

October 18, 2013

## Financial Results for the Fiscal Period Ended August 31, 2013 (March 1, 2013 - August 31, 2013)

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: November 27, 2013

Scheduled date of starting distribution payments: November 11, 2013

Supplementary materials for the financial results provided: Yes

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

(Amounts are rounded down to the nearest million yen)

### 1. Financial results for the fiscal period ended August 31, 2013 (March 1, 2013 – August 31, 2013)

#### (1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended August 31, 2013	4,128	70.5	2,320	59.8	1,967	114.0	1,967	114.1
Fiscal period ended February 28, 2013	2,421	223.7	1,452	297.8	919	188.5	918	363.6

	Net income per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended August 31, 2013	16,054	3.2	1.5	47.7
Fiscal period ended February 28, 2013	13,158	2.7	1.2	38.0

(Note) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units during the fiscal period (69,833 units for the fiscal period ended February 28, 2013, and 122,540 units for 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 August 31, 2013	16,055	1,967	0	–	100.0	3.2
Fiscal period ended February 28, 2013	7,278	891	0	–	97.1	1.5

(Note 1) The distributions per unit for the fiscal period ended February 28, 2013 were calculated by dividing the unappropriated retained earnings for the fiscal period ended February 28, 2013 (¥891 million), which is the net income for the fiscal period ended February 28, 2013, less the undisposed loss for the fiscal period ended August 31, 2012 (¥26 million), by the number of investment units issued.

(Note 2) The payout ratio for the fiscal period ended February 28, 2013 was, due to the issuance of new investment units, calculated based on the following formula, rounded to the nearest tenth.

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

## (3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2013	131,372	61,348	46.7	500,640
As of February 28, 2013	127,779	60,272	47.2	491,863

(Note) The number of investment units issued at the end of the period

As of February 28, 2013: 122,540 units

As of August 31, 2013: 122,540 units

## (4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended August 31, 2013	5,350	(2,720)	1,111	9,365
Fiscal period ended February 28, 2013	(624)	(95,757)	100,388	5,624

## 2. Forecasts of operating results for the fiscal period from September 1, 2013 to February 28, 2014 and for the fiscal period from March 1, 2014 to August 31, 2014

(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 February 28, 2014	4,145	0.4	2,281	(1.7)	1,917	(2.6)	1,916	(2.6)	15,600	0
Fiscal period ending August 31, 2014	4,124	(0.5)	2,248	(1.4)	1,879	(2.0)	1,879	(1.9)	15,300	0

(Reference) Forecasted net income per unit

For the fiscal period ending February 28, 2014: ¥15,600

For the fiscal period ending August 31, 2014: ¥15,300

### 3. Other

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

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

#### (2) Number of investment units issued

- a. Number of investment units issued at the end of the period (including treasury investment units)
  - As of August 31, 2013 122,540 units
  - As of February 28, 2013 122,540 units
- b. Number of treasury units at the end of the period
  - As of August 31, 2013 0 units
  - As of February 28, 2013 0 units

(Note) Please refer to “Per Unit Information” on page 32 for the number of investment units used as the basis for calculating net income per unit.

#### \* Status of auditing procedures

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

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

The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available to DHR and on certain assumptions deemed reasonable by DHR. The actual operating and other results may differ significantly from those presented herein as a consequence of numerous factors. These forecasts also do not guarantee the amount of distributions. Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending February 28, 2014 and August 31, 2014” on pages 8 and 9 for information on assumptions for the forecasts of operating results.

#### Disclaimer:

This English translation has been prepared for general reference purposes only. DHR shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on October 18, 2013.

## 1. The Investment Corporation and Related Corporations

Management structure of Daiwa House REIT Investment Corporation (DHR)

As there have been no significant changes in “Management structure of the Investment Corporation” in the latest Securities Report (submitted on May 24, 2013; prepared in Japanese only), the disclosure is omitted.

## 2. Operating Policies and Results

### (1) Operating Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on May 24, 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

Daiwa House REIT Investment Corporation (hereinafter referred to as “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 Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions), 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 August 31, 2013), DHR acquired retail property UNICUS Takasaki (acquisition price of ¥2,570 million). Consequently, DHR held a total of 25 properties (total acquisition price ¥117,089 million after rounding to the nearest million yen) as of August 31, 2013.

(Note) The Daiwa House Group comprises Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), its 101 consolidated subsidiaries, one non-consolidated subsidiary, 18 equity-method affiliates, and two non-equity-method affiliates, as of October 1, 2013). The same shall apply hereinafter.

##### (B) Investment environment and performance

In the fiscal period under review, the Japanese economy displayed a modest recovery due to a number of factors, including firm personal consumption and a continued increase in exports to the U.S., resulting from the “Abenomics” impact since the start of the new regime in December 2012 as well as the pickup of overseas economies.

In the real estate market, the *Land Price LOOK Report* published by the Ministry of Land, Infrastructure, Transport and Tourism in August 2013 had areas showing rising land prices accounting for approximately two-thirds of the total. The report stated that a shift from the previous downward or flat trend to an upward swing in land prices was broadly seen. Among the factors cited as contributing to this trend were the increase in eagerness towards real estate investment in highly convenient retail districts and increased demand in residential areas, which led to rising land prices in the three major metropolitan areas of Tokyo, Osaka and Nagoya, as well as certain regional areas.

The J-REIT market saw a large fluctuation during the period under review. After the TSE (Tokyo

Stock Exchange) REIT Index rose 47% from the closing price on December 28, 2012 through the closing price on March 29, 2013, supported by fund inflows primarily from individual investors, the index declined 15% through closing price on June 28, 2013 due to concerns about a rise in interest rates caused by a scaling down of monetary easing in the U.S. and other factors. However, there has been an increase in eagerness to acquire properties in the real estate market, as expectations for an improvement in real estate gains and a favorable financing environment helped to push the asset acquisition amount by J-REITs in the January through June 2013 period to above ¥1.3 trillion, already greatly exceeding the amount for all of 2012 (¥787.9 billion).

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 released in August 2013 by CBRE K.K., occupancy rates remained stable as the vacancy rates in the greater Tokyo and Kinki areas were 2.7% and 1.5%, respectively (as of June 2013), and offered rent levels began to increase after previously moving sideways. For the time being, demand is expected to be maintained for logistics properties capable of responding to burgeoning distribution network and infrastructure needs due to such factors as the expected growth in the Internet mail order, fashion, and apparel industries, and the rise in distribution volume in conjunction with the increase in the number of convenience stores.

With regard to the business environment surrounding retail properties, the retail sales total according to the commercial sales (excluding automobile and fuel sales) statistics increased 0.8% year-on-year in the January through June 2013 half-year period, representing stability, and department store and other sales showed firm personal consumption, particularly in expensive goods and durable consumer goods. 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 by independent planning.

In such an environment, DHR increased the scale of its assets by leveraging the Asset Manager's proprietary network to acquire retail property UNICUS Takasaki (acquisition price of ¥2,570 million) from an outside entity, and as of August 31, 2013, DHR owned 25 properties (with a total book value of ¥115,515 million at the end of the period) with a total leasable area of 540,812.49m<sup>2</sup> and an occupancy rate of 99.99% (the figure is rounded down to the nearest 100th).

#### (C) Overview of financing

In the current fiscal period (ended August 31, 2013), DHR borrowed funds of ¥2,000 million with maturity of 10 years as of March 27, 2013 in order to partially cover the acquisition costs for trust beneficiary interests in real estate and related costs, and entered into an interest rate swap agreement as of August 15, 2013 for the purpose of hedging the risk of fluctuations in interest rate for this loan. Consequently, as of August 31, 2013, loans payable amounted to ¥63,000 million, while both the ratio of long-term loans and the ratio of fixed-rate loans were 100.0%.

The credit rating DHR has obtained as of August 31, 2013 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 ¥4,128 million, operating income came to ¥2,320 million, ordinary income came to ¥1,967 million, and net income came to ¥1,967 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 all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that earnings distributions would be included 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 ¥16,055.

## ii) Outlook for next fiscal period

Despite concerns about downside risk for the economy in some emerging countries, a trend toward gradual recovery of the Japanese economy is expected, underpinned by improved confidence against a backdrop of reconstruction demand following the Great East Japan Earthquake, improvement in the export environment due to the correction of the yen's appreciation, and the effects of fiscal and monetary policies.

With regard to the J-REIT market, eagerness towards property acquisition is expected to remain strong against a backdrop of the stabilized financing environment and the effects of the new regime's policies aimed toward pulling out of deflation.

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 "pipeline supporting agreements") with Daiwa House, Daiwa Lease Co., Ltd., and Daiwa Odakyu Construction Co., Ltd. and 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, 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 to execute a well-planned and flexible financial strategy with the aim of ensuring sustainable profits on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.

(D) Forecasts of operating results for the fiscal periods ending February 28, 2014 and August 31, 2014

	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 February 28, 2014	4,145	2,281	1,917	1,916	15,600	0
Fiscal period ending August 31, 2014	4,124	2,248	1,879	1,879	15,300	0

For the assumptions for the forecasts above, please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending February 28, 2014 and August 31, 2014” on pages 8 and 9. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

**iii) Significant events after balance sheet date**

Not applicable.

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

Item	Assumptions
Operating period	<ul style="list-style-type: none"> <li>Fiscal period ending February 28, 2014 (12th fiscal period: 181 days from September 1, 2013 to February 28, 2014)</li> <li>Fiscal period ending August 31, 2014 (13th fiscal period: 184 days from March 1, 2014 to August 31, 2014)</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>DHR has assumed that there will be no changes until August 31, 2014 in the composition of DHR's portfolio (acquisition of new properties or sale of the current properties) associated with the 25 properties for which DHR holds the trust beneficiary interests in real estate as of the date of this financial results report.</li> <li>Changes in the composition of the portfolio may, however, occur.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>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.</li> <li>Operating revenues are based on DHR's assumption that there will be no delinquencies or non-payment of rents by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>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.</li> <li>DHR has assumed that DHR will incur depreciation expenses, including some depreciation-related expenses, of ¥845 million for the 12th fiscal period and ¥845 million for the 13th fiscal period. These figures are calculated using the straight-line method.</li> <li>DHR expects property tax, city planning tax and depreciable assets tax of ¥355 million and ¥366 million for the 12th fiscal period and the 13th fiscal period, respectively.</li> <li>DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period for the ongoing repairs and maintenance of the properties in DHR's portfolio based on the long-term repairs and maintenance plan prepared by the Asset Manager. However, actual repairs and maintenance expenses in each period may differ substantially from DHR's forecasts, as (i) DHR may incur expenses for emergency repairs to properties due to damage caused by a number of factors that are difficult to foresee, (ii) generally, expenses significantly fluctuate from year to year, and (iii) expenses do not arise regularly.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>DHR has assumed interest expenses and other borrowing-related expenses of ¥364 million for the 12th fiscal period and ¥369 million for the 13th fiscal period.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>As of the date of this financial results report, DHR has a loan balance of ¥63,000 million. DHR has assumed this balance of outstanding loans will be unchanged until August 31, 2014.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>The number of investment units is based on DHR's assumption of 122,540 units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until August 31, 2014.</li> </ul>
Distributions per unit	<ul style="list-style-type: none"> <li>DHR has calculated distributions (distributions per unit) based on the cash distribution policy prescribed in DHR's Articles of Incorporation.</li> <li>Changes in DHR's portfolio, fluctuations in rent 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.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>DHR has no plans to pay distributions in excess of earnings as of the date of this financial results report.</li> </ul>



Item	Assumptions
Others	<ul style="list-style-type: none"><li>• 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.</li><li>• DHR has assumed no unforeseen significant changes in general economic trends or conditions in the real estate market.</li></ul>

**(3) Investment Risk**

As there have been no significant changes with regard to “Investment Risk” as described in the latest Securities Report (submitted on May 24, 2013; prepared in Japanese only), the disclosure is omitted.

### 3. Financial Statements

#### (1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2013)	Current fiscal period (As of August 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	3,959,773	7,513,846
Cash and deposits in trust	7,362,648	7,706,696
Operating accounts receivable	13,731	11,648
Prepaid expenses	134,656	133,247
Consumption taxes receivable	2,172,672	–
Other	104,928	100,116
Total current assets	13,748,410	15,465,556
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	52,402,113	53,380,855
Accumulated depreciation	(1,843,680)	(2,645,266)
Buildings in trust, net	50,558,432	50,735,588
Structures in trust	2,106,811	2,156,788
Accumulated depreciation	(86,927)	(128,977)
Structures in trust, net	2,019,883	2,027,810
Land in trust	61,060,143	62,751,887
Total property, plant and equipment	113,638,459	115,515,287
Intangible assets		
Other	3,230	2,890
Total intangible assets	3,230	2,890
Investments and other assets		
Investment securities	*3 6,054	*3 6,134
Long-term prepaid expenses	383,358	382,315
Total investments and other assets	389,412	388,449
Total noncurrent assets	114,031,102	115,906,627
Total assets	127,779,512	131,372,184

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2013)	Current fiscal period (As of August 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	43,535	75,895
Accounts payable-other	8,145	12,205
Accrued expenses	78,951	301,698
Income taxes payable	605	605
Accrued consumption taxes	–	119,485
Advances received	385,684	408,916
Other	53,628	23,895
Total current liabilities	570,552	942,702
Noncurrent liabilities		
Long-term loans payable	61,000,000	63,000,000
Tenant leasehold and security deposits in trust	5,935,967	6,081,051
Total noncurrent liabilities	66,935,967	69,081,051
Total liabilities	67,506,519	70,023,753
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	59,381,050	59,381,050
Surplus		
Unappropriated retained earnings (undisposed loss)	891,943	1,967,380
Total surplus	891,943	1,967,380
Total unitholders' equity	60,272,993	61,348,430
Total net assets	*2 60,272,993	*2 61,348,430
Total liabilities and net assets	127,779,512	131,372,184

**(2) Statements of Income**

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Operating revenues		
Rent revenues-real estate	*1, *2 2,346,448	*1, *2 4,036,575
Other lease business revenues	*2 74,727	*2 91,571
Total operating revenues	2,421,176	4,128,146
Operating expenses		
Expenses related to rent business	*1, *2 826,422	*1, *2 1,442,583
Asset management fee	68,922	275,240
Asset custody fee	1,833	11,457
Administrative service fees	15,574	16,628
Directors' compensations	6,000	6,000
Other operating expenses	*1 50,175	55,730
Total operating expenses	968,929	1,807,640
Operating income	1,452,247	2,320,505
Non-operating income		
Interest income	612	1,281
Interest on refund of consumption taxes	41	7,576
Insurance income	750	645
Other	80	80
Total non-operating income	1,484	9,583
Non-operating expenses		
Interest expenses	153,538	285,344
Investment unit issuance expenses	292,785	-
Borrowing related expenses	*1 87,859	76,847
Other	19	8
Total non-operating expenses	534,203	362,200
Ordinary income	919,528	1,967,888
Income before income taxes	919,528	1,967,888
Income taxes-current	605	605
Total income taxes	605	605
Net income	918,923	1,967,283
Retained earnings (deficit) brought forward	(26,979)	97
Unappropriated retained earnings (undisposed loss)	891,943	1,967,380

**(3) Statements of Unitholders' Equity**

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	7,300,000	59,381,050
Changes of items during the period		
Issuance of new investment units	52,081,050	-
Total changes of items during the period	52,081,050	-
Balance at the end of current period	*1 59,381,050	*1 59,381,050
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	(26,979)	891,943
Changes of items during the period		
Dividends from surplus	-	(891,846)
Net income	918,923	1,967,283
Total changes of items during the period	918,923	1,075,436
Balance at the end of current period	891,943	1,967,380
Total surplus		
Balance at the beginning of current period	(26,979)	891,943
Changes of items during the period		
Dividends from surplus	-	(891,846)
Net income	918,923	1,967,283
Total changes of items during the period	918,923	1,075,436
Balance at the end of current period	891,943	1,967,380
Total unitholders' equity		
Balance at the beginning of current period	7,273,020	60,272,993
Changes of items during the period		
Issuance of new investment units	52,081,050	-
Dividends from surplus	-	(891,846)
Net income	918,923	1,967,283
Total changes of items during the period	52,999,973	1,075,436
Balance at the end of current period	60,272,993	61,348,430
Total net assets		
Balance at the beginning of current period	7,273,020	60,272,993
Changes of items during the period		
Issuance of new investment units	52,081,050	-
Dividends from surplus	-	(891,846)
Net income	918,923	1,967,283
Total changes of items during the period	52,999,973	1,075,436
Balance at the end of current period	60,272,993	61,348,430

**(4) Statements of Cash Distributions**

(Unit: Yen)

	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
I Unappropriated retained earnings	891,943,611	1,967,380,547
II Distributions	891,846,120	1,967,379,700
[Distributions per investment unit]	[7,278]	[16,055]
III Earnings carried forward	97,491	847

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 ¥891,846,120, 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 ¥1,967,379,700, 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.
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**(5) Statements of Cash Flows**

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	919,528	1,967,888
Depreciation and amortization	606,144	843,975
Interest income	(612)	(1,281)
Interest expenses	153,538	285,344
Investment unit issuance expenses	292,785	-
Decrease (increase) in prepaid expenses	(127,469)	1,408
Decrease (increase) in long-term prepaid expenses	(383,358)	1,043
Decrease (increase) in operating accounts receivable	(5,856)	2,083
Decrease (increase) in consumption taxes refund receivable	(2,172,672)	2,172,672
Increase (decrease) in operating accounts payable	16,809	32,359
Increase (decrease) in accrued consumption taxes	(1,030)	119,485
Increase (decrease) in accounts payable-other	(1,209)	920
Increase (decrease) in accrued expenses	28,095	216,535
Increase (decrease) in advances received	293,020	23,231
Increase (decrease) in deposits received	29,822	(29,733)
Other, net	(116,705)	(7,099)
Subtotal	(469,169)	5,628,833
Interest income received	612	1,281
Interest expenses paid	(154,961)	(279,132)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	(624,123)	5,350,377
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(95,754,196)	(2,720,463)
Other, net	(3,400)	-
Net cash provided by (used in) investing activities	(95,757,596)	(2,720,463)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	61,000,000	2,000,000
Repayment of long-term loans payable	(12,400,000)	-
Proceeds from issuance of investment units	51,788,264	-
Dividends paid	-	(888,706)
Net cash provided by (used in) financing activities	100,388,264	1,111,293
Net increase (decrease) in cash and cash equivalents	4,006,544	3,741,207
Cash and cash equivalents at beginning of period	1,618,069	5,624,614
Cash and cash equivalents at end of period	*1 5,624,614	*1 9,365,821





7. Scope of cash in the statements of cash flows	Cash in the statements of cash flows (cash and cash equivalents) include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
8. Accounting method for consumption taxes	Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

## (8) Notes to Financial Statements

### Notes to Balance Sheets

#### 1. Unused balances regarding commitment line contracts and others

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

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2013)	Current fiscal period (As of August 31, 2013)
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 February 28, 2013)	Current fiscal period (As of August 31, 2013)
	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 February 28, 2013)	Current fiscal period (As of August 31, 2013)
Investment securities	6,054	6,134

## Notes to Statements of Income

### \*1. Volume of operating transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2013)	Current fiscal period (As of August 31, 2013)
(1) Volume of operating transactions	155,823	304,108
(2) Volume of other transactions	5,979	-

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From September 1, 2012 to February 28, 2013)		Current fiscal period (From March 1, 2013 to August 31, 2013)	
A. Real estate leasing business revenues				
Rent revenues—real estate				
Rent	2,346,448			4,036,575
Other lease business revenues				
Common service fees	42,543			54,536
Other revenues	32,183	74,727	37,035	91,571
Total real estate leasing business revenues	2,421,176		4,128,146	
B. Expenses related to real estate leasing business				
Expenses related to rent business				
Taxes and public dues	68,710			355,735
Outsourcing expenses	90,302			147,057
Insurance	4,414			6,667
Repairs and maintenance expenses	15,320			38,859
Depreciation	605,974			843,635
Other expenses related to rent business	41,700	826,422	50,629	1,442,583
Total real estate leasing business expenses	826,422		1,442,583	
C. Income (loss) from real estate leasing business (A – B)	1,594,753		2,685,562	

## Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
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 September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Cash and deposits	3,959,773	7,513,846
Cash and deposits in trust	7,362,648	7,706,696
Restricted deposits in trust (Note)	(5,697,806)	(5,854,721)
Cash and cash equivalents	5,624,614	9,365,821

(Note) These deposits are leasehold deposits provided by tenants and will be returned to the tenants at the time of the move-out. Therefore, the deposits are retained in the account in trust.

**Lease Transactions**

Operating lease transactions (Lessor)

Future lease payments

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2013)	Current fiscal period (As of August 31, 2013)
Due within one year	5,532,604	5,792,344
Due after one year	45,948,780	44,762,224
Total	51,481,385	50,554,568

## Financial Instruments

### 1. Matters regarding financial instruments

#### (1) Policy for financial instruments

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

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

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

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

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

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

Floating-rate loans payable are exposed to the risk of fluctuations in interest rates. DHR mitigates the effects of rising interest rates by closely monitoring the movement of interest rates and increasing the proportion of fixed-rate loans, etc. As of August 31, 2013, DHR had a derivative (interest rate swap) as hedging instrument for the purpose of fixing the interest rate of floating-rate loans to avoid the risk of fluctuations in interests payable. The assessment of hedge effectiveness is omitted based on the judgement that the interest rate swap satisfies the requirements for special treatment.

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

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

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

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

Balance sheet carrying amounts, fair values, and the difference between the two values as of February 28, 2013, are as shown below.

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	3,959,773	3,959,773	–
(2) Cash and deposits in trust	7,362,648	7,362,648	–
(3) Investment securities Held-to-maturity bonds	6,054	6,300	245
Total assets	11,328,475	11,328,721	245
(4) Long-term loans payable	61,000,000	60,981,214	(18,785)
(5) Tenant leasehold and security deposits in trust	238,160	221,262	(16,897)
Total liabilities	61,238,160	61,202,477	(35,682)

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	–	–	–

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

Assets

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

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

(3) Investment securities

The fair value is based on reference bond trading statistics.

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

Liabilities

(4) Long-term loans payable

Because long-term loans payable that carry floating interest rates are reviewed on a short-term interval to reflect market interest rates and their fair value is approximate to the book value, the book value is used as the fair value of these liabilities. However, for long-term loans payable with floating

interest rate to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar loan that is made corresponding to the remaining period. The fair value of long-term loans payable carrying fixed interest rates is calculated by discounting the total of principal and interest at the rate assumed when a new loan corresponding to the remaining period is made.

(5) Tenant leasehold and security deposits in trust

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

Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)

Category	Previous fiscal period (As of February 28, 2013)	Current fiscal period (As of August 31, 2013)
Tenant leasehold and security deposits in trust *	5,697,806	5,854,721

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

(Note 3) Redemption schedule for monetary claims and securities with maturity after balance sheet date  
 (February 28, 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	3,959,773	–	–	–	–	–
Cash and deposits in trust	7,362,648	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	11,322,421	–	–	–	–	10,000

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

(Note 4) Expected amount of repayments of loans payable after balance sheet date  
(February 28, 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	10,000,000
Total	–	–	20,000,000	15,000,000	16,000,000	10,000,000

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

### Securities

Previous fiscal period (As of February 28, 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	6,054	6,300	245
Bonds with fair value not exceeding the balance sheet carrying amount	–	–	–	–
Total		6,054	6,300	245

Current 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

## Derivative Transactions

### 1. Derivative transactions not applying hedge accounting

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

### 2. Derivative transactions applying hedge accounting

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

Previous fiscal period (As of February 28, 2013)

Not applicable.

Current 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.)



## Related Party Transactions

### 1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2012 to February 28, 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	110,120	Construction business	13.5	Master lessee and entrustment of property management	Borrowing-related expenses (Note 3)	5,979	-	-
							Outsourcing expenses	33,373	Operating accounts payable	18,816
							Miscellaneous expenses	250	-	-
							Rental revenues, etc.	122,200	Advances received	41,737
							Purchase of trust beneficiary interests in real estate and others (Note 4)	6,500,000	-	-
							Acceptance of tenant leasehold deposits in trust	238,500	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) Guarantee arrangement contracts expired in the fiscal period.

(Note 4) The amount of transaction for purchase of trust beneficiary interests in real estate represents the amount of transfer of real estate, etc. described in the beneficiary interests assignment agreement and does not include costs required for the purchase of the real estate, etc., such as trading intermediary fees and taxes and public dues.

Current 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.

### 2. Affiliates, etc.

Previous fiscal period (From September 1, 2012 to February 28, 2013)

Not applicable.

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

Not applicable.

3. Sister companies, etc.

Previous fiscal period (From September 1, 2012 to February 28, 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	46,104	Operating accounts payable	18,539	
							Cost of utilities	27,617			
							Other expenses related to rent business	1,906			
							Repairs and maintenance expenses, etc. (Note 3)	11,138			
							-	-	Tenant leasehold and security deposits in trust		546,000
							Rental revenues, etc.	273,000	Advances received		47,775
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Royal Co., Ltd.	Chiyoda-ku, Tokyo	500	Asset management business	-	Entrustment of property management	Outsourcing expenses	7,694	Operating accounts payable	1,815	
							Other expenses related to rent business	3,149			
							Repairs and maintenance expenses, etc. (Note 3)	3,970			
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	3,048	Operating accounts payable	1,116	
							Repairs and maintenance expenses, etc. (Note 3)	110			
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	306,547	Accrued expenses	72,368	

(Note 1) The transaction amount 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 include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.

Current 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	-	Repair, 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 transaction amount 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 include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.

4. Directors and principal individual unitholders

Previous fiscal period (From September 1, 2012 to February 28, 2013)

Not applicable.

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

Not applicable.

## Tax Effect Accounting

### 1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Deferred tax assets (fixed)		
Tax loss carried forward	189,866	189,677
Subtotal deferred tax assets (fixed)	189,866	189,677
Valuation allowance	(189,866)	(189,677)
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 September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Statutory effective tax rate	36.59	36.59
(Adjustments)		
Distributions paid included in deductibles	(35.49)	(36.58)
Change in valuation allowance	(1.13)	(0.01)
Other	0.10	0.03
Effective tax rate after application of tax effect accounting	0.07	0.03

## 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 September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Balance sheet carrying amount		
Balance at beginning of period	18,484,398	113,638,459
Changes during period	95,154,061	1,876,827
Balance at end of period	113,638,459	115,515,287
Fair value at end of period	119,583,000	125,791,000

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

(Note 2) In changes during period, the increase in the previous fiscal period is mainly due to acquisition of 20 properties including D Project Urayasu II (¥95,759,778 thousand), while the decrease is principally attributable to depreciation (¥605,974 thousand). In the current fiscal period, the increase is mainly due to acquisition of UNICUS Takasaki (¥2,662,587 thousand), while the decrease is principally attributable to depreciation (¥843,635 thousand).

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

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

## Segment Information

### 1. Segment information

#### (1) Summary of reportable segments

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

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

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

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

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

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

Previous fiscal period (From September 1, 2012 to February 28, 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)	1,552,075	869,100	-	2,421,176
Segment profit	1,081,308	502,815	(131,876)	1,452,247
Segment assets	94,587,357	26,586,492	6,605,662	127,779,512
Other items				
Depreciation and amortization	422,615	183,359	170	606,144
Increase in property, plant and equipment and intangible assets	89,654,863	6,099,332	3,400	95,757,596

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

(Note 2) Adjustment of segment profit of negative ¥131,876 thousand is corporate expenses that are not allocated to any particular reportable segment. 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 segment.

Adjustment of segment assets of ¥6,605,662 thousand includes current assets of ¥6,254,687 thousand and investments and other assets of ¥347,745 thousand.

Adjustment of depreciation and amortization of ¥170 thousand presented in other items is amortization of intangible assets in corporate assets.

Increase in property, plant and equipment and intangible assets under "Other items" is intangible assets of ¥3,400 thousand in corporate assets that are not attributable to any particular reportable segment.

Current 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 and amortization	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 segment. 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 segment.

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 and amortization of ¥340 thousand presented in other items is amortization of intangible assets in corporate assets.

## 2. Related information

Previous fiscal period (From September 1, 2012 to February 28, 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) Net sales

Information about product and service is omitted since sales from external customers in Japan exceeded 90% of net sales 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 2)	Logistics property leasing business
Mitsubishi Shokuhin Co., Ltd.	– (Note 2)	Logistics property leasing business
Daiwa Information Service Co., Ltd. (Note 1)	273,000	Retail property leasing business

(Note 1) DHR leases a property to Daiwa Information Service Co., Ltd. under a master lease agreement, and Daiwa Information Service Co., Ltd. subleases the property to subtenants.

(Note 2) Undisclosed as consent for disclosure of rent income, etc. has not been obtained from the tenant.

Current 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) Net sales

Information about product and service is omitted since sales from external customers in Japan exceeded 90% of net sales 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 September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Net assets per unit	¥491,863	¥500,640
Net income per unit	¥13,158	¥16,054

(Note 1) 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 2) The basis for calculating net income per unit is as follows:

	Previous fiscal period (From September 1, 2012 to February 28, 2013)	Current fiscal period (From March 1, 2013 to August 31, 2013)
Net income (Thousands of yen)	918,923	1,967,283
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common investment units (Thousands of yen)	918,923	1,967,283
Average number of investment units for the period (Units)	69,833	122,540

### Major Subsequent Events

Not applicable.

### 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 total investments.

DHR's total number of investment units issued and changes in total investments since its incorporation are as follows:

Date	Event	Total number of investment units issued (Units)		Total investments (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
September 14, 2007	Incorporation through private placement of investment units	400	400	200	200	(Note 1)
December 11, 2007	Capital increase through private placement of investment units	6,800	7,200	3,400	3,600	(Note 2)
December 10, 2008	Capital increase through private placement of investment units	7,400	14,600	3,700	7,300	(Note 3)
November 27, 2012	Capital increase through public offering of investment units	102,800	117,400	49,601	56,901	(Note 4)
December 26, 2012	Capital increase through third-party allotment of investment units	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 status of DHR's Directors as of the date of this financial result report is shown as below.

Title and post	Name	Major career summary		Number of investment units held (Unit)
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 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 (Unit)
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 status of Officers of Asset Manager as of the date of this financial result report is shown as below.

Title and post	Name	Major career summary		Number of investment units held (Unit)
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 Office	
		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 (Unit)
Director, Executive Manager of the Investment Management Department (Chief Investment Officer) (Full-time)	<i>Kenjiro Matsutake</i>	<p>Apr. 1983</p> <p>Jan. 1994</p> <p>Oct. 1999</p> <p>Apr. 2004</p> <p>Jan. 2005</p> <p>Nov. 2005</p> <p>Oct. 2006</p> <p>May 2009</p> <p>Aug. 2012</p>	<p>Joined Daiwa House Industry Co., Ltd.</p> <p>Became Manager of the Sales Department of the Commercial Facilities, Osaka Head Office</p> <p>Became Manager of the Sales Office of the Commercial Facilities, Shiga Branch</p> <p>Became Manager of the LOC Promotion Office, Commercial Facilities Business Promotion Division, Sales Division</p> <p>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</p> <p>Appointed as Senior Executive Director (in charge of the Investment Management Division), Morimoto Asset Management Co., Ltd.</p> <p>Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Director and Executive Manager of the Investment Management Department</p> <p>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</p> <p>Appointed as Director and Executive Manager of the Investment Management Department, Daiwa House REIT Management Co., Ltd. (current post)</p>	-
Director, Executive Manager of the Finance Department (Chief Financial Officer) (Full-time)	<i>Masahiro Suzuki</i>	<p>Apr. 1990</p> <p>Nov. 1998</p> <p>Apr. 2000</p> <p>Nov. 2000</p> <p>Oct. 2002</p> <p>Oct. 2003</p> <p>Apr. 2004</p> <p>Apr. 2005</p> <p>Oct. 2006</p> <p>Oct. 2007</p> <p>Oct. 2011</p>	<p>Joined Hokkaido Takushoku Bank, Ltd.</p> <p>The Chuo Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>The Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>Asset Finance Sales Division, The Chuo Mitsui Trust and Banking Company, Limited</p> <p>Real-Estate Investment Advisory Division, The Chuo Mitsui Trust and Banking Company, Limited</p> <p>Real-Estate Sales Division of The Chuo Mitsui Trust and Banking Company, Limited</p> <p>Seconded to Asset Business Consulting Co., Ltd.</p> <p>Seconded to Sumitomo Mitsui Banking Corporation</p> <p>Seconded to Alpha Solutions, Co., Ltd.</p> <p>Became Manager of the Real Estate Division, Osaka Branch, The Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Director and Executive Manager of the Finance Department (current post)</p>	-

Title and post	Name	Major career summary		Number of investment units held (Unit)
Director, Executive Manager of the Operations Planning Department (Chief Administration Officer) (Full-time)	<i>Hideaki Kanazawa</i>	Apr. 1976 Apr. 1995 Apr. 1997 Nov. 2001 Apr. 2005 Apr. 2006 Jun. 2006 Jan. 2008 Oct. 2008 Oct. 2011	Joined Daiwa House Industry Co., Ltd. Became Manager of the Accounting Division, Head Office Became Manager of the Accounting and Administration Division, Shiga Branch Became Manager of the Accounting and Administration Division, Nara Branch Became Group Manager of Accounting Group, Accounting Division, Tokyo Branch Became Senior Chief of the REIT Preparatory Office, Real Estate Business Development Office Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Senior Executive Manager of the Finance Department Appointed Director and Executive Manager of the Finance Department, Daiwa House REIT Management Co., Ltd. Appointed Director and Executive Manager of the Finance Department and Executive Manager of the Operations Planning Department, Daiwa House REIT Management Co., Ltd. Appointed as Director and Executive Manager of the Operations Planning Department, Daiwa House REIT Management Co., Ltd. (current post)	-
Corporate Auditor (Part-time)	<i>Ei Hagihara</i>	Apr. 1994 Oct. 2000 Oct. 2001 May 2006 Jan. 2007 Jan. 2008 Apr. 2008 Feb. 2013 Feb. 2013 Apr. 2013	Joined Hagihara Accounting Office Registered as a tax accountant Joined Asahi & Co. (currently KPMG AZSA LLC) Registered as a certified public accountant Appointed as Chief of Ei Hagihara Certified Public Accounting Office (current post) Became office member of the Tokyo Office of Phoenix Certified Public Tax Accountants' Corporation Appointed as Corporate Auditor of Daiwa House REIT Management Co., Ltd. (current post) Appointed as Corporate Auditor of Breitling Asia Co, Ltd. (current post) Appointed as Corporate Auditor of K·I·S Co., Ltd. (current post) Appointed as Corporate Auditor of Breitling Japan Ltd. (current post)	-

## 5. Reference Information

### (1) Status of Investment

The status of DHR's investment as of August 31, 2013 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	63,740	48.5
			Greater Nagoya area	7,496	5.7
			Greater Osaka area	4,582	3.5
			Other	12,784	9.7
		Subtotal		88,604	67.4
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	13,490	10.3
			Greater Nagoya area	–	–
			Greater Osaka area	4,716	3.6
			Other	8,704	6.6
		Subtotal		26,911	20.5
	Total		115,515	87.9	
Deposits and other assets				15,856	12.1
Total assets (Note 3)				131,372	100.0
Total liabilities (Note 3)				70,023	53.3
Total net assets (Note 3)				61,348	46.7

(Note 1) The total amount held represents the amount recorded in the balance sheets as of August 31, 2013 (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) Total assets, total liabilities and total net assets represent the book values.

### (2) Investment Assets

#### i) Major investment securities

The status of investment securities held by DHR as of August 31, 2013 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	6,134	–	September 20, 2037	–	–	6,445	310	Deposited as business security deposit
Total		10,000	6,134	–	–	–	–	6,445	310	

#### ii) Investment properties

Not applicable.

### iii) Other major investment assets

#### (A) Summary of real estate in trust

The summary of real estate in trust held by DHR as of August 31, 2013 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	6.5	7,569	8,170	November 29, 2012
L-B-2	D Project Hachioji	12,600	10.8	12,511	13,500	November 29, 2012
L-B-3	D Project Aikawa-Machi	2,600	2.2	2,594	2,980	November 28, 2012
L-B-4	D Project Shin-Misato	4,440	3.8	4,427	5,630	November 29, 2012
L-B-5	D Project Urayasu I	7,700	6.6	7,678	8,350	November 28, 2012
L-B-6	D Project Urayasu II	21,400	18.3	21,351	22,900	November 29, 2012
L-B-7	D Project Akanehama	2,550	2.2	2,544	2,710	November 28, 2012
L-B-8	D Project Noda	5,100	4.4	5,063	5,750	November 28, 2012
L-B-9	D Project Inuyama	6,650	5.7	6,602	7,750	November 28, 2012
L-B-10	D Project Gifu	900	0.8	894	1,070	November 29, 2012
L-B-11	D Project Neyagawa	4,600	3.9	4,582	5,300	November 28, 2012
L-B-12	D Project Sapporo Minami	600	0.5	597	781	November 28, 2012
L-B-13	D Project Morioka	1,000	0.9	992	1,150	November 29, 2012
L-B-14	D Project Sendai Minami	1,250	1.1	1,237	1,370	November 28, 2012
L-B-15	D Project Tsuchiura	2,880	2.5	2,854	3,230	November 29, 2012
L-B-16	D Project Gotenba	950	0.8	945	1,110	November 28, 2012
L-B-17	D Project Nishi-Hiroshima	990	0.8	992	1,160	November 28, 2012
L-B-18	D Project Fukuoka Umi	3,100	2.6	3,080	3,590	November 29, 2012
L-B-19	D Project Tosu	2,100	1.8	2,083	2,540	November 29, 2012
Logistics Properties Total		89,010	76.0	88,604	99,041	
R-M-1	ACROSSMALL Shinkamagaya	7,419	6.3	6,850	7,270	December 12, 2007
R-M-2	FOLEO Hirakata	5,040	4.3	4,716	4,350	December 11, 2008
R-M-3	QiZ GATE URAWA	5,360	4.6	4,992	4,800	December 11, 2008
R-M-4	UNICUS Takasaki	2,570	2.2	2,649	2,700	March 27, 2013
R-R-1	LIFE Sagami-hara Wakamatsu	1,650	1.4	1,646	1,500	December 11, 2008
R-R-2	FOLEO Sendai Miyanomori	6,040	5.2	6,055	6,130	November 29, 2012
Retail Properties Total		28,079	24.0	26,911	26,750	
Portfolio Total		117,089	100.0	115,515	125,791	

(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 transfer price. Transfer 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 August 31, 2013, 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 value estimate as of August 31, 2013, 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 show as 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 <sup>2</sup> ) (Note 4)	Total leased area (m <sup>2</sup> ) (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	Iwate, 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 (23)	376	16,380.78	16,367.31	99.91
R-M-3	QiZ GATE URAWA	Saitama, Saitama	February 17, 2008	11	349	9,705.31	9,705.31	100.00
R-M-4	UNICUS Takasaki	Takasaki, Gunma	November 5, 2008	1	260	9,277.08	9,277.08	100.00
R-R-1	LIFE Sagamihara Wakamatsu	Sagamihara, 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
Retail Properties Total				16	2,114	99,925.17	99,911.70	99.98
Portfolio Total				40	8,113	540,812.49	540,799.02	99.99

(Note 1) Date of construction of the main building, as described in the property registry, is represented. For properties with several main buildings, the construction date of the oldest building is listed.

(Note 2) Number of tenants is equal to the number of tenants per property based upon each lease agreement in relation to each property in trust as of August 31, 2013. However, 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, the number of end-tenants is indicated in the brackets after the number of master lessee, and 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, only the master lease company is indicated as a tenant.

(Note 3) Annual rent means the annual rent of the property as indicated in each lease agreement in relation to each property in trust as of August 31, 2013 or the amount calculated by multiplying the monthly rent by 12 on an



annual basis (as to properties in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements), rounded to the nearest million yen. However, in the case of a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, the annual rent is as indicated in each sublease agreement in relation to each property in trust as of August 31, 2013 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 leased area as indicated in each lease agreement in relation to each property in trust as of August 31, 2013. However, 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, the leased area is as indicated in each sublease agreement in relation to each property in trust as of August 31, 2013. 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 the lease agreements. In particular at logistics properties, when eaves are included in the leased area, the leased area may largely exceed the total floor area.
- (Note 6) Occupancy rate as of August 31, 2013 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 largely 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.

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Property number	L-B-1	L-B-2	L-B-3	L-B-4
Property name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato
Period for asset management	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013
Information on revenues and expenses				
(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)	220,132	366,230	81,615	151,139
(D) Depreciation	49,813	104,896	15,843	26,771
(E) Income (loss) from rent business (= C – D)	170,318	261,334	65,771	124,367

Property number	L-B-5	L-B-6	L-B-7	L-B-8
Property name	D Project Urayasu I	D Project Urayasu II	D Project Akanehama	D Project Noda
Period for asset management	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013
Information on revenues and expenses				
(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)	200,343	554,336	69,730	153,828
(D) Depreciation	44,230	109,201	15,780	44,532
(E) Income (loss) from rent business (= C – D)	156,112	445,134	53,950	109,295

Property number	L-B-9	L-B-10	L-B-11	L-B-12
Property name	D Project Inuyama	D Project Gifu	D Project Neyagawa	D Project Sapporo Minami
Period for asset management	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013
Information on revenues and expenses				
(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)	226,513	31,426	142,655	25,360
(D) Depreciation	56,607	9,562	30,234	7,081
(E) Income (loss) from rent business (= C – D)	169,905	21,864	112,420	18,278

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Property number	L-B-13	L-B-14	L-B-15	L-B-16
Property name	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura	D Project Gotenba
Period for asset management	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013
Information on revenues and expenses				
(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)	36,686	43,554	99,483	33,126
(D) Depreciation	11,212	15,202	28,702	8,725
(E) Income (loss) from rent business (= C – D)	25,473	28,352	70,781	24,401

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 March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	121,889	– (Note)	3,023,984
Rent revenues–real estate	– (Note)	120,853	– (Note)	2,999,439
Other lease business revenues	– (Note)	1,036	– (Note)	24,544
(B) Expenses related to rent business Subtotal	– (Note)	13,782	– (Note)	368,462
Taxes and public dues	– (Note)	9,721	– (Note)	265,760
Outsourcing expenses	– (Note)	3,156	– (Note)	74,860
Insurance	– (Note)	253	– (Note)	5,220
Repairs and maintenance expenses	– (Note)	150	– (Note)	12,877
Other expenses related to rent business	– (Note)	500	– (Note)	9,744
(C) NOI (= A – B)	38,053	108,107	73,196	2,655,521
(D) Depreciation	7,316	28,061	20,144	633,923
(E) Income (loss) from rent business (= C – D)	30,737	80,046	53,051	2,021,598

Property number	R-M-1	R-M-2	R-M-3	R-M-4
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki
Period for asset management	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013	From March 27, 2013 to August 31, 2013
Information on revenues and expenses				
(A) Rent revenues Subtotal	273,450	189,343	241,147	111,716
Rent revenues–real estate	273,450	188,185	175,283	111,716
Other lease business revenues	–	1,158	65,864	–
(B) Expenses related to rent business Subtotal	39,791	38,761	83,368	20,569
Taxes and public dues	26,301	23,646	14,421	–
Outsourcing expenses	8,256	8,319	32,170	17,480
Insurance	494	361	191	108
Repairs and maintenance expenses	4,239	2,822	1,327	2,464
Other expenses related to rent business	500	3,611	35,256	516
(C) NOI (= A – B)	233,658	150,581	157,778	91,146
(D) Depreciation	71,048	42,153	51,436	14,224
(E) Income (loss) from rent business (= C – D)	162,610	108,428	106,342	76,922

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Property number	R-R-1	R-R-2	Retail properties total	Portfolio total
Property name	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori		
Period for asset management	From March 1, 2013 to August 31, 2013	From March 1, 2013 to August 31, 2013		
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	238,500	1,104,162	4,128,146
Rent revenues—real estate	– (Note)	238,500	1,037,135	4,036,575
Other lease business revenues	– (Note)	–	67,027	91,571
(B) Expenses related to rent business Subtotal	– (Note)	26,920	230,485	598,948
Taxes and public dues	– (Note)	21,712	89,974	355,735
Outsourcing expenses	– (Note)	3,600	72,196	147,057
Insurance	– (Note)	258	1,446	6,667
Repairs and maintenance expenses	– (Note)	850	25,982	38,859
Other expenses related to rent business	– (Note)	500	40,884	50,629
(C) NOI (= A – B)	28,931	211,579	873,677	3,529,198
(D) Depreciation	4,263	26,586	209,712	843,635
(E) Income (loss) from rent business (= C – D)	24,667	184,992	663,964	2,685,562

(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 <sup>2</sup> )	Total leased area (m <sup>2</sup> )	Occupancy rate (%)
2nd fiscal period (February 28, 2009)	5	74,224.40	74,056.66	99.77
3rd fiscal period (August 31, 2009)	5	74,224.40	74,056.66	99.77
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

(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 (Note 1)	Property name	2nd fiscal period (February 28, 2009)	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)
L-B-1	D Project Machida	-	-	-	-	-	-	-	-	100.00	100.00
L-B-2	D Project Hachioji	-	-	-	-	-	-	-	-	100.00	100.00
L-B-3	D Project Aikawa-Machi	-	-	-	-	-	-	-	-	100.00	100.00
L-B-4	D Project Shin-Misato	-	-	-	-	-	-	-	-	100.00	100.00
L-B-5	D Project Urayasu I	-	-	-	-	-	-	-	-	100.00	100.00
L-B-6	D Project Urayasu II	-	-	-	-	-	-	-	-	100.00	100.00
L-B-7	D Project Akanehama	-	-	-	-	-	-	-	-	100.00	100.00
L-B-8	D Project Noda	-	-	-	-	-	-	-	-	100.00	100.00
L-B-9	D Project Inuyama	-	-	-	-	-	-	-	-	100.00	100.00
L-B-10	D Project Gifu	-	-	-	-	-	-	-	-	100.00	100.00
L-B-11	D Project Neyagawa	-	-	-	-	-	-	-	-	100.00	100.00
L-B-12	D Project Sapporo Minami	-	-	-	-	-	-	-	-	100.00	100.00
L-B-13	D Project Morioka	-	-	-	-	-	-	-	-	100.00	100.00
L-B-14	D Project Sendai Minami	-	-	-	-	-	-	-	-	100.00	100.00
L-B-15	D Project Tsuchiura	-	-	-	-	-	-	-	-	100.00	100.00
L-B-16	D Project Gotenba	-	-	-	-	-	-	-	-	100.00	100.00
L-B-17	D Project Nishi-Hiroshima	-	-	-	-	-	-	-	-	100.00	100.00
L-B-18	D Project Fukuoka Umi	-	-	-	-	-	-	-	-	100.00	100.00
L-B-19	D Project Tosu	-	-	-	-	-	-	-	-	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	99.91	99.91	97.89	99.91	99.91	99.91	99.91	99.91	99.91	99.91
R-M-3	QiZ GATE URAWA	98.41	98.41	98.71	99.59	99.43	99.02	99.02	99.43	100.00	100.00
R-M-4	UNICUS Takasaki	-	-	-	-	-	-	-	-	-	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

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

(D) Summary of major tenants

a. Summary of major tenants

DHR's rent revenues for the period and leased area for major tenants and by tenant as of August 31, 2013 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 <sup>2</sup> )	Area ratio (%) (Note 1)
Hitachi Capital Corporation	Other financial business	D Project Machida	– (Note 2)	– (Note 2)	148,714.63	27.5
		D Project Aikawa-Machi				
		D Project Urayasu II				
		D Project Akanehama				
Mitsubishi Shokuhin Co., Ltd.	Food wholesale	D Project Hachioji	– (Note 2)	– (Note 2)	90,170.01	16.7
		D Project Noda				
		D Project Sapporo Minami				
		D Project Morioka				
		D Project Sendai Minami				
Subtotal	–	–	1,589	38.5	238,884.64	44.2
Total of all tenants	–	–	4,128	100.0	540,799.02	100.0

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

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

b. Lease terms for major tenants

DHR's lease terms for major tenants as of August 31, 2013 are as follows:

Tenant	Property name	Expiration date	Contract extension 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 extension.	– (Note)	– (Note)
	D Project Aikawa-Machi	June 30, 2026	There is no agreement on contract extension.	– (Note)	– (Note)
	D Project Urayasu II	May 31, 2027	There is no agreement on contract extension.	– (Note)	– (Note)
	D Project Akanehama	October 10, 2025	There is no agreement on contract extension.	– (Note)	– (Note)
Mitsubishi Shokuhin Co., Ltd.	D Project Hachioji	– (Note)	There is no agreement on contract extension.	– (Note)	– (Note)
	D Project Noda	– (Note)	There is no agreement on contract extension.	– (Note)	– (Note)
	D Project Sapporo Minami	– (Note)	There is no agreement on contract extension.	– (Note)	– (Note)
	D Project Morioka	– (Note)	There is no agreement on contract extension.	– (Note)	– (Note)
	D Project Sendai Minami	– (Note)	There is no agreement on contract extension.	– (Note)	– (Note)

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

(E) Summary on appraisal report

Property number	Real estate in trust (Property name)	Appraisal agency	Date of value appraised	Appraisal value (Millions of yen)	Return price (Millions of yen)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
L-B-1	D Project Machida	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	8,170	8,300	5.3	8,110	5.2	5.5
L-B-2	D Project Hachioji	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	13,500	13,200	5.3	13,600	1st to 6th year 5.2 7th to 10th year 5.3	5.5
L-B-3	D Project Aikawa-Machi	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	2,980	3,010	5.4	2,960	5.4	5.6
L-B-4	D Project Shin-Misato	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	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.	August 31, 2013	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.	August 31, 2013	22,900	22,800	4.8	23,000	4.8	5.0
L-B-7	D Project Akanehama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	2,710	2,740	5.1	2,690	5.2	5.3
L-B-8	D Project Noda	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	5,750	5,750	5.3	5,750	5.2	5.5
L-B-9	D Project Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	7,750	7,640	5.7	7,800	5.6	5.9
L-B-10	D Project Gifu	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	1,070	1,050	5.9	1,080	5.8	6.1
L-B-11	D Project Neyagawa	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	5,300	5,280	5.4	5,310	5.4	5.6
L-B-12	D Project Sapporo Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	781	775	6.5	784	1st to 4th year 6.3 5th to 10th year 6.4	6.7
L-B-13	D Project Morioka	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	1,150	1,140	6.4	1,150	6.3	6.6
L-B-14	D Project Sendai Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	1,370	1,360	5.9	1,380	1st to 8th year 5.7 9th to 10th year 5.8	6.1
L-B-15	D Project Tsuchiura	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	3,230	3,150	5.6	3,260	5.5	5.8
L-B-16	D Project Gotenba	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	1,110	1,090	5.8	1,120	5.7	6.0
L-B-17	D Project Nishi-Hiroshima	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	1,160	1,110	5.9	1,180	Tower A 1st to 10th year 5.9 11th year and later 6.0 Tower B 5.9	6.1
L-B-18	D Project Fukuoka Umi	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	3,590	3,590	6.0	3,590	Tower A 1st to 2nd year 5.7 3rd year and later 5.9 Tower B 1st to 9th year 5.7 10th year and later 5.9 Tower C 5.9 Tower D 1st to 8th year 5.8 9th year and later 5.9	6.2
L-B-19	D Project Tosu	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2013	2,540	2,550	5.8	2,540	5.8	6.0
Logistics Properties Total				99,041	98,735	-	99,184	-	-

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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	August 31, 2013	7,270	7,290	6.4	7,250	6.1	6.6
R-M-2	FOLEO Hirakata	Japan Real Estate Institute	August 31, 2013	4,350	4,370	6.8	4,320	6.3	6.9
R-M-3	QiZ GATE URAWA	Japan Real Estate Institute	August 31, 2013	4,800	4,830	6.3	4,770	5.8	6.3
R-M-4	UNICUS Takasaki	Japan Real Estate Institute	August 31, 2013	2,700	2,700	7.2	2,690	6.9	7.4
R-R-1	LIFE Sagamihara Wakamatsu	Japan Real Estate Institute	August 31, 2013	1,500	1,510	5.8	1,480	5.4	5.9
R-R-2	FOLEO Sendai Miyanomori	Japan Real Estate Institute	August 31, 2013	6,130	6,150	6.8	6,110	6.5	7.0
Retail Properties Total				26,750	26,850	–	26,620	–	–
Portfolio Total				125,791	125,585	–	125,804	–	–



(F) Summary on engineering report

DHR obtains engineering reports such as reports on building deterioration diagnosis, short- and long-term repairs 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 repairs (Thousands of yen)	Short-term repairs and maintenance (Thousands of yen) (Note)	Long-term repairs and maintenance (Thousands of yen) (Note)
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
Total	–	–	–	–	98,264

(Note) Short-term repairs 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 repairs 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.

(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 as of August 2013 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
Portfolio Total (Note)		1.9

(Note) The figure shown in Portfolio Total is aggregate PML for 25 properties calculated in the same way as an individual property based on the report on earthquake risk assessment as of August 2013 provided by Tokio Marine & Nichido Risk Consulting Co., Ltd. (portfolio PML).

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

Not applicable.

**iv) Status of portfolio diversification**

The overview of portfolio on real estate in trust as of August 31, 2013 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	76.0
Retail Properties	6	28,079	24.0
Total	25	117,089	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	67.0	81.7
	Greater Nagoya area	2	7,550	6.4	
	Greater Osaka area	2	9,640	8.2	
Other areas		10	21,480	18.3	
Total		25	117,089	100.0	

(C) By lease term (Note 2)

Portfolio

Average lease term (*)	17.6 years
Average remaining lease term (*)	12.6 years
Remaining period prior to rent renewal (*)	3.8 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	7,919	97.6
Less than 10 years	12	194	2.4
Total	62	8,113	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	9	2,622	32.3
10 years or more but less than 15 years	20	3,878	47.8
5 years or more but less than 10 years	7	656	8.1
Less than 5 years	26	956	11.8
Total	62	8,113	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	10	43,730	37.3
5 years or more but less than 10 years	14	72,359	61.8
10 years or more	1	1,000	0.9
Total	25	117,089	100.0

Average property age (*)	5.9 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	15.9
Pass-through type master lease	5	2,428	29.9
Direct lease	17	4,396	54.2
Total	25	8,113	100.0

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

Rent type	Number of tenants (Note 3)	Leased area (m <sup>2</sup> )	Percentage of leased area (%)
Fixed rent	62	540,799.02	100.0
Revenue-based rent	–	–	–
Total	62	540,799.02	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	45	2,802	34.5
Other	17	5,310	65.5
Total	62	8,113	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	59	7,354	90.6
Without penalty	3	759	9.4
Total	62	8,113	100.0

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

(Note 2) Lease term is based on each lease agreement concluded for each corresponding property in trust as of August 31, 2013.

- (Note 3) Number of tenants is the number of end tenants of each property in trust as of August 31, 2013. However, with respect to properties with sublease-type master lease agreements, only the master lease company is indicated as the tenant.
- (Note 4) Annual rent means the annual rent of the properties as indicated in each lease agreement entered into in relation to each property in trust as of August 31, 2013 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (provided, however, in the case of a pass-through type master lease agreement, under which rents are directly received from end-tenants in principle, the annual rent is as indicated in each sublease agreement entered into between a master lease company and end-tenants in relation to each property as of August 31, 2013 or the amount calculated by multiplying the monthly rent by 12 on an annual basis), rounded to the nearest million yen.
- (Note 5) Percentage of annual rent indicates the ratio of the total annual rent corresponding to each category to the total annual rent in the portfolio of the relevant properties, rounded to the nearest tenth. Sums of figures indicated may not add up due to rounding.
- (Note 6) Property age is based on the age of each property as of August 31, 2013.