

Daiwa House REIT Investment Corporation
Investor Presentation for the **11th** period
ended August 2013

Daiwa House REIT

11th

 Daiwa House REIT Investment Corporation

 Daiwa House REIT Management Co., Ltd.

Daiwa REIT.
REIT Management Co., Ltd.



D Project Urayasu I / D Project Urayasu II



FOLEO Sendai Miyanomori



Introduction

Executive Summary

P. 3



1

Financial Results

P. 5



2

Status of Portfolio Operation

P. 11



3

Financial Forecasts

P. 17



4

Our Growth Strategy

P. 19



5

Appendix

P. 25



Introduction

Executive Summary

1 11th Period Results
(ended Aug 2013)

- ◆ DPU 16,055 yen (forecast 15,400 yen)
- ◆ LTV 48.0%
- ◆ Unrealized gain 10,276 million yen
- ◆ Acquisition of UNICUS Takasaki

2 Status of
Portfolio Operation

- ◆ NOI yield 6.0%
- ◆ Occupancy rate 99.99%

3 Financial Forecasts

- ◆ 12th period (Feb 2014) DPU forecast 15,600 yen
- ◆ 13th period (Aug 2014) DPU forecast 15,300 yen

4 Our Growth Strategy

- ◆ Initial target AUM of 200 billion yen
- ◆ Leveraging the Daiwa House Group pipeline

1

Financial Results

- ◆ Achieved 16,055 yen of DPU, outperforming the initial forecast of 15,400 yen
- ◆ Secured stable revenues through rent / contract renewals on equal terms, maintaining NOI yield at 6%

11th Period (Aug 2013) Results - Statements of Income -

	11th Period Result ended Aug 2013	10th Period Result ended Feb 2013	Period-on-period change	11th Period Forecast as of 2013/4/12	Versus forecast
Operating Revenues	4,128	2,421	1,706	4,122	5
Rental business revenues	4,128	2,421	1,706	—	—
Rental revenues	4,036	2,346	1,690	—	—
Other revenues	91	74	16	—	—
Operating Expenses	1,807	968	838	1,866	-58
Rental business expenses	1,442	826	616	—	—
Rental expenses (excluding depreciation)	598	220	378	—	—
Depreciation	843	605	237	843	0
Other operating expenses	365	142	222	—	—
Operating Income	2,320	1,452	868	2,256	64
Non-operating income	9	1	8	—	—
Non-operating expenses	362	534	-172	—	—
Interest and borrowing expenses	362	241	120	367	-5
Other non-operating expenses	0	292	-292	—	—
Ordinary Income	1,967	919	1,048	1,889	78
Net Income	1,967	918	1,048	1,888	78
Distributions per unit	16,055 yen	7,278 yen	8,777 yen	15,400 yen	655 yen
FFO per unit (Note 1)	22,939 yen	12,444 yen	10,495 yen	—	—
Rental NOI (Note 2)	3,529	2,200	1,328	—	—
Rental NOI yield	6.0%	6.5%	-0.5%	—	—
Number of operating days	184 days	93 days (Note 3)	91 days	184 days	—

(Note 1) FFO (Funds from Operation) per unit: (Net Income + Depreciation – Gains (losses) from sales of property, etc.) / Number of investment units issued

(Note 2) Rental NOI (Net Operating Income): Rental business revenues – Rental business expenses + Depreciation

(Note 3) Number of operating days after listing (November 28, 2012)

(million yen)

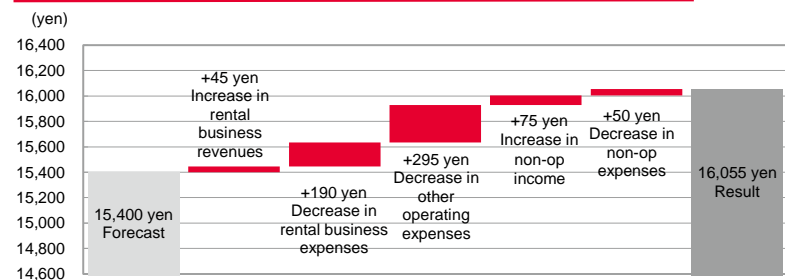
Major Changing Factors (versus forecast)

11 th Period Result <versus forecast>	✓ Rental business revenues	+5 million yen
	• Renewal of rent / contract on equal terms	
	• Increase in utility reimbursements	
	✓ Rental business expenses	-23 million yen
	• Decrease in repairs and maintenance expenses	
	• Decrease in IR related expenses and expert fees, etc.	
✓ Other operating expenses	-35 million yen	
• Decrease in interest expenses		
✓ Non-operating income	+9 million yen	
• Interest on refund of consumption taxes		
✓ Non-operating expenses	-5 million yen	
• Decrease in interest expenses		

Rent Renewals / Contract Renewals

Logistics Properties	None
Retail Properties	
<core tenants>	1 tenant renewed rent on equal terms
<other than above>	2 tenants renewed contract on equal terms 3 tenants renewed rent on equal terms

Cause of Variation in DPU (versus forecast)



- ◆ Maintained a stable level of LTV at 48%
- ◆ Significant uplift of unrealized gain from the increase of appraisal value

11th Period (Aug 2013) Results - Balance Sheets -

(million yen)

	11th Period Result ended Aug 2013	10th Period Result ended Feb 2013	Period-on-period change
Total Assets	131,372	127,779	3,592
Total Liabilities	70,023	67,506	2,517
Interest-bearing liabilities	63,000	61,000	2,000
Tenant leasehold and security deposits	6,081	5,935	145
Net Assets	61,348	60,272	1,075

LTV (Note 1)	48.0%	47.7%	0.2%
LTV (including tenant deposits)	52.6%	52.4%	0.2%

Number of properties	25 properties	24 properties	1 property
Unrealized gain	10,276	5,945	4,331
Book value	115,515	113,638	1,877
Appraisal value	125,791	119,583	6,208

Number of investment units issued	122,540 units	122,540 units	0 units
Net assets per unit	500,640 yen	491,863 yen	8,777 yen
NAV per unit (Note 2)	568,441 yen	533,096 yen	35,345 yen

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

(Note 2) NAV (Net Asset Value) per unit: (Net assets + Unrealized gain or loss) / Number of investment units issued

Major Changing Factors (period-on-period)

11 th Period Result <period-on-period change>	✓ Total assets	+3,592 million yen
	- Acquisition of UNICUS Takasaki	
	✓ Interest-bearing liabilities	+2,000 million yen
	- Increase in borrowings related to acquisition of UNICUS Takasaki	
✓ Tenant leasehold and security deposits	+145 million yen	
- Increase in deposits related to UNICUS Takasaki		
✓ Unrealized gain	+4,331 million yen	
- Increase of appraisal value due to cap rate compression		

Change in Appraisal Value

	11 th Period ended Aug 2013	10 th Period ended Feb 2013	Period-on- period change
Portfolio	125,791 million yen	122,273 million yen	+3,518 million yen
Logistics Properties	99,041 million yen	96,013 million yen	+3,028 million yen
Retail Properties	26,750 million yen	26,260 million yen	+490 million yen

※ As for the property acquired in the 11th fiscal period (UNICUS Takasaki), the appraisal value at the time of the acquisition (2,690 million yen) is recorded as the end of the 10th fiscal period figure.

- ◆ Solid financial base by lengthening and diversifying debt maturities and fixing interest rates
- ◆ Stable financial operation with our target LTV of 45% to 50%

Basic Financing Information

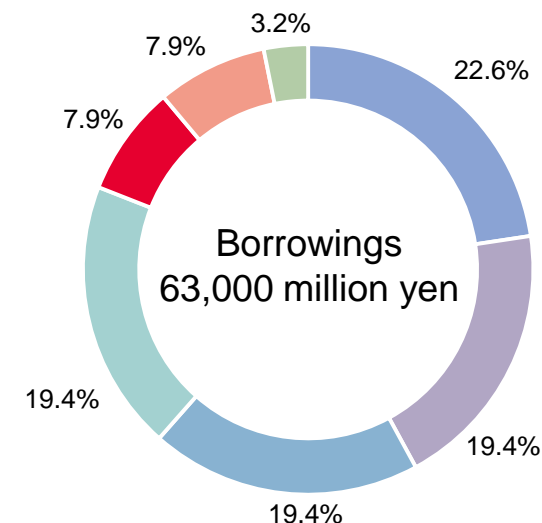
LTV	48.0 %
Total borrowings	63,000 million yen
Fixed interest ratio	100.0 %
Long-term borrowing ratio	100.0 %
Average interest rate	0.92 %
Average remaining borrowing period	3.9 years
Commitment line	10,000 million yen

Credit Rating

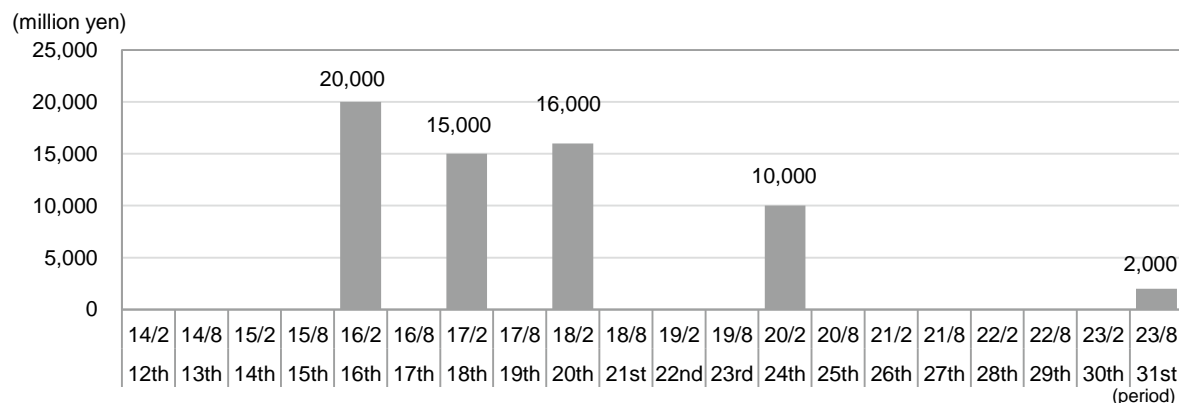
Rating agency	JCR (Japan Credit Rating Agency, Ltd.)
Long-term issuer rating	AA- (Stable)

Bank Formation

- Sumitomo Mitsui Trust Bank, Limited
14,250 million yen
- Sumitomo Mitsui Banking Corporation
12,250 million yen
- The Bank of Tokyo-Mitsubishi UFJ, Ltd.
12,250 million yen
- Mizuho Bank, Ltd.
12,250 million yen
- Mitsubishi UFJ Trust and Banking Corporation
5,000 million yen
- Development Bank of Japan Inc.
5,000 million yen
- Resona Bank, Ltd.
2,000 million yen



Diversification of Repayment Term



- ◆ Secured long-term stable revenues through a long-term sublease type master lease agreement
- ◆ Acquired a highly competitive specialty retail complex from a third party other than the sponsor

Acquisition date	March 27, 2013
Location	1150-5 Iizukamachi, Takasaki, Gunma
Construction date	November 5, 2008
Acquisition price	2,570 million yen
Appraisal value	2,690 million yen (date of value: February 28, 2013)
NOI yield	7.6% (at time of acquisition)
Lessee	P & D Consulting Co., Ltd.
Main tenant	YAOKO Co., Ltd.
Property descriptions	<ul style="list-style-type: none"> • Located 2km north of JR Takasaki Station with direct access from the four-lane residential road that connects central Takasaki to the Takasaki loop route. • Specialty retail complex that houses supermarket Yaoko as the core tenant and other tenants including Sugi Pharmacy, SHOO-LA-RUE, Honeys, ABC Mart and Daiso and other daily life service providers. • Population of 16,000 in the 1km trade area, 115,000 in the 3km trade area and 220,000 in the 5km trade area. • Convenient drive-time trade area where surrounding 3km area can be traveled in 15 minutes by car.

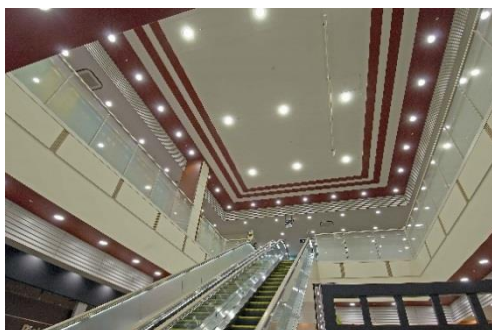


- ◆ Increased rent by investing in energy/electricity-saving measures at ACROSSMALL Shinkamagaya
- ◆ D Project Hachioji awarded the DBJ Green Building Certification

■ Installment of LED Light in ACROSSMALL Shinkamagaya

- Installed LED light in common area of ACROSSMALL Shinkamagaya to reduce energy consumption and CO² emission, modifying the master lease contracted rent

Investment	55,500 thousand yen	
Annual rent	546,000 thousand yen (before)	⇒ 551,400 thousand yen (after)
	➢ <u>+ 5,400 thousand yen</u>	
Appraisal value	6,970 million yen (before)	⇒ 7,270 million yen (after)
	➢ <u>+ 300 million yen</u> due to rent increase & cap rate compression (-0.2%)	



■ DBJ Green Building Certification

Property name	D Project Hachioji
Certification level	Gold
Evaluation points	<ul style="list-style-type: none"> • Disaster prevention measures were taken at the property, both in physical and operational aspects, as seismic dampers were newly installed in the wake of the Great East Japan Earthquake and close communications have been maintained with its tenants regarding their BCPs in case of disaster. • In addition to the basic specifications that offer space allowance (ceiling height, floor weight capacity and pillar interval spacing), the property has a structure that meets requirements from tenants, including a slope that allows access to upper floors by trucks and indoor double-sided truck berths.



“Logistics property with exceptionally high environmental & social awareness”



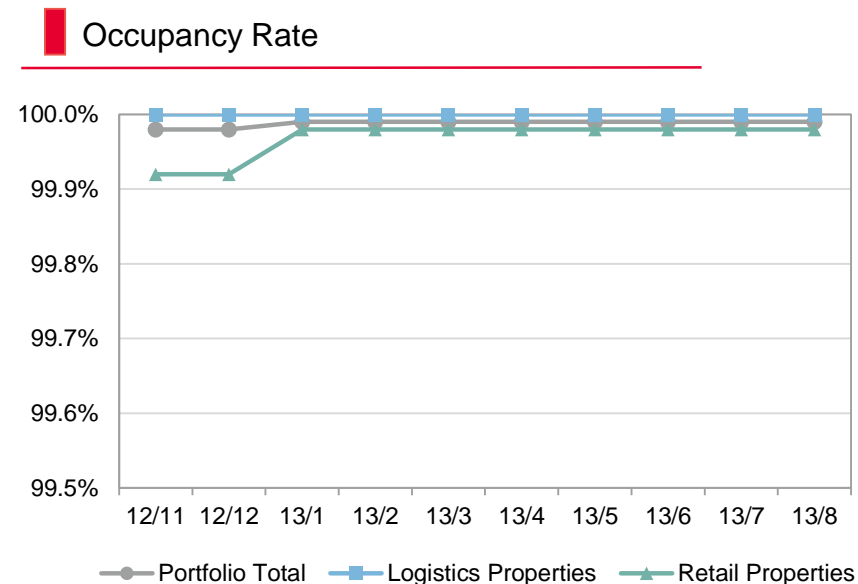
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Status of Portfolio Operation

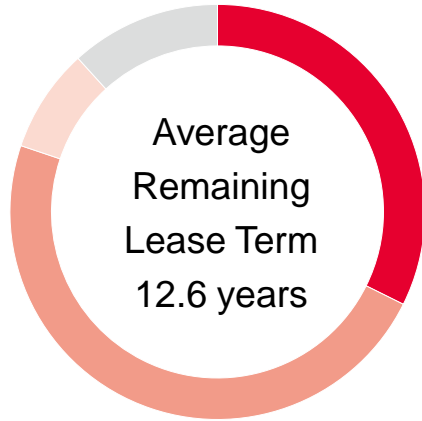
- ◆ Stable portfolio with long remaining lease term and relatively new properties
- ◆ Maintained a high-level occupancy rate of 99.99%

	Portfolio Total	Logistics Properties	Retail Properties
Total acquisition price	117,089 million yen	89,010 million yen	28,079 million yen
Number of properties	25 properties	19 properties	6 properties
Average lease term (based on annual rent)	17.6 years	18.8 years	14.3 years
Average remaining lease term (based on annual rent)	12.6 years	13.6 years	9.8 years
Average NOI yield	6.0%	5.9%	6.2%
Average property age (based on acquisition price)	5.9 years	5.9 years	5.7 years
Occupancy rate at end of period	99.99%	100.00%	99.98%

(Note) Property tax and city planning tax of UNICUS Takasaki are not recorded as expenses.



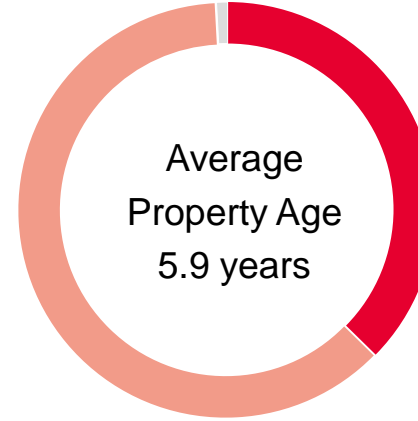
◆ By Remaining Lease Term (based on annual rent)



- 15 years or more
32.3%
- 10 years or more but less than 15 years
47.8%
- 5 years or more but less than 10 years
8.1%
- less than 5 years
11.8%

**10 years or more
80.1%**

◆ By Property Age (based on acquisition price)



- Less than 5 years
37.3%
- 5 years or more but less than 10 years
61.8%
- 10 years or more
0.9%

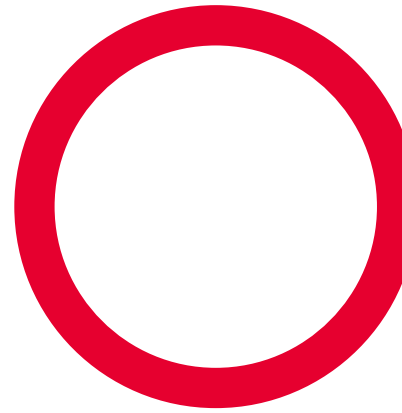
**less than 10 years
99.1%**

◆ By Lease Term (based on annual rent)



- 10 years or more
97.6%
- Less than 10 years
2.4%

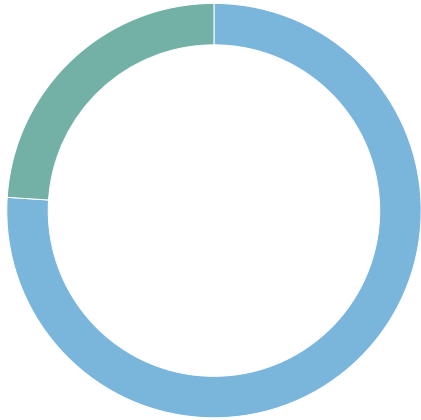
◆ By Rent Type



- Fixed rent
100.0%

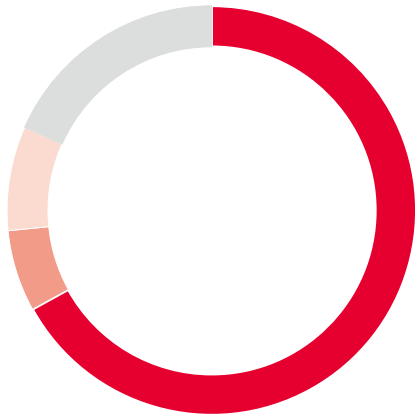
As of August 31, 2013

◆ By Property Type (based on acquisition price)



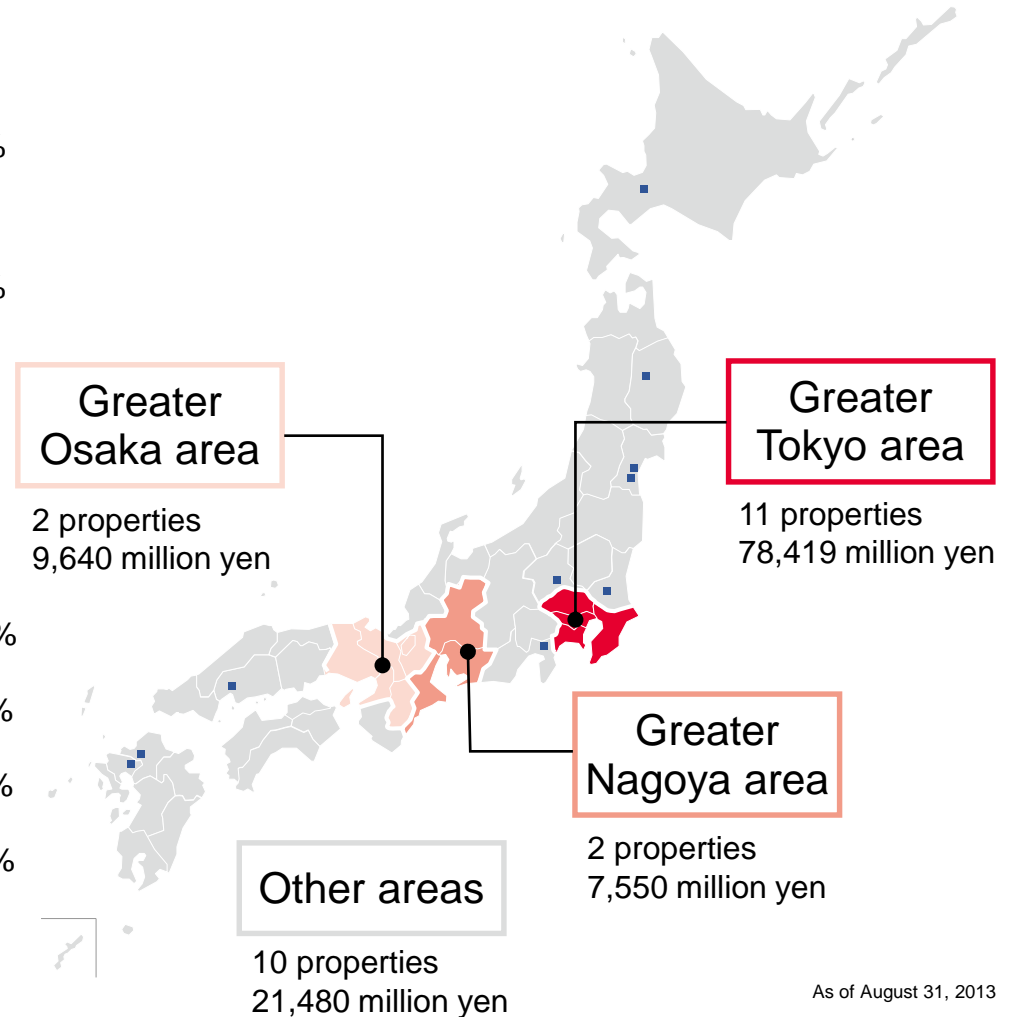
- Logistics (19 properties)
89,010 million yen 76.0%
- Retail (6 properties)
28,079 million yen 24.0%

◆ By Location (based on acquisition price)



- Greater Tokyo area 67.0%
- Greater Nagoya area 6.4%
- Greater Osaka area 8.2%
- Other areas 18.3%

Three major metropolitan areas 81.7%



As of August 31, 2013

Property number	Property name	Location	Construction date (Note)	Acquisition price		Appraisal value (million yen)	NOI yield	Total leasable area (m ²)	Occupancy rate	PML
				(million yen)	(%)					
L-B-1	D Project Machida	Machida, Tokyo	2006/10/1	7,600	6.5%	8,170	5.7%	50,490.39	100.00%	2.7%
L-B-2	D Project Hachioji	Hachioji, Tokyo	2008/12/1	12,600	10.8%	13,500	5.8%	62,394.17	100.00%	6.0%
L-B-3	D Project Aikawa-Machi	Aiko, Kanagawa	2006/6/30	2,600	2.2%	2,980	6.2%	14,240.84	100.00%	5.5%
L-B-4	D Project Shin-Misato	Misato, Saitama	2009/4/15	4,440	3.8%	5,630	6.8%	11,289.91	100.00%	0.8%
L-B-5	D Project Urayasu I	Urayasu, Chiba	2005/5/31	7,700	6.6%	8,350	5.2%	36,515.81	100.00%	3.5%
L-B-6	D Project Urayasu II	Urayasu, Chiba	2007/4/10	21,400	18.3%	22,900	5.1%	72,320.01	100.00%	2.1%
L-B-7	D Project Akanehama	Narashino, Chiba	2005/10/11	2,550	2.2%	2,710	5.4%	11,663.39	100.00%	1.7%
L-B-8	D Project Noda	Noda, Chiba	2007/9/30	5,100	4.4%	5,750	6.0%	29,232.53	100.00%	1.7%
L-B-9	D Project Inuyama	Inuyama, Aichi	2009/12/10	6,650	5.7%	7,750	6.8%	43,723.70	100.00%	3.4%
L-B-10	D Project Gifu	Anpachi, Gifu	2009/2/28	900	0.8%	1,070	6.9%	7,669.91	100.00%	4.1%
L-B-11	D Project Neyagawa	Neyagawa, Osaka	2009/7/23	4,600	3.9%	5,300	6.2%	11,151.51	100.00%	2.7%
L-B-12	D Project Sapporo Minami	Kitahiroshima, Hokkaido	2007/10/30	600	0.5%	781	8.4%	6,749.10	100.00%	1.9%
L-B-13	D Project Morioka	Iwate, Iwate	2002/9/13	1,000	0.9%	1,150	7.3%	9,558.32	100.00%	8.1%
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	2006/3/28	1,250	1.1%	1,370	6.9%	11,052.27	100.00%	1.5%
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	2009/2/19	2,880	2.5%	3,230	6.9%	17,448.86	100.00%	1.6%
L-B-16	D Project Gotenba	Gotenba, Shizuoka	2009/1/15	950	0.8%	1,110	6.9%	6,737.53	100.00%	7.0%
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	2008/1/10	990	0.8%	1,160	7.6%	5,093.51	100.00%	2.3%
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	2006/5/1	3,100	2.6%	3,590	6.9%	24,729.56	100.00%	1.3%
L-B-19	D Project Tosu	Tosu, Saga	2009/2/19	2,100	1.8%	2,540	6.9%	8,826.00	100.00%	4.2%
Logistics Properties			19 properties	89,010	76.0%	99,041	5.9%	440,887.32	100.00%	-
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	2006/10/31	7,419	6.3%	7,270	6.2%	41,742.84	100.00%	2.4%
R-M-2	FOLEO Hirakata	Hirakata, Osaka	2006/11/20	5,040	4.3%	4,350	5.9%	16,380.78	99.91%	13.3%
R-M-3	QiZ GATE URAWA	Saitama, Saitama	2008/2/17	5,360	4.6%	4,800	5.8%	9,705.31	100.00%	1.8%
R-M-4	UNICUS Takasaki	Takasaki, Gunma	2008/11/5	2,570	2.2%	2,700	8.2%	9,277.08	100.00%	1.0%
R-R-1	LIFE Sagamihara Wakamatsu	Sagamihara, Kanagawa	2007/4/25	1,650	1.4%	1,500	3.5%	2,973.44	100.00%	11.0%
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	2009/10/6	6,040	5.2%	6,130	6.9%	19,845.72	100.00%	2.8%
Retail Properties			6 properties	28,079	24.0%	26,750	6.2%	99,925.17	99.98%	-
Portfolio Total			25 properties	117,089	100.0%	125,791	6.0%	540,812.49	99.99%	1.9%

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

※ Property tax and city planning tax of UNICUS Takasaki are not recorded as expenses.

Rent Renewal Schedule

Status of Portfolio Operation

Property number	Property name	Tenant	Rent type	2014		2015		2016		2017		2018		Rent renewal date	Expiration date	
				February	August	February	August	February	August	February	August	February	August			
				12th	13th	14th	15th	16th	17th	18th	19th	20th	21st			
Logistics Properties																
L-B-1	D Project Machida	Hitachi Capital Corporation	Fixed											No revision	2027/2/28	
L-B-2	D Project Hachioji	Mitsubishi Shokuhin Co., Ltd.	Fixed											2014/2/27	Not disclosed	
L-B-2	D Project Hachioji	Tokyo Logistics Factory CO. LTD	Fixed											2014/2/27	2029/2/28	
L-B-3	D Project Aikawa-Machi	Hitachi Capital Corporation	Fixed											2016/7/1	2026/6/30	
L-B-4	D Project Shin-Misato	Asahi Security Co., Ltd.	Fixed											2014/5/1	2029/4/30	
L-B-5	D Project Urayasu I	NAKANO SHOKAI CO., LTD.	Fixed											No revision	2026/2/28	
L-B-6	D Project Urayasu II	Hitachi Capital Corporation	Fixed											Not disclosed	2027/5/31	
L-B-7	D Project Akanehama	Hitachi Capital Corporation	Fixed											2015/10/11	2025/10/10	
L-B-8	D Project Noda	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/10/1	Not disclosed	
L-B-9	D Project Inuyama	Takihyo Co., Ltd.	Fixed											2015/1/1	2029/12/31	
L-B-10	D Project Gifu	GOTSU Co., Ltd.	Fixed											2014/3/23	2024/3/22	
L-B-11	D Project Neyagawa	Nippon Meat Packers, Inc.	Fixed											2015/8/1	Not disclosed	
L-B-12	D Project Sapporo Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/12/1	Not disclosed	
L-B-13	D Project Morioka	Mitsubishi Shokuhin Co., Ltd.	Fixed											-	Not disclosed	
L-B-14	D Project Sendai Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2016/4/1	Not disclosed	
L-B-15	D Project Tsuchiura	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.	Fixed											2015/4/1	2029/4/14	
L-B-16	D Project Gotenba	HOKKOH Transportation, Inc.	Fixed											2014/1/15	2029/1/14	
L-B-17	D Project Nishi-Hiroshima Tower A	UCC FOODS CO., LTD.	Fixed											2013/12/25	2023/1/31	
L-B-17	D Project Nishi-Hiroshima Tower B	HOKKOH Transportation, Inc.	Fixed											2013/11/1	2028/10/31	
L-B-18	D Project Fukuoka Umi Tower A	Nippon Express Co., Ltd	Fixed											-	2016/1/20	
L-B-18	D Project Fukuoka Umi Tower B	CREATE CORPORATION	Fixed											No revision	2022/4/15	
L-B-18	D Project Fukuoka Umi Tower C	Fuji Logitech Co., Ltd.	Fixed											-	2016/5/31	
L-B-18	D Project Fukuoka Umi Tower D	Japan Beverage Holdings Inc.	Fixed											2015/9/1	2021/8/31	
L-B-19	D Project Tosu	Nippon Meat Packers, Inc.	Fixed											2015/4/1	Not disclosed	
Retail Properties																
R-M-1	ACROSSMALL Shinkamagaya	Daiwa Information Service Co., Ltd.	Fixed											Expiration	2013/12/12	2017/12/11
R-M-2	FOLEO Hirakata	Core tenant A	Fixed											2016/1/1	2026/12/8	
R-M-2	FOLEO Hirakata	Core tenant B	Fixed											2016/1/1	2026/12/14	
R-M-3	QiZ GATE URAWA	Core tenant A	Fixed											2014/3/27	2028/3/26	
R-M-3	QiZ GATE URAWA	Core tenant B	Fixed											2014/3/27	2028/3/26	
R-M-4	UNICUS Takasaki	P&D Consulting Co., Ltd.	Fixed											2014/12/9	2028/11/19	
R-R-1	LIFE Sagamihara Wakamatsu	LIFE CORPORATION	Fixed											2016/5/22	2027/5/21	
R-R-2	FOLEO Sendai Miyanomori	Daiwa House Industry Co., Ltd.	Fixed											No revision	2022/11/30	

12 th Period (Feb 2014)	Logistics Properties	Rent revision	5 tenants
	Retail Properties <core tenants>	Rent revision	1 tenant

13 th Period (Aug 2014)	Logistics Properties	Rent revision	2 tenants
	Retail Properties <core tenants>	Rent revision	2 tenants
	<other than above>	Rent revision	1 tenant
		Contract expiration	3 tenants



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Financial Forecasts

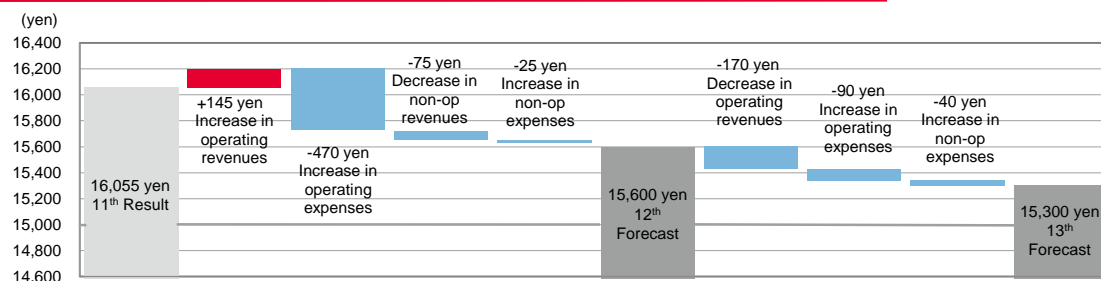
- ◆ Maintain a stable distribution level of over 15,000 yen
- ◆ DPU Forecast 15,600 yen for 12th Period / 15,300 yen for 13th Period

12th Period (Feb 2014) and 13th Period (Aug 2014) Forecasts

(million yen)

	11th Period Result ended Aug 2013	12th Period Forecast ending Feb 2014 as of 2013/10/18	Period-on- period change	13th Period Forecast ending Aug 2014 as of 2013/10/18	Period-on- period change
Operating Revenues	4,128	4,145	17	4,124	-21
Operating Income	2,320	2,281	-39	2,248	-33
Ordinary Income	1,967	1,917	-50	1,879	-37
Net Income	1,967	1,916	-50	1,879	-37
Distributions per unit	16,055 yen	15,600 yen	-455 yen	15,300 yen	-300 yen
FFO per unit	22,939 yen	22,535 yen	-404 yen	22,230 yen	-305 yen
【Major expenses】					
Real estate taxes	355	355	0	366	10
Depreciation	843	845	1	845	0
Borrowing related expenses	362	364	2	369	4

Cause of Variation in DPU for 12th and 13th Periods



Major Changing Factors for 12th Period (Feb 2014)

12 th Period Forecast <versus 11 th Period>	✓ Operating revenues	+17 million yen
	• Contribution of UNICUS Takasaki for a full-fiscal period revenues	
	• Full contribution of upward rent revision at ACROSSMALL Shinkamagaya	
	✓ Operating expenses	+56 million yen
	• Increase in repairs and maintenance expenses	
	• Full-fiscal period expenses for UNICUS Takasaki	
	✓ Non-operating revenues	-8 million yen
	• Interest on refund of consumption taxes booked in the previous period	
	✓ Non-operating expenses	+2 million yen
	• Increase in interest expenses	

Major Changing Factors for 13th Period (Aug 2014)

13 th Period Forecast <versus 12 th Period>	✓ Operating revenues	-21 million yen
	• Rent revisions / contract renewals	
	✓ Operating expenses	+11 million yen
	• Real estate taxes for UNICUS Takasaki	
	✓ Non-operating expenses	+4 million yen
	• Increase in interest expenses	

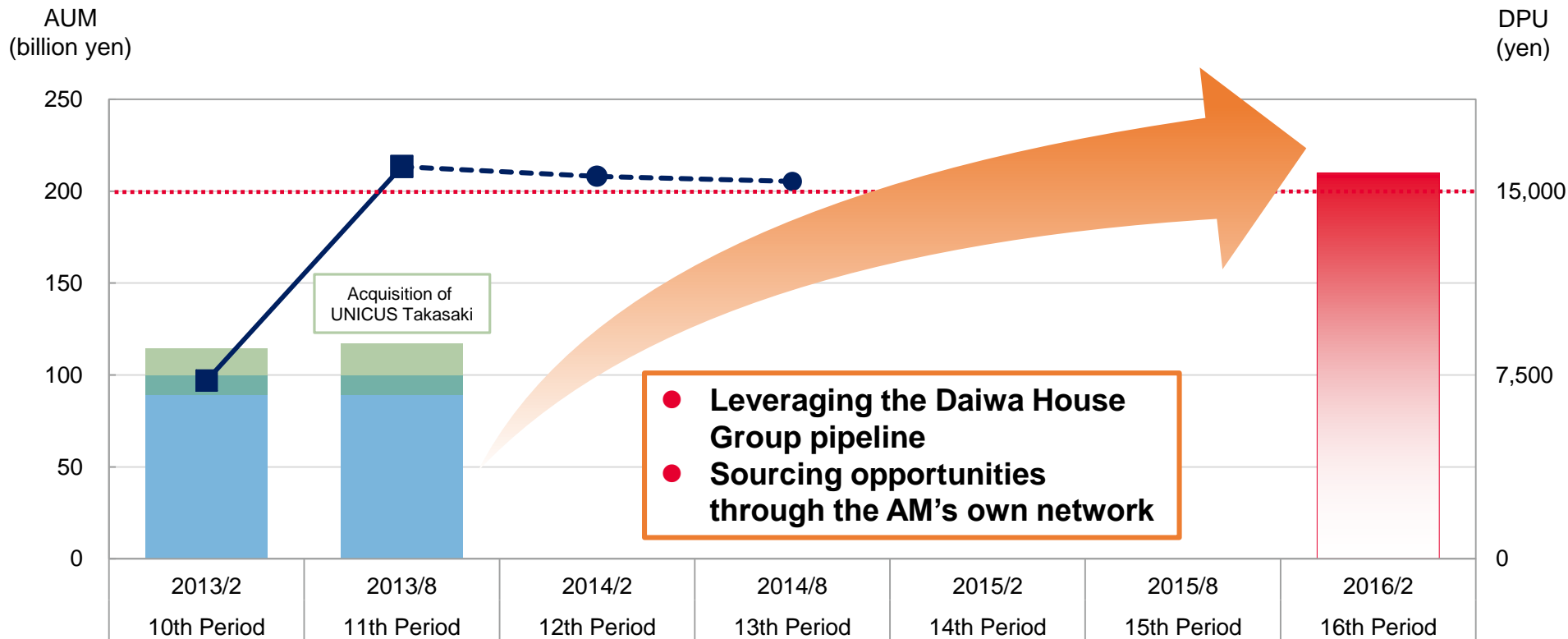


4

Our Growth Strategy

	Market Environment Assessment	Growth Strategy
External Growth	<p>【Logistics】</p> <ul style="list-style-type: none"> ◆ With new listing of logistics REITs, entry of new players and increased emphasis on logistics properties, competition for property acquisition intensifies and expected yields are on a downward trend especially in the three major metropolitan areas. ◆ J-REITs' ratio of ownership of logistics properties is increasing significantly. <p>【Retail】</p> <ul style="list-style-type: none"> ◆ New openings of large-scale stores are on a recovery trend due to an increase in number of redevelopment projects and other factors. ◆ Expected yields of urban type retail properties are on a downward trend centering on central Tokyo while expected yields of suburban type retail properties remain unchanged. 	<p>【Logistics】</p> <ul style="list-style-type: none"> ◆ Secure stable revenues and steady growth by fully leveraging the sponsor pipeline with main focus on acquisition of BTS type “high-performance logistics properties” supplied by the sponsor. <p>【Retail】</p> <ul style="list-style-type: none"> ◆ Secure stable revenues and steady growth by fully leveraging the sponsor pipeline, primarily acquisition of “specialty retail complexes” supplied by the sponsor, and by acquiring prime properties from third parties.
Internal Growth	<p>【Logistics】</p> <ul style="list-style-type: none"> ◆ The vacancy rate of multi-tenant type logistics properties in the greater Tokyo area marked a record low, but a temporary increase is expected due to continuing new supply. <p>【Retail】</p> <ul style="list-style-type: none"> ◆ The movement toward pulling out of deflation is gaining momentum amidst a sense of incomes bottoming out, and the retail sector is performing well after the earthquake, but the situation is becoming less optimistic as the increase in consumption tax approaches. 	<p>【Logistics】</p> <ul style="list-style-type: none"> ◆ Focus on further strengthening tenant relationships so as to maintain and improve rent level as at times of rent renewal. <p>【Retail】</p> <ul style="list-style-type: none"> ◆ Maintain and improve rent, at times of rent renewal, and occupancy rate by closely monitoring sales trends of each of our tenants and further strengthening relations with them.
Financial Operation	<ul style="list-style-type: none"> ◆ Long-term interest rates are currently regaining stability from the previous situation of uncertainty. ◆ Financial institutions' attitude toward loans continues to be positive. ◆ J-REIT equity financing continues to be active. 	<ul style="list-style-type: none"> ◆ Maintain financial soundness by closely monitoring long-term interest rate trends and conducting well-planned and flexible financial operation based on a solid bank formation. ◆ Maintain and further strengthen stable financial base by lengthening debt maturity, improving fixed interest rate ratio and diversifying repayment dates, given our remaining lease terms are long-term.

- ◆ Sustainable DPU level of 15,000 yen and prospect of stable growth
- ◆ Initial target AUM of 200 billion yen by the end of 16th period (ending February 2016)



<Phase 1: from March 2013 to February 2016>
Founding a solid platform to capture long-term stable income and growth

- Acquisitions from Daiwa House Group pipeline (Logistics) (LHS)
- Acquisitions from Daiwa House Group pipeline (Retail) (LHS)
- Acquisitions from non-sponsor (Retail) (LHS)
- Distributions per unit (RHS)

Daiwa House Group Pipeline (1)

(Examples of Properties Developed and Planned by Daiwa House Group)

Property name	Category	Location	Construction date (planned)	Number of floors	Gross floor area (m ²)
Logistics Properties					
D Project Kuki Shobu I Annex C	BTS	Kuki, Saitama	2011/10	3F	24,464
D Project Kuki Shobu I Annex E	BTS	Kuki, Saitama	2013/6	4F	27,568
D Project Kuki Shobu II Annex F	BTS	Kuki, Saitama	2012/7	6F	47,321
D Project Kuki Shobu II Annex G	BTS	Kuki, Saitama	2013/6	3F	53,898
D Project Kuki Shobu III Annex H	BTS	Kuki, Saitama	2013/8	3F	31,689
D Project Kawagoe Annex B	BTS	Kawagoe, Saitama	2011/5	3F	17,487
D Project Kawagoe Annex C	BTS	Kawagoe, Saitama	2012/9	2F	21,144
D Project Higashi Matsuyama	BTS	Higashimatsuyama, Saitama	2008/9	4F	19,119
D Project Yashio	BTS	Yashio, Saitama	2011/6	3F	23,055
D Project Matsudo Annex B	BTS	Matsudo, Chiba	2011/3	5F	21,125
DPL Inuyama	BTS	Inuyama, Aichi	2013/10	3F	22,718
D Project Nishi Yodogawa II	BTS	Osaka, Osaka	2011/4	4F	39,585
D Project Sapporo Higashi Annex A	BTS	Sapporo, Hokkaido	2009/10	4F	13,225
D Project Fukuoka Hakozaki	BTS	Fukuoka, Fukuoka	2012/10	4F	34,711
D Project Hibikinada	BTS	Kitakyushu, Fukuoka	2008/8	2F	23,934
DPL Misato	Multi-tenant	Misato, Saitama	2013/7	5F	72,988
DPL Sagamihara	Multi-tenant	Sagamihara, Kanagawa	2013/12	5F	102,918
DPL Yokohama Daikoku	Multi-tenant	Yokohama, Kanagawa	2014/3	6F	149,339
DPL Fukuoka Kasuya	Multi-tenant	Kasuya, Fukuoka	2014/4	6F	96,766
Retail Properties					
FOLEO Shoubu	Roadside	Kuki, Saitama	2010/4	1F	19,287
FOLEO Hakata	Mall	Fukuoka, Fukuoka	2008/1	3F	29,023
FOLEO Otsu Ichiriyama	Mall	Otsu, Shiga	2008/10	2F + B1F	66,038
iias Tsukuba	Mall	Tsukuba, Ibaraki	2008/9	4F	125,249

(Note) As of the date of this document, we are not planning to acquire any of the above properties.

Daiwa House Group Pipeline (2)

(Examples of Properties Developed and Planned by Daiwa House Group)

◆ Logistics Properties



D Project Kuki Shobu I Annex C

D Project Kuki Shobu I Annex E

D Project Kuki Shobu II Annex F

D Project Kuki Shobu III Annex H



D Project Kawagoe Annex B

D Project Kawagoe Annex C

D Project Higashi Matsuyama

D Project Yashio



D Project Matsudo Annex B

DPL Inuyama

D Project Nishi Yodogawa II

D Project Fukuoka Hakozaki



DPL Misato

DPL Sagamihara

DPL Yokohama Daikoku

DPL Fukuoka Kasuya



FOLEO Shobu



FOLEO Hakata



FOLEO Otsu Ichiriyama



iias Tsukuba

(Note) As of the date of this document, we are not planning to acquire any of the above properties.

Thank you

 **Daiwa House REIT Investment Corporation**

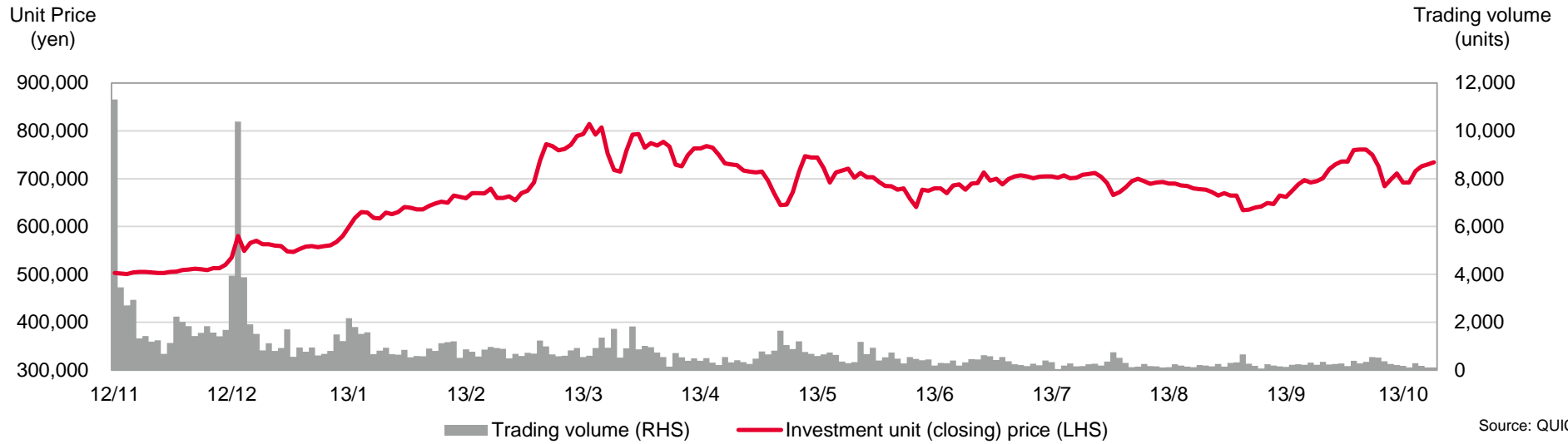
 **Daiwa House REIT Management Co., Ltd.**
Daiwa REIT[®]
Daiwa House Group

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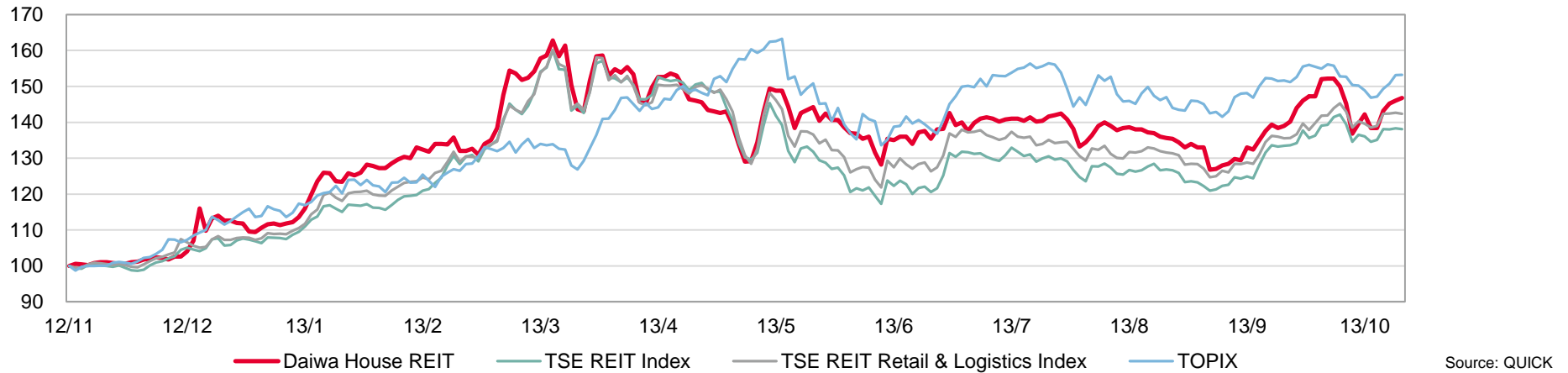
Appendix

Investment Unit Price Performance

Investment Unit Price and Trading Volume

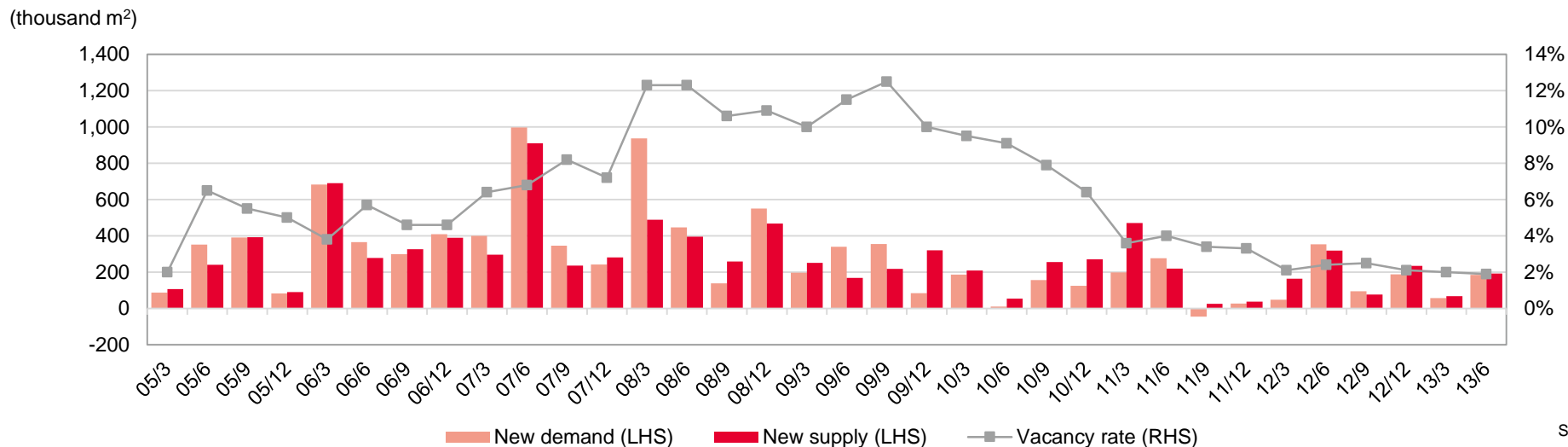


Relative Investment Unit Price Performance

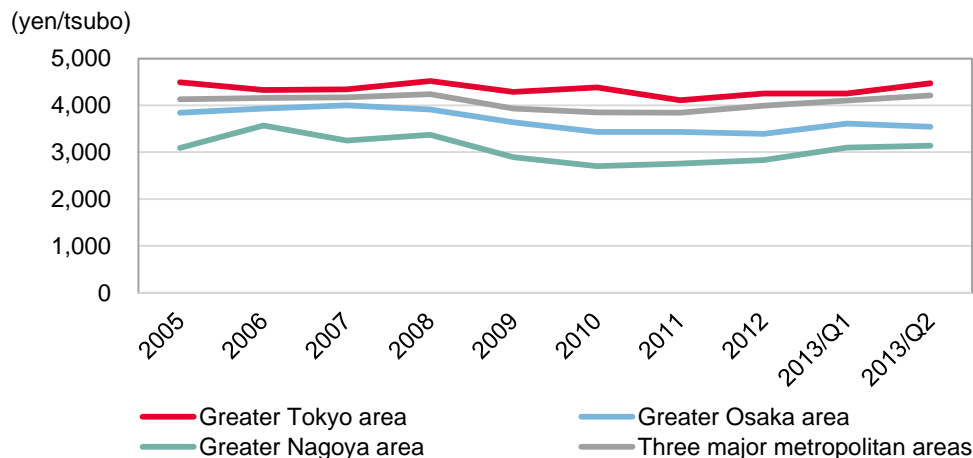


※ Indexed with the ¥500,000 IPO price for DHR's investment unit price and the closing price of November 27, 2012 for TSE indices as 100.

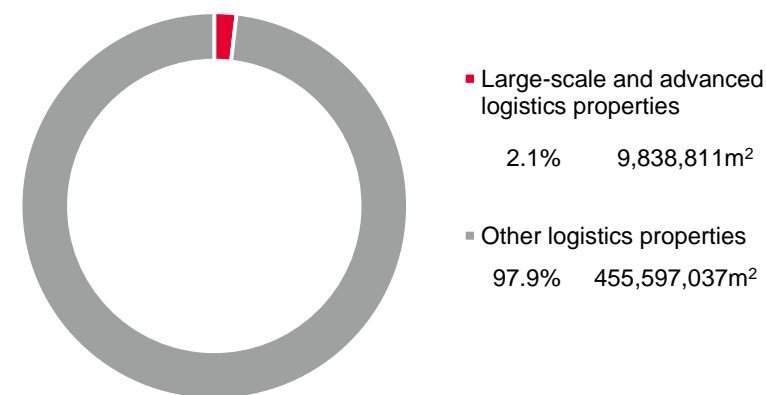
Supply and Demand of Logistics Properties for Lease in the Three Major Metropolitan Areas of Japan



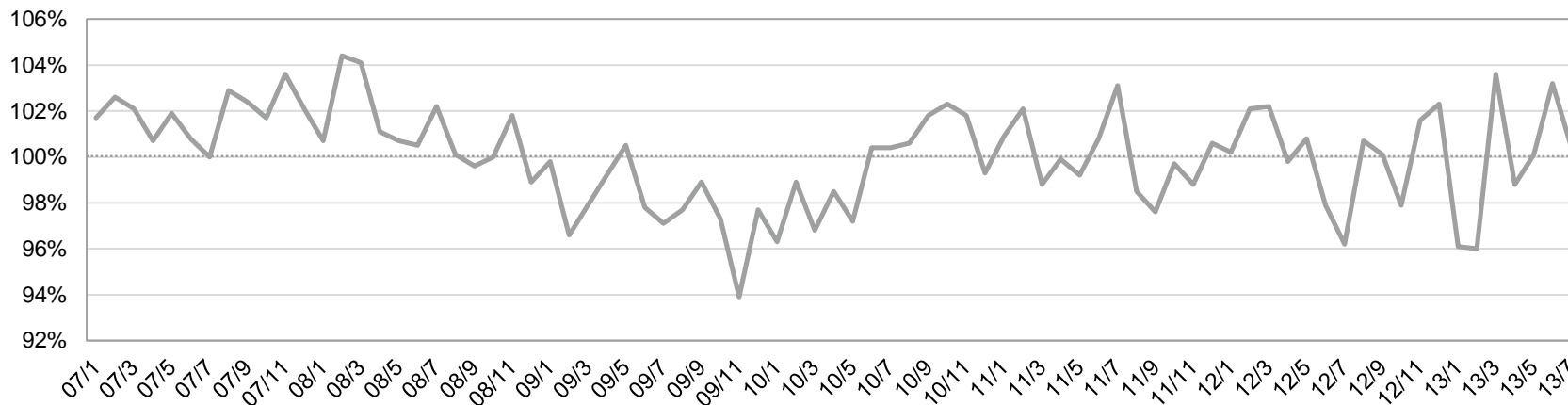
Average Offered Rent for Medium- to Large-scale Logistics Properties



Supply of Large-Scale and Advanced Logistics Properties Compared to All Logistics Properties



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

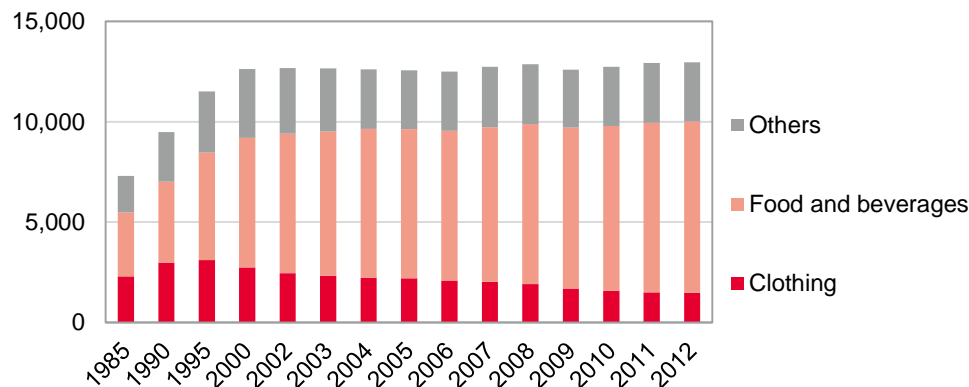


Source: "Survey of Commerce", METI

Breakdown of Annual Sales of Supermarkets and Department Stores

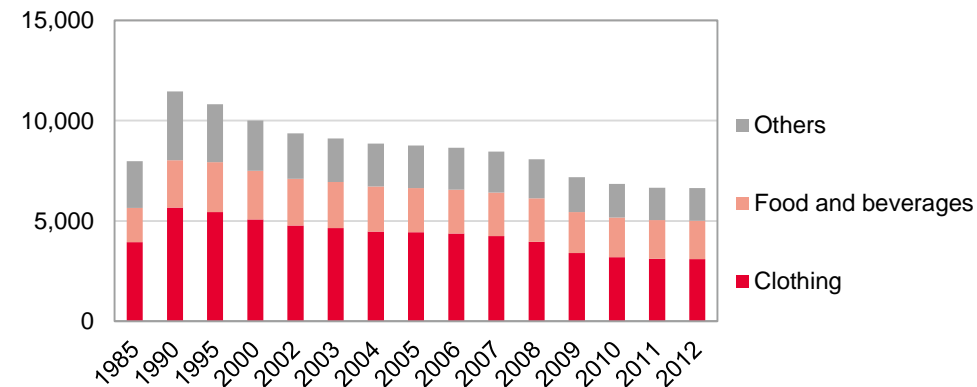
Supermarkets

(billion yen)



Department stores

(billion yen)



Source: "Commercial Sales Statistics" and "Current Survey of Commerce", METI

(thousand yen)

	10th Period ended Feb 2013	11th Period ended Aug 2013		10th Period ended Feb 2013	11th Period ended Aug 2013
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	3,959,773	7,513,846	Operating accounts payable	43,535	75,895
Cash and deposits in trust	7,362,648	7,706,696	Accounts payable-other	8,145	12,205
Operating accounts receivable	13,731	11,648	Accrued expenses	78,951	301,698
Prepaid expenses	134,656	133,247	Income taxes payable	605	605
Consumption taxes receivable	2,172,672	—	Accrued consumption taxes	—	119,485
Other	104,928	100,116	Advances received	385,684	408,916
Total current assets	13,748,410	15,465,556	Other	53,628	23,895
Noncurrent assets			Total current liabilities	570,552	942,702
Property, plant and equipment			Noncurrent liabilities		
Buildings in trust	52,402,113	53,380,855	Long-term loans payable	61,000,000	63,000,000
Accumulated depreciation	(1,843,680)	(2,645,266)	Tenant leasehold and security deposits in trust	5,935,967	6,081,051
Buildings in trust, net	50,558,432	50,735,588	Total noncurrent liabilities	66,935,967	69,081,051
Structures in trust	2,106,811	2,156,788	Total liabilities	67,506,519	70,023,753
Accumulated depreciation	(86,927)	(128,977)			
Structures in trust, net	2,019,883	2,027,810	Net assets		
Land in trust	61,060,143	62,751,887	Unitholders' equity		
Total property, plant, and equipment	113,638,459	115,515,287	Unitholders' capital	59,381,050	59,381,050
Intangible assets			Surplus		
Other	3,230	2,890	Unappropriated retained earnings	891,943	1,967,380
Total intangible assets	3,230	2,890	Total surplus	891,943	1,967,380
Investments and other assets			Total unitholders' equity	60,272,993	61,348,430
Investment securities	6,054	6,134	Total net assets	60,272,993	61,348,430
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	Total liabilities and net assets	127,779,512	131,372,184

Statements of Income

	(thousand yen)	
	10th Period ended Feb 2013	11th Period ended Aug 2013
Operating revenues		
Rent revenues-real estate	2,346,448	4,036,575
Other lease business revenues	74,727	91,571
Total operating revenues	2,421,176	4,128,146
Operating expenses		
Expenses related to rent business	826,422	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	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	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	891,943	1,967,380

Interest-Bearing Liabilities

Term	Lender	Balance (million yen)		Interest rate	Floating /Fixed	Borrowing date	Maturity date	Maturity	Note	Remaining term
		Amount	Total amount							
Long-term	Sumitomo Mitsui Banking Corporation	4,250	20,000	0.72931%	Fixed	2012/11/29	2015/11/30	3 years	Unsecured and non-guaranteed	2.2 years
	Sumitomo Mitsui Trust Bank, Limited	4,250								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,250								
	Mizuho Bank, Ltd.	4,250								
	Mitsubishi UFJ Trust and Banking Corporation	2,000								
	Resona Bank, Ltd.	1,000								
	Sumitomo Mitsui Banking Corporation	3,000	15,000	0.83038%	Fixed	2012/11/29	2016/11/29	4 years	Unsecured and non-guaranteed	3.2 years
	Sumitomo Mitsui Trust Bank, Limited	3,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000								
	Mizuho Bank, Ltd.	3,000								
	Mitsubishi UFJ Trust and Banking Corporation	2,000								
	Resona Bank, Ltd.	1,000								
	Sumitomo Mitsui Banking Corporation	3,000	16,000	0.95649%	Fixed	2012/11/29	2017/11/29	5 years	Unsecured and non-guaranteed	4.2 years
	Sumitomo Mitsui Trust Bank, Limited	3,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000								
	Mizuho Bank, Ltd.	3,000								
	Mitsubishi UFJ Trust and Banking Corporation	1,000								
	Development Bank of Japan Inc.	3,000								
	Sumitomo Mitsui Banking Corporation	2,000	10,000	1.28759%	Fixed	2012/11/29	2019/11/29	7 years	Unsecured and non-guaranteed	6.2 years
	Sumitomo Mitsui Trust Bank, Limited	2,000								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000									
Mizuho Bank, Ltd.	2,000									
Development Bank of Japan Inc.	2,000									
Sumitomo Mitsui Trust Bank, Limited	2,000	2,000								
Total		63,000		0.92%	-	-	-	4.6 years	-	3.9 years (Note 2)

(Note 1) The interest rate is fixed in effect by entering into the interest rate swap agreement.

(Note 2) Weighted average based on borrowing amount.

Portfolio Appraisal Value

Property number	Property name	Acquisition price (million yen)	Book value 11th period (million yen)	Unrealized gain/loss (million yen)	Appraisal value (million yen)			Direct capitalization method			Discounted cash flow method						Real estate appraiser (Note 1)
								Capitalization rate			Discount rate			Terminal capitalization rate			
					10th period	11th period	Difference	10th period	11th period	Difference	10th period	11th period	Difference	10th period	11th period	Difference	
L-B-1	D Project Machida	7,600	7,569	601	7,920	8,170	250	5.4%	5.3%	-0.1%	5.4%	5.2%	-0.2%	5.7%	5.5%	-0.2%	Tanizawa
L-B-2	D Project Hachioji	12,600	12,511	989	12,900	13,500	600	5.4%	5.3%	-0.1%	(Note 2)	(Note 3)	-	5.7%	5.5%	-0.2%	Tanizawa
L-B-3	D Project Aikawa-Machi	2,600	2,594	386	2,890	2,980	90	5.5%	5.4%	-0.1%	5.6%	5.4%	-0.2%	5.8%	5.6%	-0.2%	Tanizawa
L-B-4	D Project Shin-Misato	4,440	4,427	1,203	5,520	5,630	110	5.4%	5.4%	0.0%	5.5%	5.4%	-0.1%	5.7%	5.6%	-0.1%	Tanizawa
L-B-5	D Project Urayasu I	7,700	7,678	672	8,070	8,350	280	4.9%	4.8%	-0.1%	5.1%	4.9%	-0.2%	5.2%	5.0%	-0.2%	Tanizawa
L-B-6	D Project Urayasu II	21,400	21,351	1,549	22,200	22,900	700	4.9%	4.8%	-0.1%	5.0%	4.8%	-0.2%	5.2%	5.0%	-0.2%	Tanizawa
L-B-7	D Project Akanehama	2,550	2,544	166	2,620	2,710	90	5.2%	5.1%	-0.1%	5.4%	5.2%	-0.2%	5.5%	5.3%	-0.2%	Tanizawa
L-B-8	D Project Noda	5,100	5,063	687	5,580	5,750	170	5.4%	5.3%	-0.1%	5.4%	5.2%	-0.2%	5.7%	5.5%	-0.2%	Tanizawa
L-B-9	D Project Inuyama	6,650	6,602	1,148	7,520	7,750	230	5.8%	5.7%	-0.1%	5.8%	5.6%	-0.2%	6.1%	5.9%	-0.2%	Tanizawa
L-B-10	D Project Gifu	900	894	176	1,050	1,070	20	5.9%	5.9%	0.0%	5.9%	5.8%	-0.1%	6.2%	6.1%	-0.1%	Tanizawa
L-B-11	D Project Neyagawa	4,600	4,582	718	5,120	5,300	180	5.5%	5.4%	-0.1%	5.6%	5.4%	-0.2%	5.8%	5.6%	-0.2%	Tanizawa
L-B-12	D Project Sapporo Minami	600	597	184	773	781	8	6.5%	6.5%	0.0%	(Note 4)	(Note 5)	-	6.8%	6.7%	-0.1%	Tanizawa
L-B-13	D Project Morioka	1,000	992	158	1,130	1,150	20	6.4%	6.4%	0.0%	6.4%	6.3%	-0.1%	6.7%	6.6%	-0.1%	Tanizawa
L-B-14	D Project Sendai Minami	1,250	1,237	133	1,340	1,370	30	6.0%	5.9%	-0.1%	(Note 6)	(Note 7)	-	6.3%	6.1%	-0.2%	Tanizawa
L-B-15	D Project Tsuchiura	2,880	2,854	376	3,170	3,230	60	5.6%	5.6%	0.0%	5.6%	5.5%	-0.1%	5.9%	5.8%	-0.1%	Tanizawa
L-B-16	D Project Gotenba	950	945	165	1,100	1,110	10	5.8%	5.8%	0.0%	5.8%	5.7%	-0.1%	6.1%	6.0%	-0.1%	Tanizawa
L-B-17	D Project Nishi-Hiroshima	990	992	168	1,130	1,160	30	5.9%	5.9%	0.0%	6.0%	(Note 8)	-	6.2%	6.1%	-0.1%	Tanizawa
L-B-18	D Project Fukuoka Umi	3,100	3,080	510	3,500	3,590	90	6.1%	6.0%	-0.1%	(Note 9)	(Note 10)	-	6.4%	6.2%	-0.2%	Tanizawa
L-B-19	D Project Tosu	2,100	2,083	457	2,480	2,540	60	5.9%	5.8%	-0.1%	6.0%	5.8%	-0.2%	6.2%	6.0%	-0.2%	Tanizawa
Logistics Properties		89,010	88,604	10,437	96,013	99,041	3,028	-	-	-	-	-	-	-	-	-	-
R-M-1	ACROSSMALL Shinkamagaya	7,419	6,850	420	6,970	7,270	300	6.6%	6.4%	-0.2%	6.3%	6.1%	-0.2%	6.8%	6.6%	-0.2%	JREI
R-M-2	FOLEO Hirakata	5,040	4,716	-366	4,350	4,350	0	6.8%	6.8%	0.0%	6.3%	6.3%	0.0%	6.9%	6.9%	0.0%	JREI
R-M-3	QIZ GATE URAWA	5,360	4,992	-192	4,700	4,800	100	6.5%	6.3%	-0.2%	6.0%	5.8%	-0.2%	6.5%	6.3%	-0.2%	JREI
R-M-4	UNICUS Takasaki	2,570	2,649	51	2,690	2,700	10	7.2%	7.2%	0.0%	6.9%	6.9%	0.0%	7.4%	7.4%	0.0%	JREI
R-R-1	LIFE Sagamihara Wakamatsu	1,650	1,646	-146	1,440	1,500	60	6.0%	5.8%	-0.2%	5.6%	5.4%	-0.2%	6.1%	5.9%	-0.2%	JREI
R-R-2	FOLEO Sendai Miyanomori	6,040	6,055	75	6,110	6,130	20	6.8%	6.8%	0.0%	6.5%	6.5%	0.0%	7.0%	7.0%	0.0%	JREI
Retail Properties		28,079	26,911	-161	26,260	26,750	490	-	-	-	-	-	-	-	-	-	-
Portfolio Total		117,089	115,515	10,276	122,273	125,791	3,518	-	-	-	-	-	-	-	-	-	-

※ As for the property acquired in the 11th fiscal period (UNICUS Takasaki), the appraisal value at the time of the acquisition is recorded as the end of the 10th fiscal period figure.

(Note 1) Tanizawa: The Tanizawa Sogo Appraisal Co., Ltd., JREI: Japan Real Estate Institute

(Note 2) 5.4% for 1st-6th year, 5.5% for 7th-10th year

(Note 3) 5.2% for 1st-6th year, 5.3% for 7th-10th year

(Note 4) 6.4% for 1st-5th year, 6.5% for 6th-10th year

(Note 5) 6.3% for 1st-4th year, 6.4% for 5th-10th year

(Note 6) 5.9% for 1st-8th year, 6.0% for 9th-11th year

(Note 7) 5.7% for 1st-8th year, 5.8% for 9th-10th year

(Note 8) Tower A: 5.9% for 1st-10th year, 6.0% from 11th year / Tower B: 5.9%

(Note 9) Tower A: 5.9% for 1st-3rd year, 6.1% from 4th year / Tower B: 5.9% for 1st-9th year, 6.1% from 10th year / Tower C: 6.1% / Tower D: 6.0% for 1st-9th year, 6.1% from 10th year

(Note 10) Tower A: 5.7% for 1st-2nd year, 5.9% from 3rd year / Tower B: 5.7% for 1st-9th year, 5.9% from 10th year / Tower C: 5.9% / Tower D: 5.8% for 1st-8th year, 5.9% from 9th year

Rental Revenues and Expenses by Property (1)

(million yen)

Property number	L-B-1		L-B-2		L-B-3		L-B-4		L-B-5		L-B-6		L-B-7		L-B-8		L-B-9		L-B-10	
Property name	D Project Machida		D Project Hachioji		D Project Aikawa-Machi		D Project Shin-Misato		D Project Urayasu I		D Project Urayasu II		D Project Akanehama		D Project Noda		D Project Inuyama		D Project Gifu	
Number of operating days	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th
	92 days	184 days	92 days	184 days	93 days	184 days	92 days	184 days	93 days	184 days	92 days	184 days	93 days	184 days	93 days	184 days	93 days	184 days	92 days	184 days
Revenues form property leasing																				
Rental revenues																				
Other revenues																				
Rental expenses																				
Real estate taxes	Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)	
Property management fees																				
Insurance																				
Repairs and maintenance																				
Other rental expenses																				
Rental NOI	126	220	214	366	44	81	82	151	116	200	306	554	39	69	89	153	129	226	17	31
Depreciation	33	49	69	104	10	15	17	26	29	44	72	109	10	15	29	44	37	56	6	9
Operating income from property leasing	93	170	144	261	34	65	64	124	87	156	233	445	29	53	59	109	91	169	10	21
NOI yield (annualized)	6.6%	5.7%	6.8%	5.8%	6.8%	6.2%	7.4%	6.8%	6.0%	5.2%	5.7%	5.1%	6.1%	5.4%	6.9%	6.0%	7.6%	6.8%	7.6%	6.9%
Yield after depreciation (annualized)	4.9%	4.4%	4.6%	4.1%	5.2%	5.0%	5.8%	5.6%	4.5%	4.0%	4.3%	4.1%	4.5%	4.2%	4.6%	4.3%	5.4%	5.1%	4.8%	4.8%

Property number	L-B-11		L-B-12		L-B-13		L-B-14		L-B-15		L-B-16		L-B-17		L-B-18		L-B-19		Logistics Properties Total	
Property name	D Project Neyagawa		D Project Sapporo Minami		D Project Morioka		D Project Sendai Minami		D Project Tsuchiura		D Project Gotenba		D Project Nishi-Hiroshima		D Project Fukuoka Umi		D Project Tosu		10th	11th
Number of operating days	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	92 days (Note 2)	184 days
	93 days	184 days	93 days	184 days	92 days	184 days	93 days	184 days	92 days	184 days	93 days	184 days	92 days	184 days	93 days	184 days	93 days	184 days		
Revenues form property leasing																				
Rental revenues																				
Other revenues																				
Rental expenses																				
Real estate taxes	Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)		Not disclosed (Note 1)				Not disclosed (Note 1)		1,552	3,023
Property management fees																				
Insurance																				
Repairs and maintenance																				
Other rental expenses																				
Rental NOI	80	142	14	25	20	36	24	43	55	99	18	33	21	38	60	108	40	73	1,504	2,655
Depreciation	20	30	4	7	7	11	10	15	19	28	5	8	4	7	18	28	13	20	422	633
Operating income from property leasing	60	112	10	18	12	25	14	28	36	70	12	24	16	30	41	80	27	53	1,081	2,021
NOI yield (annualized)	6.8%	6.2%	9.7%	8.4%	8.1%	7.3%	7.7%	6.9%	7.7%	6.9%	7.7%	6.9%	8.6%	7.6%	7.6%	6.9%	7.6%	6.9%	6.7%	5.9%
Yield after depreciation (annualized)	5.1%	4.8%	6.7%	6.0%	5.1%	5.1%	4.5%	4.5%	5.1%	4.9%	5.3%	5.1%	6.7%	6.2%	5.3%	5.1%	5.1%	5.0%	4.8%	4.5%

(Note1) Not disclosed as consent for disclosure has not been obtained from the lessee. (Note2) Weighted average based on acquisition price.

Rental Revenues and Expenses by Property (2)

(million yen)

Property number	R-M-1		R-M-2		R-M-3		R-M-4		R-R-1		R-R-2		Retail Properties Total	
Property name	ACROSSMALL Shinkamagaya		FOLEO Hirakata		QIZ GATE URAWA		UNICUS Takasaki		LIFE Sagamiyama Wakamatsu		FOLEO Sendai Miyanomori			
Number of operating days	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th
	181 days	184 days	181 days	184 days	181 days	184 days		158 days	181 days	184 days	92 days	184 days	160 days (Note 2)	184 days
Revenues form property leasing	273	273	188	189	235	241	-	111	Not disclosed (Note 1)		121	238	869	1,104
Rental revenues	273	273	187	188	174	175	-	111			121	238	807	1,037
Other revenues	-	-	1	1	60	65	-	-			-	-	62	67
Rental expenses	46	39	39	38	78	83	-	20			2	26	172	230
Real estate taxes	26	26	23	23	14	14	-	-			-	21	68	89
Property management fees	8	8	7	8	32	32	-	17			1	3	52	72
Insurance	0	0	0	0	0	0	-	0			0	0	1	1
Repairs and maintenance	9	4	3	2	0	1	-	2			0	0	14	25
Other rental expenses	0	0	3	3	30	35	-	0			0	0	35	40
Rental NOI	226	233	149	150	157	157	-	91		43	28	119	211	696
Depreciation	69	71	41	42	50	51	-	14	4	4	17	26	183	209
Operating income from property leasing	157	162	108	108	106	106	-	76	39	24	101	184	513	663
NOI yield (annualized)	6.2%	6.2%	6.0%	5.9%	5.9%	5.8%	-	8.2%	5.3%	3.5%	7.8%	6.9%	6.2%	6.2%
Yield after depreciation (annualized)	4.3%	4.3%	4.3%	4.3%	4.0%	3.9%	-	6.9%	4.8%	3.0%	6.7%	6.1%	4.6%	4.7%

Portfolio Total	
10th	11th
107 days (Note 2)	184 days
2,421	4,128
2,346	4,036
74	91
220	598
68	355
90	147
4	6
15	38
41	50
2,200	3,529
605	843
1,594	2,685
6.5%	6.0%
4.7%	4.5%

(Note1) Not disclosed as consent for disclosure has not been obtained from the lessee. (Note2) Weighted average based on acquisition price.

Highest Priority on Long-term Stable Cash Flow

- 1 Investment in High-performance Logistics Properties and Specialty Retail Complexes**
- 2 Collaboration with Daiwa House Group**
- 3 Focusing on Unitholders' Interests**
- 4 Stable Financial Operation**

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



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

**Logistics and retail properties are asset types
suitable to achieve stability in profit on a long-term basis**

Investment Criteria

Location

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




Specifications

- Space and other specifications in principle
 - Gross floor area (6,000m² or more)
 - Floor weight capacity (1.5t/m² or more)
 - Ceiling height (5m or more)
 - Pillar interval spacing (8m or more)
- Building, equipment and other features (car berths, etc.) in accordance with the expected size and type of parcels to be delivered and shipping frequency

Investment in High-Performance Logistics Properties (2)

Specifications of Competitive High-performance Logistics Properties

1




Car berths
Sufficient number of car berths to enhance efficiency in cargo loading

Ceiling height
5 m or more to enable forklifts to handle cargo


Pillar interval spacing
8 m or more to enhance work efficiency

4




Vertical carrier machines
Sufficient number to convey cargo efficiently

2




Dock shelters
To prevent entry of outside air, rain, wind, moisture, dust, etc., during cargo handling

5



Office space
Comfortable work environment for employees


3



Elevators
Sufficient number of elevators to enhance on-site distribution efficiency

Floor weight capacity
1.5 t/m² or more to enable the use of forklifts

6



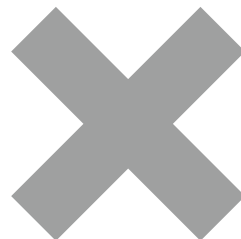
Cafeteria
Hospitable work environment for employees

(Note) Not all logistics properties in our portfolio are necessarily equipped with all of the specifications above.

Investment Criteria

Location

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



Tenants

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

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

Investment in Specialty Retail Complexes (2)

Three Categories of Specialty Retail Complexes - Roadside, Mall and Urban Type Retail Properties

- Current portfolio consists of roadside and mall type retail properties

Roadside Type Retail Properties

(FOLEO Sendai Miyanomori)



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

Mall Type Retail Properties

(ACROSSMALL Shinkamagaya)



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

Major Tenants



(Note) Not all retail properties in our portfolio necessarily have all of the above tenants.

Collaboration with Daiwa House Group

Support from the Sponsor for External and Internal Growth



- ◆ Planning and development of logistics properties and retail properties as part of the Daiwa House Group's core businesses
- ◆ Conclusion of pipeline supporting agreements to grant a preferential negotiation rights for the sale and purchase of the properties

 Daiwa House REIT Investment Corporation

 Daiwa House REIT Management Co.,Ltd.

External Growth

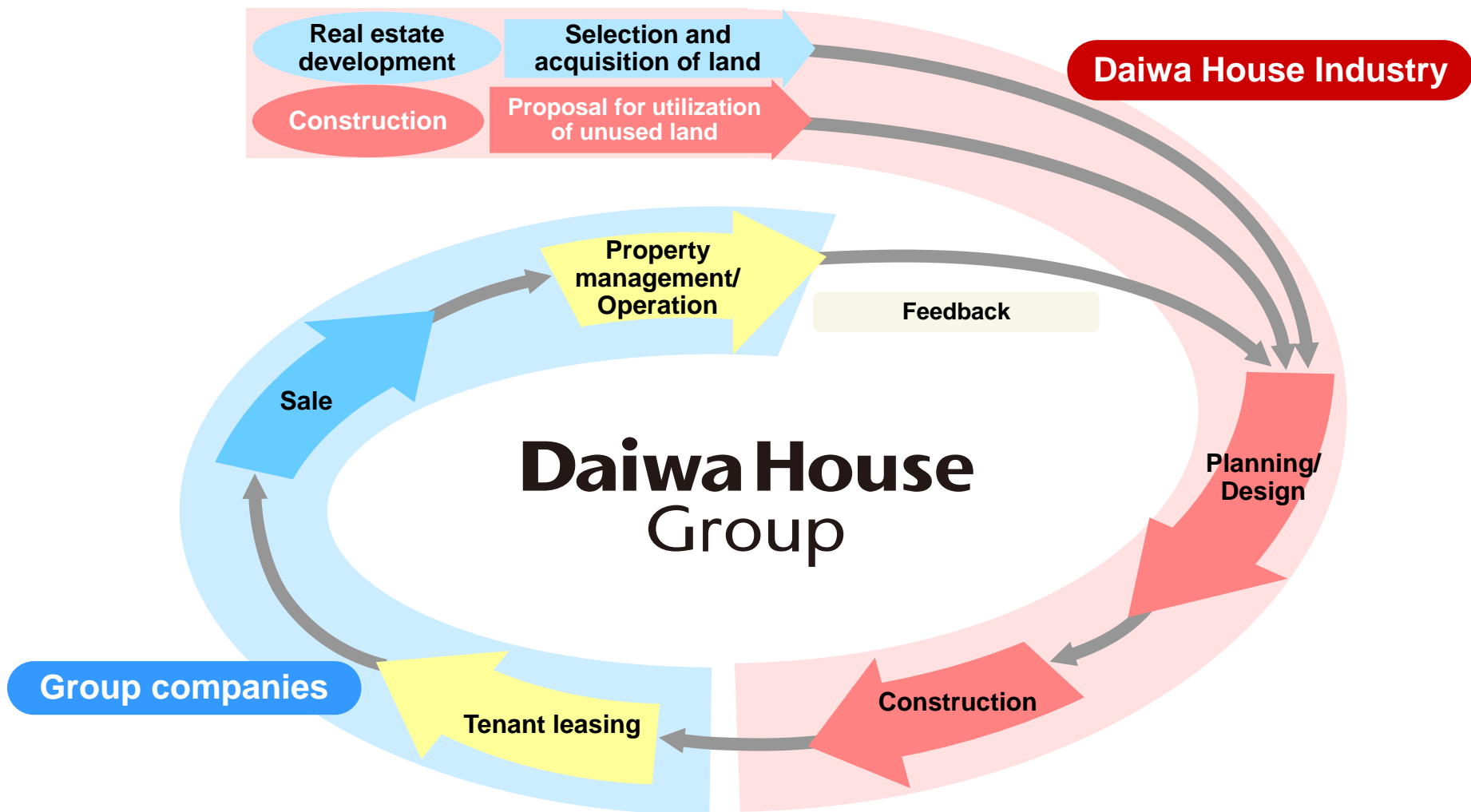
- Extensive capability for planning and development of high-performance logistics properties and specialty retail complexes

Internal Growth

- Capability to undertake comprehensive services from planning and development to property management

- Well-established and strong relationships with broad range of tenants
- Capability in tenant leasing
- Strength in property management
- Optimization of life cycle cost

All business from development and construction to management and operation are handled by the Daiwa House Group



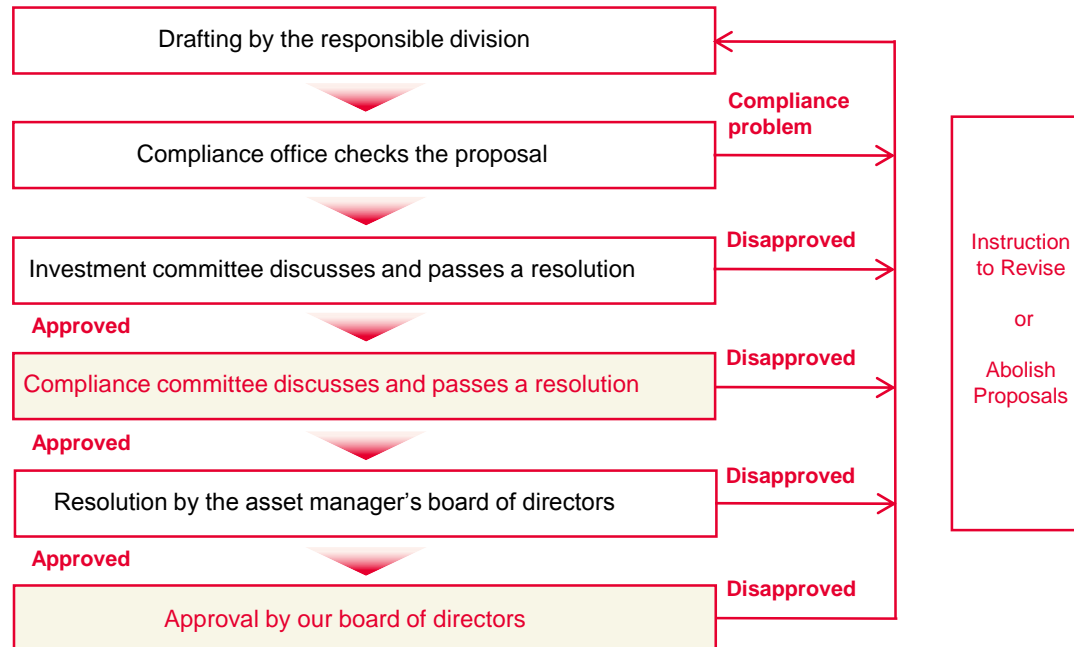
Focusing on Unitholders' Interests

Ownership of Investment Units by Daiwa House Industry Co., Ltd. ("Same Boat Investments")

- 1 Intends to consider, in good faith, purchasing a portion of investment units when newly issued
- 2 Intends, in principle, to continue to hold acquired investment units

(Note) "Same boat investment" refers to a sponsor's initiative to align its interest as a sponsor with that of unitholders by holding a portion of investment units.

Ensuring Involvement of Third Parties in Decision-Making Flow to Protect Unitholders' Interests



Securing soundness through a well-planned and flexible financial strategy






Equity finance

- 1 New equity issue bearing in mind possible dilutive impacts from the issuance

Debt finance

- 1 Maintain solid bank formation
- 2 Extend debt maturities
- 3 Fix interest rates
- 4 Diversify repayment maturities






List of Logistics Properties - BTS Type (1)

Property Name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato	D Project Urayasu I
Photo					
Location	Machida, Tokyo	Hachioji, Tokyo	Aiko, Kanagawa	Misato, Saitama	Urayasu, Chiba
Acquisition Price	7,600 million yen	12,600 million yen	2,600 million yen	4,440 million yen	7,700 million yen
Appraisal Value	8,170 million yen	13,500 million yen	2,980 million yen	5,630 million yen	8,350 million yen
NOI Yield	5.7%	5.8%	6.2%	6.8%	5.2%
Occupancy Rate	100.0%	100.0%	100.0%	100.0%	100.0%
Main Tenant	Hitachi Capital Corporation	Mitsubishi Shokuhin Co., Ltd.	Hitachi Capital Corporation	Asahi Security Co., Ltd.	NAKANO SHOKAI CO., LTD.
Line of Products	Household goods, etc. (mail-order company)	Food, etc. (food wholesale company)	Food, etc. (logistics company)	—	Home appliances (logistics company)
Number of Tenants	1	2	1	1	1
Property Descriptions	<ul style="list-style-type: none"> Located near National Route 16, which connects to the Yokohama/Machida IC on the Tomei Expressway and the Hachioji IC on the Chuo Expressway Distribution base that can be used for wider-area distribution, mainly in the southeastern region of the Tokyo metropolitan area Sufficient parking lots on the premise 	<ul style="list-style-type: none"> Located near National Route 16, which connects to the Yokohama/Machida IC on the Tomei Expressway and the Hachioji IC on the Chuo Expressway Distribution base that can be used for wider-area distribution, mainly in the southeastern region of the Tokyo metropolitan area Sufficient parking lots on the premise 	<ul style="list-style-type: none"> National Route 129 is the closest highway Favorable access to large-scale commercial areas in Hachioji, Kawasaki and Yokohama Sagami Longitudinal Expressway will be completed in the FY2013, which would enable access to the Tomei and Chuo Expressways 	<ul style="list-style-type: none"> Easily accessible to highways which lead to the greater Tokyo area via the Misato IC on the Gaikan Expressway within approx. 3 km from this property Possible to quickly collect from and distribute to major commercial areas centering around the northern part of Tokyo and the southern part of Saitama at a low cost 7 minutes' walk from Shin-Misato Sta. on the JR Musashino Line 	<ul style="list-style-type: none"> 2~3 km from the Shuto Expressway Wangan (closest to the Maihama and Urayasu ICs) and National Route 357 which runs along the coast Favorable location for a logistics property handling general consumer goods because it is close to a large-scale consumption area Located within one of the major large logistics centers in Chiba Prefecture
Specifications	<ul style="list-style-type: none"> Gross floor area: 50,490.34 m² Floor weight capacity: 0.5~1.5 t/m² Ceiling height: 3.3~7.2 m Pillar interval: 9.0 m × 11.0 m Cargo EV: 6 Vertical carrier machine: 1 Connected car berths: 2 sides (for 40 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 58,678.15 m² Floor weight capacity : 1.5 t/m² Ceiling height: 6.3~7.4 m Pillar interval: 10.0 m × 10.8 m Cargo EV : 3 (1st and 2nd floor) / 4 (3rd and 4th floor) Vertical carrier machines: 3 Connected car berths: 2 sides (for 75 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 13,213.43 m² Floor weight capacity : 0.8 t/m² Ceiling height: 5.7~6.8 m Pillar interval: 10.0m × 11.0 m Cargo EV: 2 Vertical carrier machines: 2 Connected car berths: 1 side (for 23 vehicles) Dock shelters: for 20 vehicles 	<ul style="list-style-type: none"> Gross floor area: 11,257.04 m² Floor weight capacity : 1.5 t/m² (partly 2.5 t/m²) Ceiling height: 4.0~6.0 m Pillar interval: 10.2 m × 10.0 m Cargo EV: 2 Connected car berths: 1 side (for 11 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 36,515.81 m² Floor weight capacity : 1.5 t/m² Ceiling height: 6.5~7.1 m Pillar interval: 10.0 m × 10.0 m Cargo EV: 4 Vertical carrier machines: 12 Connected car berths: 2 sides (for 48 vehicles)





List of Logistics Properties - BTS Type (2)

Property Name	D Project Urayasu II	D Project Akanehama	D Project Noda	D Project Inuyama	D Project Gifu
Photo					
Location	Urayasu, Chiba	Narashino, Chiba	Noda, Chiba	Inuyama, Aichi	Anpachi, Gifu
Acquisition Price	21,400 million yen	2,550 million yen	5,100 million yen	6,650 million yen	900 million yen
Appraisal Value	22,900 million yen	2,710 million yen	5,750 million yen	7,750 million yen	1,070 million yen
NOI Yield	5.1%	5.4%	6.0%	6.8%	6.9%
Occupancy Rate	100.0%	100.0%	100.0%	100.0%	100.0%
Main Tenant	Hitachi Capital Corporation	Hitachi Capital Corporation	Mitsubishi Shokuhin Co., Ltd.	Takihyo Co., Ltd.	GOTSU Co., Ltd.
Line of Products	Business equipment, etc. (warehouse company)	Vegetable, etc. (food retailer)	Food (food wholesale company)	Clothes, etc. (apparel wholesaler)	Beverage, etc. (logistics company)
Number of Tenants	1	1	1	1	1
Property Descriptions	<ul style="list-style-type: none"> 2~3km from the Shuto Expressway Wangan (closest to the Maihama and Urayasu ICs) and National Route 357 which runs along the coast Favorable location for a logistics property handling general consumer goods because it is close to a large-scale consumption area Located within one of the major large logistics centers in Chiba Prefecture 	<ul style="list-style-type: none"> Favorable access to the Tokando Expressway, National Route 357 and Keiyo Road Large-sized base covering the extensive commercial area in the greater Tokyo area extending from central Tokyo to Chiba Slightly far from JR Shin-Narashino Sta., but still within walking distance 	<ul style="list-style-type: none"> A collection and distribution base centering around the commercial area in the east side of the greater Tokyo area from Chiba Prefecture to Saitama Prefecture, located near National Route 16, the major loop line in the greater Tokyo area Regarded as a base for the entire greater Tokyo area, including the center of Tokyo, since it is easily accessible to the Tokyo Gaikan Expressway and Shuto Expressway 	<ul style="list-style-type: none"> Located within approx.10 km from the Komaki IC on the Tomei-Meishin Expressway, approx. 7 km from the Komaki Higashi IC on the Chuo Expressway and approx. 4 km from National Route 41 running north and south Favorable location as a wide-area distribution base Large motor vehicles have easy access to the frontal roads and peripheral highways 	<ul style="list-style-type: none"> Located within approx. 3 km from the Ogaki IC and approx. 6 km from the Gifu Hashima IC on the Meishin Expressway The area can function as a base for procurement and distribution for the production of raw materials among production sites in the Chubu area and the Kinki area, and as a distribution site for consumer areas centering around the Chubu area Relatively accessible from populous peripheral cities such as Ogaki City and Gifu City
Specifications	<ul style="list-style-type: none"> Gross floor area: 72,320.01 m² Floor weight capacity: 1.5 t/m² Ceiling height: 5.4~7.1 m Pillar interval: 10.5 m × 10.7 m Cargo EV: 10 Vertical carrier machines: 8 Connected car berths: 3 sides (for 99 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 11,656.89 m² Floor weight capacity: 1.0 t/m² Ceiling height: 5.0~6.2m Pillar interval: 8.4 m × 10.0 m Cargo EV: 4 Connected car berths: 1 side (for 21 vehicles) Dock shelters: for 21 vehicles 	<ul style="list-style-type: none"> Gross floor area: 29,190.21 m² Floor weight capacity: 1.5 t/m² Ceiling height: 8.3~11.3 m Pillar interval: 10.8 m × 11.0 m Cargo EV: 4 Vertical carrier machines: 6 Connected car berths: 3 sides (for 78 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 42,083.63 m² Floor weight capacity: 0.5~1.5 t/m² Ceiling height: 3.3~7.3 m Pillar interval: 10.0 m × 10.0 m Cargo EV: 2 Vertical carrier machines: 4 Connected car berths: for 55 vehicles 	<ul style="list-style-type: none"> Gross floor area: 6,921.06 m² Floor weight capacity: 1.5 t/m² Ceiling height: 6.3~6.6 m Pillar interval: 10.1 (8.1) m × 10.5 m Cargo EV: 1 Vertical carrier machines: 2





List of Logistics Properties - BTS Type (3)

Property Name	D Project Neyagawa	D Project Sapporo Minami	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura
Photo					
Location	Neyagawa, Osaka	Kitahiroshima, Hokkaido	Iwate, Iwate	Iwanuma, Miyagi	Tsuchiura, Ibaraki
Acquisition Price	4,600 million yen	600 million yen	1,000 million yen	1,250 million yen	2,880 million yen
Appraisal Value	5,300 million yen	781 million yen	1,150 million yen	1,370 million yen	3,230 million yen
NOI Yield	6.2%	8.4%	7.3%	6.9%	6.9%
Occupancy Rate	100.0%	100.0%	100.0%	100.0%	100.0%
Main Tenant	Nippon Meat Packers, Inc.	Mitsubishi Shokuhin Co., Ltd.	Mitsubishi Shokuhin Co., Ltd.	Mitsubishi Shokuhin Co., Ltd.	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.
Line of Products	Frozen foods (food maker)	Food, etc. (food wholesale company)	Food, beverage, etc. (food wholesale company)	Snacks and beverage, etc. (food wholesale company)	PC support and maintenance center
Number of Tenants	1	1	1	1	1
Property Descriptions	<ul style="list-style-type: none"> Located within approx. 4 km from the Osaka Chuo Kanjo Highway, approx. 5 km from the Settsu Minami IC on the Kinki Expressway, approx. 4.5 km from the entrance and exit of the Hanshin Expressway Moriguchi Route, and near Settsu City, a logistics area Relatively good traffic access as National Route 1 is the major trunk line connecting Kyoto and Osaka Large motor vehicles have easy access from National Route 1 	<ul style="list-style-type: none"> Located near National Route 36, the major highway connecting Sapporo City to Tomakomai area via Shinchitose Airport. Favorable location as a distribution base for commercial areas including Sapporo City and its peripheral cities Proximity to the commercial area and an industrial complex Access to highways to major cities of Hokkaido, as it is located near the Wattsu Smart IC and Kitahiroshima IC on the Hokkaido Expressway 	<ul style="list-style-type: none"> A base for distribution to the North Tohoku and Sendai areas, the central commercial area in the Tohoku area Close to industrial areas and the central part of Morioka City Located in Morioka Nishi Research Park, which has wide peripheral roads and is within 10.2 km from Morioka Sta. of the JR Tohoku Shinkansen and within 5.7 km from the Morioka IC on the Tohoku Expressway 	<ul style="list-style-type: none"> Located near Sendai Airport, relatively accessible to Sendai Port, and within approx. 3 km from the Sendai Airport IC on the Sendai Tobu Expressway Favorable location for a logistics site as it is possible to distribute to the central part of Sendai via National Route 4 and the Sendai Tobu Expressway Good operational environment 	<ul style="list-style-type: none"> Located within approx. 3 km from the Tsuchiura Kita IC on the Joban Expressway and approx. 1.5 km from National Route 125, and with favorable traffic access to highways Located in the Higashi-Tsukuba and Niihari Industrial Area, which is a restricted industrial zone
Specifications	<ul style="list-style-type: none"> Gross floor area: 11,303.11 m² Floor weight capacity: 1.3 t/m² Ceiling height: 4.5~8.5 m Pillar interval: 11.0 m × 12.0 m Cargo EV: 1 Vertical carrier machines: 4 Connected car berths: for 25 vehicles Dock shelters: for 25 vehicles 	<ul style="list-style-type: none"> Gross floor area: 6,749.10 m² Floor weight capacity: 1.5 t/m² Ceiling height: 8.0~9.0 m Pillar interval: 11.0 m × 11.0 m (partly 11.0 m × 9.0 m) Cargo EV: 1 Vertical carrier machines: 1 Connected car berths: 1 side (for 17 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 8,849.12 m² Floor weight capacity: 1.5~2.0 t/m² Ceiling height: 8.5~9.1 m Pillar interval: 11.0 m × 7.8 m Cargo EV: 1 Vertical carrier machines: 2 Connected car berths: for 19 vehicles 	<ul style="list-style-type: none"> Gross floor area: 11,042.27 m² Floor weight capacity: 1.5 t/m² Ceiling height: 9.0~12.2 m Pillar interval: 10.5 m × 11.0 m Cargo EV: 1 Vertical carrier machines: 2 Connected car berths: 1 side (for 19 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 17,448.86 m² Floor weight capacity: 0.5~1.5 t/m² Ceiling height: 4.8~7.0 m Pillar interval: 9.2 m × 8.6 m Cargo EV: 2 Vertical carrier machines: 1 Connected car berths: 1 side (for 17 vehicles)



List of Logistics Properties - BTS Type (4)

Property Name	D Project Gotenba	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu
Photo				
Location	Gotenba, Shizuoka	Hiroshima, Hiroshima	Kasuya, Fukuoka	Tosu, Saga
Acquisition Price	950 million yen	990 million yen	3,100 million yen	2,100 million yen
Appraisal Value	1,110 million yen	1,160 million yen	3,590 million yen	2,540 million yen
NOI Yield	6.9%	7.6%	6.9%	6.9%
Occupancy Rate	100.0%	100.0%	100.0%	100.0%
Main Tenant	HOKKOH Transportation, Inc.	UCC FOODS CO., LTD	Nippon Express Co., Ltd	Nippon Meat Packers, Inc.
Line of Products	Materials for rubber and chemical products (logistics company)	Food and beverage (food wholesale company) / auto parts (logistics company)	Automobile tire (logistics company) / household goods (logistics company)	Frozen foods (food maker)
Number of Tenants	1	2	4	1
Property Descriptions	<ul style="list-style-type: none"> • Good access to the Tomei Expressway via the Gotenba IC and Susono IC, which are approx. 7 km from the property • It can function as a procurement and distribution base for the production of raw materials in the Chubu area 	<ul style="list-style-type: none"> • Located near the Hiroshima Seifu-Shinto IC in a convenient location as a distribution base • Many distribution and manufacturing bases in the peripheral industrial areas and wide peripheral connection roads 	<ul style="list-style-type: none"> • Located in the suburbs of Fukuoka, relatively close to the city central, within approx. 4 km from the Tsukiguma junction on the Fukuoka Urban Expressway and approx. 6 km from Fukuoka Airport • Located in an industrial area with a number of distribution facilities and offices 	<ul style="list-style-type: none"> • Significant logistics site near the Tosu IC, where the Kyushu Longitudinal Expressway and the Kyushu Transversal Expressway intersect • Located in a light-industrial district, within a distribution complex
Specifications	<ul style="list-style-type: none"> • Gross floor area: 6,457.26 m² • Floor weight capacity: 1.6~4.0 t/m² • Ceiling height: 6.1~7.0 m • Pillar interval: 9.4 m × 10.0 m • Vertical carrier machines: 2 	<ul style="list-style-type: none"> • Gross floor area: 4,453.45 m² • Floor weight capacity: 1.6~4.0 t/m² • Ceiling height: 6.5~10.6 m • Pillar interval: 9.0 m × 16.0 m / 11.0 m × 8.0 m / 9.5 m × 14.0 m (16.0 m) / 7.5 m × 9.7 m • Connected car berths: for 8 vehicles • Dock shelters: for 11 vehicles 	<ul style="list-style-type: none"> • Gross floor area: 23,742.02 m² • Floor weight capacity: 1.0~2.2 t/m² • Ceiling height: 6.4~10.9 m • Pillar interval: 8.1 m × 8.7 m / 8.4 m × 8.9 m • Cargo EV: 4 • Vertical carrier machines: 2 • Connected car berths: for 22 vehicles 	<ul style="list-style-type: none"> • Gross floor area: 8,504.62 m² • Floor weight capacity: 1.3 t/m² • Ceiling height: 6.7~7.4 m • Pillar interval: 11.0 m × 11.0 m • Cargo EV: 1 • Vertical carrier machines: 3 • Connected car berths: for 24 vehicles • Dock shelters: for 24 vehicles

List of Retail Properties - Mall Type

Property Name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QIZ GATE URAWA	UNICUS Takasaki
Photo				
Location	Kamagaya, Chiba	Hirakata, Osaka	Saitama, Saitama	Takasaki, Gunma
Acquisition Price	7,419 million yen	5,040 million yen	5,360 million yen	2,570 million yen
Appraisal Value	7,270 million yen	4,350 million yen	4,800 million yen	2,700 million yen
NOI Yield	6.2%	5.9%	5.8%	8.2%
Occupancy Rate	100.0%	100.0%	99.9%	100.0%
Main Tenant	Daiwa Information Service Co., Ltd.	Alpen Co., Ltd.	Vision Megane Corporation	P&D Consulting Co., Ltd.
Number of Tenants	1	23	11	1
Located Market Area / Tenant	<ul style="list-style-type: none"> Located on the center land designated for a Shinkamagaya land adjustment project in front of Shinkamagaya Sta. which is the hub for the three train lines of Hokuso Railway, Shin-Keisei Electric Railway and Tobu Noda Line 700 parking spaces and predominantly targets customers traveling by automobiles and trains There is a population of approx. 11,000 within a 1 km-radius, approx. 158,000 within a 3 km-radius, and approx. 378,000 within a 5 km-radius of the commercial area. Market expansion can be expected as residential housing development is progressing in the peripheral area and the ratio of family households within a 3 km-radius is relatively high 	<ul style="list-style-type: none"> Good access to National Route 1, which runs north and south of the central part of Hirakata and provides good location for roadside stores 930 parking spaces on the ground floor, the third floor and the rooftop There is a population of approx. 17,000 within a 1 km-radius, approx. 190,000 within a 3 km-radius and approx. 371,000 within a 5 km-radius of the commercial area. From the west side to the southwest side of the property, there is a high residential density at an average level for a commercial area Tenants include specialty stores such as Cineplex, Sports Depo (which includes Alpen and various other stores), as well as stores specializing in casual fashion, Shoe Plaza, a bookstore, a 100-yen shop and a pet shop, in addition to restaurants 	<ul style="list-style-type: none"> Located within approx. 2.7 km northeast of JR Urawa Sta., in a high traffic area where National Route 463 (which runs east to west) crosses with Second Industrial Road (which runs north to south) There is a population of approx. 26,000 within a 1 km-radius, approx. 231,000 within a 3 km-radius and 604,000 within a 5 km-radius of the commercial area. Although there is a low residential density in the area from the north side to the east side of the property, the south side has a high residential density, which makes this commercial area attractive Food supermarket, home furnishings, two specialty stores (pharmacy and eyeglasses store) and six service stores (beauty salon, clinic, dry cleaner, etc.) 	<ul style="list-style-type: none"> The property is located 2km north of JR Takasaki Station and has direct access from the four-lane residential road that connects central Takasaki to the Takasaki loop route. With the supermarket Yaoko as the core tenant, the property also has Sugi Pharmacy, SHOO-LA-RUE, Honeys, ABC Mart and Daiso and other daily life service providers. There is a population of 16,000 in the 1km trade area, 115,000 in the 3km trade area and 220,000 in the 5km trade area. The drive-time trade area is sufficiently wide as the 3km area can be traveled in 15 minutes by car.

List of Retail Properties - Roadside Type

Property Name	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori
Photo		
Location	Sagamihara, Kanagawa	Sendai, Miyagi
Acquisition Price	1,650 million yen	6,040 million yen
Appraisal Value	1,500 million yen	6,130 million yen
NOI Yield	3.5%	6.9%
Occupancy Rate	100.0%	100.0%
Main Tenant	LIFE CORPORATION	Daiwa House Industry Co., Ltd.
Number of Tenants	1	1
Located Market Area / Tenant	<ul style="list-style-type: none"> • Located in Sagamihara City, a government-ordinance-designated city since 2010, within approx. 1.5 km northwest of Odakyu Odawara Line Sagami-Ono Sta. • 69 parking spaces on the rooftop • There is a population of approx. 34,000 within a 1 km-radius of the commercial area, approx. 122,000 within a 2 km-radius, and approx. 265,000 within a 3 km-radius of the commercial area, in which more than one food supermarket can be established • A major food supermarket chain, LIFE CORPORATION, rents the entire property, which gives LIFE CORPORATION an advantageous scale in the neighboring commercial area • The second floor, which is where the parking lot is located, is subleased to restaurants 	<ul style="list-style-type: none"> • Located close to the center part of Sendai City, approx. 3 km northeast of the JR Sendai station. The frontal roads of the property are three lanes each direction, with the south side connecting to Prefectural Road 8 and the north side near Tozai Road, and are right-turn lane equipped • There is a high residential density, with a population of approx. 187,000 people within a 3 km radius and approx. 434,000 people within a 5 km radius of the commercial area • Tenants are leading companies of various business categories, such as York Benimaru, a supermarket, and prominent tenants include specialized stores such as CAWACHI (pharmacy), K's Denki (home appliances store), TSUTAYA (books and rental store), Shoe Plaza and Nishimatsuya Chain, as well as restaurants such as Hamazushi and MOS BURGER

Number of Unitholders and Units Held by Unitholder Type

	11 th Period				10 th Period			
	Number of unitholders		Number of units		Number of unitholders		Number of units	
	Unitholders	(%)	Investment units	(%)	Unitholders	(%)	Investment units	(%)
Individuals and others	5,438	93.61%	15,588	12.72%	7,428	94.67%	22,376	18.26%
Financial institutions	80	1.38%	68,488	55.89%	75	0.96%	55,898	45.62%
Banks / trust banks	41	0.71%	59,679	48.70%	32	0.41%	46,821	38.21%
City banks	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Regional banks	31	0.53%	10,393	8.48%	25	0.32%	5,620	4.59%
Trust banks	10	0.17%	49,286	40.22%	7	0.09%	41,201	33.62%
Life insurance companies	5	0.09%	2,642	2.16%	5	0.06%	2,309	1.88%
Non-life insurance companies	2	0.03%	2,339	1.91%	2	0.03%	1,658	1.35%
Other financial institutions	32	0.55%	3,828	3.12%	36	0.46%	5,110	4.17%
Shinkin banks	19	0.33%	1,726	1.41%	24	0.31%	2,825	2.31%
Others	13	0.22%	2,102	1.72%	12	0.15%	2,285	1.86%
Other domestic corporations	182	3.13%	21,089	17.21%	243	3.10%	22,451	18.32%
Foreign corporations and individuals	91	1.57%	16,735	13.66%	81	1.03%	21,029	17.16%
Securities firms	18	0.31%	640	0.52%	19	0.24%	786	0.64%
Total	5,809	100.00%	122,540	100.00%	7,846	100.00%	122,540	100.00%

Top 10 Unitholders

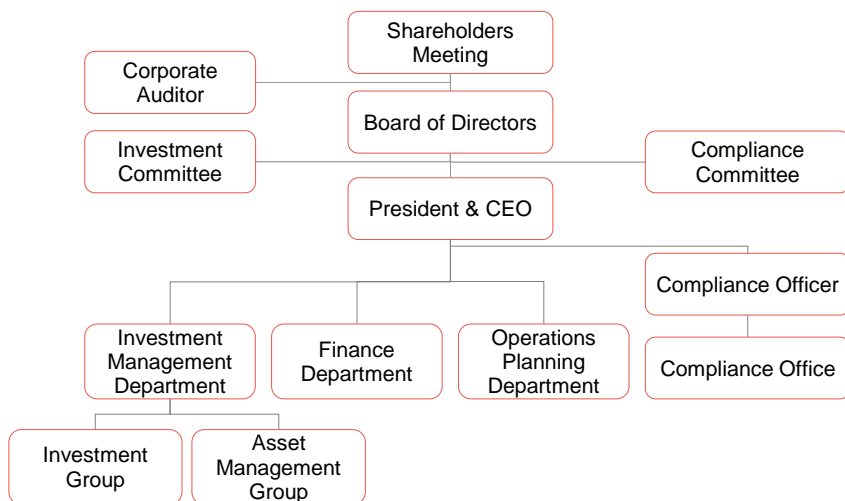
Name of unitholders	Number of units held	Ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	29,146	23.78%
Daiwa House Industry Co., Ltd.	16,600	13.55%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	6,868	5.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,019	4.91%
Nomura Bank (Luxembourg) S.A.	5,409	4.41%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,928	4.02%
State Street Bank and Trust Company 505225	1,817	1.48%
The Hachijuni Bank, Ltd.	1,815	1.48%
The Fuji Fire and Marine Insurance Co., Ltd.	1,794	1.46%
National Mutual Insurance Federation of Agricultural Cooperatives	1,142	0.93%
Total	75,538	61.64%

Asset Manager and REIT Organization

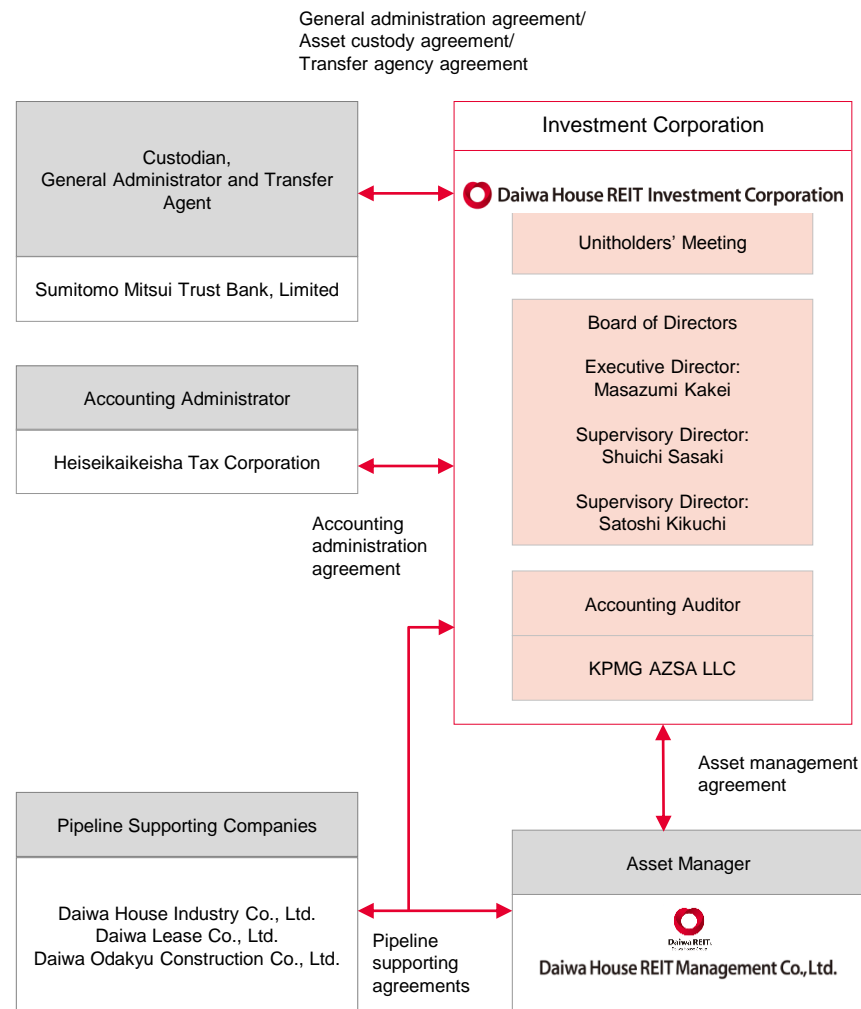
Overview of the Asset Manager

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

Organization of the Asset Manager



Overview of the REIT Organization



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