

October 16, 2015

Financial Results for the Fiscal Period Ended August 31, 2015 (March 1, 2015 - August 31, 2015)

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 25, 2015

Scheduled date of starting distribution payments: November 9, 2015

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, 2015 (March 1, 2015 – August 31, 2015)

(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, 2015	6,305	22.5	3,683	22.6	2,972	16.7	2,971	16.7
Fiscal period ended February 28, 2015	5,146	4.4	3,003	5.3	2,546	7.9	2,545	7.9

	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, 2015	8,657	3.1	1.5	47.1
Fiscal period ended February 28, 2015	8,673	3.2	1.5	49.5

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings per unit)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended August 31, 2015	8,473	2,971	0	0	100.0	2.9
Fiscal period ended February 28, 2015	8,674	2,545	0	0	100.0	3.2

(Note) Due to the issuance of new investment units, the payout ratio for the fiscal period ended August 31, 2015 is 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, 2015	216,936	108,430	50.0	309,183
As of February 28, 2015	166,825	80,593	48.3	274,614

(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, 2015	2,289	(48,796)	45,215	14,372
Fiscal period ended February 28, 2015	5,067	(3,430)	621	15,664

2. Forecasts of operating results for the fiscal period from September 1, 2015 to February 29, 2016 and for the fiscal period from March 1, 2016 to August 31, 2016

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending February 29, 2016	6,945	10.1	3,855	4.6	3,229	8.6	3,228	8.6	9,200	0
Fiscal period ending August 31, 2016	6,956	0.2	3,694	(4.2)	3,036	(6.0)	3,035	(6.0)	8,650	0

(Reference) Forecasted net income per unit

For the fiscal period ending February 29, 2016: ¥9,200

For the fiscal period ending August 31, 2016: ¥8,650

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

Forecasted net income per unit = Forecasted net income / Forecasted total number of investment units issued at the end of the period

* **Other**

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

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

(2) Total number of investment units issued

- a. Total number of investment units issued at the end of the period (including treasury investment units)
 - As of August 31, 2015 350,700 units
 - As of February 28, 2015 293,480 units
- b. Number of treasury investment units at the end of the period
 - As of August 31, 2015 0 units
 - As of February 28, 2015 0 units

(Note) Please refer to “Per Unit Information” on page 38 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 29, 2016 and August 31, 2016” on pages 10 and 11 for information on assumptions for the forecasts of operating results.

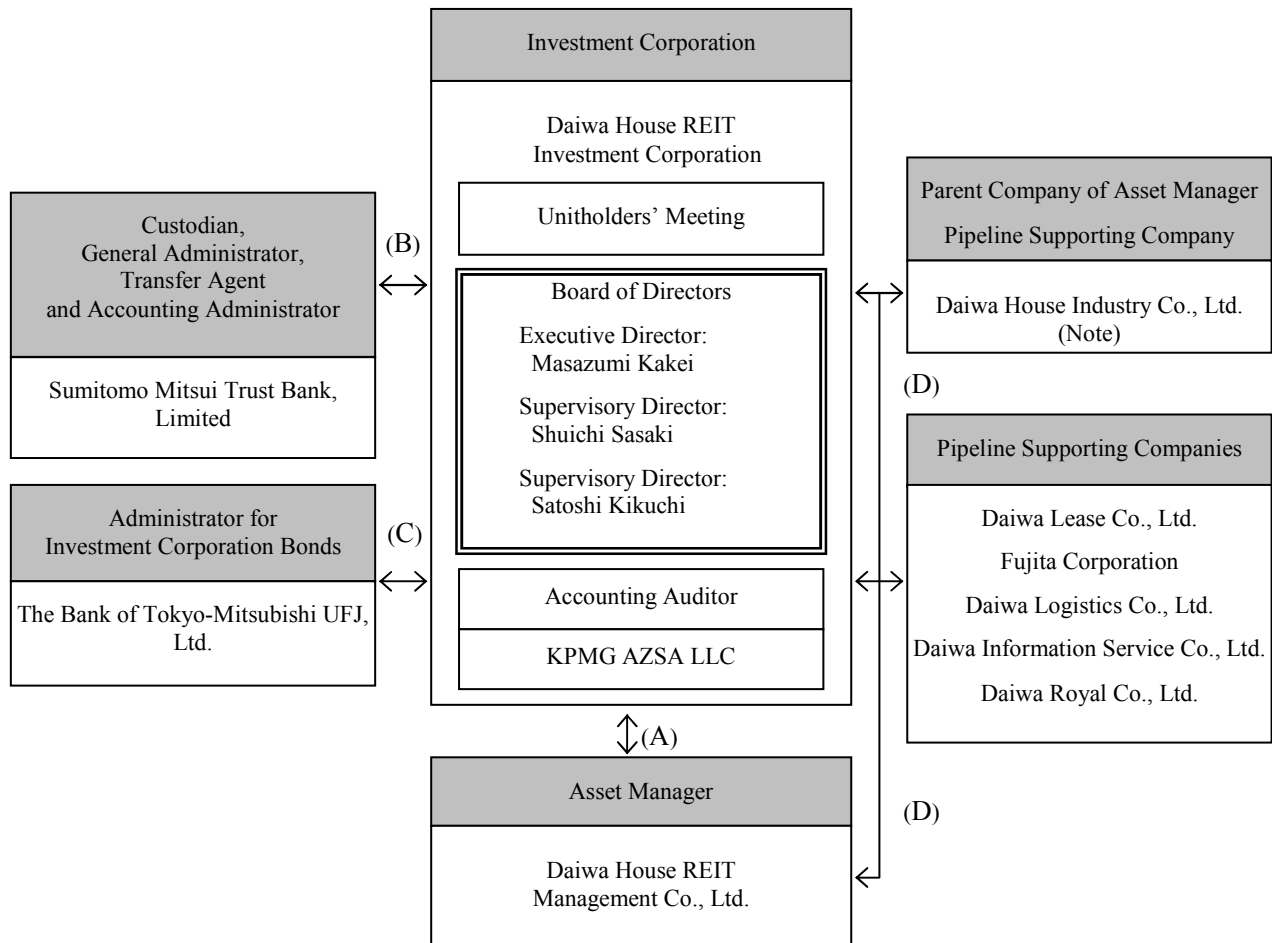
Disclaimer:

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 16, 2015.

1. The Investment Corporation and Related Corporations

Names of affiliated corporations and other parties related to DHR as of the date of this financial results report, and an overview of related operations thereof, are as outlined below.

On October 1, 2015, Daiwa Odakyu Construction Co., Ltd. which is counterparty to pipeline supporting agreements concluded with DHR and Daiwa House REIT Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) merged with Fujita Corporation, with the rights and obligations relating to the pipeline supporting agreements accordingly succeeded by Fujita Corporation.



- (A) Asset management agreement
- (B) Asset custody agreement / General administration agreement / Transfer agency agreement / Accounting administration agreement
- (C) Fiscal agent agreement
- (D) Pipeline supporting agreements

(Note) Daiwa House Industry Co., Ltd. is classified as a specified affiliated corporation of the Asset Manager, as prescribed in Article 12, paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. of Regulated Securities (Ordinance of the Ministry of Finance No. 22 of 1993, as amended).

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on May 27, 2015; prepared in Japanese only), the disclosure is omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

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

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

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

In the current fiscal period (ended August 31, 2015), DHR acquired 7 logistics properties (total acquisition price of ¥48,420 million) using funds raised in a capital increase through public offering for the second consecutive year, in conjunction with loan financing (see Note 2). Consequently, DHR held a total of 40 properties as of August 31, 2015 (total acquisition price of ¥195,973 million).

(Note 1) The Daiwa House Group comprises Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), its 138 consolidated subsidiaries, one non-consolidated subsidiary, 24 equity-method associates, and two non-equity-method associates, as of September 30, 2015). The same shall apply hereinafter.

(Note 2) The “total acquisition price” shown is rounded to the nearest million yen. The same shall apply hereinafter.

(B) Investment environment and performance

The Japanese economy maintained its modest recovery trend amid positive factors such as more upbeat corporate earnings and increasing capital investment fueled by economic policies of the government and monetary policy of the Bank of Japan. This occurred despite a brief pull-back in individual consumption and other demand following a previous surge in spending ahead of Japan’s consumption tax hike.

In the real estate market, the *Land Price LOOK Report* published by the Ministry of Land, Infrastructure, Transport and Tourism in August 2015 indicated land price increases in approximately 90% of areas overall. This continuing upward trend in land prices appears to reflect heightened appetite for real estate investment buoyed by monetary easing and other factors.

In the J-REIT market, the Tokyo Stock Exchange (TSE) REIT Index reached its highest level in roughly eight years in January 2015, but subsequently turned bearish. This was particularly the case beginning in the latter half of June as investor aversion to risk began to intensify amid jitters regarding circumstances in overseas stock markets and financial concerns. On the other hand, the bullish trend of asset acquisitions by J-REIT seen last year held firm, thereby resulting in overall J-REIT asset acquisitions from the months of January through June 2015 exceeding the ¥920 billion mark, for a 17.7% increase year on year.

Supply-demand trends in the market for rentals of logistics properties targeted for DHR investment remained firm, underpinned particularly by demand from business operators in e-commerce, retail mail order and other such enterprises which have been achieving growth. The vacancy rates for large multi-tenant logistics properties announced in July 2015 by CBRE K.K., were at 3.6% and 4.8% in the greater Tokyo and greater Osaka areas, respectively (as of June 2015), while offered rent levels remained stable. Going forward, despite increases slated in the supply of logistics properties over 2015 and 2016, we expect tenant demand for logistics properties to hold course given the likelihood of ongoing growth from business operators in e-commerce, retail mail order and other such enterprises, along with expanding business in third-party logistics (3PL) involving comprehensive outsourcing services that add value in relation to the logistics function, and new construction of geographically vast logistics networks.

With regard to the business environment surrounding retail properties which are another target of our investment, the retail sales total according to the commercial sales statistics (excluding automobile and fuel sales) has held firm, increasing 0.4% year on year in the first half of 2015 over the months of January to June, aided by improvement in the Japanese economy's employment and income climate. The supermarket sector has been experiencing growth in the business of food product home delivery involving grocery items from online supermarkets. This mainly reflects Japan's aging population and increasing numbers of two-income households. Meanwhile, companies have also been implementing somewhat more distinctive sales strategies, with efforts that include providing new customer services in partnership with mail order retailers and home delivery providers.

In this investment environment, DHR drew on its Daiwa House Group pipeline in acquiring 7 logistics properties with high occupancy rates and for which long-term lease agreements have been concluded (total acquisition price of ¥48,420 million) during the current fiscal period (ended August 31, 2015), thereby enabling DHR to expand and diversify its portfolio. As a result, as of August 31, 2015 DHR owned 40 properties (with a total book value of ¥190,886 million at the end of the period) with a total leasable area of 980,662.56 m² and an occupancy rate of 99.97% (the figure is rounded down to the nearest 100th).

(C) Overview of financing

In the current fiscal period (ended August 31, 2015), DHR issued new investment units through public offering on March 23, 2015 (52,000 units) and also issued new investment units through third-party allotment on April 14, 2015 (5,220 units), thereby raising a total of ¥27,410 million. As of August 31, 2015, unitholders' capital amounted to ¥105,459 million, and the number of total investment units issued came to 350,700 units.

In conjunction with the aforementioned capital increase through public offering, DHR also arranged total financing of ¥20,500 million, comprising long-term loans amounting to ¥16,500 million on April 1, 2015, and short-term loans amounting to ¥4,000 million on June 1, 2015, for the purpose of partially covering the acquisition costs for trust beneficiary interests in real estate and related expenses. Of the amount of long-term loans, DHR arranged fixed rates of interest by entering into interest rate swap agreements with respect to ¥11,000 million of the loans that are subject to floating interest rates. Consequently, as of August 31, 2015, DHR's total interest-bearing debt was ¥98,000 million (total borrowings of ¥96,000 million and total investment corporation bonds of ¥2,000 million), while its ratio of long-term loans (Note 1) and ratio of fixed-rate loans (Note 2) were each 95.9%.

The credit rating DHR has obtained from the external credit rating agency as of August 31, 2015 is as follows:

Rating agency	Rating	Outlook
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating: AA-	Stable
	Rating on bonds (1st Unsecured Investment Corporation Bonds): AA-	-

(Note 1) “Ratio of long-term loans” shown is the ratio of long-term interest-bearing debt to the total amount of interest-bearing debt as of August 31, 2015. Long-term interest-bearing debt for which the time until the date of repayment upon maturity or the date of redemption is less than one year as of August 31, 2015, are also calculated as long-term interest-bearing debt.

(Note 2) “Ratio of fixed-rate loans” shown is the ratio of interest-bearing debt with fixed interest rates to the total amount of interest-bearing debt as of August 31, 2015. For interest-bearing debt of which interest rates are effectively fixed through the use of interest rate swap agreements, the calculation of the ratio of fixed-rate loans is carried out by deeming it as interest-bearing debt with a fixed interest rate.

(D) Overview of financial results and distributions

In the current fiscal period (ended August 31, 2015), operating revenues came to ¥6,305 million, operating income came to ¥3,683 million, ordinary income came to ¥2,972 million, and net income came to ¥2,971 million.

As a result of the above-mentioned performance, in accordance with the distribution policy stipulated in Article 46, item 1 of the Articles of Incorporation of DHR, it was decided that the full amount of unappropriated retained earnings would be distributed, except fractions of less than ¥1 of distributions per investment unit. The aim would be to include earnings distributions in tax deductible expenses based on application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per investment unit came to ¥8,473.

ii) Outlook for next fiscal period

We expect Japan’s domestic economy to remain on track to recovery stemming in part from positive effects of the government’s economic stimulus measures.

In the J-REIT market, the high level of appetite for investment among investment corporations seems likely to persist, underpinned by the prevailing fundraising environment and a trend toward lower returns expected by investors. On the other hand, the investment environment is becoming increasingly severe amid factors that include signs of overheating prices for some investment real estate, while we also envision a scenario of greater diversification of investment targets and substance such as in terms of greater investment in locations other than the three major metropolitan areas of Japan, additional investment in current asset holdings, and funds flowing to redevelopment initiatives.

DHR will focus predominantly on its basic policy of “stability” in the management of its assets and, continuing to target long-term, stable earnings and maximize unitholder value, DHR 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 consistent external growth, and has accordingly entered into pipeline supporting agreements (hereinafter, the “supporting agreements”) separately with Daiwa House, Daiwa Lease Co., Ltd., Fujita Corporation, Daiwa Logistics Co., Ltd, Daiwa Information Service Co., Ltd., and Daiwa Royal Co., Ltd. with its sights set on achieving the objectives set forth in its growth strategy pursued in collaboration with the Daiwa House Group. Through these agreements, DHR intends to achieve the objectives set forth in its external growth strategy by fully leveraging the development capabilities of its sponsor Daiwa House in supplying community-based properties that draw on the strengths of respective regional economies through the Daiwa House Group’s nationwide land information network.

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

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

(B) Internal growth strategy

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

Furthermore, 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.

Meanwhile, DHR will persist with its investment in energy conservation and initiatives geared toward environmentally sound solutions that enhance profitability through efforts which include installing LED lighting in our current asset holdings.

(C) Financial strategy

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

DHR is also working to improve the stability of its financial base by maintaining and expanding its solid lender formation, while also taking steps geared toward diversifying methods of raising capital through issuance of investment corporation bonds, extending repayment periods on interest-bearing debt, fixing interest rates, and staggering repayment dates.

(D) Forecasts of operating results for the fiscal periods ending February 29, 2016 and August 31, 2016

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending February 29, 2016	6,945	3,855	3,229	3,228	9,200	0
Fiscal period ending August 31, 2016	6,956	3,694	3,036	3,035	8,650	0

For the assumptions for the forecasts above, please refer to "Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending February 29, 2016 and August 31, 2016" on pages 10 and 11. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, net income and distributions per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

(A) Debt financing

DHR concluded debt financing contracts on September 24, 2015 and conducted debt financing as described below on September 28, 2015.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Date of borrowing	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.	4,000	0.6498 Fixed interest rate (Note)	September 28, 2015	September 28, 2022	Bullet repayment	Unsecured and non-guaranteed
Nippon Life Insurance Company	1,000	0.73 Fixed interest rate		September 30, 2024		
Total	5,000					

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

(B) Acquisition of assets

DHR concluded a purchase agreement regarding the acquisition of the following asset on September 24, 2015, and acquired the asset on September 28, 2015.

Property name	DREAM TOWN ALi
Acquisition price (Note 1)	¥7,790,000 thousand
Seller (Note 2)	Daiwa Information Service Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	3-1-1 Hamada, Aomori-shi, Aomori
Acquisition date	September 28, 2015

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

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

**Assumptions for Forecasts of Operating Results for the Fiscal Periods
Ending February 29, 2016 and August 31, 2016**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending February 29, 2016 (16th fiscal period: 182 days from September 1, 2015 to February 29, 2016) • Fiscal period ending August 31, 2016 (17th fiscal period: 184 days from March 1, 2016 to August 31, 2016)
Portfolio	<ul style="list-style-type: none"> • DHR has assumed that there will be no changes until February 29, 2016 and August 31, 2016 in the composition of DHR's portfolio (acquisition of new properties or sale of the current properties) associated with the total of 41 properties held by DHR (hereinafter referred to as the "Portfolio") as of the date of this financial results report. • Changes in the composition of the Portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> • DHR has calculated its revenues related to rent business of the Portfolio taking into account the relevant lease agreements effective as of the date of this financial results report, market trends, etc. • DHR has assumed no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Operating expenses mainly comprise expenses related to rent business. Those expenses, excluding depreciation of the current properties, are calculated based on past performance, making certain adjustments as appropriate considering factors causing changes in expenses. • DHR has assumed that DHR will incur depreciation expenses of ¥1,488 million for the fiscal period ending February 29, 2016 and ¥1,489 million for the fiscal period ending August 31, 2016. These figures are calculated using the straight-line method with incidental expenses added to purchase prices of non-current assets. • DHR has estimated property tax and city planning tax, etc. at ¥469 million for the fiscal period ending February 29, 2016 and ¥627 million for the fiscal period ending August 31, 2016. Generally, when a property is sold, the purchaser of the property typically reimburses the seller for the pro rata portion of property tax and city planning tax, etc. that has previously been paid by the seller. However, this reimbursed amount is usually included in the acquisition cost and is not booked under expenses. Property tax and city planning tax, etc. for DREAM TOWN ALi already acquired on September 28, 2015 will be expensed from the fiscal period ending August 31, 2016. DHR has assumed that ¥12 million of property tax and city planning tax, etc. will be included in the acquisition cost for DREAM TOWN ALi. • DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period for the ongoing repair and maintenance of the properties in DHR's portfolio based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from DHR's forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by unforeseeable factors, (ii) generally, there is a substantial difference in expenses incurred between each fiscal period, and (iii) expenses are not incurred based on a regular schedule.
Non-operating expenses	<ul style="list-style-type: none"> • DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥628 million for the fiscal period ending February 29, 2016 and ¥660 million for the fiscal period ending August 31, 2016.
Interest-bearing debt	<ul style="list-style-type: none"> • As of the date of this financial results report, DHR has a total interest-bearing debt of ¥103,000 million. DHR has assumed the balance of outstanding interest-bearing debt will be unchanged until August 31, 2016.
Investment units	<ul style="list-style-type: none"> • The total number of investment units is based on DHR's assumption of 350,700 units, which is the number of investment units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until August 31, 2016.

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

(3) Investment Risk

As there have been no significant changes in the "Investment Risk" as described in the latest Securities Report (submitted on May 27, 2015; 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, 2015)	Current fiscal period (As of August 31, 2015)
Assets		
Current assets		
Cash and deposits	13,304,049	11,110,239
Cash and deposits in trust	9,519,539	12,048,374
Operating accounts receivable	9,284	14,751
Prepaid expenses	150,445	157,416
Consumption taxes receivable	-	2,176,852
Other	537	511
Total current assets	22,983,855	25,508,145
Non-current assets		
Property, plant and equipment		
Buildings in trust	67,319,157	95,377,041
Accumulated depreciation	(5,391,154)	(6,685,095)
Buildings in trust, net	61,928,002	88,691,945
Structures in trust	2,574,228	3,313,287
Accumulated depreciation	(265,975)	(322,641)
Structures in trust, net	2,308,252	2,990,645
Machinery and equipment in trust	343,654	343,654
Accumulated depreciation	(16,160)	(24,975)
Machinery and equipment in trust, net	327,494	318,679
Land in trust	78,875,884	98,885,149
Construction in progress in trust	18,260	-
Total property, plant and equipment	143,457,893	190,886,420
Intangible assets		
Other	1,870	1,530
Total intangible assets	1,870	1,530
Investments and other assets		
Investment securities	*4 6,375	*4 6,455
Long-term prepaid expenses	354,891	515,282
Total investments and other assets	361,267	521,737
Total non-current assets	143,821,030	191,409,687
Deferred assets		
Investment corporation bond issuance costs	20,141	19,108
Total deferred assets	20,141	19,108
Total assets	166,825,027	216,936,941

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2015)	Current fiscal period (As of August 31, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	72,930	60,508
Short-term loans payable	–	4,000,000
Current portion of long-term loans payable	20,000,000	20,000,000
Accounts payable - other	39,002	15,364
Accrued expenses	403,535	433,261
Income taxes payable	605	605
Accrued consumption taxes	247,317	–
Advances received	593,896	853,198
Other	24,053	63,888
Total current liabilities	21,381,340	25,426,826
Non-current liabilities		
Investment corporation bonds	2,000,000	2,000,000
Long-term loans payable	55,500,000	72,000,000
Tenant leasehold and security deposits in trust	7,349,732	9,079,288
Total non-current liabilities	64,849,732	83,079,288
Total liabilities	86,231,073	108,506,115
Net assets		
Unitholders' equity		
Unitholders' capital	78,048,300	105,459,198
Surplus		
Unappropriated retained earnings (undisposed loss)	2,545,653	2,971,627
Total surplus	2,545,653	2,971,627
Total unitholders' equity	80,593,954	108,430,826
Total net assets	*3 80,593,954	*3 108,430,826
Total liabilities and net assets	166,825,027	216,936,941

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Operating revenues		
Rent revenues - real estate	*1, *2 5,045,000	*1, *2 6,200,791
Other lease business revenues	*2 101,876	*2 104,514
Total operating revenues	5,146,876	6,305,305
Operating expenses		
Expenses related to rent business	*1, *2 1,689,447	*1, *2 2,140,913
Asset management fee	348,725	376,147
Asset custody fee	13,989	14,463
Administrative service fees	15,518	16,177
Directors' compensations	6,000	6,000
Other operating expenses	69,462	67,694
Total operating expenses	2,143,143	2,621,397
Operating income	3,003,733	3,683,907
Non-operating income		
Interest income	2,069	2,348
Interest on refund of consumption taxes	1,621	-
Insurance income	912	255
Other	80	80
Total non-operating income	4,683	2,683
Non-operating expenses		
Interest expenses	373,687	456,965
Interest expenses on investment corporation bonds	2,987	8,365
Amortization of investment corporation bond issuance costs	516	1,032
Investment unit issuance expenses	-	149,910
Borrowing related expenses	85,017	98,092
Total non-operating expenses	462,208	714,367
Ordinary income	2,546,209	2,972,224
Income before income taxes	2,546,209	2,972,224
Income taxes - current	605	605
Total income taxes	605	605
Net income	2,545,604	2,971,619
Retained earnings brought forward	49	8
Unappropriated retained earnings (undisposed loss)	2,545,653	2,971,627

(3) Statements of Unitholders' Equity

Previous fiscal period (From September 1, 2014 to February 28, 2015)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	78,048,300	2,359,334	2,359,334	80,407,635	80,407,635
Changes of items during period					
Dividends of surplus		(2,359,285)	(2,359,285)	(2,359,285)	(2,359,285)
Net income		2,545,604	2,545,604	2,545,604	2,545,604
Total changes of items during period	-	186,318	186,318	186,318	186,318
Balance at end of current period	*1 78,048,300	2,545,653	2,545,653	80,593,954	80,593,954

Current fiscal period (From March 1, 2015 to August 31, 2015)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	78,048,300	2,545,653	2,545,653	80,593,954	80,593,954
Changes of items during period					
Issuance of new investment units	27,410,897			27,410,897	27,410,897
Dividends of surplus		(2,545,645)	(2,545,645)	(2,545,645)	(2,545,645)
Net income		2,971,619	2,971,619	2,971,619	2,971,619
Total changes of items during period	27,410,897	425,974	425,974	27,836,871	27,836,871
Balance at end of current period	*1 105,459,198	2,971,627	2,971,627	108,430,826	108,430,826

(4) Statements of Cash Distributions

Item	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	2,545,653,759	2,971,627,843
II Distributions	2,545,645,520	2,971,481,100
[Distributions per investment unit]	[8,674]	[8,473]
III Earnings carried forward	8,239	146,743

Calculation method for distributions	<p>Based on the distribution policy set forth in Article 46, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay earnings distributions at the total amount of ¥2,545,645,520, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 293,480, which is the total number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 46, item 2 of the Articles of Incorporation of DHR.</p>	<p>Based on the distribution policy set forth in Article 46, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay earnings distributions at the total amount of ¥2,971,481,100, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 350,700, which is the total number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 46, item 2 of the Articles of Incorporation of DHR.</p>
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Cash flows from operating activities		
Income before income taxes	2,546,209	2,972,224
Depreciation	1,044,618	1,359,762
Amortization of investment corporation bond issuance costs	516	1,032
Investment unit issuance expenses	-	149,910
Interest income	(2,069)	(2,348)
Interest expenses	376,674	465,331
Decrease (increase) in prepaid expenses	5,839	(6,971)
Decrease (increase) in long-term prepaid expenses	51,593	(160,390)
Decrease (increase) in operating accounts receivable	6,512	(5,466)
Decrease (increase) in consumption taxes refund receivable	1,071,441	(2,176,843)
Increase (decrease) in operating accounts payable	(18,084)	(6,319)
Increase (decrease) in accrued consumption taxes	248,945	(249,239)
Increase (decrease) in accounts payable - other	6,005	(3,836)
Increase (decrease) in accrued expenses	56,479	30,925
Increase (decrease) in advances received	67,354	259,302
Increase (decrease) in deposits received	(8,168)	(135)
Other, net	(11,598)	127,675
Subtotal	5,442,270	2,754,614
Interest income received	2,069	2,348
Interest expenses paid	(375,910)	(466,531)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	5,067,824	2,289,825
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(3,430,758)	(48,796,885)
Net cash provided by (used in) investing activities	(3,430,758)	(48,796,885)
Cash flows from financing activities		
Increase in short-term loans payable	2,000,000	4,000,000
Decrease in short-term loans payable	(2,000,000)	-
Proceeds from long-term loans payable	1,000,000	16,500,000
Proceeds from issuance of investment corporation bonds	1,979,342	-
Proceeds from issuance of investment units	-	27,260,987
Dividends paid	(2,358,226)	(2,545,725)
Net cash provided by (used in) financing activities	621,115	45,215,262
Net increase (decrease) in cash and cash equivalents	2,258,181	(1,291,797)
Cash and cash equivalents at beginning of period	13,406,512	15,664,693
Cash and cash equivalents at end of period	*1 15,664,693	*1 14,372,896

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Valuation basis and accounting methods for assets	<p>Securities</p> <p>Held-to-maturity bonds</p> <p>The amortized cost method (straight-line method) is used.</p>						
2. Method of depreciation of non-current assets	<p>Property, plant and equipment (including properties in trust)</p> <p>The straight-line method is used.</p> <p>The useful lives of major property, plant and equipment are listed below.</p> <table border="0" data-bbox="555 622 1129 734"> <tr> <td>Buildings in trust</td> <td>3 to 46 years</td> </tr> <tr> <td>Structures in trust</td> <td>10 to 43 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td>19 years</td> </tr> </table>	Buildings in trust	3 to 46 years	Structures in trust	10 to 43 years	Machinery and equipment in trust	19 years
Buildings in trust	3 to 46 years						
Structures in trust	10 to 43 years						
Machinery and equipment in trust	19 years						
3. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Investment corporation bond issuance costs</p> <p>Costs are amortized by the straight-line method over the redemption period.</p>						
4. Recognition of revenues and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, and depreciation asset tax for real properties held, the amount of tax levied corresponding to the fiscal period is recorded as expenses related to rent business.</p> <p>The amount equivalent to property-related taxes to be paid by DHR in the first year for acquisition of real properties or trust beneficiary interests in real estate is not recorded as expenses related to rent business but included in the acquisition costs for the related properties.</p> <p>The amount equivalent to property-related taxes included in acquisition cost for properties is ¥4,859 thousand for the previous fiscal period and ¥196,808 thousand for the current fiscal period.</p>						
5. Method of hedge accounting	<p>(1) Method of hedge accounting</p> <p>For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate swaps</p> <p>Hedged items: Interest on borrowings</p> <p>(3) Hedging policy</p> <p>DHR conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of DHR pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness</p> <p>The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>						

6. Accounting method for trust beneficiary interests in real estate	With regard to trust beneficiary interests in real estate, all assets and liabilities as well as all revenues and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets. i) Cash and deposits in trust ii) Buildings in trust, structures in trust, machinery and equipment in trust, land in trust and construction in progress in trust iii) Tenant leasehold and security deposits in trust
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 with which it has transaction.

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2015)	Current fiscal period (As of August 31, 2015)
Total amount specified in commitment line contracts	10,000,000	10,000,000
Loans executed and outstanding	-	-
Unused credit lines	10,000,000	10,000,000

2. Contingent liabilities

Previous fiscal period (As of February 28, 2015)

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

Even if the whole of the requested reduction amount were accepted, its impact on net income for the fiscal period ended February 28, 2015, would be less than 2%. Please note that it is currently not possible to predict the outcome of the case.

Current fiscal period (As of August 31, 2015)

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

Even if the whole of the requested reduction amount were accepted, its impact on net income for the fiscal period ended August 31, 2015, would be less than 3%. Please note that it is currently not possible to predict the outcome of the case.

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

(Unit: Thousands of yen)		
	Previous fiscal period (As of February 28, 2015)	Current fiscal period (As of August 31, 2015)
	50,000	50,000

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

(Unit: Thousands of yen)		
	Previous fiscal period (As of February 28, 2015)	Current fiscal period (As of August 31, 2015)
Investment securities	6,375	6,455

Notes to Statements of Income

*1. Volume of operating transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Volume of operating transactions	324,234	331,331

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From September 1, 2014 to February 28, 2015)		Current fiscal period (From March 1, 2015 to August 31, 2015)	
A. Real estate leasing business revenues				
Rent revenues—real estate				
Rent		5,045,000		6,200,791
Other lease business revenues				
Common service fees	54,002		53,981	
Other revenues	47,873	101,876	50,532	104,514
Total real estate leasing business revenues		5,146,876		6,305,305
B. Real estate leasing business expenses				
Expenses related to rent business				
Taxes and public dues	356,751		469,819	
Outsourcing expenses	162,749		172,475	
Insurance	8,124		9,472	
Repairs and maintenance expenses	60,938		75,087	
Depreciation	1,044,278		1,359,422	
Other expenses related to rent business	56,605	1,689,447	54,635	2,140,913
Total real estate leasing business expenses		1,689,447		2,140,913
C. Income (loss) from real estate leasing business (A – B)		3,457,429		4,164,392

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	293,480 units	350,700 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, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Cash and deposits	13,304,049	11,110,239
Cash and deposits in trust	9,519,539	12,048,374
Restricted deposits in trust (Note)	(7,158,895)	(8,785,717)
Cash and cash equivalents	15,664,693	14,372,896

(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, 2015)	Current fiscal period (As of August 31, 2015)
Due within one year	7,797,711	10,648,952
Due after one year	60,145,093	79,229,689
Total	67,942,805	89,878,641

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 and investment corporation bonds, which are received for the purpose of acquiring additional portfolio assets or repaying debts, are exposed to liquidity risks at the time of repayment or redemption. 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, 2015, DHR had a derivative (interest rate swap) as a hedging instrument for the purpose of fixing the amount of interest paid for long-term loans payable with floating interest rate 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, 2015, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in the table below (see Note 2).

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	13,304,049	13,304,049	—
(2) Cash and deposits in trust	9,519,539	9,519,539	—
(3) Investment securities Held-to-maturity bonds	6,375	7,340	964
Total assets	22,829,964	22,830,929	964
(5) Current portion of long-term loans payable	20,000,000	20,014,894	14,894
(6) Investment corporation bonds	2,000,000	2,011,000	11,000
(7) Long-term loans payable	55,500,000	56,085,166	585,166
(8) Tenant leasehold and security deposits in trust	190,837	185,352	(5,484)
Total liabilities	77,690,837	78,296,413	605,576
Derivative transactions	—	—	—

Balance sheet carrying amounts, fair values, and the difference between the two values as of August 31, 2015, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in the table below (see Note 2).

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	11,110,239	11,110,239	—
(2) Cash and deposits in trust	12,048,374	12,048,374	—
(3) Investment securities Held-to-maturity bonds	6,455	7,460	1,004
Total assets	23,165,069	23,166,074	1,004
(4) Short-term loans payable	4,000,000	4,000,000	—
(5) Current portion of long-term loans payable	20,000,000	20,008,388	8,388
(6) Investment corporation bonds	2,000,000	2,004,000	4,000
(7) Long-term loans payable	72,000,000	72,570,747	570,747
(8) Tenant leasehold and security deposits in trust	293,571	287,988	(5,582)
Total liabilities	98,293,571	98,871,124	577,553
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, please refer to “Securities” described later.

Liabilities

(4) Short-term loans payable

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

(5) Current portion of long-term loans payable, (7) 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.

(6) Investment corporation bonds

The fair value is based on reference bond trading statistics.

(8) 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, 2015)	Current fiscal period (As of August 31, 2015)
Tenant leasehold and security deposits in trust *	7,158,895	8,785,717

* 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, 2015)

(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	13,304,049	–	–	–	–	–
Cash and deposits in trust	9,519,539	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	22,823,589	–	–	–	–	10,000

Redemption schedule for monetary claims and securities with maturity after balance sheet date
(August 31, 2015)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	11,110,239	–	–	–	–	–
Cash and deposits in trust	12,048,374	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	23,158,614	–	–	–	–	10,000

(Note 4) Expected amount of repayments of investment corporation bonds and loans payable after balance sheet date
(February 28, 2015)

(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
Investment corporation bonds	–	–	–	–	–	2,000,000
Long-term loans payable	20,000,000	15,000,000	16,000,000	–	10,000,000	14,500,000
Total	20,000,000	15,000,000	16,000,000	–	10,000,000	16,500,000

Expected amount of repayments of investment corporation bonds and loans payable after balance sheet date
(August 31, 2015)

(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
Short-term loans payable	4,000,000	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	2,000,000
Long-term loans payable	20,000,000	15,000,000	16,000,000	–	11,000,000	30,000,000
Total	24,000,000	15,000,000	16,000,000	–	11,000,000	32,000,000

Securities

Previous fiscal period (As of February 28, 2015)

Held-to-maturity bonds

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	6,375	7,340	964
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,375	7,340	964

Current fiscal period (As of August 31, 2015)

Held-to-maturity bonds

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	6,455	7,460	1,004
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,455	7,460	1,004

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable as of February 28, 2015 and August 31, 2015.

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, 2015)

(Unit: Thousands of yen)

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

(Note) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans payable as such interest rate swap and the hedged long-term loans payable are processed as a single unit. (Please refer to “Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) (7)” above.)

Current fiscal period (As of August 31, 2015)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Special treatment for interest rate swap	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	24,500,000	24,500,000	(Note)	—

(Note) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans payable as such interest rate swap and the hedged long-term loans payable are processed as a single unit. (Please refer to “Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) (7)” above.)

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2014 to February 28, 2015)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	161,699	Construction business	12.8	Master lessee and entrustment of property management	Outsourcing expenses	77,580	Operating accounts payable	14,872
							Repairs and maintenance expenses, etc. (Note 3)	8,153		
							Rental revenues, etc.	238,500	Advances received	42,930
							—	—	Tenant leasehold and security deposits in trust	238,500

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

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

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

Current fiscal period (From March 1, 2015 to August 31, 2015)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	161,699	Construction business	12.2	Master lessee and entrustment of property management	Outsourcing expenses	86,915	Operating accounts payable	16,182
							Repairs and maintenance expenses, etc. (Note 3)	5,915		
							Purchase of trust beneficiary interests in real estate (Note 4)	43,120,000	—	—
							Rental revenues, etc.	238,500	Advances received	42,930
							—	—	Tenant leasehold and security deposits in trust	238,500

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

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

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

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

2. Associates, etc.

Previous fiscal period (From September 1, 2014 to February 28, 2015)

Not applicable.

Current fiscal period (From March 1, 2015 to August 31, 2015)

Not applicable.

3. Sister companies, etc.

Previous fiscal period (From September 1, 2014 to February 28, 2015)

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 of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	-	Master lessee and entrustment of property management	Outsourcing expenses	48,969	Operating accounts payable	30,924	
							Cost of utilities	30,211			
							Other expenses related to rent business	5,344			
							Repairs and maintenance expenses, etc. (Note 3)	20,821			
							Purchase of trust beneficiary interests in real estate (Note 4)	3,390,000	-		-
							Acceptance of tenant leasehold deposits in trust	188,568	Tenant leasehold and security deposits in trust		879,288
							Rental revenues, etc.	424,454	Advances received		76,950
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Royal Co., Ltd.	Chiyoda-ku, Tokyo	500	Asset management business	-	Entrustment of property management	Outsourcing expenses	9,323	Operating accounts payable	4,712	
							Other expenses related to rent business	4,654			
							Repairs and maintenance expenses, etc. (Note 3)	6,783			
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Service Co., Ltd. (Note 5)	Nishi-ku, Osaka	130	Asset management business	-	Repairs and maintenance, etc. of real estate held	Outsourcing expenses	6,096	Operating accounts payable	5,309	
							Repairs and maintenance expenses, etc. (Note 3)	5,023			
							Other expenses related to rent business	250	-		-
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Energy Co., Ltd.	Abeno-ku, Osaka	50	Environment business	-	Lease of equipment held	Rental revenues, etc.	11,306	Advances received	2,090	
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Logistics Co., Ltd.	Nishi-ku, Osaka	3,764	Transport business	-	Lease of real estate held	Rental revenues, etc.	241,500	Advances received	42,262	
							-	-	Tenant leasehold and security deposits in trust	313,648	
Company of which a majority of voting rights are held by DHR's major corporate unitholder	ENESERVE CORPORATION	Otsu-shi, Shiga	7,629	Environment business	-	Management of real estate held	Other expenses related to rent business	360	-	-	

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 of which a majority of voting rights are held by DHR's major corporate unitholder	MEDIA TECH INC.	Nishi-ku, Osaka	50	Information and communication business	–	Use of homepage server	Other operating expenses	186	Accounts payable–other	26
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa House REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	–	Entrustment of asset management	Asset management fee (Note 6)	357,200	Accrued expenses	376,623

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

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

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

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

(Note 5) Daiwa Service Co., Ltd. merged with Daiwa LifeNext Co., Ltd. on April 1, 2015, thus becoming Daiwa LifeNext Co., Ltd., but the information as of February 28, 2015, is shown.

(Note 6) Asset management fee includes ¥8,475 thousand in management fees associated with property acquisitions factored into acquisition costs of individual investment properties, etc.

Current fiscal period (From March 1, 2015 to August 31, 2015)

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 of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	-	Master lessee and entrustment of property management	Outsourcing expenses	49,906	Operating accounts payable	27,929
							Cost of utilities	30,688		
							Other expenses related to rent business	2,639		
							Repairs and maintenance expenses, etc. (Note 3)	11,636		
							-	-	Tenant leasehold and security deposits in trust	
Rental revenues, etc.	439,644	Advances received	76,950							
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Royal Co., Ltd.	Chiyoda-ku, Tokyo	500	Asset management business	-	Entrustment of property management	Outsourcing expenses	7,694	Operating accounts payable	1,805
							Other expenses related to rent business	4,103		
							Repairs and maintenance expenses, etc. (Note 3)	3,611		
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa LifeNext Co., Ltd. (Note 4)	Minato-ku, Tokyo	130	Asset management business	-	Repairs and maintenance, etc. of real estate held	Outsourcing expenses	6,209	Operating accounts payable	6,805
							Repairs and maintenance expenses, etc. (Note 3)	7,399		
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Energy Co., Ltd.	Abeno-ku, Osaka	50	Environment business	-	Lease of equipment held	Rental revenues, etc.	11,616	Advances received	2,090
							Rental revenues, etc.	241,500	Advances received	42,262
Company of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa Logistics Co., Ltd.	Nishi-ku, Osaka	3,764	Transport business	-	Lease of real estate held	-	-	Tenant leasehold and security deposits in trust	313,648
							Repairs and maintenance expenses, etc. (Note 3)	5,262	-	-
Company of which a majority of voting rights are held by DHR's major corporate unitholder	MEDIA TECH INC.	Nishi-ku, Osaka	50	Information and communication business	-	Use of homepage server	Other operating expenses	148	Accounts payable-other	26

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 of which a majority of voting rights are held by DHR's major corporate unitholder	Daiwa House REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	—	Entrustment of asset management	Asset management fee (Note 5)	497,197	Accrued expenses	406,239

- (Note 1) The amount of transaction does not include consumption taxes while the ending balance does.
- (Note 2) Method of determining transaction terms, etc.: Transaction terms are based on current market practices.
- (Note 3) Repairs and maintenance expenses, etc. include amounts of repairs and maintenance expenses as well as capital expenditures and repairs covered by insurance, etc.
- (Note 4) Daiwa Service Co., Ltd. merged with Daiwa LifeNext Co., Ltd. on April 1, 2015, thus becoming Daiwa LifeNext Co., Ltd. Accordingly, the amount of transaction with Daiwa LifeNext Co., Ltd. includes the aggregate of the amount of transaction with Daiwa Service Co., Ltd. until March 31, 2015 and the amount of transaction with Daiwa LifeNext Co., Ltd. from April 1, 2015.
- (Note 5) Asset management fee includes ¥121,050 thousand in management fees associated with property acquisitions factored into acquisition costs of individual investment properties, etc.

4. Directors and principal individual unitholders

Previous fiscal period (From September 1, 2014 to February 28, 2015)

Not applicable.

Current fiscal period (From March 1, 2015 to August 31, 2015)

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2015)	Current fiscal period (As of August 31, 2015)
Deferred tax assets (fixed)		
Tax loss carried forward	189,001	179,825
Subtotal deferred tax assets (fixed)	189,001	179,825
Valuation allowance	(189,001)	(179,825)
Total deferred tax assets (fixed)	-	-
Net deferred tax assets (fixed)	-	-

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

	(Unit: %)	
	Previous fiscal period (As of February 28, 2015)	Current fiscal period (As of August 31, 2015)
Statutory effective tax rate	34.16	34.15
(Adjustments)		
Distributions paid included in deductibles	(34.15)	(34.14)
Change in valuation allowance	(0.01)	(0.01)
Other	0.02	0.02
Effective tax rate after application of tax effect accounting	0.02	0.02

Investment and Rental Properties

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Balance sheet carrying amount		
Balance at beginning of period	141,050,702	143,439,633
Changes during period	2,388,930	47,446,786
Balance at end of period	143,439,633	190,886,420
Fair value at end of period	167,135,000	218,038,000

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

(Note 2) In the changes during period, the increase in the previous fiscal period is mainly due to acquisition of ACROSSPLAZA Miyoshi (land) (¥3,413,384 thousand), while the decrease is principally attributable to depreciation (¥1,044,278 thousand). In the current fiscal period, the increase is mainly due to acquisition of D Project Kuki III, D Project Kuki IV, D Project Kuki V, D Project Kuki VI, D Project Yashio, D Project Nishiyodogawa, and D Project Matsudo (¥48,802,743 thousand), while the decrease is principally attributable to depreciation (¥1,359,422 thousand).

(Note 3) The fair value at end of period is the appraisal value or survey price provided by an external 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, 2014 to February 28, 2015)

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	3,879,561	1,267,315	–	5,146,876
Segment profit	2,620,502	816,996	(433,765)	3,003,733
Segment assets	118,468,509	34,563,670	13,792,847	166,825,027
Other items				
Depreciation	832,039	212,238	340	1,044,618
Increase in property, plant and equipment and intangible assets	18,675	3,432,494	–	3,451,169

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

(Note 2) Adjustment of segment profit of negative ¥433,765 thousand is corporate expenses that are not allocated to any particular reportable segments. Corporate expenses mainly consist of asset management fee, asset custody fee, administrative service fees, Directors' compensation, etc. that are not attributable to any particular reportable segments.

Adjustment of segment assets of ¥13,792,847 thousand includes current assets of ¥13,439,210 thousand, investments and other assets of ¥331,625 thousand and deferred assets of ¥20,141 thousand.

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

Current fiscal period (From March 1, 2015 to August 31, 2015)

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	5,021,497	1,283,808	–	6,305,305
Segment profit	3,357,655	790,970	(464,718)	3,683,907
Segment assets	168,609,873	34,396,706	13,930,360	216,936,941
Other items				
Depreciation	1,147,206	212,215	340	1,359,762
Increase in property, plant and equipment and intangible assets	48,786,447	1,501	–	48,787,948

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

(Note 2) Adjustment of segment profit of negative ¥464,718 thousand is corporate expenses that are not allocated to any particular reportable segments. Corporate expenses mainly consist of asset management fee, asset custody fee, administrative service fees, Directors' compensation, etc. that are not attributable to any particular reportable segments.

Adjustment of segment assets of ¥13,930,360 thousand includes current assets of ¥13,424,828 thousand, investments and other assets of ¥484,894 thousand and deferred assets of ¥19,108 thousand.

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

2. Related information

Previous fiscal period (From September 1, 2014 to February 28, 2015)

(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 segments.")

(2) Information about geographical area

i) Operating revenues

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

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

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

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

Current fiscal period (From March 1, 2015 to August 31, 2015)

(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 segments.")

(2) Information about geographical area

i) Operating revenues

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

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenues	Related segment
Hitachi Capital Corporation	– (Note)	Logistics property leasing business

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

Per Unit Information

	Previous fiscal period (From September 1, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Net assets per unit	¥274,614	¥309,183
Net income per unit	¥8,673	¥8,657

(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, 2014 to February 28, 2015)	Current fiscal period (From March 1, 2015 to August 31, 2015)
Net income (Thousands of yen)	2,545,604	2,971,619
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	2,545,604	2,971,619
Average number of investment units for the period (Units)	293,480	343,234

Major Subsequent Events

1. Debt financing

DHR concluded debt financing contracts on September 24, 2015 and conducted debt financing as described below on September 28, 2015.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Date of borrowing	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.	4,000	0.6498 Fixed interest rate (Note)	September 28, 2015	September 28, 2022	Bullet repayment	Unsecured and non-guaranteed
Nippon Life Insurance Company	1,000	0.73 Fixed interest rate		September 30, 2024		
Total	5,000					

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

2. Acquisition of assets

DHR concluded a purchase agreement regarding the acquisition of the following asset on September 24, 2015, and acquired the asset on September 28, 2015.

Property name	DREAM TOWN ALi
Acquisition price (Note 1)	¥7,790,000 thousand
Seller (Note 2)	Daiwa Information Service Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	3-1-1 Hamada, Aomori-shi, Aomori
Acquisition date	September 28, 2015

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

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

Omission of Disclosure

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

(9) Changes in Number of Investment Units Issued

DHR issued new investment units (52,000 units through public offering and 5,220 units through third-party allotment) on March 23, 2015 and April 14, 2015, raising ¥27,410 million.

DHR's total number of investment units issued and changes in total investments for the most recent five years until August 31, 2015 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
November 27, 2012	Capital increase through public offering	102,800	117,400	49,601	56,901	(Note 1)
December 26, 2012	Capital increase through third-party allotment	5,140	122,540	2,480	59,381	(Note 2)
March 1, 2014	Split of investment units	122,540	245,080	–	59,381	(Note 3)
March 19, 2014	Capital increase through public offering	44,000	289,080	16,970	76,351	(Note 4)
April 14, 2014	Capital increase through third-party allotment	4,400	293,480	1,697	78,048	(Note 5)
March 23, 2015	Capital increase through public offering	52,000	345,480	24,910	102,958	(Note 6)
April 14, 2015	Capital increase through third-party allotment	5,220	350,700	2,500	105,459	(Note 7)

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

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

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

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

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

(Note 6) New investment units were issued by public offering with an issue value of ¥479,044 per unit in order to raise funds for the acquisition of new properties, etc.

(Note 7) New investment units were issued through third-party allotment with an issue value of ¥479,044 per unit in line with a capital increase through public offering of investment units.

4. Changes in Officers

(1) Changes in DHR's Directors

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

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

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

(2) Changes in Officers of Asset Manager

Yuichi Tsuruta retired as Director on September 30, 2015, and Masaomi Yamadaira was appointed as Director on October 1, 2015.

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

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

Title and post	Name	Major career summary		Number of investment units held (Units)
Managing Director, Executive Manager of the Investment Management Department (Chief Investment Officer) (Full-time)	<i>Kenjiro Matsutake</i>	Apr. 1983	Joined Daiwa House Industry Co., Ltd.	-
		Jan. 1994	Became Manager of the Sales Department of the Commercial Facilities, Osaka Head Office	
		Oct. 1999	Became Manager of the Sales Office of the Commercial Facilities, Shiga Branch	
		Apr. 2004	Became Manager of the LOC Promotion Office, Commercial Facilities Business Promotion Division, Sales Division	
		Jan. 2005	Seconded to Morimoto Asset Management Co., Ltd. (currently Daiwa House Asset Management Co., Ltd.) and appointed as Director and Executive Manager of the Planning Department	
		Nov. 2005	Appointed as Senior Executive Director (in charge of the Investment Management Division), Morimoto Asset Management Co., Ltd.	
		Oct. 2006	Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Director and Executive Manager of the Investment Management Department	
		May 2009	Appointed as Representative Director, President and Chief Executive Officer of Daiwa House REIT Management Co., Ltd. Also appointed as Executive Director of Daiwa House REIT Investment Corporation	
		Aug. 2012	Appointed as Director and Executive Manager of the Investment Management Department, Daiwa House REIT Management Co., Ltd.	
		Apr. 2015	Appointed as Managing Director and Executive Manager of the Investment Management Department (current post)	
Director, Executive Manager of the Finance Department (Chief Financial Officer) (Full-time)	<i>Haruto Tsukamoto</i>	Apr. 1983	Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited)	-
		Apr. 2000	The Chuo Mitsui Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)	
		Aug. 2003	Became Branch Manager of the Yachiyo Branch	
		Nov. 2004	Became General Manager of the Sales Department I of the Nagoya Branch, and Satellite Office Manager of the Kanayamabashi Satellite Office	
		Jul. 2006	Became General Manager of the Sales Department II of the Nagoya Branch	
		Jan. 2008	Became Branch Manager of the Urawa Branch	
		Jul. 2009	Became Chief Operational Auditor of the Operational Audit Group of the Internal Audit Department	
		Mar. 2011	Seconded to Mitsui Memorial Hospital	
		Apr. 2013	Became Deputy Director-General of the Internal Audit Department of Sumitomo Mitsui Trust Bank, Limited	
		Nov. 2014	Seconded to Daiwa House REIT Management Co., Ltd. and appointed as Director and Executive Manager of the Finance Department (current post)	

Title and post	Name	Major career summary		Number of investment units held (Units)
Director, Executive Manager of the Operations Planning Department (Chief Administration Officer) (Full-time)	<i>Masaomi Yamadaira</i>	Apr. 1987 Jul. 2001 Apr. 2002 Apr. 2004 Apr. 2007 Apr. 2008 Jan. 2009 May 2011 Oct. 2011 Apr. 2015 Oct. 2015	Joined Daiwa House Industry Co., Ltd. Became Section Manager of the General Construction Promotion Department Became Senior Chief of the General Construction Promotion Group (in charge of public sector and stationed in Tokyo), Corporate Strategy Division, President's Office Became Senior Chief of the Real Estate Business Development, Administration Became Group Manager of the Comprehensive Development Support Group, Real Estate Business Development, Management Administration (Administration) Became Manager of the Real Estate Business Development, Management Administration (Administration) Appointed as Director of Morimoto Asset Management Co., Ltd. (currently Daiwa House Asset Management Co., Ltd.) Appointed as Director of Daiwa House Australia Pty Ltd Seconded to Daiwa House Australia Pty Ltd and appointed as Managing Director Seconded to Daiwa House REIT Management Co., Ltd. and appointed as General Manager of the Operations Planning Department Appointed as Director and Executive Manager of the Operations Planning Department (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 Assumed office of 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. 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, 2015 is shown below.

Type of assets	Property type	Area		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics properties	Three major metropolitan areas of Japan (Note 1)	Greater Tokyo area	118,743	54.7
			Greater Nagoya area	10,584	4.9
			Greater Osaka area	14,119	6.5
		Other	15,943	7.3	
	Subtotal			159,390	73.5
	Retail properties	Three major metropolitan areas of Japan (Note 1)	Greater Tokyo area	16,423	7.6
			Greater Nagoya area	1,968	0.9
			Greater Osaka area	4,558	2.1
		Other	8,545	3.9	
	Subtotal			31,495	14.5
Total			190,886	88.0	
Deposits and other assets				26,050	12.0
Total assets (Note 4)				216,936	100.0
Total liabilities (Note 4)				108,506	50.0
Total net assets (Note 4)				108,430	50.0

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

(Note 2) The total amount held represents the amount recorded in the balance sheets as of August 31, 2015 (for real estate in trust, book value less depreciation expenses). The amounts are rounded down to the nearest million yen.

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

(Note 4) 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, 2015 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	Investment ratio	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	6,455	—	September 20, 2037	—	—	7,460	1,004	0.0 %	Deposited as business security deposit
Total		10,000	6,455	—	—	—	—	7,460	1,004	0.0 %	

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, 2015 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	3.9	7,372	9,010	November 29, 2012
L-B-2	D Project Hachioji	12,600	6.4	12,091	15,100	November 29, 2012
L-B-3	D Project Aikawa-Machi	2,600	1.3	2,531	3,220	November 28, 2012
L-B-4	D Project Shin-Misato	4,440	2.3	4,319	5,720	November 29, 2012
L-B-5	D Project Urayasu I	7,700	3.9	7,502	8,880	November 28, 2012
L-B-6	D Project Urayasu II	21,400	10.9	20,914	24,900	November 29, 2012
L-B-7	D Project Akanehama	2,550	1.3	2,481	2,800	November 28, 2012
L-B-8	D Project Noda	5,100	2.6	4,884	6,100	November 28, 2012
L-B-9	D Project Inuyama	6,650	3.4	6,376	8,380	November 28, 2012
L-B-10	D Project Gifu	900	0.5	855	1,080	November 29, 2012
L-B-11	D Project Neyagawa	4,600	2.3	4,461	5,720	November 28, 2012
L-B-12	D Project Sapporo Minami	600	0.3	569	808	November 28, 2012
L-B-13	D Project Morioka	1,000	0.5	947	1,180	November 29, 2012
L-B-14	D Project Sendai Minami	1,250	0.6	1,176	1,500	November 28, 2012
L-B-15	D Project Tsuchiura	2,880	1.5	2,740	3,330	November 29, 2012
L-B-16	D Project Gotenba	950	0.5	910	1,120	November 28, 2012
L-B-17	D Project Nishi-Hiroshima	990	0.5	963	1,190	November 28, 2012
L-B-18	D Project Fukuoka Umi	3,100	1.6	2,968	3,930	November 29, 2012
L-B-19	D Project Tosu	2,100	1.1	2,003	2,680	November 29, 2012
L-B-20	D Project Kuki I	3,500	1.8	3,464	3,790	April 1, 2014
L-B-21	D Project Kuki II	7,200	3.7	7,071	7,950	April 1, 2014
L-B-22	D Project Kawagoe I	3,100	1.6	3,073	3,410	April 1, 2014
L-B-23	D Project Kawagoe II	4,250	2.2	4,205	4,630	April 1, 2014
L-B-24	DPL Inuyama	3,380	1.7	3,352	3,740	April 1, 2014
L-B-25	D Project Fukuoka Hakozaeki	3,700	1.9	3,664	4,170	April 1, 2014
L-B-26	D Project Kuki III	7,340	3.7	7,340	7,500	April 1, 2015
L-B-27	D Project Kuki IV	5,300	2.7	5,305	5,390	April 1, 2015
L-B-28	D Project Kuki V	8,010	4.1	8,037	8,130	April 1, 2015
L-B-29	D Project Kuki VI	4,980	2.5	4,983	5,030	April 1, 2015
L-B-30	D Project Yashio	6,140	3.1	6,148	6,270	April 1, 2015
L-B-31	D Project Nishiyodogawa	9,660	4.9	9,657	10,100	April 1, 2015
L-B-32	D Project Matsudo	6,990	3.6	7,013	7,220	June 1, 2015
Logistics Properties Total		162,560	83.0	159,390	183,978	
R-M-1	ACROSSMALL Shinkamagaya	7,419	3.8	6,568	7,640	December 12, 2007
R-M-2	FOLEO Hirakata	5,040	2.6	4,558	4,520	December 11, 2008
R-M-3	QIZ GATE URAWA	5,360	2.7	4,811	4,740	December 11, 2008
R-M-4	UNICUS Takasaki	2,570	1.3	2,596	2,900	March 27, 2013
R-M-5	ACROSSPLAZA Miyoshi (land)	3,390	1.7	3,413	3,680	September 30, 2014
R-R-1	LIFE Sagamihara Wakamatsu	1,650	0.8	1,629	1,580	December 11, 2008
R-R-2	FOLEO Sendai Miyanomori	6,040	3.1	5,948	6,630	November 29, 2012
R-R-3	ACROSSPLAZA Inazawa (land)	1,944	1.0	1,968	2,370	February 25, 2014
Retail Properties Total		33,413	17.0	31,495	34,060	
Portfolio Total		195,973	100.0	190,886	218,038	

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

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

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

(Note 4) Book value at end of period represents book value less depreciation expenses (not including the amount of construction in progress in trust) as of August 31, 2015, rounded down to the nearest million yen.

(Note 5) Assessed value at end of period represents the appraisal value or survey value provided by The Tanizawa Sōgō Appraisal Co., Ltd. and Japan Real Estate Institute, with the date of appraisal value as of August 31, 2015, in accordance with the method and criteria of asset valuation set forth in the Articles of Incorporation of DHR and the rules stipulated by the Investment Trusts Association, Japan, rounded down to the nearest million yen.

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

Property number	Real estate in trust (Property name)	Location (city or county, prefecture)	Date of construction (Note 1)	Number of tenants (Note 2)	Annual rent (not including consumption tax) (Millions of yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
L-B-1	D Project Machida	Machida, Tokyo	October 1, 2006	1 [1]	– (Note 7)	50,490.39	50,490.39	100.00
L-B-2	D Project Hachioji	Hachioji, Tokyo	December 1, 2008	2	– (Note 7)	62,394.17	62,394.17	100.00
L-B-3	D Project Aikawa-Machi	Aiko, Kanagawa	June 30, 2006	1 [1]	– (Note 7)	14,240.84	14,240.84	100.00
L-B-4	D Project Shin-Misato	Misato, Saitama	April 15, 2009	1	– (Note 7)	11,289.91	11,289.91	100.00
L-B-5	D Project Urayasu I	Urayasu, Chiba	May 31, 2005	1	– (Note 7)	36,515.81	36,515.81	100.00
L-B-6	D Project Urayasu II	Urayasu, Chiba	April 10, 2007	1 [1]	– (Note 7)	72,320.01	72,320.01	100.00
L-B-7	D Project Akanehama	Narashino, Chiba	October 11, 2005	1 [1]	– (Note 7)	11,663.39	11,663.39	100.00
L-B-8	D Project Noda	Noda, Chiba	September 30, 2007	1	– (Note 7)	29,232.53	29,232.53	100.00
L-B-9	D Project Inuyama	Inuyama, Aichi	December 10, 2009	1	– (Note 7)	43,723.70	43,723.70	100.00
L-B-10	D Project Gifu	Anpachi, Gifu	February 28, 2009	1	– (Note 7)	7,669.91	7,669.91	100.00
L-B-11	D Project Neyagawa	Neyagawa, Osaka	July 23, 2009	1	– (Note 7)	11,151.51	11,151.51	100.00
L-B-12	D Project Sapporo Minami	Kitahiroshima, Hokkaido	October 30, 2007	1	– (Note 7)	6,749.10	6,749.10	100.00
L-B-13	D Project Morioka	Takizawa, Iwate	September 13, 2002	1	– (Note 7)	9,558.32	9,558.32	100.00
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	March 28, 2006	1	– (Note 7)	11,052.27	11,052.27	100.00
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	February 19, 2009	1	– (Note 7)	17,448.86	17,448.86	100.00
L-B-16	D Project Gotenba	Gotenba, Shizuoka	January 15, 2009	1	– (Note 7)	6,737.53	6,737.53	100.00
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	January 10, 2008	2	– (Note 7)	5,093.51	5,093.51	100.00
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	May 1, 2006	4	242	24,729.56	24,729.56	100.00
L-B-19	D Project Tosu	Tosu, Saga	February 19, 2009	1	– (Note 7)	8,826.00	8,826.00	100.00
L-B-20	D Project Kuki I	Kuki, Saitama	October 5, 2011	1	– (Note 7)	22,708.72	22,708.72	100.00
L-B-21	D Project Kuki II	Kuki, Saitama	June 21, 2013	1	– (Note 7)	50,490.00	50,490.00	100.00
L-B-22	D Project Kawagoe I	Kawagoe, Saitama	April 30, 2011	1	206	16,150.88	16,150.88	100.00
L-B-23	D Project Kawagoe II	Kawagoe, Saitama	September 3, 2012	1	277	19,872.00	19,872.00	100.00
L-B-24	DPL Inuyama	Inuyama, Aichi	September 18, 2013	1	– (Note 7)	21,628.50	21,628.50	100.00
L-B-25	D Project Fukuoka Hakozaki	Fukuoka, Fukuoka	October 1, 2012	1	– (Note 7)	34,710.80	34,710.80	100.00
L-B-26	D Project Kuki III	Kuki, Saitama	June 28, 2013	1	– (Note 7)	26,937.41	26,937.41	100.00
L-B-27	D Project Kuki IV	Kuki, Saitama	June 30, 2009	1	– (Note 7)	26,460.00	26,460.00	100.00
L-B-28	D Project Kuki V	Kuki, Saitama	May 21, 2012	1	– (Note 7)	47,320.89	47,320.89	100.00
L-B-29	D Project Kuki VI	Kuki, Saitama	August 9, 2013	1	– (Note 7)	29,244.66	29,244.66	100.00
L-B-30	D Project Yashio	Yashio, Saitama	August 1, 2011	2	– (Note 7)	21,965.04	21,965.04	100.00
L-B-31	D Project Nishiyodogawa	Osaka, Osaka	April 15, 2011	1	– (Note 7)	39,584.80	39,584.80	100.00
L-B-32	D Project Matsudo	Matsudo, Chiba	April 9, 2011	1	– (Note 7)	26,776.67	26,776.67	100.00
Logistics Properties Total				38	10,582	824,737.69	824,737.69	100.00

Property number	Real estate in trust (Property name)	Location (city or county, prefecture)	Date of construction (Note 1)	Number of tenants (Note 2)	Annual rent (not including consumption tax) (Millions of yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	October 31, 2006	1	551	41,742.84	41,742.84	100.00
R-M-2	FOLEO Hirakata	Hirakata, Osaka	November 20, 2006	1 [23]	375	16,380.78	16,319.18	99.62
R-M-3	QiZ GATE URAWA	Saitama, Saitama	February 17, 2008	9	338	9,705.31	9,522.59	98.11
R-M-4	UNICUS Takasaki	Takasaki, Gunma	November 5, 2008	1	260	9,277.08	9,277.08	100.00
R-M-5	ACROSSPLAZA Miyoshi (land)	Iruma, Saitama	–	1	189	24,018.00	24,018.00	100.00
R-R-1	LIFE Sagamiyama Wakamatsu	Sagamiyama, Kanagawa	April 25, 2007	1	– (Note 7)	2,973.44	2,973.44	100.00
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	October 6, 2009	1	477	19,845.72	19,845.72	100.00
R-R-3	ACROSSPLAZA Inazawa (land)	Inazawa, Aichi	–	1	139	31,981.70	31,981.70	100.00
Retail Properties Total				16	2,429	155,924.87	155,680.55	99.84
Portfolio Total				54	13,011	980,662.56	980,418.24	99.97

- (Note 1) Date of construction of the main building, as described in the property registry, is represented. For properties with several main buildings, the construction date of the oldest building is listed.
- (Note 2) Number of tenants is equal to the number of tenants per property based upon each lease agreement in relation to each property in trust as of August 31, 2015. However, the number of end-tenants is indicated in brackets after the number of master lessees in the case of a property subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants. Meanwhile, only the master lessee is indicated as a tenant with respect to a property subject to a sublease type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in the sublease occupancy rate.
- (Note 3) Annual rent means the annual rent of the property as indicated in each lease agreement in relation to each property in trust as of August 31, 2015 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, 2015 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. For revenue-based rent, a monthly amount linked to sales in August 2015 is used. Therefore, the sums of the annual rent of each property may not add up due to rounding and may differ from the total in the portfolio.
- (Note 4) Total leasable area means the leasable area of the building in relation to each property in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building.
- (Note 5) Total leased area means the total of leased area as indicated in each lease agreement in relation to each property in trust as of August 31, 2015. However, the leased area as indicated in each sublease agreement for each properties in trust as of August 31, 2015 that are subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, are added up and shown. In some properties, total leasable area and total leased area are larger than gross floor area due to differences in measurement of floor area in real property registration and lease agreements. Gross floor area is based on the real property registration, while total leasable area and total leased area are based on each lease agreement. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area.
- (Note 6) Occupancy rate as of August 31, 2015 is calculated by dividing total leased area for each property by the total leasable area, rounded down to the nearest 100th. Therefore, figures in the table may not add up to totals.
- (Note 7) Undisclosed as consent for disclosure has not been obtained from lessees.

(B) Status of revenues from real estate in trust

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

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

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

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Financial Results for the Fiscal Period Ended August 31, 2015

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, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(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)	218,984	364,111	81,814	151,419
(D) Depreciation	49,853	104,896	15,843	26,771
(E) Income (loss) from rent business (= C – D)	169,131	259,214	65,971	124,647

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, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(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)	194,345	557,296	69,955	154,572
(D) Depreciation	44,192	109,201	15,618	44,532
(E) Income (loss) from rent business (= C – D)	150,152	448,094	54,336	110,040

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, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(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)	227,270	31,522	143,322	25,488
(D) Depreciation	56,607	9,562	30,234	7,081
(E) Income (loss) from rent business (= C – D)	170,662	21,960	113,087	18,406

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended August 31, 2015

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, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(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)	34,121	36,432	100,350	33,211
(D) Depreciation	11,211	15,202	28,702	8,725
(E) Income (loss) from rent business (= C – D)	22,909	21,229	71,648	24,485

Property number	L-B-17	L-B-18	L-B-19	L-B-20
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Period for asset management	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(A) Rent revenues Subtotal	– (Note)	121,898	– (Note)	– (Note)
Rent revenues - real estate	– (Note)	120,853	– (Note)	– (Note)
Other lease business revenues	– (Note)	1,045	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	14,549	– (Note)	– (Note)
Taxes and public dues	– (Note)	9,253	– (Note)	– (Note)
Outsourcing expenses	– (Note)	3,214	– (Note)	– (Note)
Insurance	– (Note)	233	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	1,047	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	800	– (Note)	– (Note)
(C) NOI (= A – B)	38,242	107,348	73,632	102,555
(D) Depreciation	7,316	28,087	20,144	24,901
(E) Income (loss) from rent business (= C – D)	30,926	79,261	53,487	77,654

Property number	L-B-21	L-B-22	L-B-23	L-B-24
Property name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama
Period for asset management	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(A) Rent revenues Subtotal	– (Note)	102,765	138,738	– (Note)
Rent revenues - real estate	– (Note)	102,762	138,738	– (Note)
Other lease business revenues	– (Note)	3	–	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	12,847	14,652	– (Note)
Taxes and public dues	– (Note)	9,378	11,890	– (Note)
Outsourcing expenses	– (Note)	1,800	1,800	– (Note)
Insurance	– (Note)	168	212	– (Note)
Repairs and maintenance expenses	– (Note)	1,250	499	– (Note)
Other expenses related to rent business	– (Note)	250	250	– (Note)
(C) NOI (= A – B)	216,319	89,917	124,085	99,406
(D) Depreciation	69,959	19,037	28,741	27,028
(E) Income (loss) from rent business (= C – D)	146,359	70,880	95,344	72,378

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended August 31, 2015

Property number	L-B-25	L-B-26	L-B-27	L-B-28
Property name	D Project Fukuoka Hakozaki	D Project Kuki III	D Project Kuki IV	D Project Kuki V
Period for asset management	From March 1, 2015 to August 31, 2015	From April 1, 2015 to August 31, 2015	From April 1, 2015 to August 31, 2015	From April 1, 2015 to August 31, 2015
(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)	111,960	180,480	141,750	206,316
(D) Depreciation	28,468	52,071	35,508	55,862
(E) Income (loss) from rent business (= C – D)	83,491	128,408	106,242	150,453

Property number	L-B-29	L-B-30	L-B-31	L-B-32
Property name	D Project Kuki VI	D Project Yashio	D Project Nishiyodogawa	D Project Matsudo
Period for asset management	From April 1, 2015 to August 31, 2015	From April 1, 2015 to August 31, 2015	From April 1, 2015 to August 31, 2015	From June 1, 2015 to August 31, 2015
(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)	125,208	142,142	236,951	95,825
(D) Depreciation	39,937	38,009	73,390	20,503
(E) Income (loss) from rent business (= C – D)	85,271	104,133	163,561	75,321

Property number	Logistics Properties Total
Property name	
Period for asset management	
(A) Rent revenues Subtotal	5,021,497
Rent revenues - real estate	4,985,167
Other lease business revenues	36,329
(B) Expenses related to rent business Subtotal	505,134
Taxes and public dues	353,533
Outsourcing expenses	96,800
Insurance	8,159
Repairs and maintenance expenses	32,733
Other expenses related to rent business	13,907
(C) NOI (= A – B)	4,516,362
(D) Depreciation	1,147,206
(E) Income (loss) from rent business (= C – D)	3,369,155

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended August 31, 2015

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, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(A) Rent revenues Subtotal	275,700	188,484	237,299	129,870
Rent revenues - real estate	275,700	187,326	170,282	129,870
Other lease business revenues	–	1,158	67,017	–
(B) Expenses related to rent business Subtotal	38,152	38,704	84,283	62,265
Taxes and public dues	25,697	23,116	14,012	10,068
Outsourcing expenses	8,422	7,694	32,869	21,288
Insurance	454	330	157	111
Repairs and maintenance expenses	3,078	2,929	3,554	30,293
Other expenses related to rent business	500	4,633	33,689	504
(C) NOI (= A – B)	237,547	149,779	153,016	67,604
(D) Depreciation	72,234	42,849	51,921	14,341
(E) Income (loss) from rent business (= C – D)	165,312	106,930	101,094	53,263

Property number	R-M-5	R-R-1	R-R-2	R-R-3
Property name	ACROSSPLAZA Miyoshi (land)	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori	ACROSSPLAZA Inazawa (land)
Period for asset management	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015	From March 1, 2015 to August 31, 2015
(A) Rent revenues Subtotal	94,284	– (Note)	238,500	69,660
Rent revenues - real estate	94,284	– (Note)	238,500	69,660
Other lease business revenues	–	– (Note)	–	–
(B) Expenses related to rent business Subtotal	9,737	– (Note)	29,095	7,355
Taxes and public dues	9,537	– (Note)	22,865	7,155
Outsourcing expenses	–	– (Note)	3,600	–
Insurance	–	– (Note)	231	–
Repairs and maintenance expenses	–	– (Note)	1,899	–
Other expenses related to rent business	200	– (Note)	500	200
(C) NOI (= A – B)	84,546	43,248	209,404	62,304
(D) Depreciation	–	4,272	26,595	–
(E) Income (loss) from rent business (= C – D)	84,546	38,975	182,809	62,304

Property number	Retail Properties Total	Portfolio Total
Property name		
Period for asset management		
(A) Rent revenues Subtotal	1,283,808	6,305,305
Rent revenues - real estate	1,215,623	6,200,791
Other lease business revenues	68,184	104,514
(B) Expenses related to rent business Subtotal	276,356	781,490
Taxes and public dues	116,286	469,819
Outsourcing expenses	75,675	172,475
Insurance	1,313	9,472
Repairs and maintenance expenses	42,354	75,087
Other expenses related to rent business	40,727	54,635
(C) NOI (= A – B)	1,007,451	5,523,814
(D) Depreciation	212,215	1,359,422
(E) Income (loss) from rent business (= C – D)	795,236	4,164,392

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

(C) Trend of occupancy rate

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

	Number of investment properties	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%) (Note)
6th fiscal period (February 28, 2011)	5	74,224.40	74,156.19	99.90
7th fiscal period (August 31, 2011)	5	74,224.40	74,116.72	99.85
8th fiscal period (February 29, 2012)	4	70,802.37	70,694.69	99.84
9th fiscal period (August 31, 2012)	4	70,802.37	70,734.16	99.90
10th fiscal period (February 28, 2013)	24	531,535.41	531,521.94	99.99
11th fiscal period (August 31, 2013)	25	540,812.49	540,799.02	99.99
12th fiscal period (February 28, 2014)	26	572,794.19	572,537.79	99.95
13th fiscal period (August 31, 2014)	32	738,355.09	738,194.62	99.97
14th fiscal period (February 28, 2015)	33	762,373.09	762,164.49	99.97
15th fiscal period (August 31, 2015)	40	980,662.56	980,418.24	99.97

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

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

(Unit: %)

Property number	Property name	6th fiscal period (February 28, 2011)	7th fiscal period (August 31, 2011)	8th fiscal period (February 29, 2012)	9th fiscal period (August 31, 2012)	10th fiscal period (February 28, 2013)	11th fiscal period (August 31, 2013)	12th fiscal period (February 28, 2014)	13th fiscal period (August 31, 2014)	14th fiscal period (February 28, 2015)	15th fiscal period (August 31, 2015)
L-B-1	D Project Machida	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-2	D Project Hachioji	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-3	D Project Aikawa-Machi	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-4	D Project Shin-Misato	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-5	D Project Urayasu I	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-6	D Project Urayasu II	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-7	D Project Akanehama	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-8	D Project Noda	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-9	D Project Inuyama	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-10	D Project Gifu	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-11	D Project Neyagawa	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-12	D Project Sapporo Minami	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-13	D Project Morioka	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-14	D Project Sendai Minami	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-15	D Project Tsuchiura	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-16	D Project Gotenba	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-17	D Project Nishi-Hiroshima	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-18	D Project Fukuoka Umi	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-19	D Project Tosu	--	--	--	--	100.00	100.00	100.00	100.00	100.00	100.00
L-B-20	D Project Kuki I	--	--	--	--	--	--	--	100.00	100.00	100.00
L-B-21	D Project Kuki II	--	--	--	--	--	--	--	100.00	100.00	100.00
L-B-22	D Project Kawagoe I	--	--	--	--	--	--	--	100.00	100.00	100.00
L-B-23	D Project Kawagoe II	--	--	--	--	--	--	--	100.00	100.00	100.00
L-B-24	DPL Inuyama	--	--	--	--	--	--	--	100.00	100.00	100.00
L-B-25	D Project Fukuoka Hakozaki	--	--	--	--	--	--	--	100.00	100.00	100.00
L-B-26	D Project Kuki III	--	--	--	--	--	--	--	--	--	100.00
L-B-27	D Project Kuki IV	--	--	--	--	--	--	--	--	--	100.00
L-B-28	D Project Kuki V	--	--	--	--	--	--	--	--	--	100.00
L-B-29	D Project Kuki VI	--	--	--	--	--	--	--	--	--	100.00
L-B-30	D Project Yashio	--	--	--	--	--	--	--	--	--	100.00
L-B-31	D Project Nishiyodogawa	--	--	--	--	--	--	--	--	--	100.00
L-B-32	D Project Matsudo	--	--	--	--	--	--	--	--	--	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	99.91	99.91	99.91	99.91	99.33	99.91	99.62	99.62
R-M-3	QiZ GATE URAWA	99.43	99.02	99.02	99.43	100.00	100.00	98.48	98.48	98.48	98.11
R-M-4	UNICUS Takasaki	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00

Property number	Property name	6th fiscal period (February 28, 2011)	7th fiscal period (August 31, 2011)	8th fiscal period (February 29, 2012)	9th fiscal period (August 31, 2012)	10th fiscal period (February 28, 2013)	11th fiscal period (August 31, 2013)	12th fiscal period (February 28, 2014)	13th fiscal period (August 31, 2014)	14th fiscal period (February 28, 2015)	15th fiscal period (August 31, 2015)
R-M-5	ACROSSPLAZA Miyoshi (land)	–	–	–	–	–	–	–	–	100.00	100.00
R-R-1	LIFE Sagamihara Wakamatsu	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-R-2	FOLEO Sendai Miyanomori	–	–	–	–	100.00	100.00	100.00	100.00	100.00	100.00
R-R-3	ACROSSPLAZA Inazawa (land)	–	–	–	–	–	–	100.00	100.00	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, 2015 are as follows. A major tenant is a tenant for which leased area accounts for 10% or more of the total leased area (total of leased areas in the entire portfolio).

Tenant	Business	Property name	Rent revenues for the period (Millions of yen)	Rent revenues ratio (%) (Note 1)	Leased area (m ²)	Area ratio (%) (Note 1)
Hitachi Capital Corporation	Other financial business	D Project Machida D Project Aikawa-Machi D Project Urayasu II D Project Akanehama	– (Note 2)	– (Note 2)	148,714.63	15.2
Total of all tenants	–	–	6,200	100.0	980,418.24	100.0

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

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

b. Lease terms for major tenants

DHR's lease terms for major tenants as of August 31, 2015 are as follows:

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

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

(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, 2015	9,010	9,180	4.8	8,930	4.7	5.0
L-B-2	D Project Hachioji	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	15,100	14,900	4.7	15,200	1st to 4th year 4.6 5th to 10th year 4.7	4.9
L-B-3	D Project Aikawa-Machi	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,220	3,260	5.0	3,200	5.0	5.2
L-B-4	D Project Shin-Misato	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	5,720	5,780	5.3	5,690	5.3	5.5
L-B-5	D Project Urayasu I	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	8,880	9,100	4.5	8,780	4.6	4.7
L-B-6	D Project Urayasu II	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	24,900	24,900	4.4	24,900	4.4	4.6
L-B-7	D Project Akanehama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	2,800	2,860	4.9	2,770	5.0	5.1
L-B-8	D Project Noda	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	6,100	6,130	5.0	6,090	4.9	5.2
L-B-9	D Project Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	8,380	8,250	5.3	8,430	1st to 9th year 5.2 10th year 5.3	5.5
L-B-10	D Project Gifu	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	1,080	1,070	5.8	1,080	1st to 9th year 5.7 10th year and later 5.8	6.0
L-B-11	D Project Neyagawa	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	5,720	5,730	5.0	5,710	5.0	5.2
L-B-12	D Project Sapporo Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	808	804	6.3	810	1st to 2nd year 6.1 3rd to 10th year 6.2	6.5
L-B-13	D Project Morioka	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	1,180	1,180	6.2	1,180	6.1	6.4
L-B-14	D Project Sendai Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	1,500	1,480	5.5	1,510	1st to 6th year 5.3 7th to 10th year 5.4	5.7
L-B-15	D Project Tsuchiura	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,330	3,220	5.5	3,370	5.4	5.7
L-B-16	D Project Gotenba	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	1,120	1,110	5.7	1,130	5.6	5.9
L-B-17	D Project Nishi-Hiroshima	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	1,190	1,150	5.7	1,210	Tower A 1st to 7th year 5.7 8th to 10th year 5.8 Tower B 5.7	5.9
L-B-18	D Project Fukuoka Umi	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,930	3,930	5.5	3,930	Tower A 5.4 Tower B 1st to 7th year 5.2 8th year and later 5.4 Tower C 5.4 Tower D 1st to 6th year 5.3 7th year and later 5.4	5.7

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended August 31, 2015

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-19	D Project Tosu	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	2,680	2,710	5.5	2,660	1st to 9th year 5.5 10th year and later 5.6	5.7
L-B-20	D Project Kuki I	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,790	3,850	5.2	3,770	1st to 9th year 5.2 10th year 5.3	5.4
L-B-21	D Project Kuki II	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	7,950	8,020	5.2	7,920	1st to 8th year 5.2 9th year and later 5.3	5.4
L-B-22	D Project Kawagoe I	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,410	3,420	5.3	3,410	5.3	5.5
L-B-23	D Project Kawagoe II	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	4,630	4,730	5.3	4,590	5.3	5.5
L-B-24	DPL Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,740	3,740	5.3	3,740	5.2	5.5
L-B-25	D Project Fukuoka Hakozaki	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	4,170	4,200	5.2	4,150	5.1	5.4
L-B-26	D Project Kuki III	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	7,500	7,660	5.2	7,430	1st to 8th year 5.2 9th year and later 5.3	5.4
L-B-27	D Project Kuki IV	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	5,390	5,350	5.2	5,400	1st to 9th year 5.2 10th year 5.3	5.4
L-B-28	D Project Kuki V	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	8,130	8,180	5.2	8,110	1st to 7th year 5.2 8th to 10th year 5.3	5.4
L-B-29	D Project Kuki VI	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	5,030	5,090	5.2	5,010	1st to 8th year 5.2 9th to 10th year 5.3	5.4
L-B-30	D Project Yashio	Japan Real Estate Institute	August 31, 2015	6,270	6,310	4.9	6,230	4.4	5.2
L-B-31	D Project Nishiyodogawa	Japan Real Estate Institute	August 31, 2015	10,100	10,100	5.1	10,100	4.8	5.2
L-B-32	D Project Matsudo	Japan Real Estate Institute	August 31, 2015	7,220	7,230	4.9	7,200	4.6	5.0
Logistics Properties Total				183,978	184,624	—	183,640	—	—
R-M-1	ACROSSMALL Shinkamagaya	Japan Real Estate Institute	August 31, 2015	7,640	7,670	6.1	7,610	5.8	6.3
R-M-2	FOLEO Hirakata	Japan Real Estate Institute	August 31, 2015	4,520	4,550	6.4	4,480	5.9	6.5
R-M-3	QiZ GATE URAWA	Japan Real Estate Institute	August 31, 2015	4,740	4,750	6.2	4,720	5.5	6.0
R-M-4	UNICUS Takasaki	Japan Real Estate Institute	August 31, 2015	2,900	2,910	6.7	2,890	6.4	6.9
R-M-5	ACROSSPLAZA Miyoshi (land)	The Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015	3,680	— (Note 1)	— (Note 1)	3,680	4.7	— (Note 2)
R-R-1	LIFE Sagami-hara Wakamatsu	Japan Real Estate Institute	August 31, 2015	1,580	1,590	5.5	1,560	5.1	5.6
R-R-2	FOLEO Sendai Miyanomori	Japan Real Estate Institute	August 31, 2015	6,630	6,660	6.3	6,600	6.0	6.5
R-R-3	ACROSSPLAZA Inazawa (land)	Japan Real Estate Institute	August 31, 2015	2,370	— (Note 1)	— (Note 1)	2,370	5.5	— (Note 2)
Retail Properties Total				34,060	28,130	—	33,910	—	—
Portfolio Total				218,038	212,754	—	217,550	—	—

- (Note 1) In this appraisal, because the contractual terms prescribe the restoration of land to its original state at the expiry of the agreement and the direct capitalization method where net cash flow over a period of time is capitalized at the capitalization rate is not suitable, the price based on the direct capitalization method was not calculated.
- (Note 2) Since the capitalization method was not applied in the calculation of price of selling the vacant lot, the terminal capitalization rate was not presented.

(F) Summary on engineering report

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

Property number	Real estate in trust (Property name)	Month and year of survey	Emergency repair (Thousands of yen)	Short-term repair and maintenance (Thousands of yen) (Note 1)	Long-term repair and maintenance (Thousands of yen) (Note 1)
L-B-1	D Project Machida	September 2012	–	–	6,288
L-B-2	D Project Hachioji	September 2012	–	–	3,292
L-B-3	D Project Aikawa-Machi	September 2012	–	–	600
L-B-4	D Project Shin-Misato	September 2012	–	–	–
L-B-5	D Project Urayasu I	September 2012	–	–	5,489
L-B-6	D Project Urayasu II	September 2012	–	–	3,850
L-B-7	D Project Akanehama	September 2012	–	–	430
L-B-8	D Project Noda	September 2012	–	–	1,342
L-B-9	D Project Inuyama	September 2012	–	–	2,525
L-B-10	D Project Gifu	September 2012	–	–	–
L-B-11	D Project Neyagawa	September 2012	–	–	–
L-B-12	D Project Sapporo Minami	September 2012	–	–	354
L-B-13	D Project Morioka	September 2012	–	–	2,633
L-B-14	D Project Sendai Minami	September 2012	–	–	634
L-B-15	D Project Tsuchiura	September 2012	–	–	–
L-B-16	D Project Gotenba	September 2012	–	–	54
L-B-17	D Project Nishi-Hiroshima	September 2012	–	–	828
L-B-18	D Project Fukuoka Umi	September 2012	–	–	3,154
L-B-19	D Project Tosu	September 2012	–	–	–
L-B-20	D Project Kuki I	February 2014	–	–	486
L-B-21	D Project Kuki II	February 2014	–	–	854
L-B-22	D Project Kawagoe I	February 2014	–	–	587
L-B-23	D Project Kawagoe II	February 2014	–	–	436
L-B-24	DPL Inuyama	February 2014	–	–	403
L-B-25	D Project Fukuoka Hakozaki	February 2014	–	–	3,386
L-B-26	D Project Kuki III	February 2015	–	–	3,579
L-B-27	D Project Kuki IV	February 2015	–	–	976
L-B-28	D Project Kuki V	February 2015	–	–	4,949
L-B-29	D Project Kuki VI	February 2015	–	–	3,448
L-B-30	D Project Yashio	February 2015	–	–	5,802
L-B-31	D Project Nishiyodogawa	February 2015	–	–	1,743
L-B-32	D Project Matsudo	February 2015	–	–	1,739
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-M-5	ACROSSPLAZA Miyoshi (land) (Note 2)	–	–	–	–
R-R-1	LIFE Sagamihara Wakamatsu	September 2012	–	–	2,768
R-R-2	FOLEO Sendai Miyanomori	September 2012	–	–	1,387
R-R-3	ACROSSPLAZA Inazawa (land) (Note 2)	–	–	–	–
Portfolio Total			–	–	126,652

(Note 1) Short-term repair and maintenance show repairs and maintenance expenses required within one year as of each survey date, which are estimated by Tokio Marine & Nichido Risk Consulting Co., Ltd.

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

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

(G) Summary of report on earthquake risk assessment

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

Property number	Real estate in trust (Property name)	PML (%)
L-B-1	D Project Machida	2.7
L-B-2	D Project Hachioji	6.0
L-B-3	D Project Aikawa-Machi	5.5
L-B-4	D Project Shin-Misato	0.8
L-B-5	D Project Urayasu I	3.5
L-B-6	D Project Urayasu II	2.1
L-B-7	D Project Akanehama	1.7
L-B-8	D Project Noda	1.7
L-B-9	D Project Inuyama	3.4
L-B-10	D Project Gifu	4.1
L-B-11	D Project Neyagawa	2.7
L-B-12	D Project Sapporo Minami	1.9
L-B-13	D Project Morioka	8.1
L-B-14	D Project Sendai Minami	1.5
L-B-15	D Project Tsuchiura	1.6
L-B-16	D Project Gotenba	7.0
L-B-17	D Project Nishi-Hiroshima	2.3
L-B-18	D Project Fukuoka Umi	1.3
L-B-19	D Project Tosu	4.2
L-B-20	D Project Kuki I	0.5
L-B-21	D Project Kuki II	3.4
L-B-22	D Project Kawagoe I	7.6
L-B-23	D Project Kawagoe II	3.2
L-B-24	DPL Inuyama	7.0
L-B-25	D Project Fukuoka Hakozaki	10.9
L-B-26	D Project Kuki III	0.1
L-B-27	D Project Kuki IV	1.7
L-B-28	D Project Kuki V	2.8
L-B-29	D Project Kuki VI	2.0
L-B-30	D Project Yashio	1.6
L-B-31	D Project Nishiyodogawa	7.3
L-B-32	D Project Matsudo	3.1
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-M-5	ACROSSPLAZA Miyoshi (land) (Note 1)	–
R-R-1	LIFE Sagamihara Wakamatsu	11.0
R-R-2	FOLEO Sendai Miyanomori	2.8
R-R-3	ACROSSPLAZA Inazawa (land) (Note 1)	–
Portfolio Total (Note 2)		1.8

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

(Note 2) The figure shown in Portfolio Total is aggregate PML for 38 properties excluding ACROSSPLAZA Miyoshi (land) and ACROSSPLAZA Inazawa (land) for which only the land was acquired. It is calculated in the same way as an individual property based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd. (portfolio PML).

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

Not applicable.

iv) Status of portfolio diversification

The overview of portfolio on real estate in trust as of August 31, 2015 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	32	162,560	83.0
Retail Properties	8	33,413	17.0
Total	40	195,973	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	22	138,619	70.7
	Greater Nagoya area	4	12,874	6.6
	Greater Osaka area	3	19,300	9.8
Other areas		11	25,180	12.8
Total		40	195,973	100.0

(C) By lease term (Note 2)

By lease term

Lease term	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
10 years or more	64	12,825	98.6
Less than 10 years	12	186	1.4
Total	76	13,011	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	8	2,000	15.4
10 years or more but less than 15 years	32	7,899	60.7
5 years or more but less than 10 years	12	2,169	16.7
Less than 5 years	24	943	7.3
Total	76	13,011	100.0

(D) By property age

Property age (Note 6)	Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)
Less than 5 years	12	68,250	35.8
5 years or more but less than 10 years	24	113,689	59.6
10 years or more	2	8,700	4.6
Total	38	190,639	100.0

Average property age (*)	6.2 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	9.9
Pass-through type master lease	5	2,426	18.6
Direct lease	32	9,297	71.5
Total	40	13,011	100.0

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

Rent type	Number of tenants (Note 3)	Leased area (m ²)	Percentage of leased area (%)
Fixed rent	75	980,410.05	100.0
Revenue-based rent	1	8.19	0.0
Total	76	980,418.24	100.0

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

Contract type	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Fixed-term lease contract of property (including land)	56	7,150	55.0
Other	20	5,861	45.0
Total	76	13,011	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, 2015.

(Note 3) Number of tenants is the number of end-tenants of each property in trust as of August 31, 2015. 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, 2015 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, 2015 or the amount calculated by multiplying the monthly rent by 12 on an annual basis), rounded to the nearest million yen. For revenue-based rent, a monthly amount linked to sales in August 2015 is used. 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 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, 2015.

v) Capital expenditures for properties held

(A) Schedule of capital expenditures

The following table shows major scheduled capital expenditures for planned renovation work, etc., for real estate in trust held as of August 31, 2015. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Millions of yen)		
			Total amount	Payment for the period	Total amount paid
D Project Akanehama (Narashino, Chiba)	Installment of LED lights	From October 2015 to November 2015	12	-	-
D Project Gotenba (Gotenba, Shizuoka)	Repair work of exterior walls	From August 2015 to September 2015	10	-	-
DPL Inuyama (Inuyama, Aichi)	Installment of LED lights	From January 2016 to February 2016	21	-	-
FOLEO Hirakata (Hirakata, Osaka)	Installment of LED lights	From November 2015 to November 2015	39	-	-

(B) Capital expenditures during the period

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

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

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

(Unit: Millions of yen)

Operating period	11th period From March 1, 2013 to August 31, 2013	12th period From September 1, 2013 to February 28, 2014	13th period From March 1, 2014 to August 31, 2014	14th period From September 1, 2014 to February 28, 2015	15th period From March 1, 2015 to August 31, 2015
Balance of reserves at beginning of period	127	180	239	300	362
Amount of reserves during period	53	58	60	62	67
Amount of reversal of reserves during period	-	-	-	-	-
Reserves carried forward	180	239	300	362	430