclosure

Disclosure is omitted for items for notes including retirement benefits, asset retirement obligations, equity in earnings or losses of equity-method investments, since necessity for their disclosure in the financial results report is not deemed to be significant.

(9) Changes in Number of Investment Units Issued

DHR implemented a split of investment units with an effective date of March 1, 2014, and issued new investment units (44,000 units through public offering and 4,400 units through third-party allotment) on March 19, 2014 and April 14, 2014, raising ¥18,667 million.

DHR's total number of investment units issued and changes in total investments for the most recent five years until August 31, 2014 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
November 27, 2012	Capital increase through public offering	102,800	117,400	49,601	56,901	(Note 1)
December 26, 2012	Capital increase through third-party allotment	5,140	122,540	2,480	59,381	(Note 2)
March 1, 2014	Split	122,540	245,080	—	59,381	(Note 3)
March 19, 2014	Capital increase through public offering	44,000	289,080	16,970	76,351	(Note 4)
April 14, 2014	Capital increase through third-party allotment	4,400	293,480	1,697	78,048	(Note 5)

(Note 1) New investment units were issued by public offering with an issue value of ¥482,500 per unit in order to raise funds for the acquisition of new properties and repayments of loans payable.

(Note 2) New investment units were issued through third-party allotment with an issue value of ¥482,500 per unit in line with a capital increase through public offering of investment units.

(Note 3) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2014.

(Note 4) New investment units were issued by public offering with an issue value of ¥385,687 per unit in order to raise funds for the acquisition of new properties, etc.

(Note 5) New investment units were issued through third-party allotment with an issue value of ¥385,687 per unit in line with a capital increase through public offering of investment units.

4. Changes in Officers

(1) Changes in DHR's Directors

The following table shows about the DHR's Directors as of the date of this financial result report.

Title and post	Name	Major career summary		Number of investment units held (Units)
Executive Director	<i>Masazumi Kakei</i>	Apr. 1972	Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited)	—
		May 1994	Became General Manager of the Gotanda Branch	
		Jul. 1996	Became General Manager attached to the Financial Planning Department	
		May 1997	Became General Manager of the Global Credit Supervision Department I	
		Apr. 2000	Became General Manager of the Nihonbashi Sales Department III of The Chuo Mitsui Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)	
		Jun. 2000	Became Executive Director and General Manager of the Nihonbashi Sales Department III	
		Mar. 2001	Became Executive Director and General Manager of the Osaka Branch	
		Jun. 2003	Appointed as Senior Managing Director of Daitobo Woolen Spinning & Weaving Co., Ltd.	
		Jun. 2006	Appointed as President of Daitobo Woolen Spinning & Weaving Co., Ltd.	
		Jun. 2008	Appointed as Corporate Auditor of NIHON TRIM Co., Ltd.	
		Jun. 2010	Became Advisor to Chuo Mitsui Guarantee Co., Ltd. (currently Sumitomo Mitsui Trust Guarantee Co., Ltd.)	
		Jun. 2012	Appointed as Corporate Auditor of System Trust Laboratory Co., Ltd.	
		Sep. 2012	Appointed as Executive Director of Daiwa House REIT Investment Corporation (current post)	
Supervisory Director	<i>Shuichi Sasaki</i>	Apr. 1980	Registered Lawyer (Tokyo Bar Association) Joined Sanada Law Office	—
		Apr. 1985	Established Sasaki Law Office	
		Feb. 1993	Established Sasaki & Suzuki Law Office and became Partner (current post)	
		Sep. 2005	Appointed as Outside Director of ISEHANTHONTEN Co., Ltd. (current post)	
		Sep. 2007	Appointed as a Supervisory Director of Daiwa House REIT Investment Corporation (current post)	

Title and post	Name	Major career summary		Number of investment units held (Units)
Supervisory Director	<i>Satoshi Kikuchi</i>	Apr. 1990	Joined Taisho Pharmaceutical Co., Ltd. and was assigned to the Sales Planning Section of the Sales Planning Department	—
		Sep. 1995	Joined Ueno System Co., Ltd. and was assigned to the Operations Section of the Operations Department	
		Sep. 1997	Joined Akira Ouchi Certified Public Accountant Office	
		Oct. 2001	Joined Asahi & Co. (currently KPMG AZSA LLC)	
		Feb. 2007	Opened Satoshi Kikuchi Certified Public Accountant Office (current post)	
		Sep. 2007	Appointed as Supervisory Director of Daiwa House REIT Investment Corporation (current post)	
		Oct. 2009	Appointed as Representative of Mamoru Tax Accountant Corporation (current post)	

(2) Changes in Officers of Asset Manager

The following table shows about the Officers of the Asset Manager as of the date of this financial result report.

Title and post	Name	Major career summary		Number of investment units held (Units)
Representative Director, President and CEO (Full-time)	<i>Hiroataka Najima</i>	Apr. 1983	Joined Daiwa House Industry Co., Ltd.	—
		Apr. 1996	Became Manager of the Accounting General Affairs Section, Kurashiki Branch	
		Jun. 1999	Became Manager of the Accounting Section, Accounting Division, Head Office	
		Dec. 2001	Became Group Manager of the Tax Affairs and Accounting Group, Accounting Division, Administration	
		Apr. 2004	Became Assistant Manager of the Accounting Division, Administration and Manager of the Tax Affairs and Accounting Group	
		Jun. 2006	Became Executive Manager of the Administration, Head Office	
		Apr. 2011	Became Executive Manager of the Accounting Division, Tokyo Office	
		Jun. 2012	Became Executive Manager of the Accounting Division, Head Office	
		Jul. 2012	Seconded as an advisor to Daiwa House REIT Management Co., Ltd.	
		Aug. 2012	Appointed as Representative Director, President and Chief Executive Officer of Daiwa House REIT Management Co., Ltd. (current post)	
		Apr. 2013	Transferred to Daiwa House REIT Management Co., Ltd.	

Title and post	Name	Major career summary		Number of investment units held (Units)
Director, Executive Manager of the Investment Management Department (Chief Investment Officer) (Full-time)	<i>Kenjiro Matsutake</i>	Apr. 1983	Joined Daiwa House Industry Co., Ltd.	—
		Jan. 1994	Became Manager of the Sales Department of the Commercial Facilities, Osaka Head Office	
		Oct. 1999	Became Manager of the Sales Office of the Commercial Facilities, Shiga Branch	
		Apr. 2004	Became Manager of the LOC Promotion Office, Commercial Facilities Business Promotion Division, Sales Division	
		Jan. 2005	Seconded to Morimoto Asset Management Co., Ltd. (currently Daiwa House Asset Management Co., Ltd.) and appointed as Director and Executive Manager of the Planning Department	
		Nov. 2005	Appointed as Senior Executive Director (in charge of the Investment Management Division), Morimoto Asset Management Co., Ltd.	
		Oct. 2006	Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Director and Executive Manager of the Investment Management Department	
		May 2009	Appointed as Representative Director, President and Chief Executive Officer of Daiwa House REIT Management Co., Ltd. Also appointed as Executive Director of Daiwa House REIT Investment Corporation	
		Aug. 2012	Appointed as Director and Executive Manager of the Investment Management Department, Daiwa House REIT Management Co., Ltd. (current post)	
Director, Executive Manager of the Finance Department (Chief Financial Officer) (Full-time)	<i>Yuichi Yamagishi</i>	Apr. 1985	Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited)	—
		Apr. 2000	The Chuo Mitsui Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)	
		Apr. 2003	Became Deputy General Manager of the Real Estate Business Department	
		May 2006	Became Executive Manager of the Real Estate Department, Nagoya Branch	
		Apr. 2010	Became Executive Manager of the Stock Transfer Agency Business Promotion Department	
		Apr. 2012	Became General Manager of the Omiya Ekimae Branch, Sumitomo Mitsui Trust Bank, Limited	
		Oct. 2013	Became Deputy Director-General of the Internal Auditing Department, Sumitomo Mitsui Trust Bank, Limited and Chief Manager of the Internal Auditing Department, Sumitomo Mitsui Trust Holdings, Inc.	
		Oct. 2013	Seconded to Daiwa House REIT Management Co., Ltd. and appointed as General Manager of the Finance Department	
		Apr. 2014	Appointed as Director and Executive Manager of the Finance Department (current post)	

Title and post	Name	Major career summary		Number of investment units held (Units)
Director, Executive Manager of the Operations Planning Department (Chief Administration Officer) (Full-time)	<i>Yuichi Tsuruta</i>	Apr. 1997	Joined Daiwa House Industry Co., Ltd. and was assigned to the Sales Office of the Rental Apartment Building Operations, Yokohama Branch	—
		Mar. 2004	Assigned to the Accounting General Affairs Section, Matsumoto Branch	
		Apr. 2010	Seconded to Daiwa House REIT Management Co., Ltd. and became Manager of the Operations Planning Department	
		Apr. 2014	Appointed as Executive Manager of the Operations Planning Department	
		Apr. 2014	Appointed as Director and Executive Manager of the Operations Planning Department (current post)	
Corporate Auditor (Part-time)	<i>Ei Hagihara</i>	Apr. 1994	Joined Hagihara Accounting Office	—
		Oct. 2000	Registered as a tax accountant	
		Oct. 2001	Joined Asahi & Co. (currently KPMG AZSA LLC)	
		May 2006	Registered as a certified public accountant	
		Jan. 2007	Assumed office of Chief of Ei Hagihara Certified Public Accounting Office (current post)	
		Jan. 2008	Became office member of the Tokyo Office of Phoenix Certified Public Tax Accountants' Corporation	
		Apr. 2008	Appointed as Corporate Auditor of Daiwa House REIT Management Co., Ltd. (current post)	
		Feb. 2013	Appointed as Corporate Auditor of Breitling Asia Co, Ltd. (current post)	
		Feb. 2013	Appointed as Corporate Auditor of K・I・S Co., Ltd.	
		Apr. 2013	Appointed as Corporate Auditor of Breitling Japan Ltd. (current post)	

5. Reference Information

(1) Status of Investment

The status of DHR's investment as of August 31, 2014 is shown below.

Type of assets	Property type	Area		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics properties	Three major metropolitan areas of Japan (Note 1)	Greater Tokyo area	81,018	49.7
			Greater Nagoya area	10,770	6.6
			Greater Osaka area	4,522	2.8
		Other		16,253	10.0
		Subtotal		112,564	69.0
	Retail properties	Three major metropolitan areas of Japan (Note 1)	Greater Tokyo area	13,253	8.1
			Greater Nagoya area	1,968	1.2
			Greater Osaka area	4,640	2.8
		Other		8,623	5.3
		Subtotal		28,485	17.5
	Total			141,050	86.5
Deposits and other assets (Note 4)			22,038	13.5	
Total assets (Note 5)			163,088	100.0	
Total liabilities (Note 5)			82,681	50.7	
Total net assets (Note 5)			80,407	49.3	

(Note 1) Three major metropolitan areas of Japan are the Greater Tokyo area, the Greater Nagoya area and the Greater Osaka area. The Greater Tokyo area consists of Tokyo, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture; the Greater Nagoya area consists of Aichi Prefecture, Gifu Prefecture and Mie Prefecture; and the Greater Osaka area consists of Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, Nara Prefecture, and Shiga Prefecture. The same shall apply hereinafter.

(Note 2) The total amount held represents the amount recorded in the balance sheets as of August 31, 2014 (for real estate in trust, book value less depreciation expenses). The amounts are rounded down to the nearest million yen.

(Note 3) Figures for the percentage to total assets are rounded to the nearest tenth.

(Note 4) Figures for deposits and other assets include the amount of construction in progress in trust.

(Note 5) Total assets, total liabilities and total net assets represent the book values.

(2) Investment Assets

i) Major investment securities

The status of investment securities held by DHR as of August 31, 2014 is shown below.

(Unit: Thousands of yen)

Type	Issue name	Total face value	Book value	Interest rate	Maturity	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	6,294	—	September 20, 2037	—	—	6,948	653	Deposited as business security deposit
Total		10,000	6,294	—	—	—	—	6,948	653	

ii) Investment properties

Not applicable.

iii) Other major investment assets

(A) Summary of real estate in trust

The summary of real estate in trust held by DHR as of August 31, 2014 is shown below.

a. Summary of real estate in trust

Property number (Note 1)	Real estate in trust (Property name)	Acquisition price (Millions of yen) (Note 2)	Investment ratio (%) (Note 3)	Book value at end of period (Millions of yen) (Note 4)	Assessed value at end of period (Millions of yen) (Note 5)	Acquisition date
L-B-1	D Project Machida	7,600	5.3	7,470	8,510	November 29, 2012
L-B-2	D Project Hachioji	12,600	8.7	12,301	14,300	November 29, 2012
L-B-3	D Project Aikawa-Machi	2,600	1.8	2,563	3,100	November 28, 2012
L-B-4	D Project Shin-Misato	4,440	3.1	4,373	5,620	November 29, 2012
L-B-5	D Project Urayasu I	7,700	5.3	7,590	8,550	November 28, 2012
L-B-6	D Project Urayasu II	21,400	14.8	21,132	23,900	November 29, 2012
L-B-7	D Project Akanehama	2,550	1.8	2,513	2,760	November 28, 2012
L-B-8	D Project Noda	5,100	3.5	4,974	5,870	November 28, 2012
L-B-9	D Project Inuyama	6,650	4.6	6,489	7,980	November 28, 2012
L-B-10	D Project Gifu	900	0.6	874	1,060	November 29, 2012
L-B-11	D Project Neyagawa	4,600	3.2	4,522	5,510	November 28, 2012
L-B-12	D Project Sapporo Minami	600	0.4	583	796	November 28, 2012
L-B-13	D Project Morioka	1,000	0.7	969	1,170	November 29, 2012
L-B-14	D Project Sendai Minami	1,250	0.9	1,206	1,420	November 28, 2012
L-B-15	D Project Tsuchiura	2,880	2.0	2,797	3,270	November 29, 2012
L-B-16	D Project Gotenba	950	0.7	928	1,110	November 28, 2012
L-B-17	D Project Nishi-Hiroshima	990	0.7	977	1,160	November 28, 2012
L-B-18	D Project Fukuoka Umi	3,100	2.2	3,024	3,720	November 29, 2012
L-B-19	D Project Tosu	2,100	1.5	2,043	2,620	November 29, 2012
L-B-20	D Project Kuki I	3,500	2.4	3,513	3,690	April 1, 2014
L-B-21	D Project Kuki II	7,200	5.0	7,211	7,660	April 1, 2014
L-B-22	D Project Kawagoe I	3,100	2.2	3,111	3,320	April 1, 2014
L-B-23	D Project Kawagoe II	4,250	2.9	4,262	4,550	April 1, 2014
L-B-24	DPL Inuyama	3,380	2.3	3,406	3,570	April 1, 2014
L-B-25	D Project Fukuoka Hakozaki	3,700	2.6	3,721	3,960	April 1, 2014
Logistics Properties Total		114,140	79.2	112,564	129,176	
R-M-1	ACROSSMALL Shinkamagaya	7,419	5.1	6,707	7,280	December 12, 2007
R-M-2	FOLEO Hirakata	5,040	3.5	4,640	4,460	December 11, 2008
R-M-3	QiZ GATE URAWA	5,360	3.7	4,907	4,740	December 11, 2008
R-M-4	UNICUS Takasaki	2,570	1.8	2,621	2,780	March 27, 2013
R-R-1	LIFE Sagami-hara Wakamatsu	1,650	1.1	1,638	1,500	December 11, 2008
R-R-2	FOLEO Sendai Miyanomori	6,040	4.2	6,002	6,320	November 29, 2012
R-R-3	ACROSSPLAZA Inazawa (land) (Note 6)	1,944	1.3	1,968	2,350	February 25, 2014
Retail Properties Total		30,023	20.8	28,485	29,430	
Portfolio Total		144,163	100.0	141,050	158,606	

(Note 1) Property numbers are assigned according to the use categories: L (meaning logistics properties) and R (meaning retail properties), which are further classified into L-B (Built-to-Suit (BTS) type), R-R (roadside type) and R-M (mall type). The same shall apply hereinafter.

(Note 2) Acquisition price represents transaction price. Transaction price excludes consumption tax and local consumption tax and expenses required for the acquisition, and is rounded to the nearest million yen. The same shall apply hereinafter.

(Note 3) Investment ratio represents the percentage of the acquisition price for each asset to the total acquisition price. Figures are rounded to the nearest tenth.

(Note 4) Book value at end of period represents book value less depreciation expenses (not including the amount of construction in progress in trust) as of August 31, 2014, rounded down to the nearest million yen.

(Note 5) Assessed value at end of period represents the appraisal value or survey value provided by The Tanizawa Sōgō Appraisal Co., Ltd. and Japan Real Estate Institute, with the date of appraisal value as of August 31, 2014, in accordance with the method and criteria of asset valuation set forth in the Articles of Incorporation of DHR and the rules stipulated by the Investment Trusts Association, Japan, rounded down to the nearest million yen.

(Note 6) ACROSSPLAZA Inazawa (land) had its name changed from Top Mall Inazawa (land) on June 6, 2014. The same shall apply hereinafter.

b. Location, date of construction, number of tenants, annual rent, total leasable area, total leased area and occupancy rate of real estate in trust are shown below.

Property number	Real estate in trust (Property name)	Location (city or county, prefecture)	Date of construction (Note 1)	Number of tenants (Note 2)	Annual rent (not including consumption tax) (Millions of yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
L-B-1	D Project Machida	Machida, Tokyo	October 1, 2006	1 [1]	– (Note 7)	50,490.39	50,490.39	100.00
L-B-2	D Project Hachioji	Hachioji, Tokyo	December 1, 2008	2	– (Note 7)	62,394.17	62,394.17	100.00
L-B-3	D Project Aikawa-Machi	Aiko, Kanagawa	June 30, 2006	1 [1]	– (Note 7)	14,240.84	14,240.84	100.00
L-B-4	D Project Shin-Misato	Misato, Saitama	April 15, 2009	1	– (Note 7)	11,289.91	11,289.91	100.00
L-B-5	D Project Urayasu I	Urayasu, Chiba	May 31, 2005	1	– (Note 7)	36,515.81	36,515.81	100.00
L-B-6	D Project Urayasu II	Urayasu, Chiba	April 10, 2007	1 [1]	– (Note 7)	72,320.01	72,320.01	100.00
L-B-7	D Project Akanehama	Narashino, Chiba	October 11, 2005	1 [1]	– (Note 7)	11,663.39	11,663.39	100.00
L-B-8	D Project Noda	Noda, Chiba	September 30, 2007	1	– (Note 7)	29,232.53	29,232.53	100.00
L-B-9	D Project Inuyama	Inuyama, Aichi	December 10, 2009	1	– (Note 7)	43,723.70	43,723.70	100.00
L-B-10	D Project Gifu	Anpachi, Gifu	February 28, 2009	1	– (Note 7)	7,669.91	7,669.91	100.00
L-B-11	D Project Neyagawa	Neyagawa, Osaka	July 23, 2009	1	– (Note 7)	11,151.51	11,151.51	100.00
L-B-12	D Project Sapporo Minami	Kitahiroshima, Hokkaido	October 30, 2007	1	– (Note 7)	6,749.10	6,749.10	100.00
L-B-13	D Project Morioka	Takizawa, Iwate	September 13, 2002	1	– (Note 7)	9,558.32	9,558.32	100.00
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	March 28, 2006	1	– (Note 7)	11,052.27	11,052.27	100.00
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	February 19, 2009	1	– (Note 7)	17,448.86	17,448.86	100.00
L-B-16	D Project Gotenba	Gotenba, Shizuoka	January 15, 2009	1	– (Note 7)	6,737.53	6,737.53	100.00
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	January 10, 2008	2	– (Note 7)	5,093.51	5,093.51	100.00
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	May 1, 2006	4	242	24,729.56	24,729.56	100.00
L-B-19	D Project Tosu	Tosu, Saga	February 19, 2009	1	– (Note 7)	8,826.00	8,826.00	100.00
L-B-20	D Project Kuki I	Kuki, Saitama	October 5, 2011	1	– (Note 7)	22,708.72	22,708.72	100.00
L-B-21	D Project Kuki II	Kuki, Saitama	June 21, 2013	1	– (Note 7)	50,490.00	50,490.00	100.00
L-B-22	D Project Kawagoe I	Kawagoe, Saitama	April 30, 2011	1	206	16,150.88	16,150.88	100.00
L-B-23	D Project Kawagoe II	Kawagoe, Saitama	September 3, 2012	1	277	19,872.00	19,872.00	100.00
L-B-24	DPL Inuyama	Inuyama, Aichi	September 18, 2013	1	– (Note 7)	21,628.50	21,628.50	100.00
L-B-25	D Project Fukuoka Hakozaki	Fukuoka, Fukuoka	October 1, 2012	1	– (Note 7)	34,710.80	34,710.80	100.00
Logistics Properties Total				30	7,687	606,448.22	606,448.22	100.00

Property number	Real estate in trust (Property name)	Location (city or county, prefecture)	Date of construction (Note 1)	Number of tenants (Note 2)	Annual rent (not including consumption tax) (Millions of yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	October 31, 2006	1	551	41,742.84	41,742.84	100.00
R-M-2	FOLEO Hirakata	Hirakata, Osaka	November 20, 2006	1 [23]	376	16,380.78	16,367.31	99.91
R-M-3	QiZ GATE URAWA	Saitama, Saitama	February 17, 2008	10	341	9,705.31	9,558.31	98.48
R-M-4	UNICUS Takasaki	Takasaki, Gunma	November 5, 2008	1	260	9,277.08	9,277.08	100.00
R-R-1	LIFE Sagami-hara Wakamatsu	Sagami-hara, Kanagawa	April 25, 2007	1	– (Note 7)	2,973.44	2,973.44	100.00
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	October 6, 2009	1	477	19,845.72	19,845.72	100.00
R-R-3	ACROSSPLAZA Inazawa (land)	Inazawa, Aichi	–	1	139	31,981.70	31,981.70	100.00
Retail Properties Total				16	2,245	131,906.87	131,746.40	99.87
Portfolio Total				46	9,932	738,355.09	738,194.62	99.97

- (Note 1) Date of construction of the main building, as described in the property registry, is represented. For properties with several main buildings, the construction date of the oldest building is listed.
- (Note 2) Number of tenants is equal to the number of tenants per property based upon each lease agreement in relation to each property in trust as of August 31, 2014. However, the number of end-tenants is indicated in brackets after the number of master lessees in the case of a property subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants. Meanwhile, only the master lessee is indicated as a tenant with respect to a property subject to a sublease type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in the sublease occupancy rate.
- (Note 3) Annual rent means the annual rent of the property as indicated in each lease agreement in relation to each property in trust as of August 31, 2014 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (as to properties in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements), rounded to the nearest million yen. However, in the case of a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, the annual rent is as indicated in each sublease agreement in relation to each property in trust as of August 31, 2014 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), rounded to the nearest million yen. Therefore, the sums of the annual rent of each property may not add up due to rounding and may differ from the total in the portfolio.
- (Note 4) Total leasable area means the leasable area of the building in relation to each property in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building.
- (Note 5) Total leased area means the total of leased area as indicated in each lease agreement in relation to each property in trust as of August 31, 2014. However, the leased area as indicated in each sublease agreement for each properties in trust as of August 31, 2014 that are subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, are added up and shown. In some properties, total leasable area and total leased area are larger than gross floor area due to differences in measurement of floor area in real property registration and lease agreements. Gross floor area is based on the real property registration, while total leasable area and total leased area are based on each lease agreement. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area.
- (Note 6) Occupancy rate as of August 31, 2014 is calculated by dividing total leased area for each property by the total leasable area, rounded down to the nearest 100th. Therefore, figures in the table may not add up to totals.
- (Note 7) Undisclosed as consent for disclosure has not been obtained from lessees.

(B) Status of revenues from real estate in trust

The overview of revenues from real estate in trust including revenues from property leasing business is as follows.

Figures related to revenues are calculated in accordance with the following:

- (i) Amounts are presented in thousands of yen and rounded down to the nearest thousand yen. Therefore, the sum of figures shown in the tables may not necessarily be equal to the total amount.
- (ii) Other lease business revenues include revenues from common service fees, parking lot usage fees, signboard usage fees, utilities expenses, vending machines, renewal commissions, facilities fees, restoration and early termination penalty.
- (iii) In principle, property taxes and city planning taxes, which are included in taxes and public dues, are imposed on the owner as of January 1 of each year. The amount of adjustment equivalent to prepaid property taxes and city planning taxes with the former owner at the acquisition are included in the acquisition cost of real estate, etc. as part of incidental expenses, and are not recorded in expenses related to rent business.
- (iv) Outsourcing expenses include property management fees and facility management fees.
- (v) Since repairs and maintenance expenses significantly fluctuate from year to year and do not arise regularly, the repairs and maintenance expenses in the fiscal period may differ substantially from the amount of such expenses incurred when DHR continues to hold the asset for a long term.
- (vi) Insurance represents the amount calculated based on premiums paid in relation to the relevant term.
- (vii) Other expenses related to rent business include utilities expenses and trust fees.
- (viii) Depreciation represents the amount in relation to the number of months in the disclosure period.

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended Aug 31, 2014

Property number	L-B-1	L-B-2	L-B-3	L-B-4
Property name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues—real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	216,465	366,486	81,713	150,953
(D) Depreciation	49,813	104,896	15,843	26,771
(E) Income (loss) from rent business (= C – D)	166,652	261,589	65,869	124,181

Property number	L-B-5	L-B-6	L-B-7	L-B-8
Property name	D Project Urayasu I	D Project Urayasu II	D Project Akanehama	D Project Noda
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues—real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	191,554	534,189	66,975	154,049
(D) Depreciation	44,258	109,201	15,780	44,532
(E) Income (loss) from rent business (= C – D)	147,295	424,987	51,195	109,516

Property number	L-B-9	L-B-10	L-B-11	L-B-12
Property name	D Project Inuyama	D Project Gifu	D Project Neyagawa	D Project Sapporo Minami
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues—real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	226,666	31,450	142,844	25,377
(D) Depreciation	56,607	9,562	30,234	7,081
(E) Income (loss) from rent business (= C – D)	170,059	21,888	112,609	18,296

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended Aug 31, 2014

Property number	L-B-13	L-B-14	L-B-15	L-B-16
Property name	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura	D Project Gotenba
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues—real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	36,755	43,588	100,104	33,019
(D) Depreciation	11,212	15,202	28,702	8,725
(E) Income (loss) from rent business (= C – D)	25,542	28,386	71,402	24,294

Property number	L-B-17	L-B-18	L-B-19	L-B-20
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From April 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	– (Note)	121,898	– (Note)	– (Note)
Rent revenues—real estate	– (Note)	120,853	– (Note)	– (Note)
Other lease business revenues	– (Note)	1,045	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	16,318	– (Note)	– (Note)
Taxes and public dues	– (Note)	9,601	– (Note)	– (Note)
Outsourcing expenses	– (Note)	3,156	– (Note)	– (Note)
Insurance	– (Note)	252	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	2,808	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	500	– (Note)	– (Note)
(C) NOI (= A – B)	38,164	105,579	73,274	94,958
(D) Depreciation	7,316	28,087	20,144	20,751
(E) Income (loss) from rent business (= C – D)	30,848	77,492	53,129	74,207

Property number	L-B-21	L-B-22	L-B-23	L-B-24
Property name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama
Period for asset management	From April 1, 2014 to August 31, 2014	From April 1, 2014 to August 31, 2014	From April 1, 2014 to August 31, 2014	From April 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	– (Note)	85,659	115,630	– (Note)
Rent revenues—real estate	– (Note)	85,635	115,615	– (Note)
Other lease business revenues	– (Note)	24	15	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	1,864	1,904	– (Note)
Taxes and public dues	– (Note)	–	–	– (Note)
Outsourcing expenses	– (Note)	1,500	1,500	– (Note)
Insurance	– (Note)	155	195	– (Note)
Repairs and maintenance expenses	– (Note)	–	–	– (Note)
Other expenses related to rent business	– (Note)	208	208	– (Note)
(C) NOI (= A – B)	204,135	83,794	113,725	93,971
(D) Depreciation	58,299	15,864	23,951	22,523
(E) Income (loss) from rent business (= C – D)	145,836	67,929	89,774	71,447

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended Aug 31, 2014

Property number	L-B-25	Logistics properties total
Property name	D Project Fukuoka Hakozaki	
Period for asset management	From April 1, 2014 to August 31, 2014	
(A) Rent revenues Subtotal	– (Note)	3,736,594
Rent revenues—real estate	– (Note)	3,702,982
Other lease business revenues	– (Note)	33,611
(B) Expenses related to rent business Subtotal	– (Note)	417,468
Taxes and public dues	– (Note)	263,793
Outsourcing expenses	– (Note)	85,758
Insurance	– (Note)	6,734
Repairs and maintenance expenses	– (Note)	49,443
Other expenses related to rent business	– (Note)	11,737
(C) NOI (= A – B)	109,327	3,319,126
(D) Depreciation	23,723	799,090
(E) Income (loss) from rent business (= C – D)	85,603	2,520,035

Property number	R-M-1	R-M-2	R-M-3	R-M-4
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014
(A) Rent revenues Subtotal	275,700	189,280	238,879	129,870
Rent revenues—real estate	275,700	188,122	170,021	129,870
Other lease business revenues	–	1,158	68,857	–
(B) Expenses related to rent business Subtotal	45,895	39,403	91,994	32,257
Taxes and public dues	26,183	23,572	14,266	10,357
Outsourcing expenses	8,729	7,914	32,624	20,250
Insurance	485	352	184	117
Repairs and maintenance expenses	9,997	3,955	8,730	1,025
Other expenses related to rent business	500	3,608	36,188	506
(C) NOI (= A – B)	229,804	149,876	146,885	97,612
(D) Depreciation	71,660	42,665	51,618	14,261
(E) Income (loss) from rent business (= C – D)	158,143	107,211	95,267	83,351

Property number	R-R-1	R-R-2	R-R-3	Retail properties total
Property name	LIFE Sagamiyara Wakamatsu	FOLEO Sendai Miyanomori	ACROSSPLAZA Inazawa (land)	
Period for asset management	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	From March 1, 2014 to August 31, 2014	
(A) Rent revenues Subtotal	– (Note)	238,500	69,660	1,191,895
Rent revenues—real estate	– (Note)	238,500	69,660	1,121,874
Other lease business revenues	– (Note)	–	–	70,020
(B) Expenses related to rent business Subtotal	– (Note)	25,986	200	241,944
Taxes and public dues	– (Note)	21,631	–	99,888
Outsourcing expenses	– (Note)	3,600	–	74,919
Insurance	– (Note)	254	–	1,425
Repairs and maintenance expenses	– (Note)	–	–	23,707
Other expenses related to rent business	– (Note)	500	200	42,003
(C) NOI (= A – B)	43,798	212,513	69,459	949,951
(D) Depreciation	4,272	26,593	–	211,070
(E) Income (loss) from rent business (= C – D)	39,525	185,920	69,459	738,880

Property number	Portfolio total
Property name	
Period for asset management	
(A) Rent revenues Subtotal	4,928,490
Rent revenues—real estate	4,824,857
Other lease business revenues	103,632
(B) Expenses related to rent business Subtotal	659,412
Taxes and public dues	363,681
Outsourcing expenses	160,677
Insurance	8,160
Repairs and maintenance expenses	73,151
Other expenses related to rent business	53,741
(C) NOI (= A – B)	4,269,078
(D) Depreciation	1,010,161
(E) Income (loss) from rent business (= C – D)	3,258,916

(Note) Undisclosed as consent for disclosure has not been obtained from lessees.

(C) Trend of occupancy rate

- a. The trend of portfolio occupancy rate of real estate in trust as of each fiscal period-end is as follows:

	Number of investment properties	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%) (Note)
4th fiscal period (February 28, 2010)	5	74,224.40	73,754.47	99.36
5th fiscal period (August 31, 2010)	5	74,224.40	74,171.46	99.92
6th fiscal period (February 28, 2011)	5	74,224.40	74,156.19	99.90
7th fiscal period (August 31, 2011)	5	74,224.40	74,116.72	99.85
8th fiscal period (February 29, 2012)	4	70,802.37	70,694.69	99.84
9th fiscal period (August 31, 2012)	4	70,802.37	70,734.16	99.90
10th fiscal period (February 28, 2013)	24	531,535.41	531,521.94	99.99
11th fiscal period (August 31, 2013)	25	540,812.49	540,799.02	99.99
12th fiscal period (February 28, 2014)	26	572,794.19	572,537.79	99.95
13th fiscal period (August 31, 2014)	32	738,355.09	738,194.62	99.97

(Note) Occupancy rate is calculated by dividing total leased area for each property by the total leasable area, rounded down to the nearest 100th.

- b. The trend of occupancy rate by property in trust as of each fiscal period-end is as follows:

(Unit: %)

Property number	Property name	4th fiscal period (February 28, 2010)	5th fiscal period (August 31, 2010)	6th fiscal period (February 28, 2011)	7th fiscal period (August 31, 2011)	8th fiscal period (February 29, 2012)	9th fiscal period (August 31, 2012)	10th fiscal period (February 28, 2013)	11th fiscal period (August 31, 2013)	12th fiscal period (February 28, 2014)	13th fiscal period (August 31, 2014)
L-B-1	D Project Machida	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-2	D Project Hachioji	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-3	D Project Aikawa-Machi	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-4	D Project Shin-Misato	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-5	D Project Urayasu I	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-6	D Project Urayasu II	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-7	D Project Akanehama	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-8	D Project Noda	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-9	D Project Inuyama	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-10	D Project Gifu	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-11	D Project Neyagawa	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-12	D Project Sapporo Minami	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-13	D Project Morioka	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-14	D Project Sendai Minami	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-15	D Project Tsuchiura	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-16	D Project Gotenba	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-17	D Project Nishi-Hiroshima	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-18	D Project Fukuoka Umi	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-19	D Project Tosu	—	—	—	—	—	—	100.00	100.00	100.00	100.00
L-B-20	D Project Kuki I	—	—	—	—	—	—	—	—	—	100.00
L-B-21	D Project Kuki II	—	—	—	—	—	—	—	—	—	100.00
L-B-22	D Project Kawagoe I	—	—	—	—	—	—	—	—	—	100.00
L-B-23	D Project Kawagoe II	—	—	—	—	—	—	—	—	—	100.00
L-B-24	DPL Inuyama	—	—	—	—	—	—	—	—	—	100.00
L-B-25	D Project Fukuoka Hakozaki	—	—	—	—	—	—	—	—	—	100.00
R-M-1	ACROSSMALL Shinkamagaya	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-M-2	FOLEO Hirakata	97.89	99.91	99.91	99.91	99.91	99.91	99.91	99.91	99.33	99.91
R-M-3	QiZ GATE URAWA	98.71	99.59	99.43	99.02	99.02	99.43	100.00	100.00	98.48	98.48
R-M-4	UNICUS Takasaki	—	—	—	—	—	—	—	100.00	100.00	100.00
R-R-1	LIFE Sagami-hara Wakamatsu	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-R-2	FOLEO Sendai Miyanomori	—	—	—	—	—	—	100.00	100.00	100.00	100.00
R-R-3	ACROSSPLAZA Inazawa (land)	—	—	—	—	—	—	—	—	100.00	100.00

(Note) Occupancy rate by property in trust at the end of each period, rounded down to the nearest 100th, is shown in this table.

(D) Summary of major tenants

a. Summary of major tenants

DHR's rent revenues for the period and leased area for major tenants and by tenant as of August 31, 2014 are as follows. A major tenant is a tenant for which leased area accounts for 10% or more of the total leased area (total of leased areas in the entire portfolio).

Tenant	Business	Property name	Rent revenues for the period (Millions of yen)	Rent revenues ratio (%) (Note 1)	Leased area (m ²)	Area ratio (%) (Note 1)
Hitachi Capital Corporation	Other financial business	D Project Machida D Project Aikawa-Machi D Project Urayasu II D Project Akanehama	– (Note 2)	– (Note 2)	148,714.63	20.1
Mitsubishi Shokuhin Co., Ltd.	Food wholesale	D Project Hachioji D Project Noda D Project Sapporo Minami D Project Morioka D Project Sendai Minami	– (Note 2)	– (Note 2)	90,170.01	12.2
Subtotal	–	–	1,589	32.3	238,884.64	32.4
Total of all tenants	–	–	4,928	100.0	738,194.62	100.0

(Note 1) Figures are rounded to the nearest tenth.

(Note 2) Undisclosed as consent for disclosure has not been obtained from lessees.

b. Lease terms for major tenants

DHR's lease terms for major tenants as of August 31, 2014 are as follows:

Tenant	Property name	Expiration date	Contract renewal method	Annual rent (Millions of yen)	Leasehold and security deposit (Millions of yen)
Hitachi Capital Corporation	D Project Machida	February 28, 2027	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Aikawa-Machi	June 30, 2026	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Urayasu II	May 31, 2027	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Akanehama	October 10, 2025	There is no agreement on contract renewal.	– (Note)	– (Note)
Mitsubishi Shokuhin Co., Ltd.	D Project Hachioji	– (Note)	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Noda	– (Note)	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Sapporo Minami	– (Note)	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Morioka	– (Note)	There is no agreement on contract renewal.	– (Note)	– (Note)
	D Project Sendai Minami	– (Note)	There is no agreement on contract renewal.	– (Note)	– (Note)

(Note) Undisclosed as consent for disclosure has not been obtained from lessees.

(E) Summary on appraisal report

Property number	Real estate in trust (Property name)	Appraisal agency	Date of value appraised	Appraisal value (Millions of yen)	Return price (Millions of yen)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
L-B-1	D Project Machida	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	8,510	8,630	5.1	8,460	5.0	5.3
L-B-2	D Project Hachioji	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	14,300	13,900	5.0	14,400	1st to 5th year 4.9 6th to 10th year 5.0	5.2
L-B-3	D Project Aikawa-Machi	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,100	3,130	5.2	3,080	5.2	5.4
L-B-4	D Project Shin-Misato	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	5,620	5,670	5.4	5,600	5.4	5.6
L-B-5	D Project Urayasu I	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	8,550	8,720	4.7	8,470	4.8	4.9
L-B-6	D Project Urayasu II	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	23,900	23,800	4.6	24,000	4.6	4.8
L-B-7	D Project Akanehama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	2,760	2,790	5.0	2,740	5.1	5.2
L-B-8	D Project Noda	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	5,870	5,870	5.2	5,870	5.1	5.4
L-B-9	D Project Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	7,980	7,780	5.6	8,060	5.5	5.8
L-B-10	D Project Gifu	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	1,060	1,050	5.9	1,060	1st to 10th year 5.8 11th year 5.9	6.1
L-B-11	D Project Neyagawa	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	5,510	5,490	5.2	5,520	5.2	5.4
L-B-12	D Project Sapporo Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	796	787	6.4	800	1st to 3rd year 6.2 4th to 10th year 6.3	6.6
L-B-13	D Project Morioka	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	1,170	1,160	6.3	1,170	6.2	6.5
L-B-14	D Project Sendai Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	1,420	1,410	5.7	1,430	1st to 7th year 5.5 8th to 10th year 5.6	5.9
L-B-15	D Project Tsuchiura	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,270	3,150	5.6	3,320	5.5	5.8
L-B-16	D Project Gotenba	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	1,110	1,090	5.8	1,120	5.7	6.0
L-B-17	D Project Nishi-Hiroshima	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	1,160	1,110	5.9	1,180	Tower A 1st to 8th year 5.9 9th to 10th year 6.0 Tower B 5.9	6.1
L-B-18	D Project Fukuoka Umi	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,720	3,710	5.8	3,730	Tower A 1st year 5.5 2nd year and later 5.7 Tower B 1st to 8th year 5.5 9th year and later 5.7 Tower C 5.7 Tower D 1st to 7th year 5.6 8th year and later 5.7	6.0
L-B-19	D Project Tosu	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	2,620	2,640	5.6	2,610	1st to 10th year 5.6 11th year 5.7	5.8

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended Aug 31, 2014

Property number	Real estate in trust (Property name)	Appraisal agency	Date of value appraised	Appraisal value (Millions of yen)	Return price (Millions of yen)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
L-B-20	D Project Kuki I	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,690	3,690	5.4	3,690	5.4	5.6
L-B-21	D Project Kuki II	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	7,660	7,730	5.4	7,630	1st to 9th year 5.4 10th year 5.5	5.6
L-B-22	D Project Kawagoe I	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,320	3,350	5.4	3,310	5.4	5.6
L-B-23	D Project Kawagoe II	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	4,550	4,630	5.4	4,510	5.4	5.6
L-B-24	DPL Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,570	3,530	5.6	3,580	5.5	5.8
L-B-25	D Project Fukuoka Hakozaki	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2014	3,960	3,970	5.5	3,950	5.4	5.7
Logistics Properties Total				129,176	128,787	—	129,290	—	—
R-M-1	ACROSSMALL Shinkamagaya	Japan Real Estate Institute	August 31, 2014	7,280	7,290	6.4	7,260	6.1	6.6
R-M-2	FOLEO Hirakata	Japan Real Estate Institute	August 31, 2014	4,460	4,480	6.6	4,440	6.1	6.7
R-M-3	QiZ GATE URAWA	Japan Real Estate Institute	August 31, 2014	4,740	4,760	6.3	4,710	5.8	6.3
R-M-4	UNICUS Takasaki	Japan Real Estate Institute	August 31, 2014	2,780	2,780	7.0	2,770	6.7	7.2
R-R-1	LIFE Sagamihara Wakamatsu	Japan Real Estate Institute	August 31, 2014	1,500	1,510	5.8	1,490	5.4	5.9
R-R-2	FOLEO Sendai Miyanomori	Japan Real Estate Institute	August 31, 2014	6,320	6,340	6.6	6,300	6.3	6.8
R-R-3	ACROSSPLAZA Inazawa (land)	Japan Real Estate Institute	August 31, 2014	2,350	— (Note 1)	— (Note 1)	2,350	5.5	— (Note 2)
Retail Properties Total				29,430	27,160	—	29,320	—	—
Portfolio Total				158,606	155,947	—	158,610	—	—

(Note 1) In this appraisal, because the contractual terms prescribe the restoration of land to its original state at the expiry of the agreement and the direct capitalization method where net cash flow over a period of time is capitalized at the capitalization rate is not suitable, the price based on the direct capitalization method was not calculated.

(Note 2) Since the capitalization method was not applied in the calculation of price of selling the vacant lot, the terminal capitalization rate was not presented.

(F) Summary on engineering report

DHR obtains engineering reports such as reports on building deterioration diagnosis, short- and long-term repair and maintenance plans prepared, survey on legal compliance with the Building Standards Act, etc. and survey on buildings containing harmful substances from Tokio Marine & Nichido Risk Consulting Co., Ltd. The summary of engineering reports is as follows:

Property number	Real estate in trust (Property name)	Month and year of survey	Emergency repair (Thousands of yen)	Short-term repair and maintenance (Thousands of yen) (Note 1)	Long-term repair and maintenance (Thousands of yen) (Note 1)
L-B-1	D Project Machida	September 2012	—	—	6,288
L-B-2	D Project Hachioji	September 2012	—	—	3,292
L-B-3	D Project Aikawa-Machi	September 2012	—	—	600
L-B-4	D Project Shin-Misato	September 2012	—	—	—
L-B-5	D Project Urayasu I	September 2012	—	—	5,489
L-B-6	D Project Urayasu II	September 2012	—	—	3,850
L-B-7	D Project Akanehama	September 2012	—	—	430
L-B-8	D Project Noda	September 2012	—	—	1,342
L-B-9	D Project Inuyama	September 2012	—	—	2,525
L-B-10	D Project Gifu	September 2012	—	—	—
L-B-11	D Project Neyagawa	September 2012	—	—	—
L-B-12	D Project Sapporo Minami	September 2012	—	—	354
L-B-13	D Project Morioka	September 2012	—	—	2,633
L-B-14	D Project Sendai Minami	September 2012	—	—	634
L-B-15	D Project Tsuchiura	September 2012	—	—	—
L-B-16	D Project Gotenba	September 2012	—	—	54
L-B-17	D Project Nishi-Hiroshima	September 2012	—	—	828
L-B-18	D Project Fukuoka Umi	September 2012	—	—	3,154
L-B-19	D Project Tosu	September 2012	—	—	—
L-B-20	D Project Kuki I	February 2014	—	—	486
L-B-21	D Project Kuki II	February 2014	—	—	854
L-B-22	D Project Kawagoe I	February 2014	—	—	587
L-B-23	D Project Kawagoe II	February 2014	—	—	436
L-B-24	DPL Inuyama	February 2014	—	—	403
L-B-25	D Project Fukuoka Hakozaiki	February 2014	—	—	3,386
R-M-1	ACROSSMALL Shinkamagaya	September 2012	—	—	24,941
R-M-2	FOLEO Hirakata	September 2012	—	—	20,471
R-M-3	QiZ GATE URAWA	September 2012	—	—	10,776
R-M-4	UNICUS Takasaki	March 2013	—	—	6,448
R-R-1	LIFE Sagamihara Wakamatsu	September 2012	—	—	2,768
R-R-2	FOLEO Sendai Miyanomori	September 2012	—	—	1,387
R-R-3	ACROSSPLAZA Inazawa (land) (Note 2)	—	—	—	—
Total	—	—	—	—	104,416

(Note 1) Short-term repair and maintenance show repairs and maintenance expenses required within one year as of each survey date, which are estimated by each survey company.

Long-term repair and maintenance show the annual average amount that the asset management company calculated based on repairs and maintenance expenses for 12 years as of each survey date estimated by each survey company, rounded to the nearest thousand yen. Therefore, the sum of long-term repairs of properties may not be equal to the portfolio total.

(Note 2) For ACROSSPLAZA Inazawa (land), figures were not presented because only the land was acquired and the building was not acquired.

(G) Summary of report on earthquake risk assessment

PML for real estate in trust is as follows. Figures of PML are based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd. Earthquake insurance is not taken out on the real estate in trust as of the date of this financial results report.

Property number	Real estate in trust (Property name)	PML (%)
L-B-1	D Project Machida	2.7
L-B-2	D Project Hachioji	6.0
L-B-3	D Project Aikawa-Machi	5.5
L-B-4	D Project Shin-Misato	0.8
L-B-5	D Project Urayasu I	3.5
L-B-6	D Project Urayasu II	2.1
L-B-7	D Project Akanehama	1.7
L-B-8	D Project Noda	1.7
L-B-9	D Project Inuyama	3.4
L-B-10	D Project Gifu	4.1
L-B-11	D Project Neyagawa	2.7
L-B-12	D Project Sapporo Minami	1.9
L-B-13	D Project Morioka	8.1
L-B-14	D Project Sendai Minami	1.5
L-B-15	D Project Tsuchiura	1.6
L-B-16	D Project Gotenba	7.0
L-B-17	D Project Nishi-Hiroshima	2.3
L-B-18	D Project Fukuoka Umi	1.3
L-B-19	D Project Tosu	4.2
L-B-20	D Project Kuki I	0.5
L-B-21	D Project Kuki II	3.4
L-B-22	D Project Kawagoe I	7.6
L-B-23	D Project Kawagoe II	3.2
L-B-24	DPL Inuyama	7.0
L-B-25	D Project Fukuoka Hakozaki	10.9
R-M-1	ACROSSMALL Shinkamagaya	2.4
R-M-2	FOLEO Hirakata	13.3
R-M-3	QiZ GATE URAWA	1.8
R-M-4	UNICUS Takasaki	1.0
R-R-1	LIFE Sagamihara Wakamatsu	11.0
R-R-2	FOLEO Sendai Miyanomori	2.8
R-R-3	ACROSSPLAZA Inazawa (land) (Note 1)	—
Portfolio Total (Note 2)		1.9

(Note 1) For ACROSSPLAZA Inazawa (land), PML was not calculated because only the land was acquired and the building was not acquired.

(Note 2) The figure shown in Portfolio Total is aggregate PML for 31 properties excluding ACROSSPLAZA Inazawa (land) for which only the land was acquired. It is calculated in the same way as an individual property based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd. (portfolio PML).

(H) Status of collaterals provided on real estate in trust

Not applicable.

iv) Status of portfolio diversification

The overview of portfolio on real estate in trust as of August 31, 2014 is as follows:

(A) By property type

Property type	Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)
Logistics Properties	25	114,140	79.2
Retail Properties	7	30,023	20.8
Total	32	144,163	100.0

(B) By location

Location		Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)	
Three major metropolitan areas of Japan	Greater Tokyo area	15	96,469	66.9	82.5
	Greater Nagoya area	4	12,874	8.9	
	Greater Osaka area	2	9,640	6.7	
Other areas		11	25,180	17.5	
Total		32	144,163	100.0	

(C) By lease term (Note 2)

By lease term

Lease term	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
10 years or more	56	9,744	98.1
Less than 10 years	12	189	1.9
Total	68	9,932	100.0

By remaining lease term

Remaining lease term	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
15 years or more	4	1,144	11.5
10 years or more but less than 15 years	29	6,477	65.2
5 years or more but less than 10 years	10	1,364	13.7
Less than 5 years	25	948	9.5
Total	68	9,932	100.0

(D) By property age

Property age (Note 6)	Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)
Less than 5 years	8	37,820	26.6
5 years or more but less than 10 years	22	103,399	72.7
10 years or more	1	1,000	0.7
Total	31	142,219	100.0

Average property age (*)	6.0 years
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(*) Based on the acquisition price (weighted average)

(E) By lease type

Lease type	Number of properties	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Sublease-type master lease	3	1,288	13.0
Pass-through type master lease	5	2,428	24.4
Direct lease	24	6,216	62.6
Total	32	9,932	100.0

(F) By rent type (based on leased area)

Rent type	Number of tenants (Note 3)	Leased area (m ²)	Percentage of leased area (%)
Fixed rent	68	738,194.62	100.0
Revenue-based rent	—	—	—
Total	68	738,194.62	100.0

(G) By contract type (based on annual rent)

Contract type	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Fixed-term lease contract of property (including land)	50	4,416	44.5
Other	18	5,516	55.5
Total	68	9,932	100.0

(Note 1) Percentage of total acquisition price means the ratio of the total amount of the acquisition prices of each property corresponding to each category to the total amount of the acquisition prices of the all properties, rounded to the nearest tenth. Therefore, the sum of figures shown may not be equal to the figure in Total.

(Note 2) Lease term is based on each lease agreement concluded for each corresponding property in trust as of August 31, 2014.

(Note 3) Number of tenants is the number of end tenants of each property in trust as of August 31, 2014. However, with respect to properties with sublease-type master lease agreements, only the master lease company is indicated as the tenant.

(Note 4) Annual rent means the annual rent of the properties as indicated in each lease agreement entered into in relation to each property in trust as of August 31, 2014 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (provided, however, in the case of a pass-through type master lease agreement, under which rents are directly received from end-tenants in principle, the annual rent is as indicated in each sublease agreement entered into between a master lease company and end-tenants in relation to each property as of August 31, 2014 or the amount calculated by multiplying the monthly rent by 12 on an annual basis), rounded to the nearest million yen.

(Note 5) Percentage of annual rent indicates the ratio of the total annual rent corresponding to each category to the total annual rent in the portfolio of the relevant properties, rounded to the nearest tenth. Sums of figures indicated may not add up due to rounding.

(Note 6) Property age is based on the age of each property as of August 31, 2014.

v) Capital expenditures for properties held

(A) Schedule of capital expenditures

There are no scheduled capital expenditures for planned renovation work, etc., for real estate in trust held as of August 31, 2014.

(B) Capital expenditures during the period

For real estate in trust held, an overview of major construction work conducted by DHR during the fiscal period under review that falls into capital expenditure is as follows:

Property name (Location)	Purpose	Period	Construction cost (Millions of yen)
QiZ GATE URAWA (Saitama City, Saitama)	Installment of LED lights in common area	From April 2014 to April 2014	17

(C) Cash reserves for long-term repair and maintenance plans

Based on long-term repair and maintenance plans compiled for each property, DHR sets aside the following cash reserves from cash flows during the fiscal period in order to provide for payment of funds for large repair and maintenance, etc., over the medium to long term.

(Unit: Millions of yen)

Operating period	9th period From March 1, 2012 to August 31, 2012	10th period From September 1, 2012 to February 28, 2013	11th period From March 1, 2013 to August 31, 2013	12th period From September 1, 2013 to February 28, 2014	13th period From March 1, 2014 to August 31, 2014
Balance of reserves at beginning of period	90	101	127	180	239
Amount of reserves during period	12	25	53	58	60
Amount of reversal of reserves during period	1	—	—	—	—
Reserves carried forward	101	127	180	239	300