

April 12, 2013

Financial Results for the Fiscal Period Ended February 28, 2013 (September 1, 2012 - February 28, 2013)

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

Listing: Tokyo Stock Exchange

Securities code: 3263

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

Representative: Masazumi Kakei, Executive Director

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

Representative: Hirotaka Najima, Representative Director, President and CEO

Inquiries: Masahiro Suzuki

Director, Executive Manager of the Finance Division (Chief Financial Officer)

TEL: +81-3-5651-2895

Scheduled date of submitting Securities Report: May 24, 2013

Scheduled date of starting distribution payments: May 20, 2013

Supplementary materials for the financial results provided: Yes

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

(Amounts below one million yen are omitted)

1. Financial results for the fiscal period ended February 28, 2013 (September 1, 2012 – February 28, 2013)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended February 28, 2013	2,421	223.7	1,452	297.8	919	188.5	918	363.6
Fiscal period ended August 31, 2012	748	(2.7)	365	–	318	–	198	–

	Net income per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended February 28, 2013	13,158	2.7	1.2	38.0
Fiscal period ended August 31, 2012	13,576	2.8	1.5	42.6

(Note) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units during the fiscal period (14,600 units for the fiscal period ended August 31, 2012, and 69,833 units for the fiscal period ended February 28, 2013).

(2) Distributions

	Distributions per unit (excluding excess of earnings)	Total distributions	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended February 28, 2013	7,278	891	0	-	97.1	1.5
Fiscal period ended August 31, 2012	0	-	0	-	-	-

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

(Note 2) Due to the issuance of new investment units, the payout ratio was calculated based on the following formula, rounded to the nearest tenth.

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

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2013	127,779	60,272	47.2	491,863
As of August 31, 2012	21,330	7,273	34.1	498,152

(Note) The number of investment units issued at the end of the period
As of August 31, 2012: 14,600 units
As of February 28, 2013: 122,540 units

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended February 28, 2013	(624)	(95,757)	100,388	5,624
Fiscal period ended August 31, 2012	465	(11)	-	1,618

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

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending August 31, 2013	4,122	70.2	2,256	55.3	1,889	105.4	1,888	105.5	15,400	0
Fiscal period ending February 28, 2014	4,132	0.2	2,252	(0.2)	1,888	(0.1)	1,888	0.0	15,400	0

(Reference) Forecasted net income per unit

For the fiscal period ending August 31, 2013: ¥15,400
For the fiscal period ending February 28, 2014: ¥15,400

3. Other

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

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

(2) Number of investment units issued

- a. Number of investment units issued at the end of the period (including treasury investment units)
 - As of February 28, 2013 122,540 units
 - As of August 31, 2012 14,600 units
- b. Number of treasury units at the end of the period
 - As of February 28, 2013 0 units
 - As of August 31, 2012 0 units

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

* Status of auditing procedures

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

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

The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available to DHR and on certain assumptions deemed reasonable by DHR. The actual operating and other results may differ significantly from those presented herein as a consequence of numerous factors. These forecasts also do not guarantee the amount of distributions. Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending August 31, 2013 and February 28, 2014” on page 9 and 10 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 April 12, 2013.

1. The Investment Corporation and Related Corporations

Management structure of Daiwa House REIT Investment Corporation (DHR)

As there have been no significant changes in “Management structure of the Investment Corporation” in the latest Securities Registration Statement (submitted on October 24, 2012; prepared in Japanese only), the disclosure is omitted.

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Registration Statement (submitted on October 24, 2012; prepared in Japanese only), the disclosure is omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

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

Having twice completed a capital increase through private placement—on December 11, 2007 and December 10, 2008—DHR issued new investment units (102,800 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. (hereinafter referred to as the “TSE”). Furthermore, on December 26, 2012, DHR issued new investment units (5,140 units) through third-party allotment.

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, by collaborating with the Daiwa House Group (see Note), which possesses a strong development track record in the planning and development of logistics and retail properties backed by extensive land information and a customer base covering the whole country, DHR is planning steady growth in the scale of its assets by acquiring highly competitive assets. Furthermore, DHR has its sights set on maintaining and improving the value of its assets through operations and management that maximize their competitiveness.

In the current fiscal period (ended February 28, 2013), DHR acquired a total of 20 properties, 19 logistics properties and one retail property (total acquisition price ¥95,050 million). Combined with its four existing retail properties, DHR held a total of 24 properties (total acquisition price ¥114,519 million) as of February 28, 2013.

(Note) The Daiwa House Group comprises Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), its 92 consolidated subsidiaries, one non-consolidated subsidiary, 17 equity-method affiliates, and two non-equity-method affiliates, as of April 1, 2013). The same shall apply hereinafter.

(B) Investment environment and performance

In the fiscal period under review, the Japanese economy weakened somewhat due to a series of factors. These included a deteriorating export environment and reduced capital investment against a backdrop of the European sovereign debt crisis, economic slowdowns in China and other emerging countries, stagnating U.S. economic recovery, and the trend towards a protracted appreciation of the yen. However, moves toward recovery—such as corporate business sentiment showing signs of improvement due to rising stock prices and a weakening of the yen—were seen to arise from the heightened sense of hope placed in the monetary and fiscal policies worked out by a new regime

following an election of the members of the House of Representatives in December 2012.

In the real estate market, the *Land Price LOOK Report* published by the Ministry of Land, Infrastructure, Transport and Tourism in February 2013 had areas showing rising or flat land prices accounting for approximately 80% of the total. The report stated that a transformational shift away from the downward trend in land prices could be clearly seen due to such factors as further increases in the previous quarter in those areas showing rises. Among the factors cited as contributing to this trend were cases of rising store rents due to the opening of large-scale facilities in retail districts and redevelopment in retail districts and surrounding areas and, in residential areas, the shift to rising land prices due to rises in transaction prices in highly convenient, popular areas.

In the J-REIT market, progress was made in discussions toward additional monetary easing measures and reforms to the Investment Trusts Act and other systems, and there was a sense of anticipation that Japan would pull out of deflation due to the new regime that took office following the election of the members of the House of Representatives in December 2012. Besides the four securities issues in 2012 and the two securities issues already implemented in 2013 that fulfilled the TSE listing, capital increases of existing issues are being implemented on an ongoing basis. In the year 2012, the TSE REIT Index recorded its highest rate of increase, rising 33.6% compared with start of the year and recovering to pre-Great East Japan Earthquake levels, and the market stability is increasing as the asset acquisition amount exceeded ¥1 trillion for the first time in the five years since 2007.

Underpinned by demand from Internet mail order companies and the fashion and apparel industries as well as their supporting third-party logistics (3PL) providers, the logistics property rental market was firm. According to the Industrial Market Research published in March 2013 by Ichigo Real Estate Service Co., Ltd., the occupancy rate remained stable as the vacancy rates in the Tokyo and Osaka areas were 2.2% and 1.5%, respectively (as of January 2013), and almost flat rent levels continued. For the time being, demand is expected for logistics properties capable of responding to burgeoning distribution network and infrastructure needs due to such factors as the expected growth in the Internet mail order, fashion, and apparel industries and an increased volume of goods for convenience stores, which are expected to be opening in record-high numbers in 2013.

With regard to the business environment surrounding retail properties, the retail sales total as shown in the Monthly Report on the Current Survey of Commerce published in February 2013 by the Ministry of Economy, Trade and Industry remained stable for 2012. At the time of the February 2013 survey, the Consumer Confidence Index that shows consumer trends reported personal consumption as firm and achieving levels not seen since June 2007, before the Lehman shock, and signs of a recovery in consumer confidence.

In such an environment, DHR increased the scale of its assets by acquiring 20 properties (total acquisition price ¥95,050 million) with the proceeds from having issued new investment units after the TSE listing and, as of February 28, 2013, owned 24 properties (with a total book value of ¥113,638 million at the end of the period) with a total leasable area of 531,535.41m² and an occupancy rate of 99.99% (the figure is rounded down to the nearest 100th).

(C) Overview of financing

DHR issued new investment units (102,800 units) through public offering on November 27, 2012 and new investment units (5,140 units) through third-party allotment on December 26, 2012. As a result, unitholders' capital amounted to ¥59,381 million, and the number of total investment units issued came to 122,540 units as of February 28, 2013.

Following the issue of the new investment units, borrowings of ¥12,400 million were paid off in a lump sum before the due date on November 27, 2012, and funds of ¥61,000 million borrowed on November 29, 2012 in order to partially cover the acquisition costs for trust beneficiary interests in real estate and related costs, resulting in the borrowing of ¥61,000 million as of February 28, 2013. The ratio of long-term loans therefore became 100.0%. In addition, in case the need arises to arrange financing to purchase investment assets, a commitment line borrowing limit has been set at ¥10 billion.

The credit rating DHR has obtained as of February 28, 2013 is as follows:

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

(D) Overview of financial results and distributions

As a result of the above-mentioned operations, operating revenues came to ¥2,421 million, operating income came to ¥1,452 million, ordinary income came to ¥919 million, and net income came to ¥918 million, for the fiscal period under review.

In accordance with the distribution policy stipulated in Article 46, item 1 of the Articles of Incorporation of DHR, it was decided that the all amount of unappropriated retained earnings would be distributed except a fraction of less than ¥1 of distributions per investment unit, with the aim that as greatest as possible distributions of profits would be included in tax deductible expenses based on application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per investment unit came to ¥7,278.

ii) Outlook for next fiscal period

In the Japanese economy, some weaknesses will remain, due to the risk caused by those external factors, such as the European sovereign debt crisis and concerns about economic downside risk in China and other emerging countries. Despite that risk, a trend toward gradual recovery is expected, underpinned by improved confidence against a backdrop of reconstruction demand following the Great East Japan Earthquake, improvement in the export environment due to the correction of the yen's appreciation, and the effects of fiscal and monetary policies.

With regard to the J-REIT market, it is thought that there will be a further increase in needs against a backdrop of the stabilized financing environment and the expectation that the Bank of Japan will continue to purchase investment units as well as the effects of the new regime's policies aimed toward pulling out of deflation.

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

(A) External growth strategy

DHR aims to achieve stable external growth through support and assistance from the Daiwa House Group and other Daiwa House Group companies. DHR has entered into separate memorandums (hereinafter referred to as "pipeline supporting agreements") with Daiwa House, Daiwa Lease Co., Ltd., and Daiwa Odakyu Construction Co., Ltd. and through these agreements DHR intends to take advantage of the Daiwa House Group's strong development capabilities in supplying community-based properties that leverage the strengths of each regional economy through the Daiwa House Group's nationwide land information network. By constructing a mechanism that enables the understanding and sharing of DHR's investment policy with the Daiwa House Group, DHR will seek to enjoy continuous support, including from the development phase, for a supply of properties that fit the needs of tenants and that result in long-term lease agreements to achieve long-term and stable cash flow.

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

(B) Internal growth strategy

As DHR's investment policy is to select properties with long-term and stable lease agreements, DHR considers it important to promote internal growth by engaging in cost reduction by streamlining operations in order to enhance profitability. DHR believes that, under the principle of "industrialization of construction," Daiwa House has realized standardization and efficiency in design and construction. It has constructed economical and well-planned, easily-maintained buildings using solid construction and technical capabilities as well as its abundant experience and know-how with respect to logistics and retail properties throughout Japan. DHR believes that by receiving consistent support from the Daiwa House Group on a long-term basis, ranging from building and facilities

maintenance to short-term repair, long-term repair, renewal construction and redevelopment, DHR can optimize life cycle costs by taking advantage of the Daiwa House Group's know-how, understanding the status of buildings through well-planned and periodic inspections and implementing adequate and timely preventive repairs and improving performance. DHR will seek to engage in operations and management that take advantage of the Daiwa House Group's know-how through the Daiwa House Group's support with respect to life cycle costs and its property management, and will also take measures to maintain and improve competitiveness and asset values. In such manner, we will seek to maintain and improve rent and occupancy rates and reduce costs.

(C) Financial strategy

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

(D) Forecasts of operating results for the fiscal periods ending August 31, 2013 and February 28, 2014

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending August 31, 2013	4,122	2,256	1,889	1,888	15,400	0
Fiscal period ending February 28, 2014	4,132	2,252	1,888	1,888	15,400	0

For the assumptions for the forecasts above, please refer to "Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending August 31, 2013 and February 28, 2014" on pages 9 and 10. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

A. Property acquisition

DHR acquired the following property on March 27, 2013.

Property name	UNICUS Takasaki
Acquisition price (Note 1)	¥2,570,000 thousand
Seller (Note 2)	Domestic general operating company
Asset type	Trust beneficiary interests in real estate
Location	1150-5 Aza-Nishikanai, Iizukamachi, Takasaki-shi, Gunma, etc.
Agreement date	March 27, 2013
Acquisition date	March 27, 2013

(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) The name of the seller is not disclosed as consent for disclosure has not been obtained from the seller. The seller is not a related party, etc. as defined in the Investment Trusts Act and is not a related party as defined in the Asset Manager's regulations concerning prevention of conflicts of interest.

B. Debt financing

To acquire the property described in "A. Property acquisition" above, DHR implemented the following borrowing.

Lender	Borrowing amount (Millions of yen)	Interest rate	Date of execution	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited	2,000	Basic interest rate (Japanese Bankers Association 3 month yen TIBOR) + 0.50% (Floating interest rate)	March 27, 2013	March 27, 2023	Bullet repayment	Unsecured and non-guaranteed

(3) Investment Risk

As there have been no significant changes, with regard to “Investment Risk ” during the current fiscal period, in policies described in the latest Securities Registration Statement (submitted on October 24, 2012; prepared in Japanese only), the disclosure is omitted.

**Assumptions for Forecasts of Operating Results for the Fiscal Periods
Ending August 31, 2013 and February 28, 2014**

Item	Assumptions
Operating period	<ul style="list-style-type: none"> • Fiscal period ending August 31, 2013 (11th fiscal period: 184 days from March 1, 2013 to August 31, 2013) • Fiscal period ending February 28, 2014 (12th fiscal period: 181 days from September 1, 2013 to February 28, 2014)
Portfolio	<ul style="list-style-type: none"> • DHR has assumed that there will be no changes until February 28, 2014 in the composition of DHR's portfolio (acquisition of new properties or sale of the current properties) associated with the 25 properties for which DHR holds the trust beneficiary interests in real estate as of the date of this financial results report. • Changes in the composition of the portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> • DHR has calculated its revenues related to rent business taking into account the relevant lease agreements effective as of the date of this financial results report, market trends, etc. • Operating revenues are based on DHR's assumption that there will be 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 including some depreciation-related expenses of ¥843 million for the 11th fiscal period and ¥843 million for the 12th fiscal period. These figures are calculated using the straight-line method. • DHR expects property tax, city planning tax and depreciable assets tax of ¥357 million and ¥357 million for the 11th fiscal period and the 12th fiscal period, respectively. 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 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. DHR has assumed that ¥15 million of property tax, city planning tax and depreciable assets tax would be included in the acquisition costs for the asset (UNICUS Takasaki) acquired on March 27, 2013. • DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period for the ongoing repairs and maintenance of the properties in DHR's portfolio based on the medium- to long-term repairs and maintenance plan prepared by the Asset Manager (Daiwa House REIT Management Co., Ltd.). However, actual repairs and maintenance expenses in each period may differ substantially from DHR's forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by a number of factors that are difficult to foresee, (ii) generally, there is a substantial difference in expenses incurred between each fiscal year, 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 of ¥367 million for the 11th fiscal period and ¥364 million for the 12th fiscal period.
Borrowings	<ul style="list-style-type: none"> • As of the date of this financial results report, DHR has a loan balance of ¥63,000 million in loans. DHR has assumed this balance of outstanding loans will be unchanged until February 28, 2014.
Investment units	<ul style="list-style-type: none"> • The number is based on DHR's assumption of 122,540 units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until February 28, 2014.
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.

Item	Assumptions
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's forecasts assume no impact from revisions to laws and ordinances, tax systems, accounting standards, securities listing regulations and related rules or the regulations and rules of The Investment Trusts Association, Japan, etc.• DHR's forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.

3. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	As of August 31, 2012	As of February 28, 2013
Assets		
Current assets		
Cash and deposits	972,202	3,959,773
Cash and deposits in trust	1,847,066	7,362,648
Operating accounts receivable	7,875	13,731
Prepaid expenses	7,186	134,656
Consumption taxes receivable	-	2,172,672
Other	133	104,928
Total current assets	2,834,465	13,748,410
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	10,004,018	52,402,113
Accumulated depreciation	(1,267,381)	(1,843,680)
Buildings in trust, net	8,736,636	50,558,432
Structures in trust	347,918	2,106,811
Accumulated depreciation	(57,251)	(86,927)
Structures in trust, net	290,666	2,019,883
Land in trust	9,457,094	61,060,143
Construction in progress in trust	5,840	-
Total property, plant and equipment	18,490,238	113,638,459
Intangible assets		
Other	-	3,230
Total intangible assets	-	3,230
Investments and other assets		
Investment securities	*3 5,973	*3 6,054
Long-term prepaid expenses	-	383,358
Total investments and other assets	5,973	389,412
Total noncurrent assets	18,496,212	114,031,102
Total assets	21,330,677	127,779,512

(Unit: Thousands of yen)

	As of August 31, 2012	As of February 28, 2013
Liabilities		
Current liabilities		
Operating accounts payable	26,726	43,535
Current portion of long-term loans payable	12,400,000	–
Accounts payable-other	9,355	8,145
Accrued expenses	*4 52,279	78,951
Income taxes payable	605	605
Accrued consumption taxes	1,030	–
Advances received	92,664	385,684
Other	23,806	53,628
Total current liabilities	12,606,466	570,552
Noncurrent liabilities		
Long-term loans payable	–	61,000,000
Tenant leasehold and security deposits in trust	1,451,189	5,935,967
Total noncurrent liabilities	1,451,189	66,935,967
Total liabilities	14,057,656	67,506,519
Net assets		
Unitholders' equity		
Unitholders' capital	7,300,000	59,381,050
Surplus		
Unappropriated retained earnings (undisposed loss)	(26,979)	891,943
Total surplus	(26,979)	891,943
Total unitholders' equity	7,273,020	60,272,993
Total net assets	*2 7,273,020	*2 60,272,993
Total liabilities and net assets	21,330,677	127,779,512

(2) Statements of Income

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Operating revenues		
Rent revenues-real estate	*2 684,710	*1, *2 2,346,448
Other lease business revenues	*2 63,344	*2 74,727
Total operating revenues	748,055	2,421,176
Operating expenses		
Expenses related to rent business	*2 326,341	*1, *2 826,422
Asset management fee	35,893	68,922
Asset custody fee	1,879	1,833
Administrative service fees	5,760	15,574
Directors' compensations	2,600	6,000
Other operating expenses	10,522	*1 50,175
Total operating expenses	382,997	968,929
Operating income	365,058	1,452,247
Non-operating income		
Interest income	253	612
Interest on refund of consumption taxes	-	41
Insurance income	334	750
Other	541	80
Total non-operating income	1,130	1,484
Non-operating expenses		
Interest expenses	30,004	153,538
Investment unit issuance expenses	-	292,785
Borrowing related expenses	*1 17,335	*1 87,859
Other	106	19
Total non-operating expenses	47,446	534,203
Ordinary income	318,741	919,528
Income before income taxes	318,741	919,528
Income taxes-current	605	605
Income taxes-deferred	119,921	-
Total income taxes	120,526	605
Net income	198,215	918,923
Deficit brought forward	(225,195)	(26,979)
Unappropriated retained earnings (undisposed loss)	(26,979)	891,943

(3) Statements of Unitholders' Equity

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	7,300,000	7,300,000
Changes of items during the period		
Issuance of new investment units	-	52,081,050
Total changes of items during the period	-	52,081,050
Balance at the end of current period	*1 7,300,000	*1 59,381,050
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	(225,195)	(26,979)
Changes of items during the period		
Net income	198,215	918,923
Total changes of items during the period	198,215	918,923
Balance at the end of current period	(26,979)	891,943
Total surplus		
Balance at the beginning of current period	(225,195)	(26,979)
Changes of items during the period		
Net income	198,215	918,923
Total changes of items during the period	198,215	918,923
Balance at the end of current period	(26,979)	891,943
Total unitholders' equity		
Balance at the beginning of current period	7,074,804	7,273,020
Changes of items during the period		
Issuance of new investment units	-	52,081,050
Net income	198,215	918,923
Total changes of items during the period	198,215	52,999,973
Balance at the end of current period	7,273,020	60,272,993
Total net assets		
Balance at the beginning of current period	7,074,804	7,273,020
Changes of items during the period		
Issuance of new investment units	-	52,081,050
Net income	198,215	918,923
Total changes of items during the period	198,215	52,999,973
Balance at the end of current period	7,273,020	60,272,993

(4) Statements of Cash Distributions

(Unit: Yen)

	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
I Unappropriated retained earnings (undisposed loss)	(26,979,401)	891,943,611
II Distributions	-	891,846,120
[Cash Distribution per unit]	[-]	[7,278]
III Earnings carried forward	(26,979,401)	97,491

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 profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. However, DHR did not pay distributions for the fiscal period under review, as there was undisposed loss. DHR will not pay the portion of amount that exceeds the profit 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 profit in excess of an amount equivalent to ninety hundredths (90/100) of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay distributions at the total amount of ¥891,846,120, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 122,540, which is the number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the profit defined in Article 46, item 2 of the Articles of Incorporation of the DHR.</p>
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(5) Statements of Cash Flows

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	318,741	919,528
Depreciation and amortization	159,641	606,144
Interest income	(253)	(612)
Interest expenses	30,004	153,538
Investment unit issuance expenses	-	292,785
Decrease (increase) in prepaid expenses	4,073	(127,469)
Decrease (increase) in long-term prepaid expenses	2,777	(383,358)
Decrease (increase) in operating accounts receivable	(2,460)	(5,856)
Decrease (increase) in consumption taxes refund receivable	-	(2,172,672)
Increase (decrease) in operating accounts payable	1,830	16,809
Increase (decrease) in accrued consumption taxes	(21,281)	(1,030)
Increase (decrease) in accounts payable-other	794	(1,209)
Increase (decrease) in accrued expenses	5,909	28,095
Increase (decrease) in advances received	-	293,020
Increase (decrease) in deposits received	(162)	29,822
Other, net	(4,053)	(116,705)
Subtotal	495,561	(469,169)
Interest income received	253	612
Interest expenses paid	(29,678)	(154,961)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	465,531	(624,123)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(11,277)	(95,754,196)
Other, net	-	(3,400)
Net cash provided by (used in) investing activities	(11,277)	(95,757,596)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	-	61,000,000
Repayment of long-term loans payable	-	(12,400,000)
Proceeds from issuance of investment units	-	51,788,264
Net cash provided by (used in) financing activities	-	100,388,264
Net increase (decrease) in cash and cash equivalents	454,254	4,006,544
Cash and cash equivalents at beginning of period	1,163,815	1,618,069
Cash and cash equivalents at end of period	*1 1,618,069	*1 5,624,614

(6) Notes on Assumption of Going Concern

Not applicable

(7) Notes on Important Accounting Policies

1. Valuation basis and accounting methods for assets	Securities Held-to-maturity bonds The amortized cost method (straight-line method) is used.
2. Method of depreciation of noncurrent assets	Property, plant, and equipment (including properties in trust) The straight-line method is used. The useful lives of property, plant and equipment are listed below. Buildings in trust 3 to 46 years Structures in trust 10 to 30 years
3. Accounting method for deferred assets	Investment unit issuance expenses The full amount is recorded as expenses at the time of expenditure.
4. Recognition of income and expenses	Property-related taxes For property tax, city planning tax, and depreciation asset tax for real properties held, the amount of tax levied corresponding to the calculation period is recorded as expenses related to rent business. The amount equivalent to property tax to be paid by DHR in the first year for acquisition of real properties or trust beneficiary interests in real estate is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to property tax included in acquisition cost for properties for the current fiscal period is ¥48,696 thousand.
5. Accounting method for trust beneficiary interests in real estate	With regard to trust beneficiary interests in real estate, all assets and liabilities as well as all revenues and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets. i) Cash and deposits in trust ii) Buildings in trust, structures in trust and land in trust iii) Tenant leasehold and security deposits in trust
6. Scope of cash in the statements of cash flows	Cash in the statements of cash flows (cash and cash equivalents) include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
7. Accounting method for consumption taxes	Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

(8) Changes in Presentation

Balance sheets

Liabilities related to real estate leasing business expenses were included in “Accrued expenses” under “Current liabilities” in the previous fiscal period, but in order to better clarify accountable events and others in financial statements, it was changed to be presented separately as “Operating accounts payable”

under the same category from the current fiscal period. To reflect this change in presentation, reclassification of accounts has been made for the financial statement for the previous fiscal period. As a result, ¥79,005 thousand of “Accrued expenses” under “Current liabilities” in the balance sheet for the previous fiscal period has been reclassified into ¥26,726 thousand of “Operating accounts payable” and ¥52,279 thousand of “Accrued expenses.”

Statements of cash flows

Increase or decrease in liabilities related to real estate leasing business expenses was included in “Increase (decrease) in accrued expenses” under “Net cash provided by (used in) operating activities” in the previous fiscal period, but in order to better clarify accountable events and others in financial statements, it was changed to be presented separately as “Increase (decrease) in operating accounts payable” under the same category from the current fiscal period. To reflect this change in presentation, reclassification of accounts has been made for the financial statement for the previous fiscal period. As a result, ¥7,739 thousand of “Increase (decrease) in accrued expenses” under “Net cash provided by (used in) operating activities” in the statement for cash flows for the previous fiscal period has been reclassified into ¥1,830 thousand of “Increase (decrease) in operating accounts payable” and ¥5,909 thousand of “Increase (decrease) in accrued expenses.”

(9) Notes to Financial Statements

Notes to Balance Sheets

1. Unused balances regarding commitment line contracts and others

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

(Unit: Thousands of yen)

	As of August 31, 2012	As of February 28, 2013
Total amount specified in commitment line contracts	—	10,000,000
Loans executed and outstanding	—	—
Unused credit lines	—	10,000,000

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

(Unit: Thousands of yen)

	As of August 31, 2012	As of February 28, 2013
	50,000	50,000

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

(Unit: Thousands of yen)

	As of August 31, 2012	As of February 28, 2013
Investment securities	5,973	6,054

- *4. Monetary liabilities to controlling unitholders stipulated in Article 62, paragraph 6 of the Ordinance for Accounting for Investment Corporations

	(Unit: Thousands of yen)	
	As of August 31, 2012	As of February 28, 2013
Accrued expenses (guarantee fees)	10,395	-

Notes to Statements of Income

- *1. Volume of operating transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
(1) Volume of operating transactions	-	155,823
(2) Volume of other transactions	12,501	5,979

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From March 1, 2012 to August 31, 2012)		Current fiscal period (From September 1, 2012 to February 28, 2013)	
A. Real estate leasing business revenues				
Rent revenues—real estate				
Rent	684,710	684,710	2,346,448	2,346,448
Other lease business revenue				
Common service fees	30,141		42,543	
Other revenues	33,203	63,344	32,183	74,727
Total real estate leasing business revenues	748,055		2,421,176	
B. Expenses related to real estate leasing business				
Expenses related to rent business				
Taxes and public dues	68,739		68,710	
Outsourcing expenses	49,979		90,302	
Insurance	2,124		4,414	
Repairs and maintenance expenses	8,072		15,320	
Depreciation	159,641		605,974	
Other expenses related to rent business	37,784	326,341	41,700	826,422
Total real estate leasing business expenses	326,341		826,422	
C. Income (loss) from real estate leasing business (A – B)	421,713		1,594,753	

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From March 1, 2012 to August 31, 2012)		Current fiscal period (From September 1, 2012 to February 28, 2013)	
Total number of authorized investment units	2,000,000 units		2,000,000 units	
Number of investment units issued	14,600 units		122,540 units	

Notes to Statements of Cash Flows

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

(Unit: Thousands of yen)

	As of August 31, 2012	As of February 28, 2013
Cash and deposits	972,202	3,959,773
Cash and deposits in trust	1,847,066	7,362,648
Restricted deposits in trust (Note)	(1,201,198)	(5,697,806)
Cash and cash equivalents	1,618,069	5,624,614

(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)

	As of August 31, 2012	As of February 28, 2013
Due within one year	470,578	5,532,604
Due after one year	4,029,243	45,948,780
Total	4,499,821	51,481,385

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

To contribute to ensuring stable earnings over the medium to long term, the steady growth of its portfolio, and efficient operations and operational 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. During the current fiscal period, no derivative transactions were conducted.

DHR invests excess 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 excess funds, and they are exposed to credit risks such as the insolvency of financial institutions in which the excess funds are deposited. These risks are limited by having business only with highly rated financial institutions in which the funds are deposited.

Loans payable, which are received for the purpose of acquiring additional portfolio assets or repaying debts, are exposed to liquidity risks at the time of repayment. DHR manages these risks by making efforts to maintain and strengthen the ability to raise funds through issuing investment units and other methods in the capital market, having entered into commitment line contacts with main banks with which DHR has business, preparing and updating monthly statements of cash flows based on reports of the asset manager, and maintaining liquidity in 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 the end of the current fiscal period, there are no floating-rate loans outstanding.

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 it has no market price. As certain assumptions are used in calculating these values, if different assumptions, etc. are used, these values could vary.

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

Balance sheet carrying amounts, fair values, and the difference between the two values as of August 31, 2012, are as shown below.

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	972,202	972,202	—
(2) Cash and deposits in trust	1,847,066	1,847,066	—
(3) Investment securities			
Held-to-maturity bonds	5,973	6,209	235
Total assets	2,825,242	2,825,477	235
(4) Current portion of long-term loans payable	12,400,000	12,400,000	—
(6) Tenant leasehold and security deposits in trust	249,991	228,759	(21,231)
Total liabilities	12,649,991	12,628,759	(21,231)

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

(Unit: Thousands of yen)

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

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

Assets

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

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

(3) Investment securities

The fair value is based on reference bond trading statistics.

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

Liabilities

(4) Current portion of long-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 these loans payable carry floating interest rates and their interest rates are reviewed on a short-term interval to reflect market interest rates.

(5) Long-term loans payable

The fair value of these loans payable carrying fixed interest rates is determined by discounting the total of principal and interest at the rate assumed when a new loan is made corresponding to the remaining period.

(6) 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.

(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	As of August 31, 2012	As of February 28, 2013
Tenant leasehold and security deposits in trust *	1,201,198	5,697,806

* 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 contract, which in turn makes it difficult to reasonably estimate future cash flow.

(Note 3) Redemption schedule for monetary claims and securities with maturity after balance sheet date
(August 31, 2012)

(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	972,202	–	–	–	–	–
Cash and deposits in trust	1,847,066	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	2,819,268	–	–	–	–	10,000

Redemption schedule for monetary claims and securities with maturity after balance sheet date
(February 28, 2013)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	3,959,773	–	–	–	–	–
Cash and deposits in trust	7,362,648	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	11,322,421	–	–	–	–	10,000

(Note 4) Expected Amount of Repayments of Loans Payable after the Account Closing Date
(August 31, 2012)

(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
Current portion of long-term loans payable	12,400,000	–	–	–	–	–
Total	12,400,000	–	–	–	–	–

Expected Amount of Repayments of Loans Payable after the Account Closing Date
(February 28, 2013)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Long-term loans payable	–	–	20,000,000	15,000,000	16,000,000	10,000,000
Total	–	–	20,000,000	15,000,000	16,000,000	10,000,000

Securities

As of August 31, 2012

Held-to-maturity bonds with fair value

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	5,973	6,209	235
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		5,973	6,209	235

As of February 28, 2013

Held-to-maturity bonds with fair value

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	6,054	6,300	245
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,054	6,300	245

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (From March 1, 2012 to August 31, 2012)

Classification	Name	Location	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)	Account title	Ending balance (Thousands of yen)
Parent company	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	110,120	Construction business	100.0	Repair, etc. of real properties held	Borrowing related expenses	12,501	Accrued expenses	10,395

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

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

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

Classification	Name	Location	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)	Account title	Ending balance (Thousands of yen)
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	110,120	Construction business	13.5	Master lessee and entrustment of property management	Borrowing related expenses (Note 3)	5,979	—	—
							Outsourcing expenses	33,373	Operating accounts payable	18,816
							Miscellaneous expenses	250	—	—
							Rental revenues	122,200	Advances received	41,737
							Purchase of trust beneficiary interests in real estate and others (Note 4)	6,500,000	—	—
							Acceptance of tenant leasehold deposits in trust	238,500	Tenant leasehold and security deposits in trust	238,500

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

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

(Note 3) Guarantee arrangement contracts expired in the current fiscal period.

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

2. Affiliates, etc.

Previous fiscal period (From March 1, 2012 to August 31, 2012)

Not applicable.

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

Not applicable.

3. Sister companies, etc.

Previous fiscal period (From March 1, 2012 to August 31, 2012)

Classification	Name	Location	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)	Account title	Ending balance (Thousands of yen)
Subsidiary of parent company	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	-	Master lessee and entrustment of property management	Outsourcing expenses	42,238	Prepaid expenses	10
							Cost of utilities	29,086	Operating accounts payable (Note 3)	20,564
							Other expenses related to rent business	2,396		
							-	-	Tenant leasehold and security deposits in trust	546,000
							Rental revenues	273,005	Advances received	47,775
							Repairs and maintenance expenses (Note 4)	7,917	Operating accounts payable (Note 3)	3,503
Subsidiary of parent company	Daiwa Royal Co., Ltd.	Chiyoda-ku, Tokyo	500	Asset management business	-	Entrustment of property management	Outsourcing expenses	7,740	Operating accounts payable (Note 3)	2,161
							Other expenses related to rent business	3,202		
							Repairs and maintenance expenses (Note 4)	6,396		

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

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

(Note 3) Obligations pertaining to expenses related to real estate leasing business were previously included in accrued expenses, but in order to better clarify accountable events, it was changed to be presented separately as operating accounts payable.

(Note 4) Repairs and maintenance expenses include amounts of construction-related expenditure as well as repairs covered by insurance.

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

Classification	Name	Location	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)	Account title	Ending balance (Thousands of yen)
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	-	Master lessee and entrustment of property management	Outsourcing expenses	46,104	Operating accounts payable	18,539
							Cost of utilities	27,617		
							Other expenses related to rent business	1,906		
							Repairs and maintenance expenses (Note 3)	11,138		
							-	-	Tenant leasehold and security deposits in trust	546,000
							Rental revenues	273,000	Advances received	47,775

Classification	Name	Location	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)	Account title	Ending balance (Thousands of yen)
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Royal Co., Ltd.	Chiyoda-ku, Tokyo	500	Asset management business	-	Entrustment of property management	Outsourcing expenses	7,694	Operating accounts payable	1,815
							Other expenses related to rent business	3,149		
							Repairs and maintenance expenses (Note 3)	3,970		
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Service Co., Ltd.	Nishi-ku, Osaka	130	Asset management business	-	Repair, etc. of real estate held	Outsourcing expenses	3,048	Operating accounts payable	1,116
							Repairs and maintenance expenses (Note 3)	110		
Company whose major corporate unitholders hold a majority of voting rights	Daiwa House REIT Management Co., Ltd.	Chuo-ku, Tokyo	200	Investment management business	-	Entrustment of asset management	Asset management fee	306,547	Accrued expenses	72,368

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

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

(Note 3) Repairs and maintenance expenses include amounts of construction-related expenditure as well as repairs covered by insurance.

4. Directors and principal individual unitholders

Previous fiscal period (From March 1, 2012 to August 31, 2012)

Classification	Name	Location	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)	Account title	Ending balance (Thousands of yen)
Director	Kenjiro Matsutake	-	-	Executive Officer of DHR, Representative Director, President and CEO of Daiwa House REIT Management Co., Ltd. (Note 3)	-	Payment for Asset management fee	Asset management fee (Note 3)	35,893	Accrued expenses	37,688

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

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

(Note 3) Kenjiro Matsutake resigned as Executive Officer of DHR as of July 31, 2012, but this transaction was entered into by Kenjiro Matsutake as the former representative of the third party (Daiwa House REIT Management Co., Ltd.) and the amount of remuneration is in accordance with the terms set forth in the Articles of DHR. The amount of transaction and balance at the end of period show the total amount of transactions conducted during the current fiscal period.

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

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Deferred tax assets (fixed)		
Tax loss carried forward	200,448	189,866
Subtotal deferred tax assets (fixed)	200,448	189,866
Valuation allowance	(200,448)	(189,866)
Total deferred tax assets (fixed)	-	-
Net deferred tax assets (fixed)	-	-

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

	(Unit: %)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Statutory effective tax rate	42.05	36.59
(Adjustments)		
Distributions paid included in deductibles	-	(35.49)
Change in valuation allowance	(4.47)	(1.13)
Other	0.23	0.10
Effective tax rate after application of tax effect accounting	37.81	0.07

Investment and Rental Properties

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Balance sheet carrying amount		
Balance at beginning of period	18,638,602	18,484,398
Changes during period	(154,204)	95,154,061
Balance at end of period	18,484,398	113,638,459
Fair value at end of period	17,420,000	119,583,000

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

(Note 2) In changes during period, the decrease in the previous fiscal period is mainly due to depreciation (¥159,641 thousand). In the current fiscal period, the increase is mainly due to acquisition of 20 properties including D Project Urayasu II (¥95,759,778 thousand), while the decrease is principally attributable to depreciation (¥605,974 thousand).

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

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

Segment Information

1. Segment information

(1) Summary of reportable segments

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

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

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

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

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

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

Previous fiscal period (From March 1, 2012 to August 31, 2012)

Description is omitted since DHR has only one segment, which is real estate leasing business (retail property leasing business).

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

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	1,552,075	869,100	–	2,421,176
Segment profit	1,081,308	502,815	(131,876)	1,452,247
Segment assets	94,587,357	26,586,492	6,605,662	127,779,512
Other items				
Depreciation and amortization	422,615	183,359	170	606,144
Increase in property, plant and equipment and intangible assets	89,232,248	5,915,973	3,230	95,151,451

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

(Note 2) Adjustment of segment profit of negative ¥131,876 thousand is corporate expenses that are not allocated to any particular reportable segment at the same amount. Corporate expenses mainly consist of asset management fee, asset custody fee, administrative service fees, Directors' compensation, etc. that are not attributable to any particular reportable segment.

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

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

Increase in property, plant and equipment and intangible assets under "Other items" is intangible assets of ¥3,230 thousand in corporate assets that are not attributable to any particular reportable segment.

2. Related information

Previous fiscal period (From March 1, 2012 to August 31, 2012)

(1) Information about products and services

Information about products and services is omitted since sales to external customers in a single product and service category exceeded 90% of net sales on the statements of income.

(2) Information about geographical areas

i) Net sales

Information about net sales is omitted since sales to external customers in Japan exceeded 90% of net sales on the statements of income.

ii) Property, plant and equipment

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

(3) Information about major customer

(Unit: Thousands of yen)

	Operating revenues	Related segment
Daiwa Information Service Co., Ltd. (Note 1)	273,005	Real estate leasing business
Nitori Co., Ltd.	– (Note 2)	Real estate leasing business

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

(Note 2) Rent income, etc. are not disclosed as consent for disclosure has not been obtained from the tenant.

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

(1) Information about product and service

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

(2) Information about geographical area

i) Net sales

Information about product and service is omitted since sales from external customers in Japan in a single product and service category exceeded 90% of net sales on the statements of income.

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenues	Related segment
Hitachi Capital Corporation	– (Note 2)	Logistics property leasing business
Mitsubishi Shokuhin Co., Ltd.	– (Note 2)	Logistics property leasing business
Daiwa Information Service Co., Ltd. (Note 1)	273,000	Retail property leasing business

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

(Note 2) Rent income, etc. are not disclosed as consent for disclosure has not been obtained from the tenant.

Per Unit Information

	Previous fiscal period (From March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Net assets per unit	¥498,152	¥491,863
Net income per unit	¥13,576	¥13,158

(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 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 March 1, 2012 to August 31, 2012)	Current fiscal period (From September 1, 2012 to February 28, 2013)
Net income (Thousands of yen)	198,215	918,923
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	198,215	918,923
Average number of investment units for the period (Units)	14,600	69,833

Major Subsequent Events

(1) Property acquisition

DHR acquired the following property on March 27, 2013.

Property name	UNICUS Takasaki
Acquisition price (Note 1)	¥2,570,000 thousand
Seller (Note 2)	Domestic operating company
Asset type	Trust beneficiary interest in real estate
Location	1150-5 Aza-Nishikanai, Iizukamachi, Takasaki-shi, Gunma, etc.
Acquisition date	March 27, 2013

(Note 1) The acquisition price is exclusive of acquisition expenses, settlement money such as taxes and public duties, and consumption taxes.

(Note 2) The name of the seller is not disclosed as consent for disclosure has not been obtained from the seller. The seller is not a related party, etc. as defined in the Investment Trusts Act and is not a related party as defined in the Asset Manager's regulations concerning prevention of conflicts of interest.

(2) Debt financing

To acquire the property described in “(1) Property acquisition” above, DHR implemented the following borrowing.

Lender	Borrowing amount (Millions of yen)	Interest rate	Date of execution	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited	2,000	Basic interest rate (Japanese Bankers Association 3 month yen TIBOR) +0.50% (Floating interest rate)	March 27, 2013	March 27, 2023	Bullet repayment	Unsecured and non-guaranteed

Omission of Disclosure

Disclosure is omitted for items for notes, including derivative transactions, 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.

(10) Changes in Number of Investment Units Issued

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

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

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

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

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

(Note 4) New investment units were issued by public offering with an issue value of ¥482,500 per unit in order to raise funds for the acquisition of new properties and repayments of loans payable.

(Note 5) New investment units were issued through third-party allotment with an issue value of ¥482,500 per unit in line with a capital increase through public offering of investment units.

4. Changes in Officers

(1) Changes in DHR's Directors

The status of DHR's Directors as of the date of this report is shown as below.

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

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

(2) Changes in Officers of Asset Manager

The status of Officers of Asset Manager as of the date of this report is shown as below.

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

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

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

5. Reference Information

(1) Composition of Invested Assets

The status of DHR's investment as of February 28, 2013 is shown below.

Type of assets	Property type	Area		Total amount held (Millions of yen) (Note 1)	Percentage to total assets (%)
Real estate in trust	Logistics properties	Three major metropolitan areas	Greater Tokyo area	64,151	50.2
			Greater Nagoya area	7,562	5.9
			Greater Osaka area	4,612	3.6
			Other	12,910	10.1
		Subtotal		89,238	69.8
	Retail properties	Three major metropolitan areas	Greater Tokyo area	13,560	10.6
			Greater Nagoya area	–	–
			Greater Osaka area	4,758	3.7
			Other	6,081	4.8
		Subtotal		24,400	19.1
	Total		113,638	88.9	
Deposits and other assets				14,141	11.1
Total assets (Note 2)				127,779	100.0
Total liabilities (Note 2)				67,506	52.8
Total net assets (Note 2)				60,272	47.2

(Note 1) The total amount held represents the amount recorded in the balance sheets as of February 28, 2013 (for real estate in trust, book value less depreciation expenses).

(Note 2) Total assets, total liabilities and total net assets represent the book values.

(2) Investment Assets

i) Major investment securities

The status of investment securities held by DHR as of February 28, 2013 is shown below.

(Unit: Thousands of yen)

Type	Issue name	Total face value	Book value	Interest rate	Maturity	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	6,054	–	September 20, 2037	–	–	6,300	245	Deposited as security deposit
Total		10,000	6,054	–	–	–	–	6,300	245	

ii) Investment properties

Not applicable.

iii) Other major investment assets

(A) Summary of real estate in trust

The summary of real estate in trust held by DHR as of February 28, 2013 is shown below.

a. Summary of real estate in trust

Property number (Note 1)	Real estate in trust (Property name)	Acquisition price (Millions of yen) (Note 2)	Investment ratio (%) (Note 3)	Book value at end of period (Millions of yen) (Note 4)	Assessed value at end of period (Millions of yen) (Note 5)	Acquisition date
L-B-1	D Project Machida	7,600	6.6	7,619	7,920	November 29, 2012
L-B-2	D Project Hachioji	12,600	11.0	12,616	12,900	November 29, 2012
L-B-3	D Project Aikawa-Machi	2,600	2.3	2,610	2,890	November 28, 2012
L-B-4	D Project Shin-Misato	4,440	3.9	4,453	5,520	November 29, 2012
L-B-5	D Project Urayasu I	7,700	6.7	7,723	8,070	November 28, 2012
L-B-6	D Project Urayasu II	21,400	18.7	21,460	22,200	November 29, 2012
L-B-7	D Project Akanehama	2,550	2.2	2,560	2,620	November 28, 2012
L-B-8	D Project Noda	5,100	4.5	5,107	5,580	November 28, 2012
L-B-9	D Project Inuyama	6,650	5.8	6,659	7,520	November 28, 2012
L-B-10	D Project Gifu	900	0.8	903	1,050	November 29, 2012
L-B-11	D Project Neyagawa	4,600	4.0	4,612	5,120	November 28, 2012
L-B-12	D Project Sapporo Minami	600	0.5	604	773	November 28, 2012
L-B-13	D Project Morioka	1,000	0.9	1,003	1,130	November 29, 2012
L-B-14	D Project Sendai Minami	1,250	1.1	1,252	1,340	November 28, 2012
L-B-15	D Project Tsuchiura	2,880	2.5	2,883	3,170	November 29, 2012
L-B-16	D Project Gotenba	950	0.8	954	1,100	November 28, 2012
L-B-17	D Project Nishi-Hiroshima	990	0.9	999	1,130	November 28, 2012
L-B-18	D Project Fukuoka Umi	3,100	2.7	3,108	3,500	November 29, 2012
L-B-19	D Project Tosu	2,100	1.8	2,104	2,480	November 29, 2012
Logistics Properties Total		89,010	77.7	89,238	96,013	
R-M-1	ACROSSMALL Shinkamagaya	7,419	6.5	6,866	6,970	December 12, 2007
R-M-2	FOLEO Hirakata	5,040	4.4	4,758	4,350	December 11, 2008
R-M-3	QiZ GATE Urawa	5,360	4.7	5,044	4,700	December 11, 2008
R-R-1	LIFE Sagamihara Wakamatsu	1,650	1.4	1,649	1,440	December 11, 2008
R-R-2	FOLEO Sendai Miyanomori	6,040	5.3	6,081	6,110	November 29, 2012
Retail Properties Total		25,509	22.3	24,400	23,570	
Portfolio Total		114,519	100.0	113,638	119,583	

(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 (Build-to-Suit (BTS) type), R-R (roadside type) and R-M (mall type). The same shall apply hereinafter.

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

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

(Note 4) Book value at end of period represents book value less depreciation expenses as of February 28, 2013, rounded down to the nearest million yen. The same shall apply hereinafter.

(Note 5) Assessed value at end of period represents the appraisal value or survey value provided by The Tanizawa Sōgō Appraisal Co., Ltd. and Japan Real Estate Institute with the date of value estimate as of February 28, 2013, in accordance with the method and criteria of asset valuation set forth in the Articles of DHR and the rules stipulated by the Investment Trusts Association, Japan, rounded down to the nearest million yen. The same shall apply hereinafter.

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

Property number	Real estate in trust (Property name)	Location (city or ward, 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	Iwate, Iwate	September 13, 2002	1	– (Note 7)	9,558.32	9,558.32	100.00
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	March 28, 2006	1	– (Note 7)	11,052.27	11,052.27	100.00
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	February 19, 2009	1	– (Note 7)	17,448.86	17,448.86	100.00
L-B-16	D Project Gotenba	Gotenba, Shizuoka	January 15, 2009	1	– (Note 7)	6,737.53	6,737.53	100.00
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	January 10, 2008	2	– (Note 7)	5,093.51	5,093.51	100.00
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	May 1, 2006	4	242	24,729.56	24,729.56	100.00
L-B-19	D Project Tosu	Tosu, Saga	February 19, 2009	1	– (Note 7)	8,826.00	8,826.00	100.00
Logistics Properties Total				24	5,999	440,887.32	440,887.32	100.00
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	October 31, 2006	1	546	41,742.84	41,742.84	100.00
R-M-2	FOLEO Hirakata	Hirakata, Osaka	November 20, 2006	1 (23)	373	16,380.78	16,367.31	99.91
R-M-3	QiZ GATE Urawa	Saitama, Saitama	February 17, 2008	11	349	9,705.31	9,705.31	100.00
R-R-1	LIFE Sagami-hara Wakamatsu	Sagami-hara, Kanagawa	April 25, 2007	1	– (Note 7)	2,973.44	2,973.44	100.00
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	October 6, 2009	1	477	19,845.72	19,845.72	100.00
Retail Properties Total				15	1,846	90,648.09	90,634.62	99.99
Portfolio Total				39	7,845	531,535.41	531,521.94	99.99

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

(Note 2) Number of tenants is equal to the number of tenants per property based upon each lease agreement in relation to each property in trust as of February 28, 2013. However, in the case of a property subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, the number of end-tenants is indicated in the brackets after the number of master lessee, and with respect to a property subject to a sublease type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in the sublease occupancy rate, only the master lease company is indicated as a tenant.

(Note 3) Annual rent means the annual rent of the property as indicated in each lease agreement -in relation to each property in trust as of February 28, 2013 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (as to properties in trust for which multiple lease agreements are entered into, the total amount

indicated in such lease agreements), rounded to the nearest million yen. However, in the case of a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, the annual rent is as indicated in each sublease agreement in relation to each property in trust as of February 28, 2013 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), rounded to the nearest million yen. Therefore, the sums of the annual rent of each property may not add up due to rounding and may differ from the total in the portfolio. In addition, revenue-based rent is applied to certain tenants with respect to FOLEO Hirakata (R-M-2), and for such tenants the annual rent is calculated by multiplying a minimum guaranteed monthly rent by 12.

- (Note 4) Total leasable area means the leasable area of the building in relation to each property in trust, which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building.
- (Note 5) Total leased area means the leased area as indicated in each lease agreement in relation to each property in trust as of February 28, 2013. However, in the case of a property subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, the leased area is as indicated in each sublease agreement in relation to each property in trust as of February 28, 2013. In some properties, total leasable area and total leased area are larger than gross floor area due to differences in measurement of floor area in real property registration and lease agreements. Gross floor area is based on the real property registration, while “total leasable area” and “total leased area” are based on the lease agreements. In particular at logistics properties, when eaves are included in the leased area, the leased area may largely exceed the total floor area.
- (Note 6) Occupancy rate as of February 28, 2013 is calculated by dividing total leased area for each property by the total leasable area, rounded to the nearest 100th. Therefore, figures in the table may not add up to totals.
- (Note 7) We have not obtained permission from the lessee of this property to release the information missing from this table.

(B) Status of revenues from real estate in trust

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

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

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

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 November 29, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues–real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	126,612	214,610	44,869	82,431
(D) Depreciation	33,208	69,931	10,562	17,847
(E) Income (loss) from rent business (= C – D)	93,403	144,679	34,306	64,583

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 November 28, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues–real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	116,902	306,460	39,657	89,270
(D) Depreciation	29,487	72,801	10,520	29,688
(E) Income (loss) from rent business (= C – D)	87,415	233,659	29,137	59,582

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 November 28, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues–real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	129,081	17,181	80,251	14,890
(D) Depreciation	37,738	6,374	20,156	4,721
(E) Income (loss) from rent business (= C – D)	91,343	10,806	60,095	10,169

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended Feb. 28, 2013

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 November 29, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013	From November 28, 2012 to February 28, 2013
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues–real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	20,359	24,460	55,974	18,700
(D) Depreciation	7,475	10,135	19,134	5,817
(E) Income (loss) from rent business (= C – D)	12,883	14,325	36,839	12,883

Property number	L-B-17	L-B-18	L-B-19	Logistics Total
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	
Period for asset management	From November 28, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013	From November 29, 2012 to February 28, 2013	
Information on revenues and expenses				
(A) Rent revenues Subtotal	– (Note)	62,299	– (Note)	1,552,075
Rent revenues–real estate	– (Note)	61,769	– (Note)	1,539,424
Other lease business revenues	– (Note)	529	– (Note)	12,651
(B) Expenses related to rent business Subtotal	– (Note)	2,003	– (Note)	48,048
Taxes and public dues	– (Note)	–	– (Note)	–
Outsourcing expenses	– (Note)	1,613	– (Note)	38,116
Insurance	– (Note)	131	– (Note)	2,697
Repairs and maintenance expenses	– (Note)	–	– (Note)	1,242
Other expenses related to rent business	– (Note)	259	– (Note)	5,992
(C) NOI (= A – B)	21,559	60,295	40,457	1,504,026
(D) Depreciation	4,877	18,707	13,429	422,615
(E) Income (loss) from rent business (= C – D)	16,681	41,588	27,027	1,081,411

Property number	R-M-1	R-M-2	R-M-3	R-R-1
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE Urawa	LIFE Sagamihara Wakamatsu
Period for asset management	From September 1, 2012 to February 28, 2013	From September 1, 2012 to February 28, 2013	From September 1, 2012 to February 28, 2013	From September 1, 2012 to February 28, 2013
Information on revenues and expenses				
(A) Rent revenues Subtotal	273,000	188,894	235,306	– (Note)
Rent revenues–real estate	273,000	187,736	174,388	– (Note)
Other lease business revenues	–	1,158	60,918	– (Note)
(B) Expenses related to rent business Subtotal	46,441	39,216	78,001	– (Note)
Taxes and public dues	26,426	23,754	14,608	– (Note)
Outsourcing expenses	8,612	7,694	32,239	– (Note)
Insurance	698	442	396	– (Note)
Repairs and maintenance expenses	9,918	3,417	572	– (Note)
Other expenses related to rent business	785	3,908	30,185	– (Note)
(C) NOI (= A – B)	226,558	149,677	157,304	43,663
(D) Depreciation	69,471	41,416	50,567	4,180
(E) Income (loss) from rent business (= C – D)	157,087	108,260	106,736	39,482

Property number	R-R-2	Retail Total	Portfolio Total
Property name	FOLEO Sendai Miyanomori		
Period for asset management	From November 29, 2012 to February 28, 2013		
Information on revenues and expenses			
(A) Rent revenues Subtotal	121,900	869,100	2,421,176
Rent revenues—real estate	121,900	807,024	2,346,448
Other lease business revenues	—	62,076	74,727
(B) Expenses related to rent business Subtotal	2,402	172,398	220,447
Taxes and public dues	—	68,710	68,710
Outsourcing expenses	1,840	52,186	90,302
Insurance	133	1,716	4,414
Repairs and maintenance expenses	170	14,077	15,320
Other expenses related to rent business	258	35,707	41,700
(C) NOI (= A – B)	119,497	696,702	2,200,728
(D) Depreciation	17,723	183,359	605,974
(E) Income (loss) from rent business (= C – D)	101,774	513,342	1,594,753

(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 for each fiscal period is as follows:

	Number of investment properties	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%)
1st fiscal period (August 31, 2008)	2	66,472.4	66,472.4	100.00
2nd fiscal period (February 28, 2009)	5	74,224.4	74,056.66	99.77
3rd fiscal period (August 31, 2009)	5	74,224.4	74,056.66	99.77
4th fiscal period (February 28, 2010)	5	74,224.4	73,754.47	99.36
5th fiscal period (August 31, 2010)	5	74,224.4	74,171.46	99.92
6th fiscal period (February 28, 2011)	5	74,224.4	74,156.19	99.90
7th fiscal period (August 31, 2011)	5	74,224.4	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

(Note) The figure of occupancy rate (rate of total leased area to total leasable area) is rounded down to the nearest 100th.

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

Property number (Note 1)	Property name	1st fiscal period (August 31, 2008)	2nd fiscal period (February 28, 2009)	3rd fiscal period (August 31, 2009)	4th fiscal period (February 28, 2010)	5th fiscal period (August 31, 2010)	6th fiscal period (February 28, 2011)	7th fiscal period (August 31, 2011)	8th fiscal period (February 29, 2012)	9th fiscal period (August 31, 2012)	10th fiscal period (February 28, 2013)
L-B-1	D Project Machida	-	-	-	-	-	-	-	-	-	100.00
L-B-2	D Project Hachioji	-	-	-	-	-	-	-	-	-	100.00
L-B-3	D Project Aikawa-Machi	-	-	-	-	-	-	-	-	-	100.00
L-B-4	D Project Shin-Misato	-	-	-	-	-	-	-	-	-	100.00
L-B-5	D Project Urayasu I	-	-	-	-	-	-	-	-	-	100.00
L-B-6	D Project Urayasu II	-	-	-	-	-	-	-	-	-	100.00
L-B-7	D Project Akanehama	-	-	-	-	-	-	-	-	-	100.00
L-B-8	D Project Noda	-	-	-	-	-	-	-	-	-	100.00
L-B-9	D Project Inuyama	-	-	-	-	-	-	-	-	-	100.00
L-B-10	D Project Gifu	-	-	-	-	-	-	-	-	-	100.00
L-B-11	D Project Neyagawa	-	-	-	-	-	-	-	-	-	100.00
L-B-12	D Project Sapporo Minami	-	-	-	-	-	-	-	-	-	100.00
L-B-13	D Project Morioka	-	-	-	-	-	-	-	-	-	100.00
L-B-14	D Project Sendai Minami	-	-	-	-	-	-	-	-	-	100.00
L-B-15	D Project Tsuchiura	-	-	-	-	-	-	-	-	-	100.00
L-B-16	D Project Gotenba	-	-	-	-	-	-	-	-	-	100.00
L-B-17	D Project Nishi-Hiroshima	-	-	-	-	-	-	-	-	-	100.00
L-B-18	D Project Fukuoka Umi	-	-	-	-	-	-	-	-	-	100.00
L-B-19	D Project Tosu	-	-	-	-	-	-	-	-	-	100.00
R-M-1	ACROSSMALL Shinkamagaya	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-M-2	FOLEO Hirakata	-	99.91	99.91	97.89	99.91	99.91	99.91	99.91	99.91	99.91
R-M-3	QiZ GATE Urawa	-	98.41	98.41	98.71	99.59	99.43	99.02	99.02	99.43	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
R-R-2	FOLEO Sendai Miyanomori	-	-	-	-	-	-	-	-	-	100.00

(Note) Occupancy rate by real estate 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 rental revenues for the period and leased area for major tenants and by tenant as of February 28, 2013 are as follows. A major tenant is a tenant for which leased area accounts for 10% or more of the total leased area (total of leased areas in the entire portfolio).

Tenant	Business	Property name	Rental revenues for the period (Millions of yen)	Rental revenues ratio (%) (Note 1)	Leased area (m ²)	Area ratio (%) (Note 1)
Hitachi Capital Corporation	Other financial business	D Project Machida	- (Note 2)	- (Note 2)	148,714.63	28.0
		D Project Aikawa-Machi				
		D Project Urayasu II				
		D Project Akanehama				
Mitsubishi Shokuhin Co., Ltd.	Food wholesale	D Project Hachioji	- (Note 2)	- (Note 2)	90,170.01	17.0
		D Project Noda				
		D Project Sapporo Minami				
		D Project Morioka				
		D Project Sendai Minami				
Subtotal	-	-	814	33.7	238,884.64	44.9
Total of all tenants	-	-	2,421	100.0	531,521.94	100.0

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

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

b. Lease terms for major tenants

DHR's lease terms for major tenants as of February 28, 2013 are as follows:

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

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

(E) Summary on appraisal report

Property number	Real estate in trust (Property name)	Appraisal agencies	Date of value appraised	Appraised value (Millions of yen)	Return price (Millions of yen)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
L-B-1	D Project Machida	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	7,920	8,150	5.4	7,820	5.4	5.7
L-B-2	D Project Hachioji	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	12,900	12,900	5.4	12,900	1st to 6th year 5.4 7th to 10th year 5.5	5.7
L-B-3	D Project Aikawa-Machi	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	2,890	2,950	5.5	2,860	5.6	5.8
L-B-4	D Project Shin-Misato	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	5,520	5,670	5.4	5,450	5.5	5.7
L-B-5	D Project Urayasu I	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	8,070	8,360	4.9	7,950	5.1	5.2
L-B-6	D Project Urayasu II	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	22,200	22,300	4.9	22,100	5.0	5.2
L-B-7	D Project Akanehama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	2,620	2,680	5.2	2,590	5.4	5.5
L-B-8	D Project Noda	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	5,580	5,640	5.4	5,550	5.4	5.7
L-B-9	D Project Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	7,520	7,510	5.8	7,530	5.8	6.1
L-B-10	D Project Gifu	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	1,050	1,050	5.9	1,050	5.9	6.2
L-B-11	D Project Neyagawa	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	5,120	5,180	5.5	5,090	5.6	5.8
L-B-12	D Project Sapporo Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	773	775	6.5	772	1st to 5th year 6.4 6th to 10th year 6.5	6.8
L-B-13	D Project Morioka	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	1,130	1,140	6.4	1,130	6.4	6.7
L-B-14	D Project Sendai Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	1,340	1,330	6.0	1,350	1st to 8th year 5.9 9th to 11th year 6.0	6.3
L-B-15	D Project Tsuchiura	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	3,170	3,140	5.6	3,180	5.6	5.9
L-B-16	D Project Gotenba	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	1,100	1,090	5.8	1,100	5.8	6.1

Property number	Real estate in trust (Property name)	Appraisal agencies	Date of value appraised	Appraised 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-17	D Project Nishi-Hiroshima	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	1,130	1,110	5.9	1,140	Tower A 6.0 Tower B 6.0	6.2
L-B-18	D Project Fukuoka Umi	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	3,500	3,530	6.1	3,480	Tower A 1st to 3rd year 5.9 4th year 6.1 Tower B 1st to 9th year 5.9 10th year and later 6.1 Tower C 6.1 Tower D 1st to 9th year 6.0 10th year and later 6.1	6.4
L-B-19	D Project Tosu	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2013	2,480	2,510	5.9	2,460	6.0	6.2
Logistics Properties Total				96,013	97,015	–	95,502	–	–
R-M-1	ACROSSMALL Shinkamagaya	Japan Real Estate Institute	February 28, 2013	6,970	6,990	6.6	6,950	6.3	6.8
R-M-2	FOLEO Hirakata	Japan Real Estate Institute	February 28, 2013	4,350	4,370	6.8	4,320	6.3	6.9
R-M-3	QiZ GATE Urawa	Japan Real Estate Institute	February 28, 2013	4,700	4,730	6.5	4,670	6.0	6.5
R-R-1	LIFE Sagami-hara Wakamatsu	Japan Real Estate Institute	February 28, 2013	1,440	1,450	6.0	1,430	5.6	6.1
R-R-2	FOLEO Sendai Miyanomori	Japan Real Estate Institute	February 28, 2013	6,110	6,120	6.8	6,090	6.5	7.0
Retail Properties Total				23,570	23,660	–	23,460	–	–
Portfolio Total				119,583	120,675	–	118,962	–	–

(F) Summary on engineering report

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

Property number	Real estate in trust (Property name)	Month and year of survey	Emergency repairs (Thousands of yen)	Short-term repairs (Thousands of yen) (Note)	Long-term repairs (Thousands of yen) (Note)
L-B-1	D Project Machida	September 2012	–	–	6,288
L-B-2	D Project Hachioji	September 2012	–	–	3,292
L-B-3	D Project Aikawa-Machi	September 2012	–	–	600
L-B-4	D Project Shin-Misato	September 2012	–	–	–
L-B-5	D Project Urayasu I	September 2012	–	–	5,489
L-B-6	D Project Urayasu II	September 2012	–	–	3,850
L-B-7	D Project Akanehama	September 2012	–	–	430
L-B-8	D Project Noda	September 2012	–	–	1,342
L-B-9	D Project Inuyama	September 2012	–	–	2,525
L-B-10	D Project Gifu	September 2012	–	–	–
L-B-11	D Project Neyagawa	September 2012	–	–	–
L-B-12	D Project Sapporo Minami	September 2012	–	–	354
L-B-13	D Project Morioka	September 2012	–	–	2,633
L-B-14	D Project Sendai Minami	September 2012	–	–	634
L-B-15	D Project Tsuchiura	September 2012	–	–	–

Property number	Real estate in trust (Property name)	Month and year of survey	Emergency repairs (Thousands of yen)	Short-term repairs (Thousands of yen) (Note)	Long-term repairs (Thousands of yen) (Note)
L-B-16	D Project Gotenba	September 2012	–	–	54
L-B-17	D Project Nishi-Hiroshima	September 2012	–	–	828
L-B-18	D Project Fukuoka Umi	September 2012	–	–	3,154
L-B-19	D Project Tosu	September 2012	–	–	–
R-M-1	ACROSSMALL Shinkamagaya	September 2012	–	–	24,941
R-M-2	FOLEO Hirakata	September 2012	–	–	20,471
R-M-3	QiZ GATE Urawa	September 2012	–	–	10,776
R-R-1	LIFE Sagamihara Wakamatsu	September 2012	–	–	2,768
R-R-2	FOLEO Sendai Miyanomori	September 2012	–	–	1,387
Total	–	–	–	–	91,816

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

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

(G) Summary of report on earthquake risk assessment

PML for real estate in trust is as follows. Figures of PML are based on the report on earthquake risk assessment as of August 2012 provided by Tokio Marine & Nichido Risk Consulting Co., Ltd.

Earthquake insurance is not taken out on the real estate in trust as of the date of this financial results report.

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

(Note) The figure shown in Portfolio Total is aggregate PML for 24 properties calculated in the same way as an individual property based on the report on earthquake risk assessment as of August 2012 provided by Tokio Marine & Nichido Risk Consulting Co., Ltd. (portfolio PML).

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

Not applicable.

iii) Status of portfolio diversification

The overview of portfolio on real estate in trust as of February 28, 2013 is as follows:

(A) By property type

Property type	Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)
Logistics Properties	19	89,010	77.7
Retail Properties	5	25,509	22.3
Total	24	114,519	100.0

(B) By location

Location		Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)	
Metropolitan areas of Japan	Greater Tokyo area	11	78,419	68.5	83.5
	Greater Nagoya area	2	7,550	6.6	
	Greater Osaka area	2	9,640	8.4	
Other areas		9	18,910	16.5	
Total		24	114,519	100.0	

(C) By lease term (Note 2)

Portfolio

Average lease term (*)	17.5 years
Average remaining lease term (*)	13.0 years
Remaining period prior to rent renewal (*)	4.3 years

(*) Based on annual rent (weighted average)

By lease term

Lease term	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
10 years or more	49	7,654	97.6
Less than 10 years	12	191	2.4
Total	61	7,845	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	11	2,677	34.1
10 years or more but less than 15 years	17	3,564	45.4
5 years or more but less than 10 years	8	665	8.5
Less than 5 years	25	939	12.0
Total	61	7,845	100.0

(D) By property age

Property age (Note 6)	Number of properties	Acquisition price (Millions of yen)	Percentage of acquisition price (%) (Note 1)
Less than 5 years	9	41,160	35.9
5 years or more but less than 10 years	14	72,359	63.2
10 years or more	1	1,000	0.9
Total	24	114,519	100.0

Average property age (*)	5.4 years
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(*) Based on the acquisition price (weighted average)

(E) By lease type

Lease type	Number of properties	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Sublease-type master lease	2	1,023	13.0
Pass-through type master lease	5	2,425	30.9
Direct lease	17	4,396	56.0
Total	24	7,845	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	60	531,190.50	99.9
Revenue-based rent	1	331.44	0.1
Total	61	531,521.94	100.0

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

Contract type	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Fixed-term	44	2,540	32.4
Other	17	5,305	67.6
Total	61	7,845	100.0

(H) By early termination penalties (based on annual rent)

Contract type	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
With penalty	58	7,091	90.4
Without penalty	3	754	9.6
Total	61	7,845	100.0

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

(Note 2) Lease term is based on each lease agreement concluded for each corresponding property in trust as of February 28, 2013.

- (Note 3) Number of tenants is the number of end tenants of each property in trust as of February 28, 2013. However, with respect to properties with sublease-type master lease agreements, only the master lease company is indicated as the tenant.
- (Note 4) Annual rent means the annual rent of the properties as indicated in each lease agreement entered into in relation to each property in trust as of February 28, 2013 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (provided, however, in the case of a pass-through type master lease agreement, under which rents are directly received from end-tenants in principle, the annual rent is as indicated in each sublease agreement entered into between a master lease company and end-tenants in relation to each property as of February 28, 2013 or the amount calculated by multiplying the monthly rent by 12 on an annual basis), rounded to the nearest million yen. In addition, revenue-based rent is applied to certain tenants with respect to FOLEO Hirakata (R-M-2), and for such tenants the annual rent included in the tables is calculated by multiplying a minimum guaranteed monthly rent by 12.
- (Note 5) Percentage of annual rent indicates the ratio of the total annual rent corresponding to each category to the total annual rent in the portfolio of the relevant properties, rounded to the nearest tenth. Sums of figures indicated may not add up due to rounding.
- (Note 6) Property age is based on the age of each property as of February 28, 2013.