

April 17, 2014

Financial Results for the Fiscal Period Ended February 28, 2014 (September 1, 2013 - February 28, 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.

Representative: Hirotaka Najima, Representative Director, President and CEO

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Scheduled date of submitting Securities Report: May 27, 2014

Scheduled date of starting distribution payments: May 12, 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 February 28, 2014 (September 1, 2013 – February 28, 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 February 28, 2014	4,153	0.6	2,321	0.0	1,960	(0.4)	1,959	(0.4)
Fiscal period ended August 31, 2013	4,128	70.5	2,320	59.8	1,967	114.0	1,967	114.1

	Net income per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended February 28, 2014	7,996	3.2	1.5	47.2
Fiscal period ended August 31, 2013	8,027	3.2	1.5	47.7

(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 August 31, 2013.

(2) Distributions

	Distributions per unit (excluding excess of earnings)	Total distributions	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 February 28, 2014	15,992	1,959	0	–	100.0	3.2
Fiscal period ended August 31, 2013	16,055	1,967	0	–	100.0	3.2

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2014	131,509	61,340	46.6	250,288
As of August 31, 2013	131,372	61,348	46.7	250,320

(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 August 31, 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 February 28, 2014	2,949	(1,966)	(1,966)	8,382
Fiscal period ended August 31, 2013	5,350	(2,720)	1,111	9,365

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

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending August 31, 2014	4,916	18.3	2,810	21.1	2,289	16.8	2,289	16.8	7,800	0
Fiscal period ending February 28, 2015	5,055	2.8	2,872	2.2	2,407	5.2	2,406	5.1	8,200	0

(Reference) Forecasted net income per unit

For the fiscal period ending August 31, 2014: ¥7,800

For the fiscal period ending February 28, 2015: ¥8,200

Forecasted net income per unit is calculated using the following formula:

Forecasted net income per unit = Forecasted net income / 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 February 28, 2014	122,540 units
As of August 31, 2013	122,540 units
- b. Number of treasury units at the end of the period

As of February 28, 2014	0 units
As of August 31, 2013	0 units

(Note) Please refer to “Per Unit Information” on page 35 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**

1. 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 August 31, 2014 and February 28, 2015” on pages 11 and 12 for information on assumptions for the forecasts of operating results.

2. DHR implemented a 2-for-1 split of investment units with a record date of February 28, 2014 and an effective date of March 1, 2014.

At the board of directors meeting held on March 3, 2014 and March 12, 2014, it was decided to issue new investment units through public offering and through third-party allotment. The payment for the issuance of new investment units through public offering was completed on March 19, 2014, while the payment for the issuance of new investment units through third-party allotment was completed on April 14, 2014.

The above figures in “2. Forecasts of operating results for the fiscal period from March 1, 2014 to August 31, 2014 and for the fiscal period from September 1, 2014 to February 28, 2015” are based on DHR’s assumption of the number of investment units issued of 293,480 units, which is the total of 245,080 investment units issued after the investment unit split and 48,400 new investment units issued as described above (public offering: 44,000 units, third-party allotment: 4,400 units).

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 April 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 November 27, 2013; prepared in Japanese only), the disclosure is omitted.

Effective March 1, 2014, DHR changed the contracted general administrator for accounting administration as stipulated in Article 117, items 5 and 6 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (hereinafter, “Investment Trusts Act”) from Heiseikaikeshi Tax Corporation to Sumitomo Mitsui Trust Bank, Limited. For details on the operations, please refer to “2. Operating Policies and Results (2) Operating Results iii) Significant events after balance sheet date.”

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 November 27, 2013; 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, with Daiwa House REIT Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) as the organizer, under the Investment Trusts Act, 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), 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 February 28, 2014), DHR acquired retail property Top Mall Inazawa (land) (acquisition price of ¥1,944 million). Consequently, DHR held a total of 26 properties (total acquisition price ¥119,033 million after rounding to the nearest million yen) as of February 28, 2014.

(Note) The Daiwa House Group comprises Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), its 105 consolidated subsidiaries, one non-consolidated subsidiary, 20 equity-method associates, and two non-equity-method associates, as of April 1, 2014). The same shall apply hereinafter.

(B) Investment environment and performance

In the fiscal period under review, the Japanese economy maintained its modest recovery trend, due to the Japanese government’s economic measures and monetary policies, in addition to the pickup of economies in Europe and the North America.

In the real estate market, the *Land Price LOOK Report* published by the Ministry of Land, Infrastructure, Transport and Tourism in February 2014 had areas showing rising land prices accounting for more than 80% of the total, as the upward trend in land prices continued. Among the factors cited as contributing to this trend was the increase in eagerness towards real estate investment on the back of monetary easing and other factors, particularly in retail districts centered on the three major metropolitan areas of Tokyo, Osaka and Nagoya.

Supported by fund inflows primarily from individual investors, investment unit prices were firm during the period under review, as the TSE (Tokyo Stock Exchange) REIT Index rose a record-high from the closing price on December 28, 2012, through the closing price on December 30, 2013. This increase in REIT unit prices spurred aggressive financing and proactive property acquisitions.

Underpinned by demand from Internet mail order companies and the fashion and apparel industries as well as their supporting third-party logistics (3PL) providers, the logistics property rental market was firm. According to the leasing market trend for large multi-tenant logistics properties announced in January 2014 by CBRE K.K., demand for logistics properties remained strong, as the vacancy rates in the greater Tokyo and greater Osaka areas were 4.0% and 0.0%, respectively (as of December 2013), and offered rent levels were stable. For the time being, demand is expected to be maintained for logistics properties capable of responding to burgeoning distribution network and infrastructure needs, due the fact that the Internet mail order, fashion, and apparel industries are expected to grow, distribution volume will increase in conjunction with the increase in the number of convenience stores, and industry consolidation and business expansion will occur due to capital alliances and other factors.

With regard to the business environment surrounding retail properties, the retail sales total according to the commercial sales statistics (excluding automobile and fuel sales) increased 1.0% year-on-year in 2013. In the supermarket sector, companies implemented more unique sales strategies, such as expanding the scope of high price range goods in the private brand products space, and by enhancing customer services in partnership with online retailers and home delivery providers.

In such an environment, DHR increased the size of its portfolio by collaborating with Daiwa House Group to acquire Top Mall Inazawa (land) (acquisition price of ¥1,944 million). As of February 28, 2014, DHR owned 26 properties (with a total book value of ¥116,644 million at the end of the period) with a total leasable area of 572,794.19 m² and an occupancy rate of 99.95% (the figure is rounded down to the nearest 100th).

(C) Overview of financing

In the fiscal period under review (the period ended February 28, 2014), there was no financing activity or repayment of debt. As of February 28, 2014, loans payable amounted to ¥63,000 million, while both the ratio of long-term loans and the ratio of fixed-rate loans were each 100.0%.

The credit rating DHR has obtained as of February 28, 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 ¥4,153 million, operating income came to ¥2,321 million, ordinary income came to ¥1,960 million, and net income came to ¥1,959 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 ¥15,992.

ii) Outlook for next fiscal period

Despite concerns about a rebound drop in consumption following the increase in the consumption tax rate from April 2014 and the associated surge in demand prior to its taking effect, as well as concerns about downside economic risk in some emerging countries, the Japanese economy is expected to continue its recovery trend, 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 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 spark demand from 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 August 31, 2014 and February 28, 2015

	Operating revenues	Operating income	Ordinary income	Net income	Distributions 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 August 31, 2014	4,916	2,810	2,289	2,289	7,800	0
Fiscal period ending February 28, 2015	5,055	2,872	2,407	2,406	8,200	0

For the assumptions for the forecasts above, please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending August 31, 2014 and February 28, 2015” on pages 11 and 12. 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) Split of investment units

With February 28, 2014 as the record date and March 1, 2014 as the effective date, DHR implemented a 2-for-1 split of its investment units.

(a) Purpose of investment unit split

DHR split its investment units aiming to create an environment favorable to investors for investment, by lowering the amount of each investment unit, thereby expand the investor base and improve the liquidity of its investment units, following the introduction of the Japanese version of the Individual Savings Account (“NISA”) on January 1, 2014.

(b) Method of investment unit split

With February 28, 2014 as the record date, DHR implemented a 2-for-1 split of the investment units held by unitholders stated or recorded on that date’s final unitholders registry.

(c) Number of investment units increased through investment unit split

Number of investment units issued and outstanding before investment unit split:	122,540 units
Number of investment units increased through investment unit split:	122,540 units
Number of investment units issued and outstanding after investment unit split:	245,080 units
Total number of investment units authorized after investment unit split ^(Note) :	2,000,000 units

(Note) There is no change in the total number of investment units authorized before and after the investment unit split.

(B) Issuance of new investment units

At the board of directors meetings held on March 3, 2014 and March 12, 2014, a resolution on the issuance of new investment units was passed as follows. The payment for the new investment units issued through public offering was completed on March 19, 2014, while the payment for the new investment units issued through third-party allotment was completed on April 14, 2014.

Consequently, the total amount of unitholders’ equity came to ¥78,048 million and the number of investment units issued and outstanding amounted to 293,480 units.

(a) Issuance of new investment units (public offering)

Number of new investment units issued:	44,000 units
Issue price:	¥398,775 per unit
Total issue price:	¥17,546,100,000

Amount paid in (issue value): ¥385,687 per unit
Total amount paid in (issue value): ¥16,970,228,000
Payment date: March 19, 2014

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued: 4,400 units
Amount paid in (issue value): ¥385,687 per unit
Total amount paid in (issue value): ¥1,697,022,800
Payment date: April 14, 2014
Allottee: Nomura Securities Co., Ltd.

(C) Debt financing

DHR conducted debt financing as described below on April 1, 2014.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Date of execution	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Mitsubishi UFJ Trust and Banking Corporation	3,000	1.0475 (Note)	April 1, 2014	April 1, 2021	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited	3,500	1.2050 (Note)		April 1, 2022		
Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Development Bank of Japan, Inc.	3,000	1.5180 (Note)		April 1, 2024		
Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Development Bank of Japan, Inc.	2,000	2.0330 (Note)		April 1, 2026		
Total	11,500					

(Note) Interest rate swaps are used to avoid interest rate fluctuation risk. Therefore, the effects of interest rate swaps are factored into the interest rates provided.

(D) Acquisition of assets

DHR acquired six properties for 25,130 million yen in total on April 1, 2014, as presented below.

Property name	D Project Kuki I
Acquisition price (Note 1)	¥3,500,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6004-2 Aza Taikoda, Shobu-cho Shobu, Kuki-shi, Saitama
Agreement date	March 3, 2014
Acquisition date	April 1, 2014

Property name	D Project Kuki II
Acquisition price (Note 1)	¥7,200,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6201-1 Aza Kazarimen, Shobu-cho Sanga, Kuki-shi, Saitama
Agreement date	March 3, 2014
Acquisition date	April 1, 2014

Property name	D Project Kawagoe I
Acquisition price (Note 1)	¥3,100,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	3-2-3 Yoshinodai, Kawagoe-shi, Saitama
Agreement date	March 3, 2014
Acquisition date	April 1, 2014

Property name	D Project Kawagoe II
Acquisition price (Note 1)	¥4,250,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	3-2-4 Yoshinodai, Kawagoe-shi, Saitama
Agreement date	March 3, 2014
Acquisition date	April 1, 2014

Property name	DPL Inuyama
Acquisition price (Note 1)	¥3,380,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	1-8 Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama-shi, Aichi, etc.
Agreement date	March 3, 2014
Acquisition date	April 1, 2014

Property name	D Project Fukuoka Hakozaki
Acquisition price (Note 1)	¥3,700,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	5-2-1 Hakozakifuto, Higashi-ku, Fukuoka-shi, Fukuoka
Agreement date	March 3, 2014
Acquisition date	April 1, 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 a related 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.

(E) Changes to Contracted General Administrator for Accounting Administration

On March 1, 2014, DHR changed the Contracted General Administrator for accounting administration from Heiseikaikeisha Tax Corporation to Sumitomo Mitsui Trust Bank, Limited. The following is an overview of the administrative work to be handled by Sumitomo Mitsui Trust Bank, Limited.

- (a) Administrative issues related to DHR's accounting
- (b) Administrative issues related to the preparation of DHR's accounting books
- (c) Administrative issues related to DHR's tax payments
- (d) Administrative issues incidental or related to (a) through (c) above.

**Assumptions for Forecasts of Operating Results for the Fiscal Periods
Ending August 31, 2014 and February 28, 2015**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending August 31, 2014 (13th fiscal period: 184 days from March 1, 2014 to August 31, 2014) Fiscal period ending February 28, 2015 (14th fiscal period: 181 days from September 1, 2014 to February 28, 2015)
Portfolio	<ul style="list-style-type: none"> DHR has assumed that there will be no changes until February 28, 2015 in the composition of DHR's portfolio (acquisition of new properties or sale of the current properties) associated with the 32 properties (hereinafter referred to as the "Portfolio"), which are comprised of the 26 properties for which DHR holds the trust beneficiary interests in real estate as of February 28, 2014 and six properties for which DHR acquired the trust beneficiary interests in real estate as described in the above "iii) Significant events after balance sheet date, (D) Acquisition of assets" (hereinafter referred to as "assets acquired during the 13th fiscal period"). 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 ¥1,012 million for the fiscal period ending August 31, 2014 and ¥1,045 million for the fiscal period ending February 28, 2015. These figures including such as incidental expenses are calculated using the straight-line method. DHR has estimated property tax and city planning tax, etc. at ¥366 million for the fiscal period ending August 31, 2014 and ¥366 million for the fiscal period ending February 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 Top Mall Inazawa (land) already acquired on February 28, 25, 2014 and assets acquired during the 13th fiscal period will be expensed from the fiscal period ending August 31, 2015. DHR has assumed that ¥158 million of property tax and city planning tax, etc. will be included in the acquisition costs for the Top Mall Inazawa (land) and the assets acquired during the 13th fiscal period. 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 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 one-time costs of ¥65 million for the fiscal period ending August 2014 as expenses related to issuance of new investment units. DHR has assumed interest expenses and other borrowing-related expenses of ¥456 million for the fiscal period ending August 31, 2014 and ¥466 million for the fiscal period ending February 28, 2015.
Borrowings	<ul style="list-style-type: none"> As of the date of this financial results report, DHR has a loan balance of ¥74,500 million. DHR has assumed this balance of outstanding loans will be unchanged until February 28, 2015.

Item	Assumptions
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 February 28, 2015.
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 Registration Statement (submitted on March 3, 2014; prepared in Japanese only), the disclosure is omitted.

3. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2013)	Current fiscal period (As of February 28, 2014)
Assets		
Current assets		
Cash and deposits	7,513,846	6,552,272
Cash and deposits in trust	7,706,696	7,812,908
Operating accounts receivable	11,648	8,914
Prepaid expenses	133,247	138,170
Other	100,116	418
Total current assets	15,465,556	14,512,684
Non-current assets		
Property, plant and equipment		
Buildings in trust	53,380,855	53,383,270
Accumulated depreciation	(2,645,266)	(3,447,770)
Buildings in trust, net	50,735,588	49,935,499
Structures in trust	2,156,788	2,160,386
Accumulated depreciation	(128,977)	(171,080)
Structures in trust, net	2,027,810	1,989,306
Land in trust	62,751,887	64,720,029
Construction in progress in trust	—	25,190
Total property, plant and equipment	115,515,287	116,670,025
Intangible assets		
Other	2,890	2,550
Total intangible assets	2,890	2,550
Investments and other assets		
Investment securities	*3 6,134	*3 6,214
Long-term prepaid expenses	382,315	317,532
Total investments and other assets	388,449	323,747
Total non-current assets	115,906,627	116,996,322
Total assets	131,372,184	131,509,007

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2013)	Current fiscal period (As of February 28, 2014)
Liabilities		
Current liabilities		
Operating accounts payable	75,895	80,680
Accounts payable—other	12,205	44,731
Accrued expenses	301,698	307,171
Income taxes payable	605	605
Accrued consumption taxes	119,485	94,287
Advances received	408,916	419,638
Other	23,895	23,890
Total current liabilities	942,702	971,005
Non-current liabilities		
Long-term loans payable	63,000,000	63,000,000
Tenant leasehold and security deposits in trust	6,081,051	6,197,271
Total non-current liabilities	69,081,051	69,197,271
Total liabilities	70,023,753	70,168,276
Net assets		
Unitholders' equity		
Unitholders' capital	59,381,050	59,381,050
Surplus		
Unappropriated retained earnings (undisposed loss)	1,967,380	1,959,680
Total surplus	1,967,380	1,959,680
Total unitholders' equity	61,348,430	61,340,730
Total net assets	*2 61,348,430	*2 61,340,730
Total liabilities and net assets	131,372,184	131,509,007

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Operating revenues		
Rent revenues—real estate	*1, *2 4,036,575	*1, *2 4,056,517
Other lease business revenues	*2 91,571	*2 97,293
Total operating revenues	4,128,146	4,153,811
Operating expenses		
Expenses related to rent business	*1, *2 1,442,583	*1, *2 1,462,241
Asset management fee	275,240	277,117
Asset custody fee	11,457	11,456
Administrative service fees	16,628	12,947
Directors' compensations	6,000	6,000
Other operating expenses	55,730	62,765
Total operating expenses	1,807,640	1,832,527
Operating income	2,320,505	2,321,283
Non-operating income		
Interest income	1,281	1,527
Interest on refund of consumption taxes	7,576	—
Insurance income	645	657
Other	80	80
Total non-operating income	9,583	2,265
Non-operating expenses		
Interest expenses	285,344	288,678
Borrowing related expenses	76,847	74,584
Other	8	—
Total non-operating expenses	362,200	363,263
Ordinary income	1,967,888	1,960,285
Income before income taxes	1,967,888	1,960,285
Income taxes—current	605	605
Total income taxes	605	605
Net income	1,967,283	1,959,680
Retained earnings brought forward	97	0
Unappropriated retained earnings (undisposed loss)	1,967,380	1,959,680

(3) Statements of Unitholders' Equity

Previous fiscal period (From March 1, 2013 to August 31, 2013)

(Unit: Thousands of yen)

(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	891,943	891,943	60,272,993	60,272,993
Changes of items during period					
Dividends of surplus		(891,846)	(891,846)	(891,846)	(891,846)
Net income		1,967,283	1,967,283	1,967,283	1,967,283
Total changes of items during period	—	1,075,436	1,075,436	1,075,436	1,075,436
Balance at end of current period	*1 59,381,050	1,967,380	1,967,380	61,348,430	61,348,430

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

(Unit: Thousands of yen)

(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

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
I Unappropriated retained earnings	1,967,380,547	1,959,680,892
II Distributions	1,967,379,700	1,959,659,680
[Distributions per investment unit]	[16,055]	[15,992]
III Earnings carried forward	847	21,212

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 ¥1,967,379,700, 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 the 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 ¥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 the DHR.
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Cash flows from operating activities		
Income before income taxes	1,967,888	1,960,285
Depreciation	843,975	844,946
Interest income	(1,281)	(1,527)
Interest expenses	285,344	288,678
Decrease (increase) in prepaid expenses	1,408	(4,922)
Decrease (increase) in long-term prepaid expenses	1,043	64,782
Decrease (increase) in operating accounts receivable	2,083	2,733
Decrease (increase) in consumption taxes refund receivable	2,172,672	–
Increase (decrease) in operating accounts payable	32,359	4,203
Increase (decrease) in accrued consumption taxes	119,485	(23,910)
Increase (decrease) in accounts payable–other	920	2,723
Increase (decrease) in accrued expenses	216,535	1,334
Increase (decrease) in advances received	23,231	10,722
Increase (decrease) in deposits received	(29,733)	(4)
Other, net	(7,099)	88,155
Subtotal	5,628,833	3,238,201
Interest income received	1,281	1,527
Interest expenses paid	(279,132)	(289,642)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	5,350,377	2,949,480
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(2,720,463)	(1,966,229)
Net cash provided by (used in) investing activities	(2,720,463)	(1,966,229)
Cash flows from financing activities		
Proceeds from long-term loans payable	2,000,000	–
Dividends paid	(888,706)	(1,966,663)
Net cash provided by (used in) financing activities	1,111,293	(1,966,663)
Net increase (decrease) in cash and cash equivalents	3,741,207	(983,413)
Cash and cash equivalents at beginning of period	5,624,614	9,365,821
Cash and cash equivalents at end of period	*1 9,365,821	*1 8,382,408

(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 30 years
3. 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 tax 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 tax included in acquisition cost for properties is ¥15,274 thousand for the previous fiscal period and ¥12,160 thousand for the current fiscal period.
4. 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.
5. Accounting method for trust beneficiary interests in real estate	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. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets. i) Cash and deposits in trust ii) Buildings in trust, structures in trust, land in trust and construction in progress in trust iii) Tenant leasehold and security deposits in trust

6. 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.
7. 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 August 31, 2013)	Current fiscal period (As of February 28, 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. 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 August 31, 2013)	Current fiscal period (As of February 28, 2014)
	50,000	50,000

*3. 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 August 31, 2013)	Current fiscal period (As of February 28, 2014)
Investment securities	6,134	6,214

Notes to Statements of Income

*1. Volume of operating transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Volume of operating transactions	304,108	307,117

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

(Unit: Thousands of yen)					
		Previous fiscal period (From March 1, 2013 to August 31, 2013)		Current fiscal period (From September 1, 2013 to February 28, 2014)	
<hr/>					
A.	Real estate leasing business revenues				
	Rent revenues—real estate				
	Rent	4,036,575		4,056,517	
	Other lease business revenues				
	Common service fees	54,536		54,398	
	Other revenues	37,035	91,571	42,894	97,293
	Total real estate leasing business revenues	4,128,146		4,153,811	
<hr/>					
B.	Expenses related to real estate leasing business				
	Expenses related to rent business				
	Taxes and public dues	355,735		341,911	
	Outsourcing expenses	147,057		150,395	
	Insurance	6,667		6,658	
	Repairs and maintenance expenses	38,859		63,587	
	Depreciation	843,635		844,606	
	Other expenses related to rent business	50,629	1,442,583	55,082	1,462,241
	Total real estate leasing business expenses	1,442,583		1,462,241	
<hr/>					
C.	Income (loss) from real estate leasing business (A – B)		2,685,562		2,691,570

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Total number of authorized investment units	2,000,000 units	2,000,000 units
Number of investment units issued	122,540 units	122,540 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 March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Cash and deposits	7,513,846	6,552,272
Cash and deposits in trust	7,706,696	7,812,908
Restricted deposits in trust (Note)	(5,854,721)	(5,982,772)
Cash and cash equivalents	9,365,821	8,382,408

(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 August 31, 2013)	Current fiscal period (As of February 28, 2014)
Due within one year	5,792,344	5,931,669
Due after one year	44,762,224	45,001,602
Total	50,554,568	50,933,271

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 February 28, 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 August 31, 2013, are as shown below.

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	7,513,846	7,513,846	—
(2) Cash and deposits in trust	7,706,696	7,706,696	—
(3) Investment securities Held-to-maturity bonds	6,134	6,445	310
Total assets	15,226,678	15,226,988	310
(4) Long-term loans payable	63,000,000	62,775,041	(224,958)
(5) Tenant leasehold and security deposits in trust	226,329	211,145	(15,183)
Total liabilities	63,226,329	62,986,187	(240,141)
Derivative transactions	—	—	—

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	—	—	—

(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 August 31, 2013)	Current fiscal period (As of February 28, 2014)
Tenant leasehold and security deposits in trust *	5,854,721	5,982,772

* 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
(August 31, 2013)

(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	7,513,846	—	—	—	—	—
Cash and deposits in trust	7,706,696	—	—	—	—	—
Investment securities Held-to-maturity bonds	—	—	—	—	—	10,000
Total	15,220,543	—	—	—	—	10,000

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

(Note 4) Expected amount of repayments of loans payable after balance sheet date
(August 31, 2013)

(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
(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

Securities

Previous fiscal period (As of August 31, 2013)

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	6,134	6,445	310
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,134	6,445	310

Current 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

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable as of August 31, 2013 and February 28, 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 August 31, 2013)

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

Current 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 loan 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 long-term loan payable as the interest rate swap and the hedged loan payable is processed as a single unit with the hedged long-term loan payable. (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 March 1, 2013 to August 31, 2013)

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	65,608	Operating accounts payable	19,017
							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.

Current 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.

2. Associates, etc.

Previous fiscal period (From March 1, 2013 to August 31, 2013)

Not applicable.

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

Not applicable.

3. Sister companies, etc.

Previous fiscal period (From March 1, 2013 to August 31, 2013)

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	49,552	Operating accounts payable	41,536
							Cost of utilities	31,922		
							Other expenses related to rent business	2,672		
							Repairs and maintenance expenses, etc. (Note 3)	78,499		
							Acceptance of tenant leasehold deposits in trust	5,400	Tenant leasehold and security deposits in trust	551,400
							Rental revenues, etc.	273,450	Advances received	48,247
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	8,319	Operating accounts payable	1,646
							Other expenses related to rent business	2,899		
							Repairs and maintenance expenses, etc. (Note 3)	3,741		
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Service Co., Ltd.	Nishi-ku, Osaka	130	Asset management business	—	Repairs, etc. of real estate held	Outsourcing expenses	6,096	Operating accounts payable	1,253
							Repairs and maintenance expenses, etc. (Note 3)	352		
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	288,090	Accrued expenses	289,002

(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 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	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.

4. Directors and principal individual unitholders

Previous fiscal period (From March 1, 2013 to August 31, 2013)

Not applicable.

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

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Deferred tax assets (fixed)		
Tax loss carried forward	189,677	189,445
Subtotal deferred tax assets (fixed)	189,677	189,445
Valuation allowance	(189,677)	(189,445)
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 (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 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

3. Tax rate changes after balance sheet date

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction will no longer be levied from the fiscal period beginning on or after September 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal periods beginning on September 1, 2014, the normal statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities changed from 36.59% to 34.16%, but this will have no impact.

Investment and Rental Properties

DHR holds rental logistics and retail properties in the Tokyo Metropolitan 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 March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Balance sheet carrying amount		
Balance at beginning of period	113,638,459	115,515,287
Changes during period	1,876,827	1,129,547
Balance at end of period	115,515,287	116,644,835
Fair value at end of period	125,791,000	129,693,000

(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 UNICUS Takasaki (¥2,662,587 thousand), while the decrease is principally attributable to depreciation (¥843,635 thousand). In the current fiscal period, the increase is mainly due to acquisition of Top Mall Inazawa (land) (¥1,968,141 thousand), while the decrease is principally attributable to depreciation (¥844,606 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 March 1, 2013 to August 31, 2013)

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	3,023,984	1,104,162	—	4,128,146
Segment profit	2,012,558	660,959	(353,012)	2,320,505
Segment assets	94,105,907	29,276,334	7,989,941	131,372,184
Other items				
Depreciation	633,923	209,712	340	843,975
Increase in property, plant and equipment and intangible assets	—	2,720,463	—	2,720,463

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

(Note 2) Adjustment of segment profit of negative ¥353,012 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 ¥7,989,941 thousand includes current assets of ¥7,635,341 thousand and investments and other assets of ¥351,710 thousand.

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

Current 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.

2. Related information

Previous fiscal period (From March 1, 2013 to August 31, 2013)

(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 product and service 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 income, etc. has not been obtained from the tenant.

Current 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 product and service 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 income, etc. has not been obtained from the tenant.

Per Unit Information

	Previous fiscal period (From March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Net assets per unit	¥250,320	¥250,288
Net income per unit	¥8,027	¥7,996
(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 March 1, 2013 to August 31, 2013)	Current fiscal period (From September 1, 2013 to February 28, 2014)
Net income (Thousands of yen)	1,967,283	1,959,680
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	1,967,283	1,959,680
Average number of investment units for the period (Units)	245,080	245,080

Major Subsequent Events

1. Split of investment units

With February 28, 2014 as the record date and March 1, 2014 as the effective date, DHR implemented a 2-for-1 split of its investment units.

(a) Purpose of investment unit split

DHR split its investment units aiming to create an environment favorable to investors for investment, by lowering the amount of each investment unit, thereby expand the investor base and improve the liquidity of its investment units, following the introduction of the Japanese version of the Individual Savings Account (“NISA”) on January 1, 2014.

(b) Method of investment unit split

With February 28, 2014 as the record date, DHR implemented a 2-for-1 split of the investment units held by unitholders stated or recorded on that date’s final unitholders registry.

(c) Number of investment units increased through investment unit split

Number of investment units issued and outstanding before investment unit split:	122,540 units
Number of investment units increased through investment unit split:	122,540 units
Number of investment units issued and outstanding after investment unit split:	245,080 units
Total number of investment units authorized after investment unit split ^(Note) :	2,000,000 units

(Note) There is no change in the total number of investment units authorized before and after the investment unit split.

Please refer to “Per Unit Information” for figures for per unit information if this split of investment units had been carried out at the beginning of the previous fiscal period.

2. Issuance of new investment units

At the board of directors meetings held on March 3, 2014 and March 12, 2014, a resolution on the issuance of new investment units was passed as follows. The payment for the new investment units issued through public offering was completed on March 19, 2014, while the payment for the new investment units issued through third-party allotment was completed on April 14, 2014.

Consequently, the total amount of unitholders' capital came to ¥78,048 million and the number of investment units issued and outstanding amounted to 293,480 units.

(a) Issuance of new investment units (public offering)

Number of new investment units issued:	44,000 units
Issue price:	¥398,775 per unit
Total issue price:	¥17,546,100,000
Amount paid in (issue value):	¥385,687 per unit
Total amount paid in (issue value):	¥16,970,228,000
Payment date:	March 19, 2014

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued:	4,400 units
Amount paid in (issue value):	¥385,687 per unit
Total amount paid in (issue value):	¥1,697,022,800
Payment date:	April 14, 2014
Allottee:	Nomura Securities Co., Ltd.

3. Debt financing

DHR conducted debt financing as described below as of April 1, 2014.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Date of execution	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Mitsubishi UFJ Trust and Banking Corporation	3,000	1.0475 (Note)	April 1, 2014	April 1, 2021	Bullet repayment	Unsecured and non- guaranteed
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited	3,500	1.2050 (Note)		April 1, 2022		
Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Development Bank of Japan, Inc.	3,000	1.5180 (Note)		April 1, 2024		
Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Development Bank of Japan, Inc.	2,000	2.0330 (Note)		April 1, 2026		
Total	11,500					

(Note) Interest rate swaps are used to avoid interest rate fluctuation risk. Therefore, the effects of interest rate swaps are factored into the interest rates provided.

4. Acquisition of assets

DHR acquired six properties for 25,130 million yen in total on April 1, 2014, as presented below.

Property name	D Project Kuki I
Acquisition price (Note 1)	¥3,500,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6004-2 Aza Taikoda, Shobu-cho Shobu, Kuki-shi, Saitama
Acquisition date	April 1, 2014

Property name	D Project Kuki II
Acquisition price (Note 1)	¥7,200,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6201-1 Aza Kazarimen, Shobu-cho Sanga, Kuki-shi, Saitama
Acquisition date	April 1, 2014

Property name	D Project Kawagoe I
Acquisition price (Note 1)	¥3,100,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	3-2-3 Yoshinodai, Kawagoe-shi, Saitama
Acquisition date	April 1, 2014

Property name	D Project Kawagoe II
Acquisition price (Note 1)	¥4,250,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	3-2-4 Yoshinodai, Kawagoe-shi, Saitama
Acquisition date	April 1, 2014

Property name	DPL Inuyama
Acquisition price (Note 1)	¥3,380,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	1-8 Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama-shi, Aichi, etc.
Acquisition date	April 1, 2014

Property name	D Project Fukuoka Hakozaki
Acquisition price (Note 1)	¥3,700,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	5-2-1 Hakozakifuto, Higashi-ku, Fukuoka-shi, Fukuoka
Acquisition date	April 1, 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 a related party, etc. as defined in the Act on Investment Trusts and Investment Corporations, 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

During the current period, there were no changes in the total number of investment units issued and unitholders' capital.

DHR's total number of investment units issued and changes in total investments since its incorporation up to February 28, 2014 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
September 14, 2007	Incorporation through private placement	400	400	200	200	(Note 1)
December 11, 2007	Capital increase through private placement	6,800	7,200	3,400	3,600	(Note 2)
December 10, 2008	Capital increase through private placement	7,400	14,600	3,700	7,300	(Note 3)
November 27, 2012	Capital increase through public offering	102,800	117,400	49,601	56,901	(Note 4)
December 26, 2012	Capital increase through third-party allotment	5,140	122,540	2,480	59,381	(Note 5)

(Note 1) At the incorporation of DHR, investment units were issued with an issue price per unit of ¥500,000.

(Note 2) New investment units were issued through private placement with an issue price per unit of ¥500,000 in order to raise funds for the acquisition of new properties.

(Note 3) New investment units were issued through private placement with an issue price per unit of ¥500,000 in order to raise funds for the acquisition of new properties and repayments of loans payable.

(Note 4) 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 5) 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.

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 Daito 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 ISEHANHONTEN 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 Jan. 1994 Oct. 1999 Apr. 2004 Jan. 2005 Nov. 2005 Oct. 2006 May 2009 Aug. 2012	Joined Daiwa House Industry Co., Ltd. Became Manager of the Sales Department of the Commercial Facilities, Osaka Head Office Became Manager of the Sales Office of the Commercial Facilities, Shiga Branch Became Manager of the LOC Promotion Office, Commercial Facilities Business Promotion Division, Sales Division 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 Appointed as Senior Executive Director (in charge of the Investment Management Division), Morimoto Asset Management Co., Ltd. Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Director and Executive Manager of the Investment Management Department 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 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 Apr. 2000 Apr. 2003 May 2006 Apr. 2010 Apr. 2012 Oct. 2013 Oct. 2013 Apr. 2014	Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited) The Chuo Mitsui Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited) Became Deputy General Manager of the Real Estate Business Department Became Executive Manager of the Real Estate Department, Nagoya Branch Became Executive Manager of the Stock Transfer Agency Business Promotion Department Became General Manager of the Omiya Ekimae Branch, Sumitomo Mitsui Trust Bank, Limited 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. Seconded to Daiwa House REIT Management Co., Ltd. and appointed as General Manager of the Finance Department 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)
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 February 28, 2014 is shown below.

Type of assets	Property type	Area		Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%) (Note 2)
Real estate in trust	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	63,329	48.2
			Greater Nagoya area	7,430	5.7
			Greater Osaka area	4,552	3.5
		Other		12,658	9.6
		Subtotal		87,970	66.9
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	13,362	10.2
			Greater Nagoya area	1,968	1.5
			Greater Osaka area	4,679	3.6
		Other		8,663	6.6
		Subtotal		28,674	21.8
	Total			116,644	88.7
Deposits and other assets (Note 3)			14,864	11.3	
Total assets (Note 4)			131,509	100.0	
Total liabilities (Note 4)			70,168	53.4	
Total net assets (Note 4)			61,340	46.6	

(Note 1) The total amount held represents the amount recorded in the balance sheets as of February 28, 2014 (for real estate in trust, book value less depreciation expenses). The amounts are rounded down to the nearest million yen.

(Note 2) Figures for the percentage to total assets are rounded to the nearest tenth.

(Note 3) Figures for deposits and other assets include the amount of construction in progress in trust.

(Note 4) 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 February 28, 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	6,214	—	September 20, 2037	—	—	6,703	488	Deposited as business security deposit
Total		10,000	6,214	—	—	—	—	6,703	488	

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 February 28, 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	6.4	7,520	8,320	November 29, 2012
L-B-2	D Project Hachioji	12,600	10.6	12,406	14,000	November 29, 2012
L-B-3	D Project Aikawa-Machi	2,600	2.2	2,578	3,030	November 28, 2012
L-B-4	D Project Shin-Misato	4,440	3.7	4,400	5,630	November 29, 2012
L-B-5	D Project Urayasu I	7,700	6.5	7,634	8,350	November 28, 2012
L-B-6	D Project Urayasu II	21,400	18.0	21,241	23,400	November 29, 2012
L-B-7	D Project Akanehama	2,550	2.1	2,528	2,690	November 28, 2012
L-B-8	D Project Noda	5,100	4.3	5,018	5,740	November 28, 2012
L-B-9	D Project Inuyama	6,650	5.6	6,546	7,960	November 28, 2012
L-B-10	D Project Gifu	900	0.8	884	1,070	November 29, 2012
L-B-11	D Project Neyagawa	4,600	3.9	4,552	5,400	November 28, 2012
L-B-12	D Project Sapporo Minami	600	0.5	590	793	November 28, 2012
L-B-13	D Project Morioka	1,000	0.8	981	1,160	November 29, 2012
L-B-14	D Project Sendai Minami	1,250	1.1	1,222	1,390	November 28, 2012
L-B-15	D Project Tsuchiura	2,880	2.4	2,826	3,230	November 29, 2012
L-B-16	D Project Gotenba	950	0.8	937	1,110	November 28, 2012
L-B-17	D Project Nishi-Hiroshima	990	0.8	985	1,150	November 28, 2012
L-B-18	D Project Fukuoka Umi	3,100	2.6	3,052	3,650	November 29, 2012
L-B-19	D Project Tosu	2,100	1.8	2,063	2,590	November 29, 2012
Logistics Properties Total		89,010	74.8	87,970	100,663	
R-M-1	ACROSSMALL Shinkamagaya	7,419	6.2	6,779	7,280	December 12, 2007
R-M-2	FOLEO Hirakata	5,040	4.2	4,679	4,350	December 11, 2008
R-M-3	QiZ GATE URAWA	5,360	4.5	4,941	4,740	December 11, 2008
R-M-4	UNICUS Takasaki	2,570	2.2	2,635	2,700	March 27, 2013
R-R-1	LIFE Sagami-hara Wakamatsu	1,650	1.4	1,642	1,500	December 11, 2008
R-R-2	FOLEO Sendai Miyanomori	6,040	5.1	6,028	6,140	November 29, 2012
R-R-3	Top Mall Inazawa (land)	1,944	1.6	1,968	2,320	February 25, 2014
Retail Properties Total		30,023	25.2	28,674	29,030	
Portfolio Total		119,033	100.0	116,644	129,693	

(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 as of February 28, 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 February 28, 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.

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
Logistics Properties Total				24	5,999	440,887.32	440,887.32	100.00
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 [22]	373	16,380.78	16,271.38	99.33
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	Top Mall Inazawa (land)	Inazawa, Aichi	–	1	139	31,981.70	31,981.70	100.00
Retail Properties Total				16	2,242	131,906.87	131,650.47	99.80
Portfolio Total				40	8,241	572,794.19	572,537.79	99.95

(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 February 28, 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 February 28, 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 February 28, 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 February 28, 2014. However, the leased area as indicated in each sublease agreement for each properties in trust as of February 28, 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 February 28, 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, key money, renewal commissions, 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 Feb. 28, 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 September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 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)	217,582	362,560	81,575	150,470
(D) Depreciation	49,813	104,896	15,843	26,771
(E) Income (loss) from rent business (= C – D)	167,769	257,663	65,732	123,698

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 September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 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)	201,658	565,863	69,401	153,822
(D) Depreciation	44,230	109,201	15,780	44,532
(E) Income (loss) from rent business (= C – D)	157,427	456,661	53,620	109,289

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 September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 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)	226,466	31,330	142,556	25,260
(D) Depreciation	56,607	9,562	30,234	7,081
(E) Income (loss) from rent business (= C – D)	169,859	21,767	112,322	18,179

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended Feb. 28, 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 September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 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)	36,423	43,015	99,860	33,006
(D) Depreciation	11,212	15,202	28,702	8,725
(E) Income (loss) from rent business (= C – D)	25,210	27,812	71,157	24,280

Property number	L-B-17	L-B-18	L-B-19	Logistics properties total
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	
Period for asset management	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	
(A) Rent revenues Subtotal	– (Note)	121,898	– (Note)	3,024,017
Rent revenues–real estate	– (Note)	120,853	– (Note)	2,999,439
Other lease business revenues	– (Note)	1,045	– (Note)	24,577
(B) Expenses related to rent business Subtotal	– (Note)	14,331	– (Note)	364,544
Taxes and public dues	– (Note)	9,718	– (Note)	251,951
Outsourcing expenses	– (Note)	3,156	– (Note)	74,683
Insurance	– (Note)	253	– (Note)	5,214
Repairs and maintenance expenses	– (Note)	303	– (Note)	20,355
Other expenses related to rent business	– (Note)	900	– (Note)	12,340
(C) NOI (= A – B)	37,954	107,567	73,096	2,659,472
(D) Depreciation	7,316	28,065	20,144	633,927
(E) Income (loss) from rent business (= C – D)	30,638	79,501	52,951	2,025,545

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 September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014
(A) Rent revenues Subtotal	275,700	191,920	242,144	129,870
Rent revenues–real estate	275,700	187,712	173,636	129,870
Other lease business revenues	–	4,207	68,508	–
(B) Expenses related to rent business Subtotal	47,963	54,007	96,396	21,466
Taxes and public dues	26,296	23,641	14,418	–
Outsourcing expenses	8,706	9,089	32,266	20,250
Insurance	489	357	187	121
Repairs and maintenance expenses	11,871	16,951	13,054	595
Other expenses related to rent business	600	3,968	36,469	500
(C) NOI (= A – B)	227,736	137,913	145,748	108,403
(D) Depreciation	71,641	42,533	51,407	14,234
(E) Income (loss) from rent business (= C – D)	156,095	95,380	94,341	94,169

Property number	R-R-1	R-R-2	R-R-3	Retail properties total
Property name	LIFE Sagami-hara Wakamatsu	FOLEO Sendai Miyanomori	Top Mall Inazawa (land)	
Period for asset management	From September 1, 2013 to February 28, 2014	From September 1, 2013 to February 28, 2014	From February 25, 2014 to February 28, 2014	
(A) Rent revenues Subtotal	– (Note)	238,500	1,658	1,129,794
Rent revenues–real estate	– (Note)	238,500	1,658	1,057,078
Other lease business revenues	– (Note)	–	–	72,716
(B) Expenses related to rent business Subtotal	– (Note)	26,167	4	253,089
Taxes and public dues	– (Note)	21,711	–	89,959
Outsourcing expenses	– (Note)	3,600	–	75,712
Insurance	– (Note)	256	–	1,443
Repairs and maintenance expenses	– (Note)	–	–	43,231
Other expenses related to rent business	– (Note)	600	4	42,742
(C) NOI (= A – B)	42,916	212,332	1,654	876,704
(D) Depreciation	4,272	26,590	–	210,679
(E) Income (loss) from rent business (= C – D)	38,643	185,741	1,654	666,024

Property number	Portfolio total
Property name	
Period for asset management	
(A) Rent revenues Subtotal	4,153,811
Rent revenues–real estate	4,056,517
Other lease business revenues	97,293
(B) Expenses related to rent business Subtotal	617,634
Taxes and public dues	341,911
Outsourcing expenses	150,395
Insurance	6,658
Repairs and maintenance expenses	63,587
Other expenses related to rent business	55,082
(C) NOI (= A – B)	3,536,176
(D) Depreciation	844,606
(E) Income (loss) from rent business (= C – D)	2,691,570

(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)
3rd fiscal period (August 31, 2009)	5	74,224.40	73,784.48	99.40
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

(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:

Property number	Property name	3rd fiscal period (August 31, 2009)	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)
L-B-1	D Project Machida	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-2	D Project Hachioji	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-3	D Project Aikawa-Machi	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-4	D Project Shin-Misato	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-5	D Project Urayasu I	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-6	D Project Urayasu II	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-7	D Project Akanehama	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-8	D Project Noda	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-9	D Project Inuyama	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-10	D Project Gifu	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-11	D Project Neyagawa	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-12	D Project Sapporo Minami	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-13	D Project Morioka	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-14	D Project Sendai Minami	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-15	D Project Tsuchiura	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-16	D Project Gotenba	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-17	D Project Nishi-Hiroshima	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-18	D Project Fukuoka Umi	—	—	—	—	—	—	—	100.00	100.00	100.00
L-B-19	D Project Tosu	—	—	—	—	—	—	—	100.00	100.00	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	97.88	97.89	99.91	99.91	99.91	99.91	99.91	99.91	99.91	99.33
R-M-3	QIZ GATE URAWA	99.02	98.71	99.59	99.43	99.02	99.02	99.43	100.00	100.00	98.48
R-M-4	UNICUS Takasaki	—	—	—	—	—	—	—	—	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
R-R-3	Top Mall Inazawa (land)	—	—	—	—	—	—	—	—	—	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 February 28, 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	26.0
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	15.7
Daiwa Information Service Co., Ltd.	Asset management business	ACROSSMALL Shinkamagaya Top Mall Inazawa (land)	277	6.7	73,724.54	12.9
Subtotal	–	–	1,866	44.9	312,609.18	54.6
Total of all tenants	–	–	4,153	100.0	572,537.79	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 February 28, 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)
Daiwa Information Service Co., Ltd.	ACROSSMALL Shinkamagaya	December 11, 2017	The contract shall automatically renew each year, unless either party provides written notification that they deny the renewal at least 6 months before the contract terminates.	551	551
	Top Mall Inazawa (land)	February 24, 2034	If the lessor or lessee wishes to renew the contract, that party shall notify the other party before 6 months prior to the termination of contract. In this case, the lessor and lessee shall in good faith discuss the propriety of renewing the contract as well as the terms of a new contract. A new contract shall be concluded if an agreement is reached.	139	139

(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.	February 28, 2014	8,320	8,460	5.2	8,260	5.1	5.4
L-B-2	D Project Hachioji	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	14,000	13,700	5.1	14,100	1st to 5th year 5.0 6th to 10th year 5.1	5.3
L-B-3	D Project Aikawa-Machi	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	3,030	3,060	5.3	3,020	5.3	5.5
L-B-4	D Project Shin-Misato	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	5,630	5,670	5.4	5,610	5.4	5.6
L-B-5	D Project Urayasu I	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	8,350	8,530	4.8	8,270	4.9	5.0
L-B-6	D Project Urayasu II	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	23,400	23,300	4.7	23,400	4.7	4.9
L-B-7	D Project Akanehama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	2,690	2,740	5.1	2,670	5.2	5.3
L-B-8	D Project Noda	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	5,740	5,750	5.3	5,740	5.2	5.5
L-B-9	D Project Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	7,960	7,780	5.6	8,030	5.5	5.8
L-B-10	D Project Gifu	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	1,070	1,050	5.9	1,080	5.8	6.1
L-B-11	D Project Neyagawa	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	5,400	5,380	5.3	5,410	5.3	5.5
L-B-12	D Project Sapporo Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	793	787	6.4	795	1st to 4th year 6.2 5th to 10th year 6.3	6.6
L-B-13	D Project Morioka	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	1,160	1,160	6.3	1,160	6.2	6.5
L-B-14	D Project Sendai Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	1,390	1,380	5.8	1,380	1st to 7th year 5.6 8th to 10th year 5.7	6.0
L-B-15	D Project Tsuchiura	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	3,230	3,150	5.6	3,260	5.5	5.8
L-B-16	D Project Gotenba	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 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.	February 28, 2014	1,150	1,110	5.9	1,170	Tower A 1st to 9th year 5.9 10th year and later 6.0 Tower B 5.9	6.1
L-B-18	D Project Fukuoka Umi	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	3,650	3,650	5.9	3,650	Tower A 1st to 2nd year 5.6 3rd year and later 5.8 Tower B 1st to 8th year 5.6 9th year and later 5.8 Tower C 5.8 Tower D 1st to 8th year 5.7 9th year and later 5.8	6.1
L-B-19	D Project Tosu	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2014	2,590	2,600	5.7	2,580	5.7	5.9
Logistics Properties Total				100,663	100,347	—	100,705	—	—

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 (%)
R-M-1	ACROSSMALL Shinkamagaya	Japan Real Estate Institute	February 28, 2014	7,280	7,290	6.4	7,260	6.1	6.6
R-M-2	FOLEO Hirakata	Japan Real Estate Institute	February 28, 2014	4,350	4,370	6.8	4,320	6.3	6.9
R-M-3	QiZ GATE URAWA	Japan Real Estate Institute	February 28, 2014	4,740	4,760	6.3	4,710	5.8	6.3
R-M-4	UNICUS Takasaki	Japan Real Estate Institute	February 28, 2014	2,700	2,700	7.2	2,690	6.9	7.4
R-R-1	LIFE Sagamihara Wakamatsu	Japan Real Estate Institute	February 28, 2014	1,500	1,510	5.8	1,480	5.4	5.9
R-R-2	FOLEO Sendai Miyanomori	Japan Real Estate Institute	February 28, 2014	6,140	6,150	6.8	6,120	6.5	7.0
R-R-3	Top Mall Inazawa (land)	Japan Real Estate Institute	February 28, 2014	2,320	– (Note 1)	– (Note 1)	2,320	5.5	– (Note 2)
Retail Properties Total				29,030	26,780	–	28,900	–	–
Portfolio Total				129,693	127,127	–	129,605	–	–

(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	—	—	—
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	Top Mall Inazawa (land) (Note 2)	—	—	—	—
Total	—	—	—	—	98,264

(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 Top Mall 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
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	Top Mall Inazawa (land) (Note 1)	—
Portfolio Total (Note 2)		1.9

(Note 1) For Top Mall 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 25 properties excluding Top Mall 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 February 28, 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	19	89,010	74.8
Retail Properties	7	30,023	25.2
Total	26	119,033	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	11	78,419	65.9	82.0
	Greater Nagoya area	3	9,494	8.0	
	Greater Osaka area	2	9,640	8.1	
Other areas		10	21,480	18.0	
Total		26	119,033	100.0	

(C) By lease term (Note 2)

Portfolio

Average lease term (*)	17.7 years
Average remaining lease term (*)	12.3 years
Remaining period prior to rent renewal (*)	4.4 years

(*) Based on annual rent (weighted average)

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	50	8,055	97.7
Less than 10 years	11	186	2.3
Total	61	8,241	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	7	2,390	29.0
10 years or more but less than 15 years	23	4,250	51.6
5 years or more but less than 10 years	7	656	8.0
Less than 5 years	24	945	11.5
Total	61	8,241	100.0

(D) By property age

Property age (Note 6)	Number of properties	Acquisition price (Millions of yen)	Percentage of acquisition price (%) (Note 1)
Less than 5 years	4	21,730	18.6
5 years or more but less than 10 years	20	94,359	80.6
10 years or more	1	1,000	0.9
Total	25	117,089	100.0

Average property age (*)	6.4 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	15.6
Pass-through type master lease	5	2,425	29.4
Direct lease	18	4,527	54.9
Total	26	8,241	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	61	572,537.79	100.0
Revenue-based rent	—	—	—
Total	61	572,537.79	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	44	2,931	35.6
Other	17	5,310	64.4
Total	61	8,241	100.0

(H) By early termination penalties (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)
With penalty	58	7,482	90.8
Without penalty	3	759	9.2
Total	61	8,241	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 February 28, 2014.

(Note 3) Number of tenants is the number of end tenants of each property in trust as of February 28, 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 February 28, 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 February 28, 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 February 28, 2014.

v) Capital expenditures for properties held

(A) Schedule of capital expenditures

The following table shows major scheduled capital expenditure for planned renovation work, etc., for real estate in trust held as of February 28, 2014. The estimated construction cost includes the portion classified as accounting cost.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
QiZ GATE URAWA (Saitama City, Saitama)	Installment of LED lights in common area	From April 2014 to April 2014	18	—	—

(B) Capital expenditures during the period

There were no significant capital expenditures for real estate in trust held during the current fiscal period.

(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	8th period From September 1, 2011 to February 29, 2012	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	10th period From September 1, 2013 to February 28, 2014
Balance of reserve at beginning of period	81	90	101	127	180
Amount of reserves during period	12	12	25	53	58
Amount of reversal of reserves during period	3 (Note)	1	—	—	—
Reserves carried forward	90	101	127	180	239

(Note) The amount above includes reversal of reserves as a result of sale of COSPA Noma-Oike on January 24, 2012.