

Daiwa House REIT Investment Corporation
Investor Presentation for the **15th** period
ended **August 2015**
October 19, 2015

Daiwa House REIT

15th

 Daiwa House REIT Investment Corporation

 Daiwa House REIT Management Co., Ltd.

Daiwa REIT.
Daiwa House REIT

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Introduction

Executive Summary

1 15 th Period Result (ended Aug. 2015)	<ul style="list-style-type: none">◆ DPU 8,473 yen (forecast 8,150 yen)◆ Unrealized gain 27,151 million yen (+3,456 million yen / 14th period)
2 Our Initiatives to Pursue Growth	<ul style="list-style-type: none">◆ Acquisition of DREAM TOWN ALi (Sep. 2015)◆ D Project Tosu Extension Project
3 Operation Results	<ul style="list-style-type: none">◆ Occupancy rate at 99.95% (as of Sep. 28, 2015)
4 Financial Forecasts	<ul style="list-style-type: none">◆ 16th period (Feb. 2016) DPU 9,200 yen (initial forecast 8,800 yen)◆ 17th period (Aug. 2016) DPU 8,650 yen
5 Our Growth Strategies	<ul style="list-style-type: none">◆ Target AUM of 400 billion yen by leveraging the sponsor pipeline◆ Sustainable level of stabilized DPU at 8,650 yen with stable growth prospect going forward



1

Financial Results

◆ Achieved 8,473 yen of DPU, which outperformed the forecast of 8,150 yen

15th Period (Aug 2015) Results – Statements of Income –

	14 th Period Result ended Feb 2015	15 th Period Result ended Aug 2015	Period-on- period change	15 th Period Forecast as of 2015/4/17	Versus Forecast
Operating Revenues	5,146	6,305	1,158	6,279	26
Rent revenues	5,146	6,305	1,158	—	—
Rent	5,045	6,200	1,155	—	—
Other revenues	101	104	2	—	—
Operating Expenses	2,143	2,621	478	2,664	-42
Property operating expenses	1,689	2,140	451	—	—
Property operating expenses (excluding depreciation)	645	781	136	—	—
Depreciation	1,044	1,359	315	1,359	0
Other operating expenses	453	480	26	—	—
Operating Income	3,003	3,683	680	3,615	68
Non-operating income	4	2	-2	—	—
Non-operating expenses	462	714	252	—	—
Interest and borrowing expenses	462	564	102	575	-10
Investment unit issuance expenses	—	149	149	182	-32
Ordinary Income	2,546	2,972	426	2,859	112
Net Income	2,545	2,971	426	2,858	113
Distributions per unit	8,674 yen	8,473 yen	-201 yen	8,150 yen	323 yen
FFO per unit (Note 1)	12,232 yen	12,349 yen	117 yen	12,029 yen	320 yen
NOI (Note 2)	4,501	5,523	1,022	—	—
NOI yield	6.2%	5.6%	-0.6%	—	—
Number of operating days	181 days	184 days	3 days	184 days	0 days

(Note 1) FFO (Funds from Operations) per unit:

(Net Income + Depreciation – Gain or loss on sale of property, etc.) / Number of investment units issued

(Note 2) NOI (Net Operating Income): Rent revenues - Property operating expenses + Depreciation

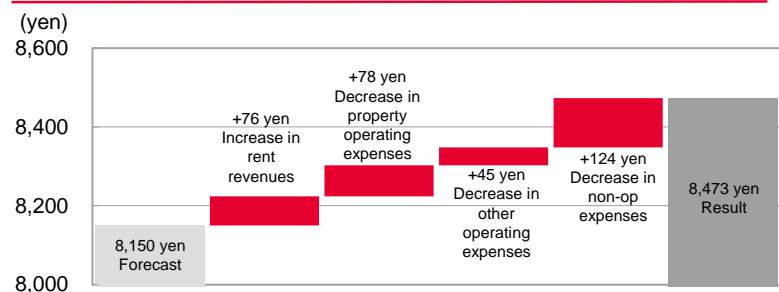
Major Variation Factors (vs Forecast)

vs Forecast		
✓	Rent revenues	+ 26million yen
✓	Property operating expenses	- 27million yen
	• Decrease in repairs and maintenance expenses and property taxes	
✓	Other operating expenses	- 15million yen
	• Decrease in expert fees and disclosure related expenses	
✓	Other operating expenses	- 42million yen
	• Decrease in interest expenses and investment unit issuance expenses	

Rent Revision / Lease Contract Renewal

Logistics Properties	3 tenants revised rent on equal terms (1 tenant in ongoing litigation)
Retail Properties	【 Core tenants 】 No rent revision 【 Other tenants 】 2 tenants renewed lease contract on equal terms

Variation Breakdown in DPU (Result vs Forecast)



◆ Raised 27.4 billion yen of equity from the global offering and acquired 7 properties (48.4 billion yen)

■ 15th Period (Aug 2015) Results – Balance Sheets –

(million yen)

	14 th Period Result ended Feb 2015	15 th Period Result ended Aug 2015	Period-on-period change
Total Assets	166,825	216,936	50,111
Total Liabilities	86,231	108,506	22,275
Interest-bearing debt	77,500	98,000	20,500
Tenant leasehold and security deposits	7,373	9,127	1,754
Net Assets	80,593	108,430	27,836

LTV (Note1)	46.5%	45.2%	-1.3%
LTV (including tenant security deposits)	50.9%	49.4%	-1.5%

Number of properties	33 properties	40 properties	7 properties
Unrealized gain / loss	23,695	27,151	3,456
Book value	143,439	190,886	47,446
Appraisal value	167,135	218,038	50,903

Number of investment units issued	293,480 units	350,700 units	57,220 units
Net assets per unit	274,614 yen	309,183 yen	34,569 yen
NAV per unit (Note 2)	346,680 yen	378,131 yen	31,451 yen

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

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

■ Major Variation Factors (period-on-period)

Period-on-period change	✓ Total assets	+ 50,151 million yen
	• Acquisition of 7 logistics properties	
	✓ Interest-bearing debt	+ 20,500 million yen
	• New borrowings	
	✓ Tenant leasehold and security deposits	+ 1,754 million yen
• Acquisition of 7 logistics properties		
✓ Net assets	+ 27,836 million yen	
• Equity raised from the global offering		
✓ Unrealized gain	+ 3,456 million yen	
• Increase of appraisal value due to cap rate compression		

■ Change in Appraisal Value

	14 th Period ended Feb 2015	15 th Period ended Aug 2015	Period-on-period change
Total Portfolio	215,805 million yen	218,038 million yen	+2,233 million yen
Logistics Properties	181,855 million yen	183,978 million yen	+2,123 million yen
Retail Properties	33,950 million yen	34,060 million yen	+110 million yen

※ For the properties acquired in the 15th fiscal period (7 logistics properties), the appraisal value at the time of the acquisition (48,670 million yen) is applied as the end of the 14th fiscal period figure.

2

Our Initiatives to Pursue Growth

◆ Further diversified our portfolio and tenants from the acquisition

R-M-6 DREAM TOWN ALI	
Acquisition date	September 28, 2015
Location	Aomori city, Aomori prefecture
Construction date	August 29, 2007
Acquisition price	7,790 million yen
Appraisal value	8,100 million yen (as of July 31, 2015)
Appraisal NOI yield	6.5%
Master lessee	Daiwa Information Service Co., Ltd.
Contract form	Pass-through type master lease agreement
Leasable area	22,196.81 m ²
Occupancy rate	98.94% (as of September 28, 2015)
Locational conditions	<ul style="list-style-type: none"> ■ The Hamada district, where the property is located, is approx. 3km south of Aomori Station and positioned between the city center and the suburbs. The property is surrounded by National Route 103, Prefectural Highway 120 and National Route 7
Tenant composition / trade area characteristics	<ul style="list-style-type: none"> ■ Tenants include Don Quijote, UNIQLO, GU, Aoyama Taylor, 100-yen shop, a shoe store, Round One, wedding center and others with a total of 36 tenants ■ Located in a new town, there is a high proportion of population in their 30s with children within 1km radius – approx. half of the area is comprised of population under the age of 40 ■ Population of 11,000 within 1km radius, 103,000 within 3km radius and 207,000 within 5km radius



Aomori City as the Compact City[※]

- Revitalize central city area and limit development permit in suburbs
- Aomori city was divided into three zones with separate land use principles established for each zone

< Inner-city >
Area promoting urban revitalization

< Mid-city >
Area with limited unregulated development

< Outer-city >
Area with development not permitted in general due to natural environment preservation

[※] Aomori city instituted "Aomori City Design Master Plan" with "Designing a Compact City" as the basic philosophy in 1999. Aomori city instituted "Basic Plan for Revitalization of Commercial Activities in Aomori City Centre" in 2007, making the first city center with revitalization plan accredited by the Prime Minister. Aomori city also set city planning regulations to restrict development of large-scale commercial buildings in quasi-industrial districts in 2006.

◆ Extension Project with Daiwa House in progress based on floor expansion request from the tenant

Overview of the Extension Project (Plan)

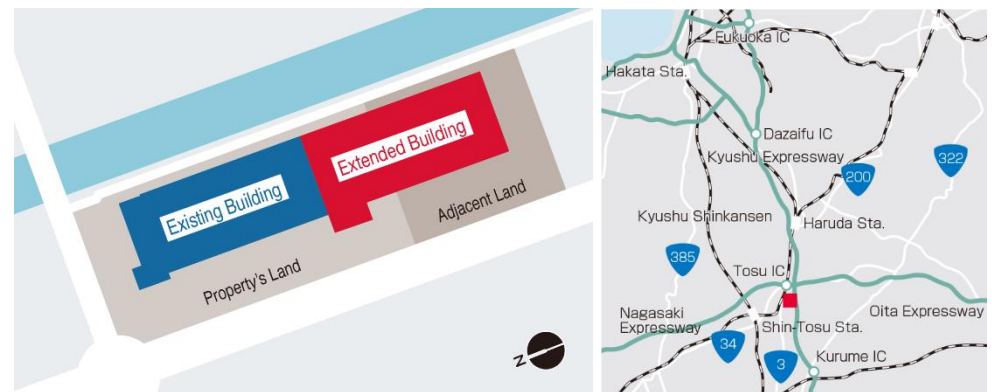
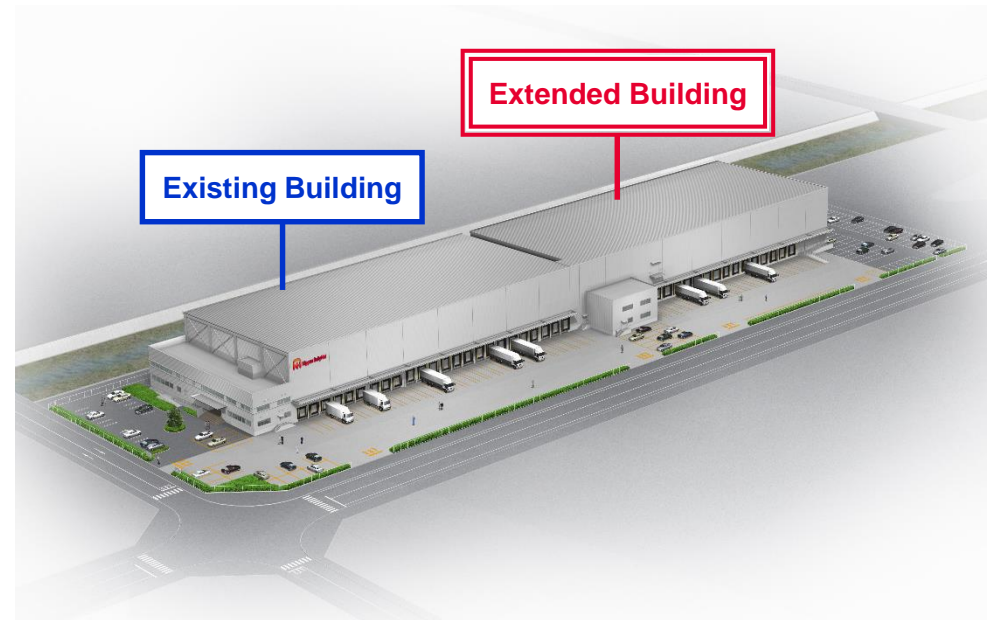
	Extended Building (Plan)	Existing Building
Location	1623-1 Aza Hasuhara, Himekata-machi, Tosu-shi, Saga and other	1623-2 Aza Hasuhara, Himekata-machi, Tosu-shi, Saga and other
Acquisition price	To be determined	2,100 million yen
Lessee	NH Foods, Ltd.	NH Foods, Ltd.
Land area	6,939.40 m ² (Note)	12,395.42 m ²
Gross floor area	8,903.20 m ² (Note)	8,504.62 m ²
Structure / floors	Steel frame / 2F	Steel frame / 2F

(Note) Land area and gross floor area are subject to change.

Schedule (Plan)

July 2015	<ul style="list-style-type: none"> DHR, Daiwa House and Mitsubishi UFJ T&B (trustee) concluded a project contract for the extension of D Project Tosu
September 2015	<ul style="list-style-type: none"> Daiwa House concluded an advance fixed-term building lease agreement with the lessee
October 2015	<ul style="list-style-type: none"> Daiwa House to obtain approvals and licenses for the construction of the Extended Building Daiwa House and DHR to conclude a real estate sale and purchase agreement
November 2015	<ul style="list-style-type: none"> Daiwa House to commence construction of the Extended Building
March 2016	<ul style="list-style-type: none"> Completion of the Extended Building
June 2016	<ul style="list-style-type: none"> DHR to acquire the Extended Building and the adjacent land parcel owned by Daiwa House on the north side of D Project Tosu

Architectural Rendering



◆ Measures to save electricity / CO₂ emission resulted in electricity cost reduction and rent increase

Future Plans

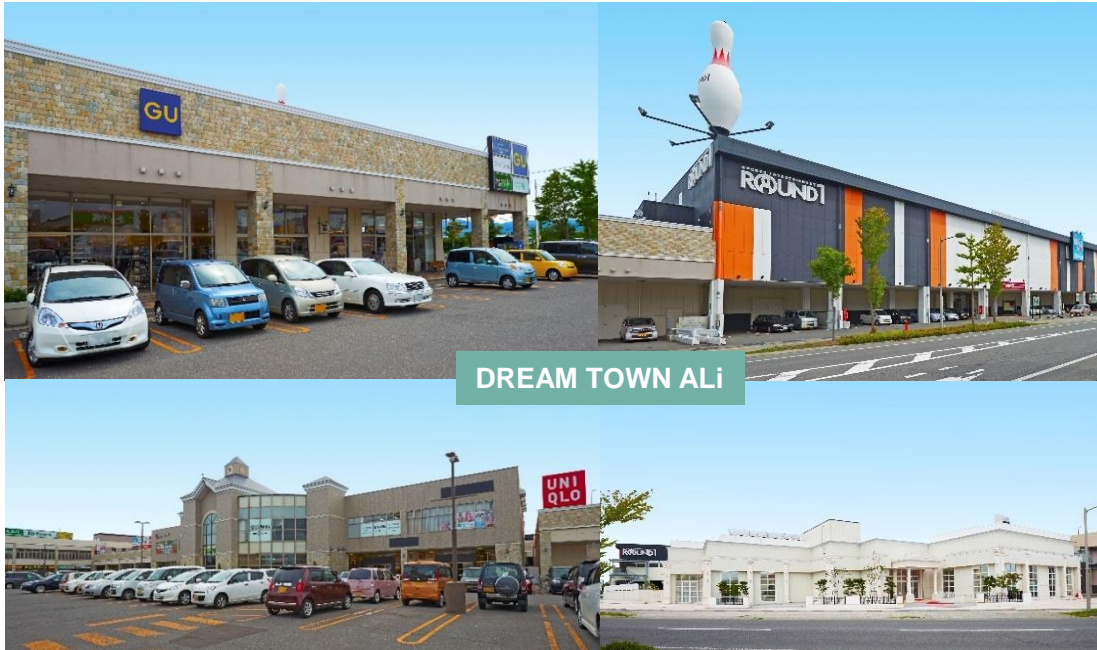
L-B-7 D Project Akanehama	<ul style="list-style-type: none"> ➤ Installation of LED lighting (Oct - Nov 2015) Investment: 12,454 thousand yen (planned)
R-M-2 FOLEO Hirakata	<ul style="list-style-type: none"> ➤ Installation of LED lighting (Nov 2015) Investment: 39,800 thousand yen (planned) ➤ Renovation work under consideration
L-B-24 DPL Inuyama	<ul style="list-style-type: none"> ➤ Installation of LED lighting (Jan - Feb 2016) Investment: 21,400 thousand yen (planned)
Other plans	<ul style="list-style-type: none"> ➤ Installation of solar power generation system under consideration

Measures Taken in the Past

R-M-1 ACROSSMALL Shinkamagaya	<ul style="list-style-type: none"> ➤ Installation of LED lighting (Jul 2013) Investment: 55,500 thousand yen ⇒ Annual rent increase: 5,400 thousand yen
R-M-3 QiZ GATE URAWA	<ul style="list-style-type: none"> ➤ Installation of LED lighting (Apr 2014) Investment: 18,000 thousand yen ⇒ Electricity usage approx. -23% Electricity costs approx. -18% (May 2014 - Apr 2015 actual)
L-B-20 D Project Kuki I	<ul style="list-style-type: none"> ➤ Lease of rooftop to install solar power generation system (Nov 2014) ⇒ Annual rental revenue: 1,740 thousand yen



◆ Acquisition in the 16th period



◆ LED lighting installed



◆ Extension project planned



◆ Solar power generation system installed





3

Operation Results

◆ DHR has achieved steady AUM growth and stable DPU distribution

	12 th Period ended Feb 2014	13 th Period ended Aug 2014	14 th Period ended Feb 2015	15 th Period ended Aug 2015	As of September 28, 2015
Number of properties	26 properties	32 properties	33 properties	40 Properties	41 properties
AUM (acquisition price)	119,033 million yen	144,163 million yen	147,553 million yen	195,973 million yen	203,763 million yen
Logistics properties / Retail properties	74.8% / 25.2%	79.2% / 20.8%	77.4% / 22.6%	83.0% / 17.0%	79.8% / 20.2%
NOI yield	6.0 %	5.9 %	6.2 %	5.6 %	5.7 % (Stabilized)
Occupancy rate	99.95 %	99.97 %	99.97 %	99.97 %	99.95 %
Average property age	6.4 years	6.0 years	6.5 years	6.2 years	6.3 years
Average remaining lease term	12.3 years	12.0 years	11.7 years	11.5 years	11.1 years
% of top 3 assets	35.0 %	28.9 %	28.3 %	22.2 %	21.4 %
% of top 10 tenants	86.2 %	79.5 %	80.2 %	68.9 %	67.4 %
Interest-bearing debt	63,000 million yen	74,500 million yen	77,500 million yen	98,000 million yen	103,000 million yen
LTV (Note 1)	47.9 %	45.7 %	46.5 %	45.2 %	46.4 %
Average loan maturity / Average remaining maturity	4.6 years / 3.4 years	5.3 years / 3.7 years	5.4 years / 3.5 years	5.9 years / 3.9 years	6.0 years / 4.0 years
Unrealized gain / loss (Note 2)	13,048 million yen	17,555 million yen	23,695 million yen	27,151 million yen	27,461 million yen
NAV per unit (Notes 2 and 3)	295,532 yen	325,758 yen	346,680 yen	378,131 yen	379,015 yen
DPU (Note 3)	7,996 yen	8,039 yen	8,674 yen	8,473 yen	9,200 yen (Forecast for Feb 2016) 8,650 yen (Forecast for Aug 2016)

(Note 1) LTV as of September 28, 2015: Interest-bearing debt / (total assets at the end of the 15th period + new borrowings on September 28, 2015)

(Note 2) Unrealized gain / loss and NAV per unit as of September 28, 2015 are based on unrealized gain at the end of the 15th period + unrealized gain (appraisal value - acquisition price) of the new acquisition on September 28, 2015

(Note 3) NAV per unit and DPU in the 12th period are stated using the per unit figures divided by 2, factoring the impact of a 2-for-1 split of investment units on March 1, 2014

- ◆ Further lengthening and diversifying debt maturities and fixing interest rates
- ◆ DHR currently has 16 billion yen of debt capacity for acquisition of up to 50% of LTV

Financial Status

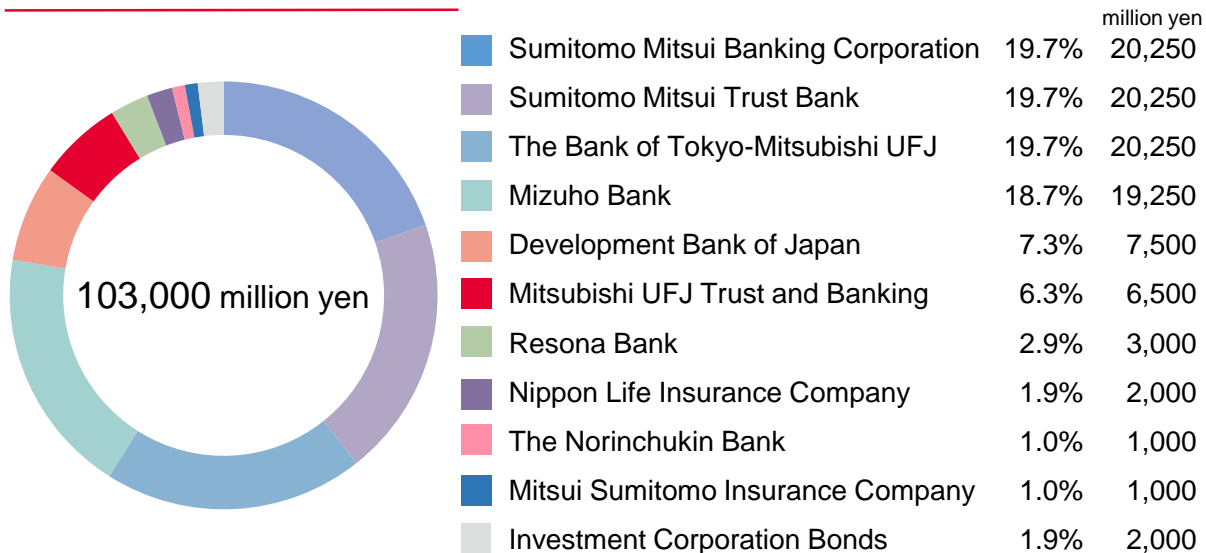
LTV (Note)	46.4 %
Total Interest-bearing debt	103,000 million yen
Total borrowings	101,000 million yen
Total Investment corporation bonds	2,000 million yen
Long-term interest-bearing debt ratio	96.1 %
Fixed interest ratio	96.1 %
Average interest rate	0.96 %
Average remaining maturity	4.0 years
Commitment line	10,000 million yen

(Note) LTV: Total interest-bearing debt / (total assets at the end of the 15th period + new borrowings on September 30, 2015)

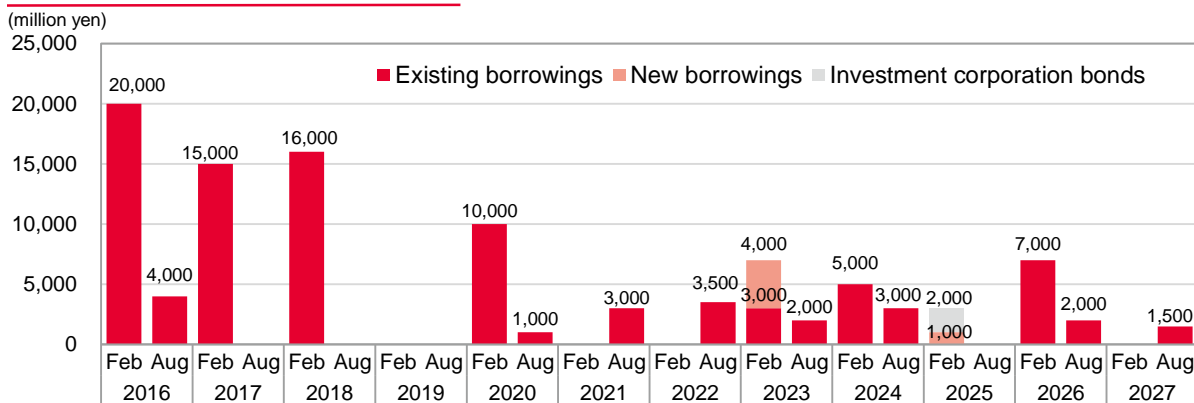
Credit Rating

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

Interest-Bearing Debt



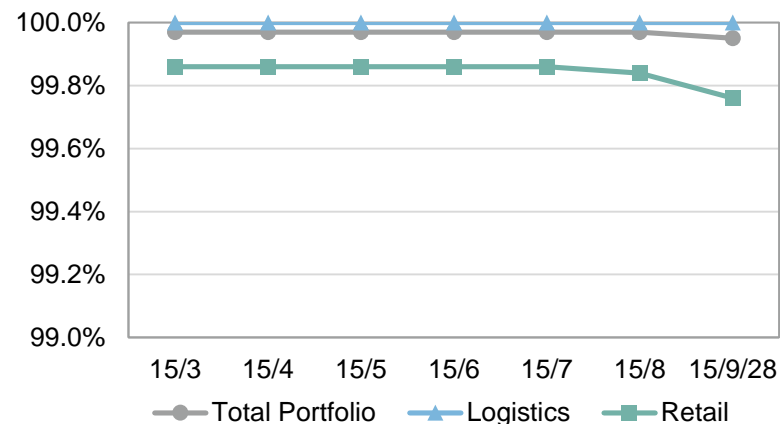
Diversified Maturity Ladder



- ◆ A stable portfolio with long remaining lease terms and newly built properties
- ◆ Maintaining a high-level occupancy rate of above 99.9%

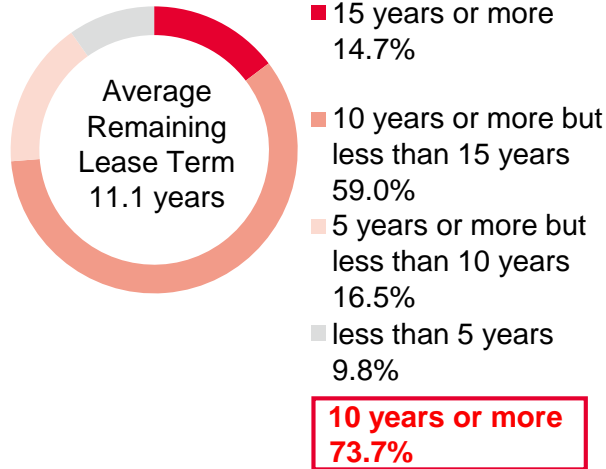
	Total Portfolio	Logistics Properties	Retail Properties
AUM (acquisition price)	203,763 million yen	162,560 million yen	41,203 million yen
Number of properties	41 properties	32 properties	9 properties
Average lease term (weighted by annual rent)	16.7 years	17.4 years	14.3 years
Average remaining lease term (weighted by annual rent)	11.1 years	11.9 years	8.5 years
Average property age (weighted by acquisition price)	6.3 years	6.0 years	7.9 years
Occupancy rate	99.95 %	100.00 %	99.76 %

Monthly Occupancy Rate Trend



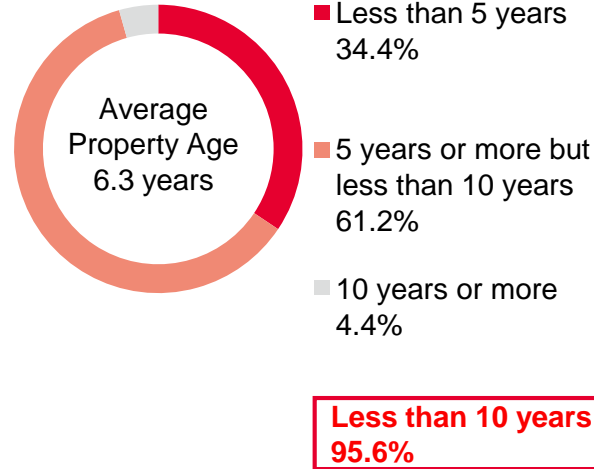
◆ By Remaining Lease Term

(weighted by annual rent)



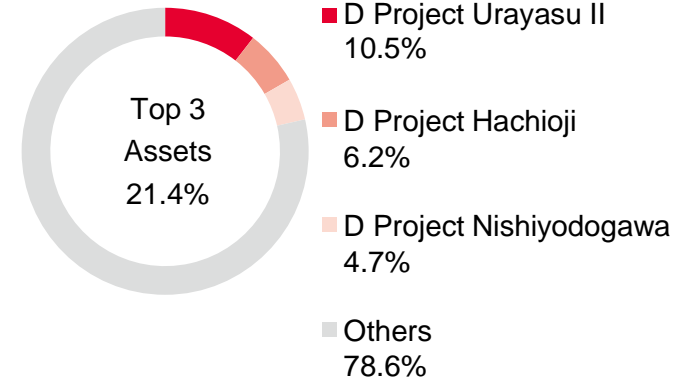
◆ By Property Age

(weighted by acquisition price)



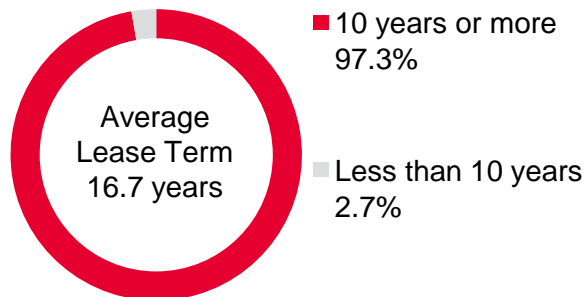
◆ % of Top 3 Assets

(weighted by acquisition price)



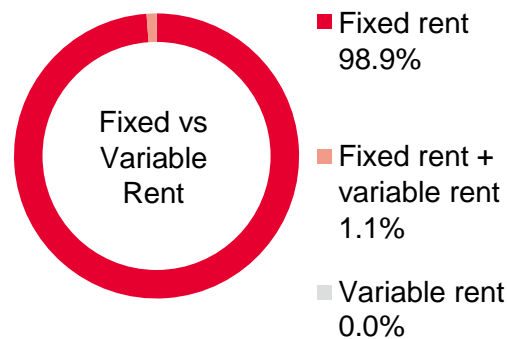
◆ By Lease Term

(weighted by annual rent)



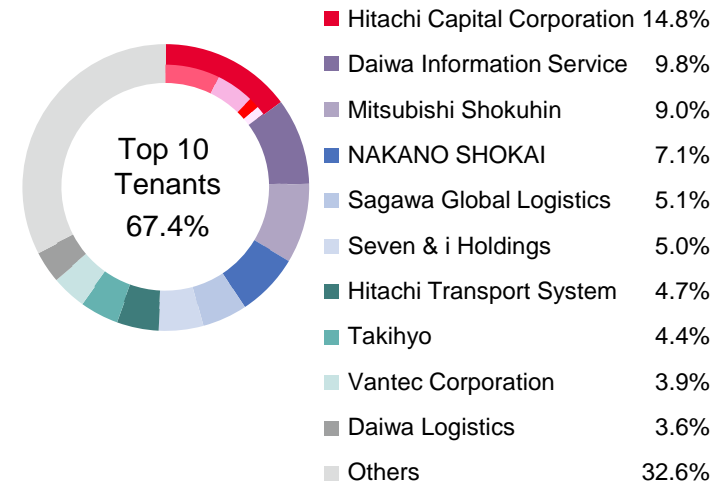
◆ By Rent Type

(weighted by leased area)



◆ % of Top 10 Tenants

(weighted by lease area)



By Property Type

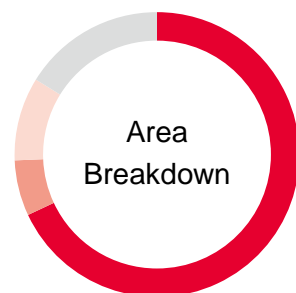
(weighted by acquisition price)



- Logistics (32 properties)
162,560 million yen
79.8%
- Retail (9 properties)
41,203 million yen
20.2%

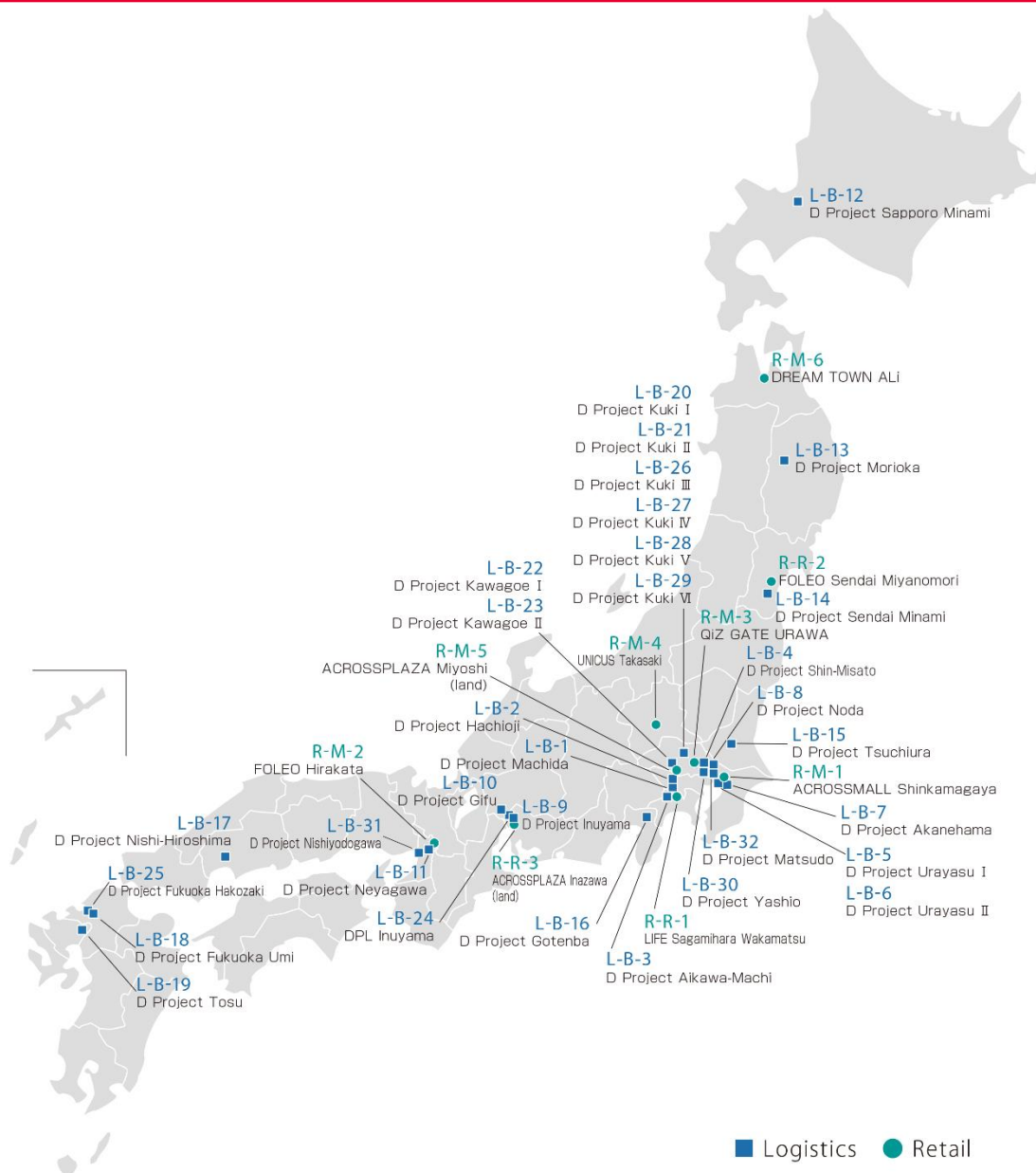
By Location

(weighted by acquisition price)



- Greater Tokyo area
68.0%
- Greater Nagoya area
6.3%
- Greater Osaka area
9.5%
- Other areas
16.2%

Three major metropolitan areas 83.8%



Portfolio Map in the Tokyo Metropolitan Area (as of September 28, 2015)



Rent Revision Schedule - Logistics Properties (1)

Property number	Property name	Tenant	Rent type	2016		2017		2018		2019		2020		Rent revision	Expiry
				Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug		
				16th	17th	18th	19th	20th	21st	22nd	23rd	24th	25th		
Logistics Properties															
L-B-1	D Project Machida	Hitachi Capital Corporation	Fixed											No revision	2027/2/28
L-B-2	D Project Hachioji	Mitsubishi Shokuhin Co., Ltd.	Fixed											2019/2/27	Not disclosed
L-B-2	D Project Hachioji	Tokyo Logistics Factory CO. LTD	Fixed											2019/2/27	2029/2/28
L-B-3	D Project Aikawa-Machi	Hitachi Capital Corporation	Fixed											2016/7/1	2026/6/30
L-B-4	D Project Shin-Misato	Asahi Security Co., Ltd.	Fixed	* In ongoing litigation										2019/5/1	2029/4/30
L-B-5	D Project Urayasu I	Nakano Shokai Co., Ltd.	Fixed											No revision	2026/2/28
L-B-6	D Project Urayasu II	Hitachi Capital Corporation	Fixed											Not disclosed	2027/5/31
L-B-7	D Project Akanehama	Hitachi Capital Corporation	Fixed											2015/10/11	2025/10/10
L-B-8	D Project Noda	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/10/1	Not disclosed
L-B-9	D Project Inuyama	Takihyo Co., Ltd.	Fixed											2020/1/1	2029/12/31
L-B-10	D Project Gifu	GOTSU Co., Ltd.	Fixed											2019/3/23	2024/3/22
L-B-11	D Project Neyagawa	Nippon Meat Packers, Inc.	Fixed											2018/8/1	Not disclosed
L-B-12	D Project Sapporo Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/12/1	Not disclosed
L-B-13	D Project Morioka	Mitsubishi Shokuhin Co., Ltd.	Fixed											—	Not disclosed
L-B-14	D Project Sendai Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2016/4/1	Not disclosed
L-B-15	D Project Tsuchiura	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.	Fixed											2018/4/1	2029/4/14
L-B-16	D Project Gotenba	HOKKOH Transportation, Inc.	Fixed											2019/1/15	2029/1/14
L-B-17	D Project Nishi-Hiroshima A	UCC FOODS CO., LTD.	Fixed											2016/12/25	2023/1/31
L-B-17	D Project Nishi-Hiroshima B	HOKKOH Transportation, Inc.	Fixed											2018/11/1	2028/10/31
L-B-18	D Project Fukuoka Umi A	Nippon Express Co., Ltd	Fixed											No revision	2016/1/20
L-B-18	D Project Fukuoka Umi B	CREATE CORPORATION	Fixed											No revision	2022/4/15
L-B-18	D Project Fukuoka Umi C	Fuji Logitech Co., Ltd.	Fixed											—	2016/5/31
L-B-18	D Project Fukuoka Umi D	Japan Beverage Holdings Inc.	Fixed											2018/9/1	2021/8/31

Rent Revision Schedule - Logistics Properties (2)

Property number	Property name	Tenant	Rent type	2016		2017		2018		2019		2020		Rent revision	Expiry
				Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug		
				16th	17th	18th	19th	20th	21st	22nd	23rd	24th	25th		
Logistics Properties															
L-B-19	D Project Tosu	Nippon Meat Packers, Inc.	Fixed											2018/4/1	Not disclosed
L-B-20	D Project Kuki I	TRANCOM Co., Ltd.	Fixed											2016/10/5	2031/10/4
L-B-21	D Project Kuki II	Seven & i Holdings Co., Ltd.	Fixed											2018/6/21	2023/6/30
L-B-22	D Project Kawagoe I	Daiwa Logistics Co., Ltd.	Fixed											2016/5/1	2026/4/30
L-B-23	D Project Kawagoe II	Daiwa Logistics Co., Ltd.	Fixed											2017/9/3	2027/9/2
L-B-24	DPL Inuyama	Sagawa Global Logistics Co., Ltd.	Fixed											2018/10/1	2028/9/30
L-B-25	D Project Fukuoka Hakozaki	Nakano Shokai Co., Ltd.	Fixed											No revision	2032/9/30
L-B-26	D Project Kuki III	S.D.Logi CO., LTD.	Fixed											2018/6/28	2033/6/30
L-B-27	D Project Kuki IV	Chuo Bussan Corporation	Fixed											No revision	2029/6/30
L-B-28	D Project Kuki V	Hitachi Transport System, Ltd.	Fixed											2017/7/1	2022/6/30
L-B-29	D Project Kuki VI	Sagawa Global Logistics Co., Ltd.	Fixed											2018/8/9	2024/2/9
L-B-30	D Project Yashio	Tohto Co-Op	Fixed											2016/8/1	2031/7/31
L-B-30	D Project Yashio	Ryutsu Service Co., Ltd.	Fixed											2016/8/1	2031/7/31
L-B-31	D Project Nishiyodogawa	VANTEC CORPORATION	Fixed											2016/4/15	2026/8/15
L-B-32	D Project Matsudo	Asahi Logistics Corp.	Fixed											2017/4/9	2031/4/30

Rent Revision / Lease Contract Renewal of Logistics Properties

16th Period (ending Feb 2016)

- Rent revision of 2 tenants → 1 tenant revised rent on equal terms
- Contract expiry of 1 tenant

17th Period (ending Aug 2016)

- Rent revision of 6 tenants
- Contract expiry of 1 tenant

Property number	Property name	Tenant	Rent type	2016		2017		2018		2019		2020		Rent revision	Expiry
				Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug	Feb	Aug		
				16th	17th	18th	19th	20th	21st	22nd	23rd	24th	25th		
Retail Properties															
R-M-1	ACROSSMALL Shinkamagaya	Daiwa Information Service Co., Ltd.	Fixed											2016/12/12	2017/12/11
R-M-2	FOLEO Hirakata	Core tenant A	Fixed											2016/1/1	2026/12/8
R-M-2	FOLEO Hirakata	Core tenant B	Fixed											2016/1/1	2026/12/14
R-M-3	QiZ GATE URAWA	Core tenant A	Fixed											2017/3/27	2028/3/26
R-M-3	QiZ GATE URAWA	Core tenant B	Fixed											2017/3/27	2028/3/26
R-M-4	UNICUS Takasaki	P&D Consulting Co., Ltd.	Fixed											2017/12/9	2028/11/19
R-M-5	ACROSSPLAZA Miyoshi (land)	Mizuho Trust & Banking Co., Ltd. (Daiwa Information Service Co., Ltd.)	Fixed											2016/10/1	2034/9/29
R-M-6	DREAM TOWN ALI	Core tenant A	Fixed + Variable											No revision	2027/12/21
R-M-6	DREAM TOWN ALI	Core tenant B	Fixed											No revision	2017/11/1
R-M-6	DREAM TOWN ALI	Core tenant C	Fixed + Variable											No revision	2021/6/30
R-R-1	LIFE Sagamihara Wakamatsu	LIFE CORPORATION	Fixed											2016/5/22	2027/5/21
R-R-2	FOLEO Sendai Miyanomori	Daiwa House Industry Co., Ltd.	Fixed											No revision	2022/11/30
R-R-3	ACROSSPLAZA Inazawa (land)	Daiwa Information Service Co., Ltd.	Fixed											No revision	2034/2/24

Rent Revision / Lease Contract Renewal of Retail Properties

16th Period (ending Feb 2016)

【 Core tenants 】

- Rent revision of 3 tenants → 1 tenant renewed contract on equal terms

【 Other tenants 】

- Rent revision of 13 tenants
- Contract expiry of 6 tenants

17th Period (ending Aug 2016)

【 Core tenants 】

- Rent revision of 1 tenant

【 Other tenants 】

- Rent revision of 2 tenants
- Contract expiry of 4 tenants



4

Financial Forecasts

- ◆ DPU Forecast 9,200 yen for 16th period from earnings contribution of new acquisitions
- ◆ DPU Forecast 8,650 yen for 17th period (property taxes for 2015 acquisitions will be expensed from 17th period)

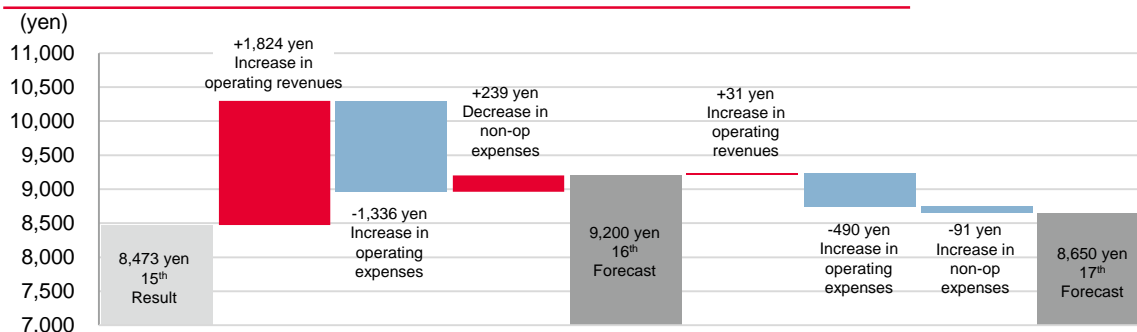
16th Period (Feb 2016) and 17th Period (Aug 2016) Forecasts

	15 th Period Result ended Aug 2015	16 th Period Forecast ending Feb 2016	Period- on-period change	17 th Period Forecast ending Aug 2016	Period- on-period change
	(million yen)				
Operating Revenues	6,305	6,945	639	6,956	11
Operating Income	3,683	3,855	171	3,694	-161
Ordinary Income	2,972	3,229	256	3,036	-193
Net Income	2,971	3,228	256	3,035	-193
Distributions per unit	8,473円	9,200 yen	727 yen	8,650 yen	-550 yen
FFO per unit	12,349円	13,447 yen	1,098 yen	12,899 yen	-548 yen
【Major expenses】					
Property taxes	469	469	0	627	158
Depreciation	1,359	1,488	128	1,489	1
Borrowing related expenses	564	628	63	660	32

Major Variation Factors for 16th Period (Feb 2016)

16 th Period Forecast 【 vs 15 th 】	✓ Operating revenues	+ 639 million yen
	• Contribution of DREAM TOWN ALI	
	• Full-fiscal period contribution of 7 logistics properties	
✓ Operating expenses	+ 468 million yen	
• Expenses for DREAM TOWN ALI		
• Full-fiscal period expenses for 7 logistics properties		
• Increase in asset management fees related to new acquisitions		
✓ Non-operating expenses	- 85 million yen	
• Absence of investment unit issuance expenses incurred in the previous fiscal period		
• Increase in interest expenses related to new borrowings		

Variation Breakdown in DPU for 16th and 17th Periods



Major Variation Factors for 17th Period (Aug 2016)

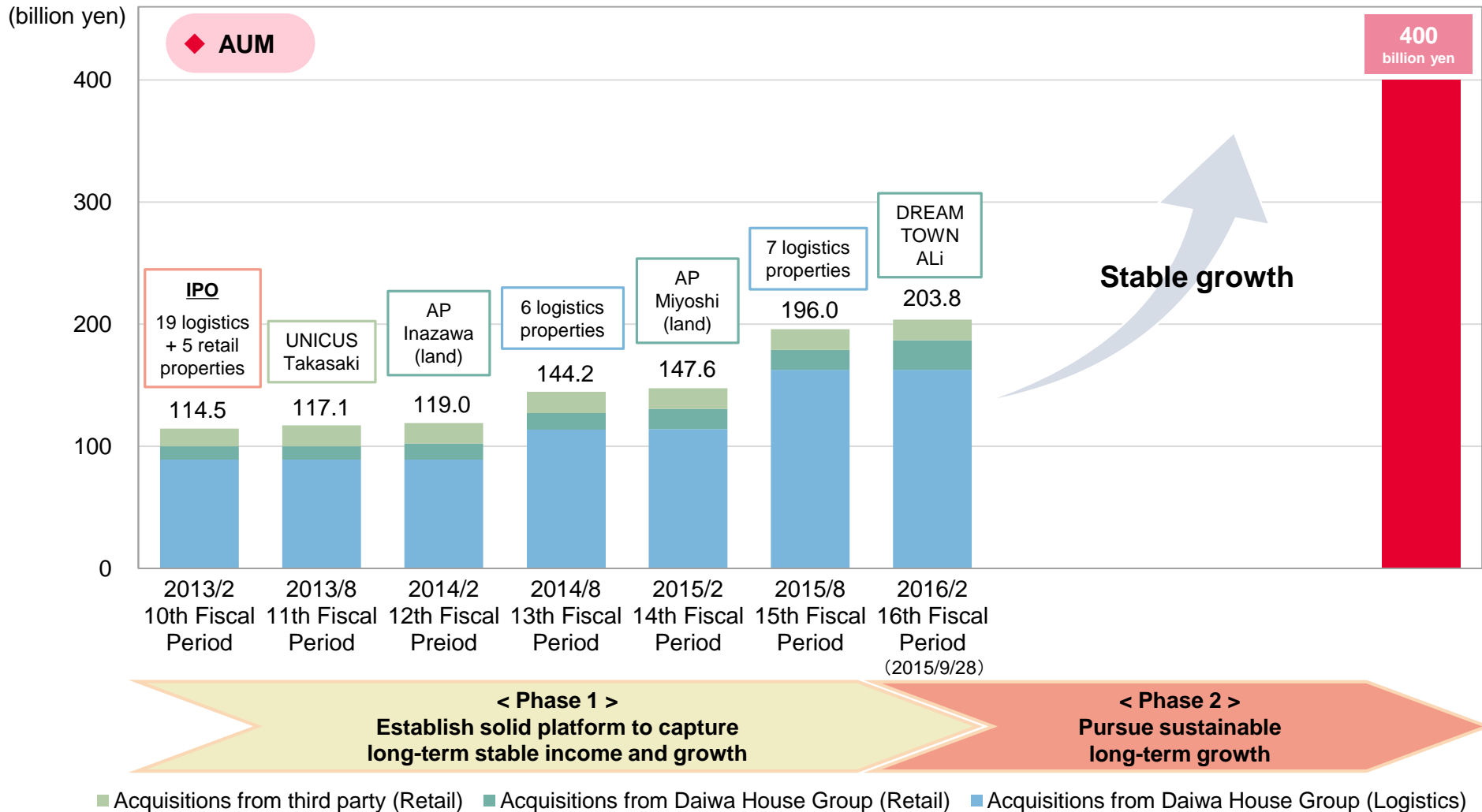
17 th Period Forecast 【 vs 16 th 】	✓ Operating revenues	+ 11 million yen
	• Full-fiscal period contribution of DREAM TOWN ALI	
	✓ Operating expenses	+ 172 million yen
• Property taxes for new acquisitions in 2015		
• Full-fiscal period expenses for DREAM TOWN ALI		
✓ Non-operating expenses	+ 32 million yen	
• Increase in interest expenses		



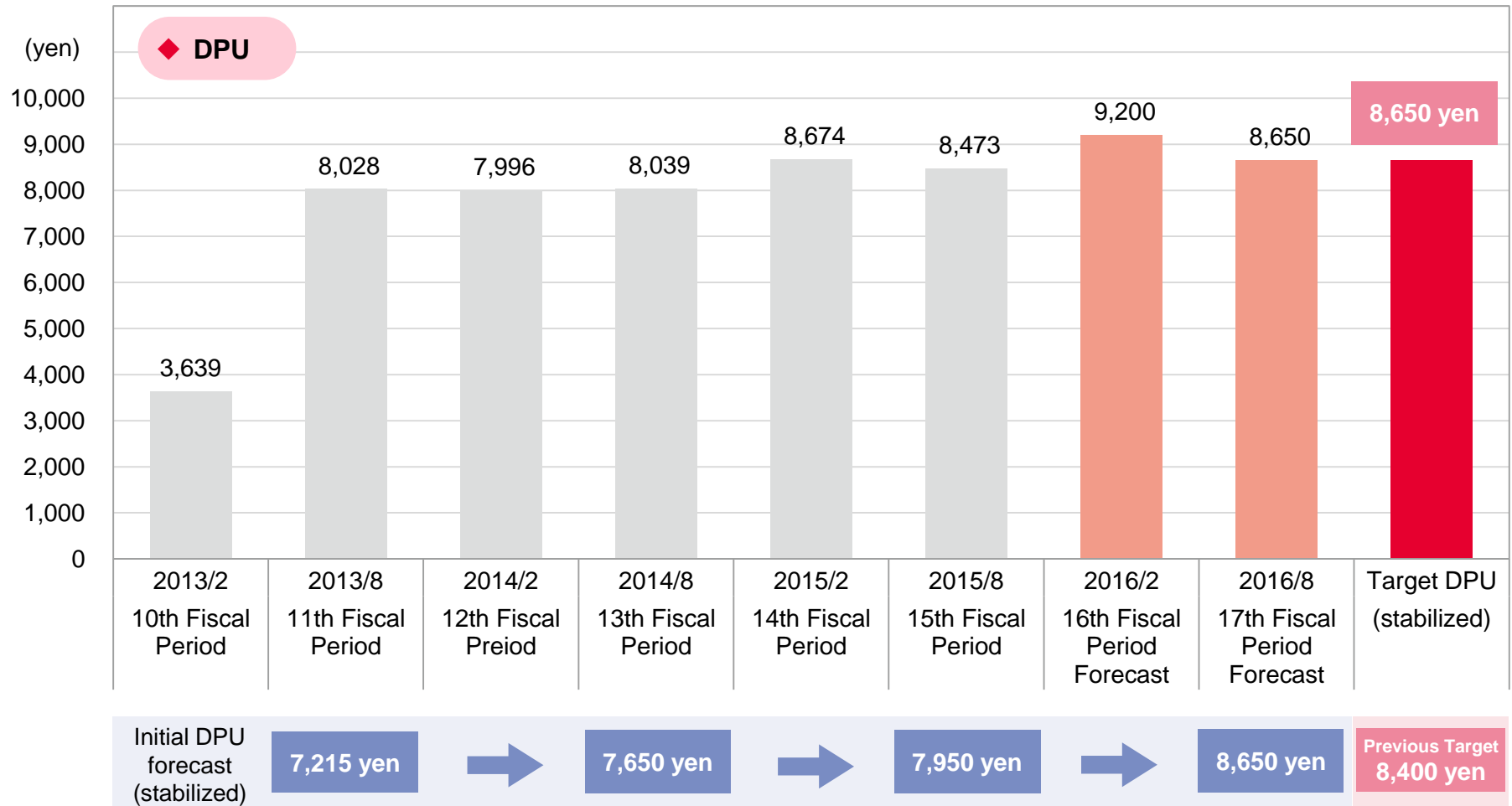
5

Our Growth Strategies

- ◆ Target AUM of 400 billion yen by leveraging sponsor pipeline
- ◆ Seek to maintain and enhance quality of the portfolio by selective investment



- ◆ Sustainable level of stabilized DPU at 8,650 yen with stable growth prospect
- ◆ Focus on further strengthening tenant relationships to maintain and improve rent level / occupancy
- ◆ Maintain sound balance sheet with target LTV ranging from 40% to 50%



Property name	Category	Location	Construction date	Number of floors	Gross floor area (㎡)
Logistics Properties					
D Project Kita Hachioji Annex A	BTS	Hachioji, Tokyo	February 2011	5	15,352
D Project Kita Hachioji Annex B	BTS	Hachioji, Tokyo	November 2011	4	18,762
D Project Kita Hachioji Annex C	BTS	Hachioji, Tokyo	June 2014	4	26,311
D Project Jonanjima	BTS	Ota, Tokyo	May 2014	8	49,739
D Project Itabashi Shingashi	BTS	Itabashi, Tokyo	December 2014	7	31,094
D Project Kuki Shobu I Annex B	BTS	Kuki, Saitama	January 2010	1	2,941
D Project Kawagoe Annex A	BTS	Kawagoe, Saitama	January 2011	3	24,684
D Project Kawagoe	BTS	Kawagoe, Saitama	July 2014	4	39,704
D Project Wako Annex A	BTS	Wako, Saitama	April 2015	6	57,199
D Project Matsudo Annex A	BTS	Matsudo, Chiba	April 2011	5	19,838
D Project Tomisato I	BTS	Tomisato, Chiba	April 2015	6	36,335
D Project Sendai Izumi I A	BTS	Sendai, Miyagi	April 2014	3	12,062
D Project Fuji	BTS	Fuji, Shizuoka	October 2013	2	24,176
D Project Kakegawa I	BTS	Kakegawa, Shizuoka	August 2014	5	33,893
D Project Hiroshima Seifu	BTS	Hiroshima, Hiroshima	December 2014	2	19,058
D Project Hibiki Nada	BTS	Kitakyushu, Fukuoka	September 2008	2	19,968
DPL Misato	Multi-tenant	Misato, Saitama	July 2013	5	49,440
DPL Sagamihara	Multi-tenant	Sagamihara, Kanagawa	December 2013	5	82,685
DPL Yokohama Daikoku	Multi-tenant	Yokohama, Kanagawa	February 2014	6	121,818
DPL Fukuoka Kasuya	Multi-tenant	Kasuya, Fukuoka	April 2014	7	87,683
Retail Properties					
FOLEO Shoubu	Roadside	Kuki, Saitama	April 2010	1	19,287
FOLEO Hakata	Mall	Fukuoka, Fukuoka	January 2008	3	29,023
FOLEO Otsu Ichiriyama	Mall	Otsu, Shiga	October 2008	2 + basement	66,038
iias Tsukuba	Mall	Tsukuba, Ibaraki	September 2008	4	125,249

(Note) As of the date of this document, DHR is not planning or committed to acquire any of the above properties.

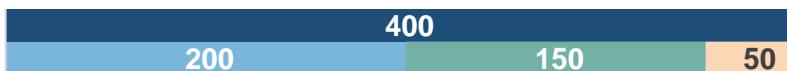
Source: Daiwa House Industry Co., Ltd.

Planned Investment in Real Estate Development by Daiwa House Group

4th Medium-Term Management Plan
(2013.4~2016.3)

Actual results for the first two years
(2013.4~2015.3)

Revised Management Plan for three year period
(2013.4~2016.3)



■ Logistics, business & corporate facilities ■ Commercial facilities ■ Rental housing

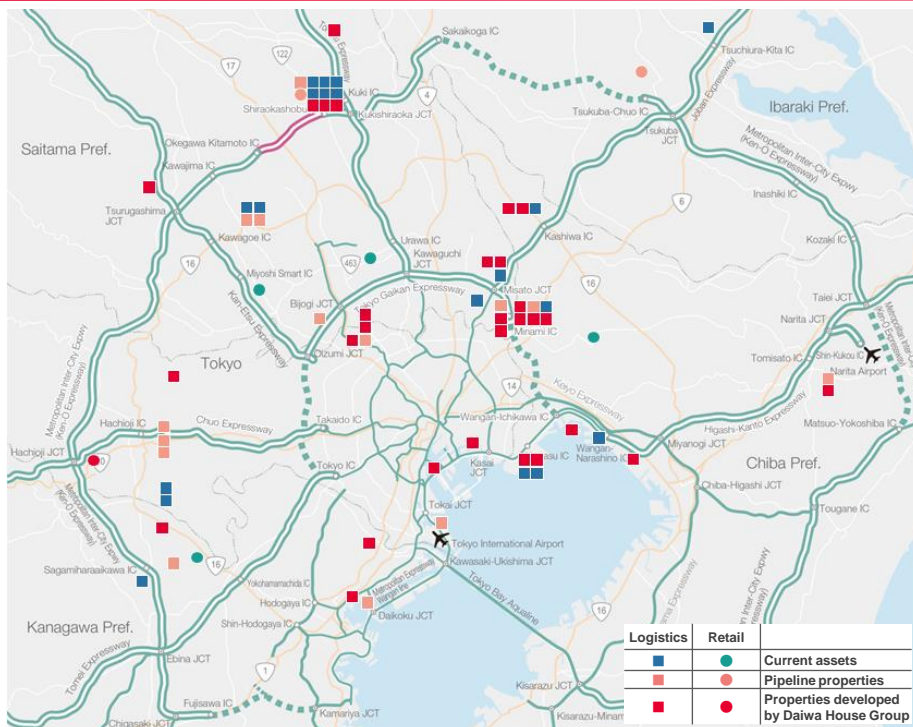
Total Investment
400.0 billion yen

347.7 billion yen

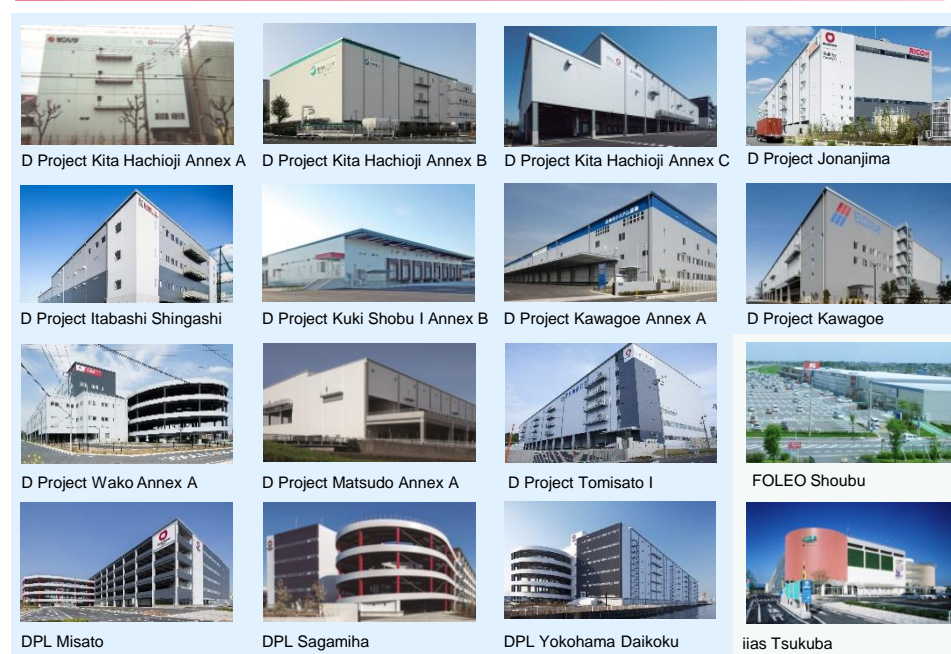
500.0 billion yen

Source: Daiwa House Industry Co., Ltd.

Logistics Properties and Retail Properties in Greater Tokyo Area



Daiwa House Group Pipeline Properties in Greater Tokyo Area



(Note) As of the date of this document, DHR is not planning or committed to acquire any of the above properties.

Source: Daiwa House Industry Co., Ltd.

Thank you

 **Daiwa House REIT Investment Corporation**

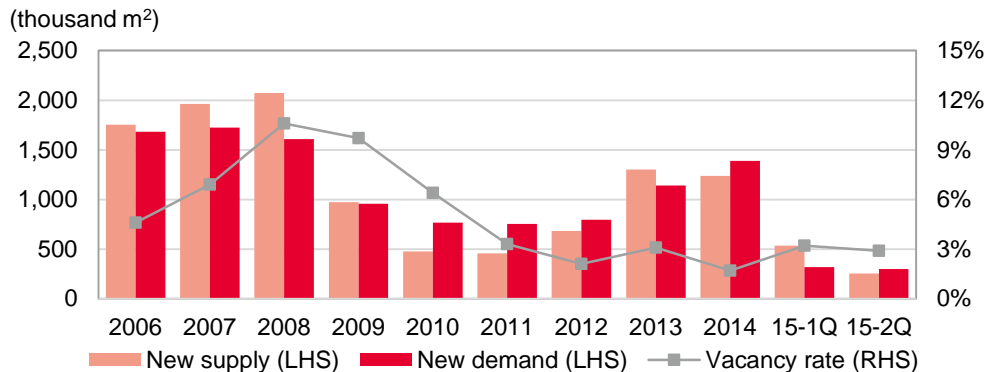
 **Daiwa House REIT Management Co., Ltd.**
Daiwa REIT[®]
Daiwa House Group

6

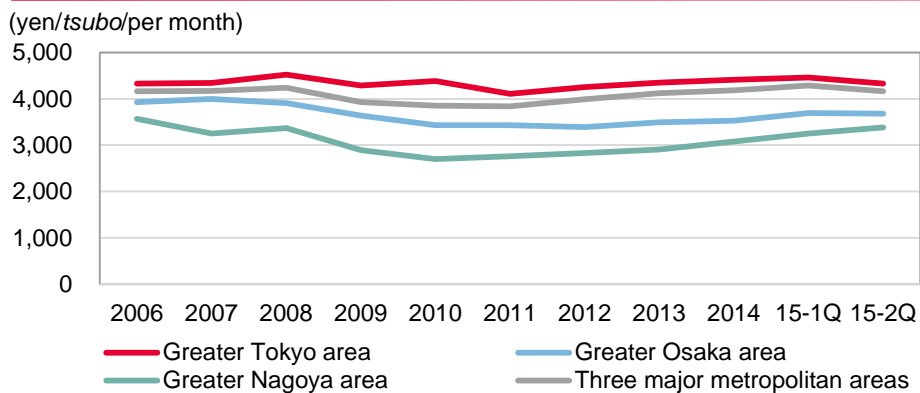
Appendix

Market Environment

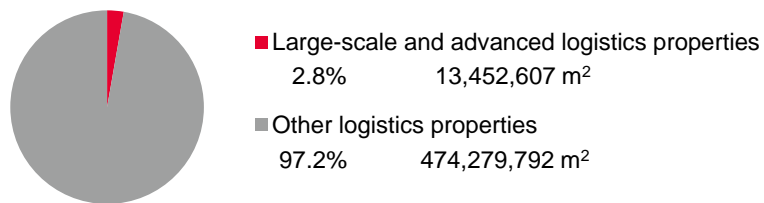
Supply and Demand of Logistics Properties for Lease in the Three Major Metropolitan Areas of Japan



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

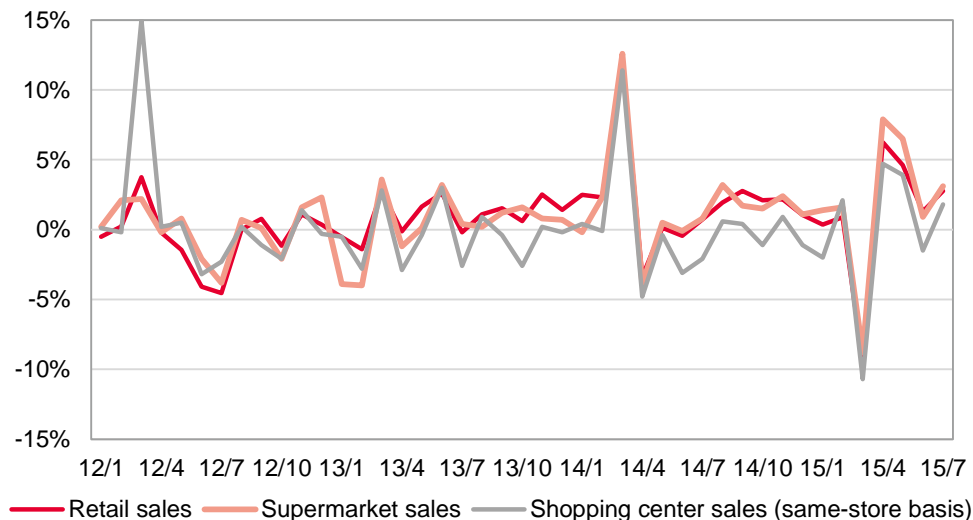


Supply of Large-scale Advanced Logistics Properties Compared to Other Logistics Properties



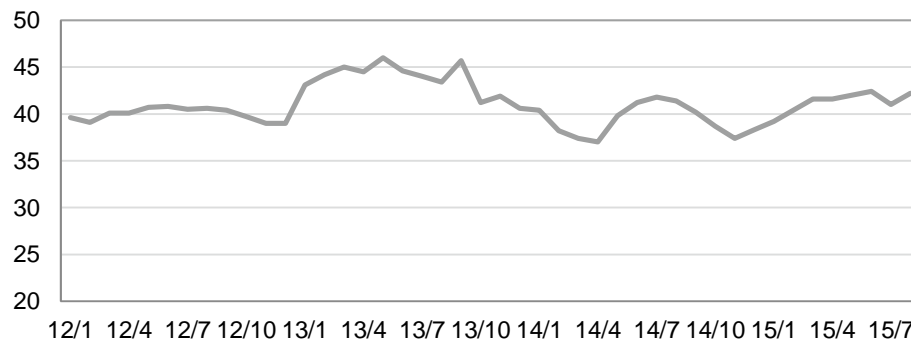
Source: CBRE

Retail Sales Compared to the Same Month in the Previous Year



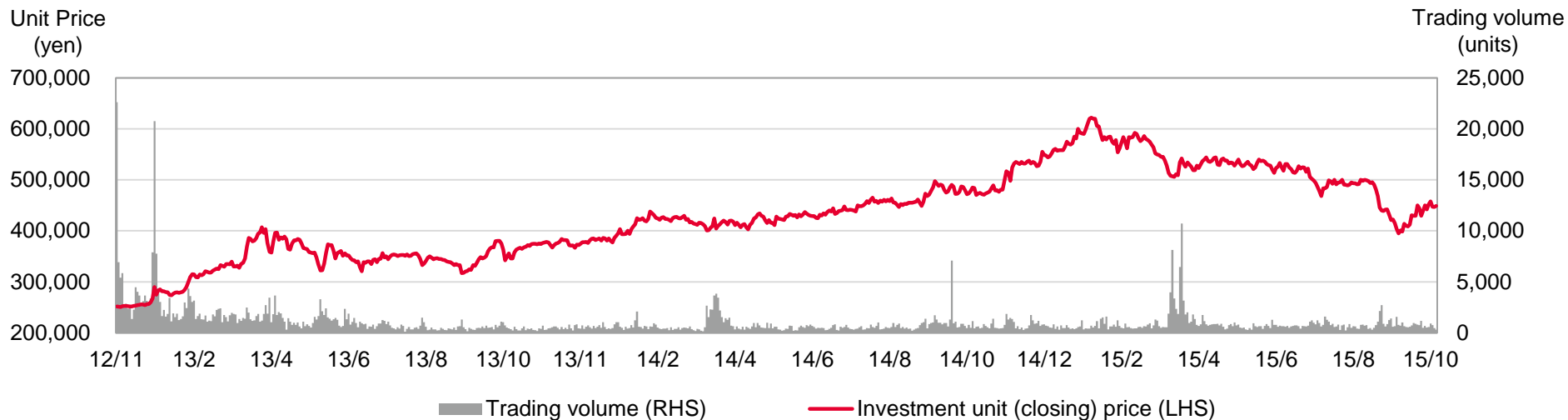
Note: Retail sales exclude sales of cars and fuel.
 Source: "Monthly Report on the Current Survey of Commerce", Ministry of Economy, Trade and Industry, or METI, "Report on the Monthly Sales Statistical Survey of Shopping Centers", The Japan Council of Shopping Centers

Consumer Confidence Index (General Households)



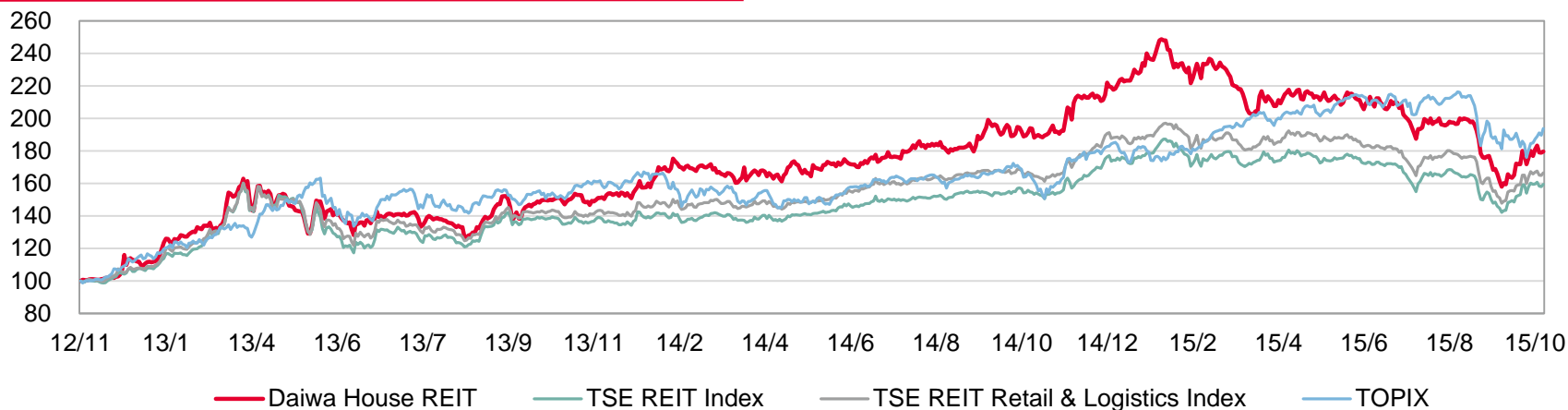
Source: "Consumer Confidence Survey", Economic and Social Research Institute, Cabinet Office, Government of Japan, or ESRI

Unit Price and Trading Volume



※ DHR implemented a 2-for-1 split of investment units on March 1, 2014. Factoring the impact of the split, "unit price" and "trading volume" on and before February 25, 2014 are stated with the unit price divided by 2 and trading volume multiplied by 2.

Relative Unit Price Performance



※ Indexed with the ¥250,000 (adjusted for the split of investment units) IPO price for DHR's unit price and the closing price of November 27, 2012 for TSE Indices as 100.

(thousand yen)

	14th Period ended Feb 2015	15th Period ended Aug 2015		14th Period ended Feb 2015	15th Period ended Aug 2015
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	13,304,049	11,110,239	Operating accounts payable	72,930	60,508
Cash and deposits in trust	9,519,539	12,048,374	Short-term loans payable	—	4,000,000
Operating accounts receivable	9,284	14,751	Current portion of long-term loans payable	20,000,000	20,000,000
Prepaid expenses	150,445	157,416	Accounts payable - other	39,002	15,364
Consumption taxes receivable	—	2,176,852	Accrued expenses	403,535	433,261
Other	537	511	Income taxes payable	605	605
Total current assets	22,983,855	25,508,145	Accrued consumption taxes	247,317	—
Non-current assets			Advances received	593,896	853,198
Property, plant and equipment			Other	24,053	63,888
Buildings in trust	67,319,157	95,377,041	Total current liabilities	21,381,340	25,426,826
Accumulated depreciation	(5,391,154)	(6,685,095)	Non-current liabilities		
Buildings in trust, net	61,928,002	88,691,945	Investment corporation bonds	2,000,000	2,000,000
Structures in trust	2,574,228	3,313,287	Tenant leasehold and security deposits in trust	55,500,000	72,000,000
Accumulated depreciation	(265,975)	(322,641)	Total non-current liabilities	7,349,732	9,079,288
Structures in trust, net	2,308,252	2,990,645	Long-term loans payable	64,849,732	83,079,288
Machinery and equipment in trust	343,654	343,654	Total liabilities	86,231,073	108,506,115
Accumulated depreciation	(16,160)	(24,975)	Net assets		
Machinery and equipment in trust, net	327,494	318,679	Unitholders' equity		
Land in trust	78,875,884	98,885,149	Unitholders' capital	78,048,300	105,459,198
Construction in progress in trust	18,260	—	Surplus		
Total property, plant, and equipment	143,457,893	190,886,420	Unappropriated retained earnings	2,545,653	2,971,627
Intangible assets			Total surplus	2,545,653	2,971,627
Other	1,870	1,530	Total unitholders' equity	80,593,954	108,430,826
Total intangible assets	1,870	1,530	Total net assets	80,593,954	108,430,826
Investments and other assets					
Investment securities	6,375	6,455			
Long-term prepaid expenses	354,891	515,282			
Total investments and other assets	361,267	521,737			
Total non-current assets	143,821,030	191,409,687			
Deferred assets					
Investment corporation bond issuance costs	20,141	19,108			
Total deferred assets	20,141	19,108			
Total assets	166,825,027	216,936,941	Total liabilities and net assets	166,825,027	216,936,941

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

Breakdown of Income from Real Estate Leasing Business

	(thousand yen)	
	14 th Period ended Feb 2015	15 th Period ended Aug 2015
A. Real estate leasing business revenues		
Rent revenues - real estate		
Rent	5,045,000	6,200,791
Other lease business revenues		
Common service fees	54,002	53,981
Other revenues	47,873	50,532
Total real estate leasing business revenues	5,146,876	6,305,305
B. Real estate leasing business expenses		
Expenses related to rent business		
Taxes and public dues	356,751	469,819
Outsourcing expenses	162,749	172,475
Insurance	8,124	9,472
Repairs and maintenance expenses	60,938	75,087
Depreciation	1,044,278	1,359,422
Other expenses related to rent business	56,605	54,635
Total real estate leasing business expenses	1,689,447	2,140,913
C. Income from real estate leasing business (A-B)	3,457,429	4,164,392

as of September 28, 2015

Property number	Property name	Location	Construction date (Note 1)	Acquisition price		Appraisal value (million yen) (Note 2)	NOI yield (Note 3)	Total leasable area (㎡)	Occupancy rate	PML
				(million yen)	(%)					
L-B-1	D Project Machida	Machida, Tokyo	2006/10/1	7,600	3.7%	9,010	5.7%	50,490.39	100.00%	2.7%
L-B-2	D Project Hachioji	Hachioji, Tokyo	2008/12/1	12,600	6.2%	15,100	5.7%	62,394.17	100.00%	6.0%
L-B-3	D Project Aikawa-Machi	Aiko, Kanagawa	2006/6/30	2,600	1.3%	3,220	6.2%	14,240.84	100.00%	5.5%
L-B-4	D Project Shin-Misato	Misato, Saitama	2009/4/15	4,440	2.2%	5,720	6.8%	11,289.91	100.00%	0.8%
L-B-5	D Project Urayasu I	Urayasu, Chiba	2005/5/31	7,700	3.8%	8,880	5.0%	36,515.81	100.00%	3.5%
L-B-6	D Project Urayasu II	Urayasu, Chiba	2007/4/10	21,400	10.5%	24,900	5.2%	72,320.01	100.00%	2.1%
L-B-7	D Project Akanehama	Narashino, Chiba	2005/10/11	2,550	1.3%	2,800	5.4%	11,663.39	100.00%	1.7%
L-B-8	D Project Noda	Noda, Chiba	2007/9/30	5,100	2.5%	6,100	6.0%	29,232.53	100.00%	1.7%
L-B-9	D Project Inuyama	Inuyama, Aichi	2009/12/10	6,650	3.3%	8,380	6.8%	43,723.70	100.00%	3.4%
L-B-10	D Project Gifu	Anpachi, Gifu	2009/2/28	900	0.4%	1,080	6.9%	7,669.91	100.00%	4.1%
L-B-11	D Project Neyagawa	Neyagawa, Osaka	2009/7/23	4,600	2.3%	5,720	6.2%	11,151.51	100.00%	2.7%
L-B-12	D Project Sapporo Minami	Kitahiroshima, Hokkaido	2007/10/30	600	0.3%	808	8.4%	6,749.10	100.00%	1.9%
L-B-13	D Project Morioka	Takizawa, Iwate	2002/9/13	1,000	0.5%	1,180	6.8%	9,558.32	100.00%	8.1%
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	2006/3/28	1,250	0.6%	1,500	5.8%	11,052.27	100.00%	1.5%
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	2009/2/19	2,880	1.4%	3,330	6.9%	17,448.86	100.00%	1.6%
L-B-16	D Project Gotenba	Gotenba, Shizuoka	2009/1/15	950	0.5%	1,120	6.9%	6,737.53	100.00%	7.0%
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	2008/1/10	990	0.5%	1,190	7.7%	5,093.51	100.00%	2.3%
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	2006/5/1	3,100	1.5%	3,930	6.9%	24,729.56	100.00%	1.3%
L-B-19	D Project Tosu	Tosu, Saga	2009/2/19	2,100	1.0%	2,680	7.0%	8,826.00	100.00%	4.2%
L-B-20	D Project Kuki I	Kuki, Saitama	2011/10/5	3,500	1.7%	3,790	5.8%	22,708.72	100.00%	0.5%
L-B-21	D Project Kuki II	Kuki, Saitama	2013/6/21	7,200	3.5%	7,950	6.0%	50,490.00	100.00%	3.4%
L-B-22	D Project Kawagoe I	Kawagoe, Saitama	2011/4/30	3,100	1.5%	3,410	5.8%	16,150.88	100.00%	7.6%
L-B-23	D Project Kawagoe II	Kawagoe, Saitama	2012/9/3	4,250	2.1%	4,630	5.8%	19,872.00	100.00%	3.2%
L-B-24	DPL Inuyama	Inuyama, Aichi	2013/9/18	3,380	1.7%	3,740	5.8%	21,628.50	100.00%	7.0%
L-B-25	D Project Fukuoka Hakozaki	Fukuoka, Fukuoka	2012/10/1	3,700	1.8%	4,170	6.0%	34,710.80	100.00%	10.9%

as of September 28, 2015

Property number	Property name	Location	Construction date (Note 1)	Acquisition price		Appraisal value (million yen) (Note 2)	NOI yield (Note 3)	Total leasable area (m ²)	Occupancy rate	PML
				(million yen)	(%)					
L-B-26	D Project Kuki III	Kuki, Saitama	2013/6/28	7,340	3.6%	7,500	5.9%	26,937.41	100.00%	0.1%
L-B-27	D Project Kuki IV	Kuki, Saitama	2009/6/30	5,300	2.6%	5,390	6.4%	26,460.00	100.00%	1.7%
L-B-28	D Project Kuki V	Kuki, Saitama	2012/5/21	8,010	3.9%	8,130	6.1%	47,320.89	100.00%	2.8%
L-B-29	D Project Kuki VI	Kuki, Saitama	2013/8/9	4,980	2.4%	5,030	6.0%	29,244.66	100.00%	2.0%
L-B-30	D Project Yashio	Yashio, Saitama	2011/8/1	6,140	3.0%	6,270	5.5%	21,965.04	100.00%	1.6%
L-B-31	D Project Nishiyodogawa	Osaka, Osaka	2011/4/15	9,660	4.7%	10,100	5.9%	39,584.80	100.00%	7.3%
L-B-32	D Project Matsudo	Matsudo, Chiba	2011/4/9	6,990	3.4%	7,220	5.4%	26,776.67	100.00%	3.1%
Logistics Properties Total			32 properties	162,560	79.8%	183,978	5.5%	824,737.69	100.00%	—
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	2006/10/31	7,419	3.6%	7,640	6.4%	41,742.84	100.00%	2.4%
R-M-2	FOLEO Hirakata	Hirakata, Osaka	2006/11/20	5,040	2.5%	4,520	5.9%	16,380.78	100.00%	13.3%
R-M-3	QiZ GATE URAWA	Saitama, Saitama	2008/2/17	5,360	2.6%	4,740	5.7%	9,705.31	98.11%	1.8%
R-M-4	UNICUS Takasaki	Takasaki, Gunma	2008/11/5	2,570	1.3%	2,900	5.2%	9,277.08	100.00%	1.0%
R-M-5	ACROSSPLAZA Miyoshi (land)	Iruma, Saitama	—	3,390	1.7%	3,680	4.9%	24,018.00	100.00%	—
R-M-6	DREAM TOWN ALI	Aomori, Aomori	2007/8/29	7,790	3.8%	8,100	6.5%	22,196.81	98.94%	1.8%
R-R-1	LIFE Sagamihara Wakamatsu	Sagamihara, Kanagawa	2007/4/25	1,650	0.8%	1,580	5.2%	2,973.44	100.00%	11.0%
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	2009/10/6	6,040	3.0%	6,630	6.9%	19,845.72	100.00%	2.8%
R-R-3	ACROSSPLAZA Inazawa (land)	Inazawa, Aichi	—	1,944	1.0%	2,370	6.4%	31,981.70	100.00%	—
Retail Properties Total			9 properties	41,203	20.2%	42,160	6.1%	178,121.68	99.76%	—
Portfolio Total			41 properties	203,763	100.0%	226,138	5.6%	1,002,859.37	99.95%	1.7%

(Note 1) Construction date indicates the date of completion of the main building recorded in the property registry. For properties with multiple main buildings, the construction date of the oldest building is applied.

(Note 2) Appraisal value for R-M-6 is based on appraisal value as of July 31, 2015.

(Note 3) NOI yield is based on actual NOI in the 15th period. Real estate taxes for L-B-26 through L-B-32 are not expensed.

NOI yield for R-M-6 is based on appraisal NOI yield. NOI yield for retail properties total and portfolio total is based on actual NOI in the 15th period and appraisal NOI

Portfolio Appraisal Value (1)

Property number	Property name	Acquisition price (million yen)	Book value 15 th period (million yen)	Unrealized gain/loss (million yen)	Appraisal value (million yen) (Note 1)			Direct capitalization method			Discounted cash flow method						Real estate appraiser (Note 2)
					14 th period	15 th Period	Difference	Capitalization rate			Discount rate			Terminal capitalization rate			
								14 th period	15 th period	Difference	14 th period	15 th period	Difference	14 th period	15 th period	Difference	
L-B-1	D Project Machida	7,600	7,372	1,637	8,840	9,010	170	4.9%	4.8%	-0.1%	4.8%	4.7%	-0.1%	5.1%	5.0%	-0.1%	Tanizawa
L-B-2	D Project Hachioji	12,600	12,091	3,008	14,800	15,100	300	4.8%	4.7%	-0.1%	4.7%/4.8%	4.6%/4.7%	-0.1%	5.0%	4.9%	-0.1%	Tanizawa
L-B-3	D Project Aikawa-Machi	2,600	2,531	688	3,160	3,220	60	5.1%	5.0%	-0.1%	5.1%	5.0%	-0.1%	5.3%	5.2%	-0.1%	Tanizawa
L-B-4	D Project Shin-Misato	4,440	4,319	1,400	5,720	5,720	0	5.3%	5.3%	0.0%	5.3%	5.3%	0.0%	5.5%	5.5%	0.0%	Tanizawa
L-B-5	D Project Urayasu I	7,700	7,502	1,377	8,910	8,880	-30	4.5%	4.5%	0.0%	4.6%	4.6%	0.0%	4.7%	4.7%	0.0%	Tanizawa
L-B-6	D Project Urayasu II	21,400	20,914	3,985	24,900	24,900	0	4.4%	4.4%	0.0%	4.4%	4.4%	0.0%	4.6%	4.6%	0.0%	Tanizawa
L-B-7	D Project Akanehama	2,550	2,481	318	2,830	2,800	-30	4.9%	4.9%	0.0%	5.0%	5.0%	0.0%	5.1%	5.1%	0.0%	Tanizawa
L-B-8	D Project Noda	5,100	4,884	1,215	6,090	6,100	10	5.0%	5.0%	0.0%	4.9%	4.9%	0.0%	5.2%	5.2%	0.0%	Tanizawa
L-B-9	D Project Inuyama	6,650	6,376	2,003	8,210	8,380	170	5.4%	5.3%	-0.1%	5.3%/5.4%	5.2%/5.3%	-0.1%	5.6%	5.5%	-0.1%	Tanizawa
L-B-10	D Project Gifu	900	855	224	1,080	1,080	0	5.8%	5.8%	0.0%	5.7%/5.8%	5.7%/5.8%	0.0%	6.0%	6.0%	0.0%	Tanizawa
L-B-11	D Project Neyagawa	4,600	4,461	1,258	5,730	5,720	-10	5.0%	5.0%	0.0%	5.0%	5.0%	0.0%	5.2%	5.2%	0.0%	Tanizawa
L-B-12	D Project Sapporo Minami	600	569	238	805	808	3	6.3%	6.3%	0.0%	6.1%/6.2%	6.1%/6.2%	0.0%	6.5%	6.5%	0.0%	Tanizawa
L-B-13	D Project Morioka	1,000	947	232	1,180	1,180	0	6.2%	6.2%	0.0%	6.1%	6.1%	0.0%	6.4%	6.4%	0.0%	Tanizawa
L-B-14	D Project Sendai Minami	1,250	1,176	323	1,440	1,500	60	5.6%	5.5%	-0.1%	5.4%/5.5%	5.3%/5.4%	-0.1%	5.8%	5.7%	-0.1%	Tanizawa
L-B-15	D Project Tsuchiura	2,880	2,740	589	3,330	3,330	0	5.5%	5.5%	0.0%	5.4%	5.4%	0.0%	5.7%	5.7%	0.0%	Tanizawa
L-B-16	D Project Gotenba	950	910	209	1,130	1,120	-10	5.7%	5.7%	0.0%	5.6%	5.6%	0.0%	5.9%	5.9%	0.0%	Tanizawa
L-B-17	D Project Nishi-Hiroshima	990	963	226	1,190	1,190	0	5.7%	5.7%	0.0%	5.7%/5.8%	5.7%/5.8%	0.0%	5.9%	5.9%	0.0%	Tanizawa
L-B-18	D Project Fukuoka Umi	3,100	2,968	961	3,850	3,930	80	5.6%	5.5%	-0.1%	5.3%/5.4% /5.5%	5.2%/5.3% /5.4%	-0.1%	5.8%	5.7%	-0.1%	Tanizawa
L-B-19	D Project Tosu	2,100	2,003	676	2,670	2,680	10	5.5%	5.5%	0.0%	5.5%/5.6%	5.5%/5.6%	0.0%	5.7%	5.7%	0.0%	Tanizawa
L-B-20	D Project Kuki I	3,500	3,464	325	3,750	3,790	40	5.3%	5.2%	-0.1%	5.3%/5.4%	5.2%/5.3%	-0.1%	5.5%	5.4%	-0.1%	Tanizawa
L-B-21	D Project Kuki II	7,200	7,071	878	7,800	7,950	150	5.3%	5.2%	-0.1%	5.3%/5.4%	5.2%/5.3%	-0.1%	5.5%	5.4%	-0.1%	Tanizawa

Portfolio Appraisal Value (2)

Property number	Property name	Acquisition price (million yen)	Book value 15 th period (million yen)	Unrealized gain/loss (million yen)	Appraisal value (million yen) (Note 1)			Direct capitalization method			Discounted cash flow method						Real estate appraiser (Note 2)
								Capitalization rate			Discount rate			Terminal capitalization rate			
					14 th period	15 th period	Difference	14 th period	15 th period	Difference	14 th period	15 th period	Difference	14 th period	15 th period	Difference	
L-B-22	D Project Kawagoe I	3,100	3,073	336	3,380	3,410	30	5.3%	5.3%	0.0%	5.3%	5.3%	0.0%	5.5%	5.5%	0.0%	Tanizawa
L-B-23	D Project Kawagoe II	4,250	4,205	424	4,620	4,630	10	5.3%	5.3%	0.0%	5.3%	5.3%	0.0%	5.5%	5.5%	0.0%	Tanizawa
L-B-24	DPL Inuyama	3,380	3,352	387	3,680	3,740	60	5.4%	5.3%	-0.1%	5.3%	5.2%	-0.1%	5.6%	5.5%	-0.1%	Tanizawa
L-B-25	D Project Fukuoka Hakozaki	3,700	3,664	505	4,090	4,170	80	5.3%	5.2%	-0.1%	5.2%	5.1%	-0.1%	5.5%	5.4%	-0.1%	Tanizawa
L-B-26	D Project Kuki III	7,340	7,340	159	7,350	7,500	150	5.3%	5.2%	-0.1%	5.2%/5.3%	5.2%/5.3%	0.0%	5.5%	5.4%	-0.1%	Tanizawa
L-B-27	D Project Kuki IV	5,300	5,305	84	5,360	5,390	30	5.3%	5.2%	-0.1%	5.2%/5.3%	5.2%/5.3%	0.0%	5.5%	5.4%	-0.1%	Tanizawa
L-B-28	D Project Kuki V	8,010	8,037	92	8,070	8,130	60	5.3%	5.2%	-0.1%	5.2%/5.3%	5.2%/5.3%	0.0%	5.5%	5.4%	-0.1%	Tanizawa
L-B-29	D Project Kuki VI	4,980	4,983	46	4,980	5,030	50	5.3%	5.2%	-0.1%	5.2%/5.3%	5.2%/5.3%	0.0%	5.5%	5.4%	-0.1%	Tanizawa
L-B-30	D Project Yashio	6,140	6,148	121	6,160	6,270	110	5.0%	4.9%	-0.1%	4.5%	4.4%	-0.1%	5.3%	5.2%	-0.1%	JREI
L-B-31	D Project Nishiyodogawa	9,660	9,657	442	9,700	10,100	400	5.3%	5.1%	-0.2%	5.0%	4.8%	-0.2%	5.4%	5.2%	-0.2%	JREI
L-B-32	D Project Matsudo	6,990	7,013	206	7,050	7,220	170	5.0%	4.9%	-0.1%	4.7%	4.6%	-0.1%	5.1%	5.0%	-0.1%	JREI
Logistics Properties Total		162,560	159,390	24,587	181,855	183,978	2,123	—	—	—	—	—	—	—	—	—	—

Portfolio Appraisal Value (3)

Property number	Property name	Acquisition price (million yen)	Book value 15 th period (million yen)	Unrealized gain/loss (million yen)	Appraisal value (million yen) (Note 1)			Direct capitalization method			Discounted cash flow method						Real estate appraiser (Note 2)
								Capitalization rate			Discount rate			Terminal capitalization rate			
					14 th period	15 th period	Difference	14 th period	15 th period	Difference	14 th period	15 th period	Difference	14 th period	15 th period	Difference	
R-M-1	ACROSSMALL Shinkamagaya	7,419	6,568	1,071	7,630	7,640	10	6.1%	6.1%	0.0%	5.8%	5.8%	0.0%	6.3%	6.3%	0.0%	JREI
R-M-2	FOLEO Hirakata	5,040	4,558	-38	4,520	4,520	0	6.4%	6.4%	0.0%	5.9%	5.9%	0.0%	6.5%	6.5%	0.0%	JREI
R-M-3	QiZ GATE URAWA	5,360	4,811	-71	4,760	4,740	-20	6.2%	6.2%	0.0%	5.5%	5.5%	0.0%	6.0%	6.0%	0.0%	JREI
R-M-4	UNICUS Takasaki	2,570	2,596	303	2,900	2,900	0	6.7%	6.7%	0.0%	6.4%	6.4%	0.0%	6.9%	6.9%	0.0%	JREI
R-M-5	ACROSSPLAZA Miyoshi (land)	3,390	3,413	266	3,590	3,680	90	—	—	—	4.9%	4.7%	-0.2%	—	—	—	Tanizawa
R-R-1	LIFE Sagamiyama Wakamatsu	1,650	1,629	-49	1,580	1,580	0	5.5%	5.5%	0.0%	5.1%	5.1%	0.0%	5.6%	5.6%	0.0%	JREI
R-R-2	FOLEO Sendai Miyanomori	6,040	5,948	681	6,620	6,630	10	6.3%	6.3%	0.0%	6.0%	6.0%	0.0%	6.5%	6.5%	0.0%	JREI
R-R-3	ACROSSPLAZA Inazawa (land)	1,944	1,968	401	2,350	2,370	20	—	—	—	5.5%	5.5%	0.0%	—	—	—	JREI
Retail Properties Total		33,413	31,495	2,564	33,950	34,060	110	—	—	—	—	—	—	—	—	—	—
Portfolio Total		195,973	190,886	27,151	215,805	218,038	2,233	—	—	—	—	—	—	—	—	—	—
【 Acquisition in the 16th Period 】																	
R-M-6	DREAM TOWN Ali	7,790	—	310	—	8,100	—	—	6.1%	—	—	5.9%	—	—	6.4%	—	JREI
Portfolio Grand Total		203,763	—	27,461	—	226,138	—	—	—	—	—	—	—	—	—	—	—

(Note 1) For the properties acquired in the 15th fiscal period, the appraisal value at the time of the acquisition is applied as the end of the 14th fiscal period figure.
For the properties acquired in the 16th fiscal period, the appraisal value at the time of the acquisition is applied as the end of the 15th fiscal period figure.

(Note 2) Tanizawa: The Tanizawa Sogo Appraisal Co., Ltd., JREI: Japan Real Estate Institute

Interest-Bearing Debt

Lender	Balance (million yen)		Interest rate	Borrowing date	Repayment date	Remaining maturity (2015/9/28)	Lender	Balance (million yen)		Interest rate	Borrowing date	Repayment date	Remaining maturity (2015/9/28)					
	Amount	Total						Amount	Total									
Long-Term Borrowings							Long-Term Borrowings											
Sumitomo Mitsui Banking Corporation	4,250	20,000	0.72931% (Fixed)	2012/11/29	2015/11/30	0.2 years	Nippon Life Insurance Company	1,000	1,000	1.00% (Fixed)	2014/9/30	2023/9/29	8.0 years					
Sumitomo Mitsui Trust Bank, Limited	4,250						Mitsui Sumitomo Insurance Company	1,000	1,000	0.57125% (Fixed)	2015/4/1	2020/4/1	4.5 years					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,250						Sumitomo Mitsui Banking Corporation	1,000	3,000	0.8711% (Fixed)	2015/4/1	2022/10/3	7.0 years					
Mizuho Bank, Ltd.	4,250						Mizuho Bank, Ltd.	1,000										
Mitsubishi UFJ Trust and Banking Corporation	2,000						15,000	0.83038% (Fixed)	2012/11/29	2016/11/29	1.2 years	The Norinchukin Bank	1,000	4,000	0.9866% (Fixed)	2015/4/1	2023/10/2	8.0 years
Resona Bank, Ltd.	1,000	Sumitomo Mitsui Banking Corporation	1,000															
Sumitomo Mitsui Banking Corporation	3,000	Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	1.2315% (Note 1)	2015/4/1						2025/10/1	10.0 years					
Sumitomo Mitsui Trust Bank, Limited	3,000	Mizuho Bank, Ltd.	1,000															
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	Mitsubishi UFJ Trust and Banking Corporation	1,000															
Mizuho Bank, Ltd.	3,000	16,000	0.95649% (Fixed)	2012/11/29	2017/11/29	2.2 years	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	3,000	3,000	1.1815% (Fixed)	2015/4/1	2025/10/1	10.0 years					
Mitsubishi UFJ Trust and Banking Corporation	1,000						Development Bank of Japan, Inc.	1,500						1,500	1.46% (Fixed)	2015/4/1	2027/4/1	11.5 years
Resona Bank, Ltd.	1,000						Sumitomo Mitsui Trust Bank, Limited	1,000										
Sumitomo Mitsui Banking Corporation	3,000						The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000						4,000	0.6498% (Note 1)	2015/9/28	2022/9/28	7.0 years
Sumitomo Mitsui Trust Bank, Limited	3,000						Mizuho Bank, Ltd.	1,000										
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	10,000	1.28759% (Fixed)	2012/11/29	2019/11/29	4.2 years	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	1,000	1,000	0.73% (Fixed)	2015/9/28	2024/9/30	9.0 years					
Mizuho Bank, Ltd.	2,000						Nippon Life Insurance Company	1,000										
Mitsubishi UFJ Trust and Banking Corporation	2,000						Short-Term Borrowings											
Development Bank of Japan Inc.	2,000						Sumitomo Mitsui Banking Corporation	1,000						4,000	0.33% (Note 2) (Floating)	2015/6/1	2016/6/1	0.7 years
Sumitomo Mitsui Trust Bank, Limited	2,000						Sumitomo Mitsui Trust Bank, Limited	1,000										
Sumitomo Mitsui Banking Corporation	500	3,500	1.205% (Note 1)	2014/4/1	2022/4/1	6.5 years	The Bank of Tokyo- Mitsubishi UFJ, Ltd.	1,000	1,000	Investment Corporation Bonds								
Sumitomo Mitsui Trust Bank, Limited	500						1st unsecured investment corporation bonds	2,000		2,000	0.826% (Fixed)	2014/12/24	2024/12/24	9.2 years				
The Bank of Tokyo- Mitsubishi UFJ, Ltd.	1,000						3,000	1.518% (Note 1)		2014/4/1	2024/4/1	8.5 years	Interest-Bearing Debt Total					
Mitsubishi UFJ Trust and Banking Corporation	500												103,000	0.96%	—	—	4.0 years	
Sumitomo Mitsui Banking Corporation	1,000												(Note 1) The interest rate is fixed in effect by entering into the interest rate swap agreement.					
Sumitomo Mitsui Trust Bank, Limited	500	(Note 2) The interest rate applicable for the period from September 30, 2015 to October 29, 2015.																
The Bank of Tokyo- Mitsubishi UFJ, Ltd.	1,000																	
Development Bank of Japan, Inc.	500	2,000	2.033% (Note 1)	2014/4/1	2026/4/1	10.5 years												
Sumitomo Mitsui Banking Corporation	500																	
Sumitomo Mitsui Trust Bank, Limited	500																	
The Bank of Tokyo- Mitsubishi UFJ, Ltd.	500																	
Development Bank of Japan, Inc.	500																	

Revenues and Expenses by Property (1)

(million yen)

Property number	L-B-1		L-B-2		L-B-3		L-B-4		L-B-5		L-B-6		L-B-7		L-B-8		L-B-9		L-B-10	
	D Project Machida		D Project Hachioji		D Project Aikawa-Machi		D Project Shin-Misato		D Project Urayasu I		D Project Urayasu II		D Project Akanehama		D Project Noda		D Project Inuyama		D Project Gifu	
	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th
Number of operating days	181 days	184 days	184 days	181 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days
Revenues																				
Rent																				
Other revenues																				
Expenses																				
Property taxes	Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)	
Property management fees																				
Insurance																				
Repairs and maintenance																				
Other rental expenses																				
NOI	204	218	356	364	81	81	150	151	199	194	554	557	67	69	154	154	226	227	31	31
Depreciation	49	49	104	104	15	15	26	26	44	44	109	109	15	15	44	44	56	56	9	9
Operating income from property leasing	154	169	251	259	65	65	123	124	155	150	445	448	52	54	109	110	170	170	21	21
NOI yield (annualized)	5.4%	5.7%	5.7%	5.7%	6.3%	6.2%	6.8%	6.8%	5.2%	5.0%	5.2%	5.2%	5.4%	5.4%	6.1%	6.0%	6.9%	6.8%	7.0%	6.9%
Yield after depreciation (annualized)	4.1%	4.4%	4.0%	4.1%	5.1%	5.0%	5.6%	5.6%	4.1%	3.9%	4.2%	4.2%	4.1%	4.2%	4.3%	4.3%	5.2%	5.1%	4.9%	4.8%

Property number	L-B-11		L-B-12		L-B-13		L-B-14		L-B-15		L-B-16		L-B-17		L-B-18		L-B-19		L-B-20	
	D Project Neyagawa		D Project Sapporo Minami		D Project Morioka		D Project Sendai Minami		D Project Tsuchiura		D Project Gotenba		D Project Nishi-Hiroshima		D Project Fukuoka Umi		D Project Tosu		D Project Kuki I	
	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th
Number of operating days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days
Revenues																				
Rent																				
Other revenues																				
Expenses																				
Property taxes	Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		121	121	Not disclosed (Note)		Not disclosed (Note)	
Property management fees																				
Insurance																				
Repairs and maintenance																				
Other rental expenses																				
NOI	142	143	25	25	35	34	43	36	99	100	33	33	38	38	108	107	73	73	113	102
Depreciation	30	30	7	7	11	11	15	15	28	28	8	8	7	7	28	28	20	20	24	24
Operating income from property leasing	112	113	18	18	24	22	28	21	71	71	24	24	30	30	80	79	53	53	89	77
NOI yield (annualized)	6.3%	6.2%	8.5%	8.4%	7.3%	6.8%	7.0%	5.8%	7.0%	6.9%	7.0%	6.9%	7.8%	7.7%	7.0%	6.9%	7.0%	7.0%	6.6%	5.8%
Yield after depreciation (annualized)	4.9%	4.9%	6.2%	1.6%	5.0%	4.5%	4.6%	3.4%	5.0%	4.9%	5.2%	5.1%	6.3%	6.2%	5.2%	5.1%	5.1%	5.1%	5.1%	4.4%

(Note) Not disclosed due to consent for disclosure not obtained from the lessee.

Revenues and Expenses by Property (2)

(million yen)

Property number	L-B-21		L-B-22		L-B-23		L-B-24		L-B-25		L-B-26		L-B-27		L-B-28		L-B-29		L-B-30	
	D Project Kuki II		D Project Kawagoe I		D Project Kawagoe II		DPL Inuyama		D Project Fukuoka Hakozaki		D Project Kuki III		D Project Kuki IV		D Project Kuki V		D Project Kuki VI		D Project Yashio	
	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th		15 th		15 th		15 th		15 th		15 th
Number of operating days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	153 days	153 days	153 days	153 days	153 days	153 days	153 days	153 days
Revenues			102	102	138	138														
Rent			102	102	138	138														
Other revenues			-	0	-	-														
Expenses			2	12	2	14														
Property taxes		Not disclosed (Note)	-	9	-	11		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)		Not disclosed (Note)
Property management fees			1	1	1	1														
Insurance			0	0	0	0														
Repairs and maintenance			-	1	-	0														
Other rental expenses			0	0	0	0														
NOI	244	216	100	89	136	124	112	99	131	111	-	180	-	141	-	206	-	125	-	142
Depreciation	69	69	19	19	28	28	27	27	28	28	-	52	-	35	-	55	-	39	-	38
Operating income from property leasing	174	146	81	70	107	95	85	72	102	83	-	128	-	106	-	150	-	85	-	104
NOI yield (annualized)	6.8%	6.0%	6.5%	5.8%	6.5%	5.8%	6.7%	5.8%	7.1%	6.0%	-	5.9%	-	6.4%	-	6.1%	-	6.0%	-	5.5%
Yield after depreciation (annualized)	4.9%	4.0%	5.3%	4.5%	5.1%	4.5%	5.1%	4.2%	5.6%	4.5%	-	4.2%	-	4.8%	-	4.5%	-	4.1%	-	4.0%

Property number	L-B-31		L-B-32		Logistics Properties Total	
	D Project Nishiyodogawa		D Project Matsudo		14 th	15 th
		15 th		15 th	181 days	184 days
Number of operating days	153 days	92 days	181 days	184 days		
Revenues	-		-		3,879	5,021
Rent	-		-		3,843	4,985
Other revenues	-		-		35	36
Expenses	-		-		412	505
Property taxes	-	Not disclosed (Note)	-	Not disclosed (Note)	256	353
Property management fees	-		-		87	96
Insurance	-		-		6	8
Repairs and maintenance	-		-		48	32
Other rental expenses	-		-		12	13
NOI	-	236	-	95	3,466	4,516
Depreciation	-	73	-	20	832	1,147
Operating income from property leasing	-	163	-	75	2,634	3,369
NOI yield (annualized)	-	5.9%	-	5.4%	6.1%	5.5%
Yield after depreciation (annualized)	-	4.0%	-	4.3%	4.7%	4.1%

(Note) Not disclosed due to consent for disclosure not obtained from the lessee.

Revenues and Expenses by Property (3)

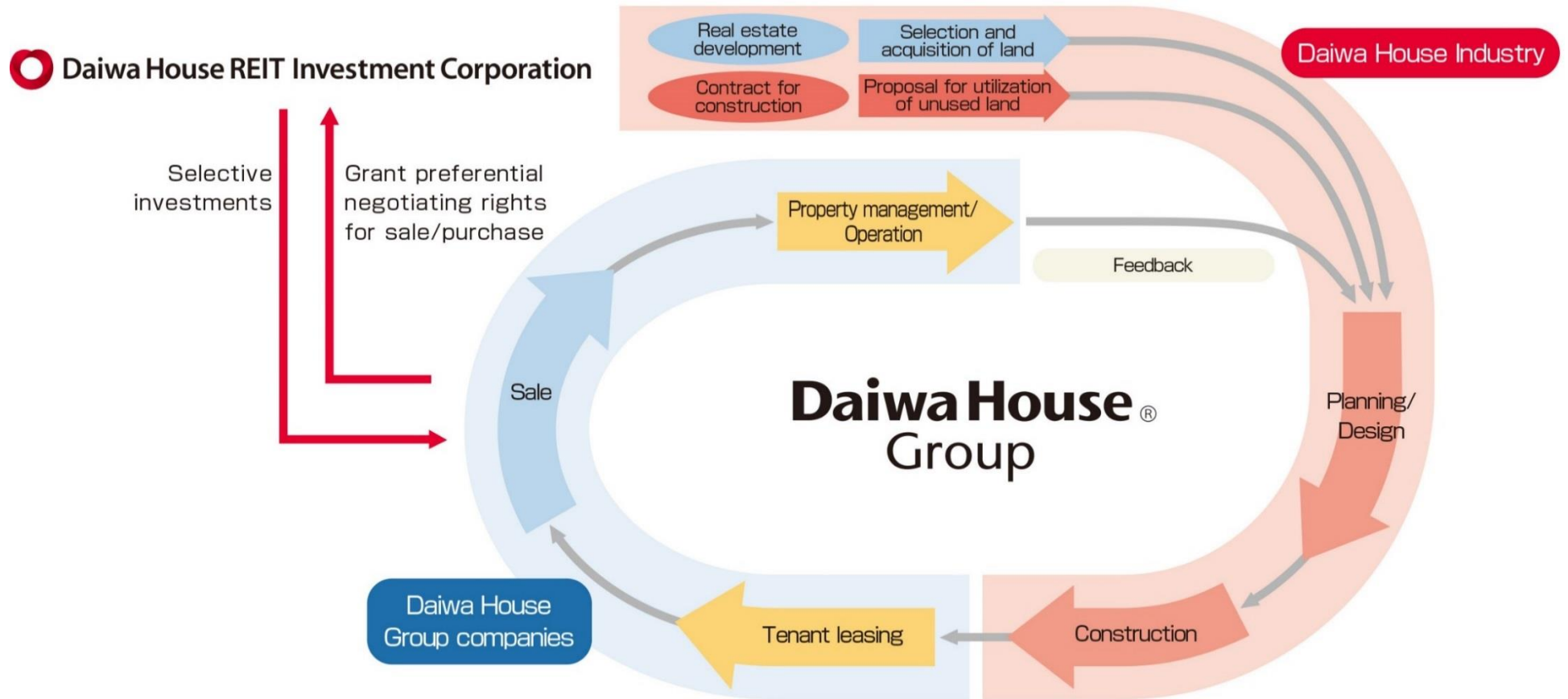
(million yen)

Property number	R-M-1		R-M-2		R-M-3		R-M-4		R-M-5		R-R-1		R-R-2		R-R-3		Retail Properties Total		Portfolio Total		
	Property name		FOLEO Hirakata		QIZ GATE URAWA		UNICUS Takasaki		ACROSSPLAZA Miyoshi (land)		LIFE Sagamiyara Wakamatsu		FOLEO Sendai Miyanomori		ACROSSPLAZA Inazawa (land)						
Number of operating days	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	13 th	14 th	14 th	15 th	14 th	15 th	14 th	15 th	14 th	15 th	
	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	152 days	184 days	184 days	181 days	181 days	181 days	184 days	181 days	184 days	181 days	184 days	181 days	184 days
Revenues	275	275	190	188	233	237	129	129	79	94	Not disclosed (Note)		238	238	69	69	1,267	1,283	5,146	6,305	
Rent	275	275	187	187	170	170	129	129	79	94			238	238	69	69	1,201	1,215	5,045	6,200	
Other revenues	-	-	2	1	63	67	-	-	-	-			-	-	-	-	-	66	68	101	104
Expenses	39	38	42	38	84	84	31	62	0	9			26	29	0	7	232	276	645	781	
Property taxes	26	25	23	23	14	14	10	10	-	9			21	22	-	7	99	116	356	469	
Property management fees	8	8	9	7	32	32	20	21	-	-			3	3	-	-	75	75	162	172	
Insurance	0	0	0	0	0	0	0	0	-	-			0	0	-	-	1	1	8	9	
Repairs and maintenance	4	3	4	2	2	3	0	30	-	-			0	1	-	-	12	42	60	75	
Other rental expenses	0	0	5	4	36	33	0	0	0	0	0	0	0	0	43	40	56	54			
NOI	236	237	148	149	148	153	98	67	78	84	43	43	211	209	69	62	1,034	1,007	4,501	5,523	
Depreciation	72	72	42	42	51	51	14	14	-	-	4	4	26	26	-	-	212	212	1,044	1,359	
Operating income from property leasing	163	165	105	106	96	101	83	53	78	84	39	38	185	182	69	62	822	795	3,457	4,164	
NOI yield (annualized)	6.4%	6.4%	5.9%	5.9%	5.6%	5.7%	7.7%	5.2%	5.6%	4.9%	5.3%	5.2%	7.1%	6.9%	7.2%	6.4%	6.2%	6.0%	6.2%	5.6%	
Yield after depreciation (annualized)	4.5%	4.4%	4.2%	4.2%	3.6%	3.7%	6.6%	4.1%	5.6%	4.9%	4.8%	4.7%	6.2%	6.0%	7.2%	6.4%	5.0%	4.7%	4.7%	4.2%	

(Note) Not disclosed due to consent for disclosure not obtained from the lessee.

Value Chain of Daiwa House Group

- ◆ Planning and development of logistics and retail properties as part of the Daiwa House Group’s core businesses
- ◆ Supporting agreements to grant preferential negotiating rights to DHR for the sale and purchase of the properties
- ◆ Information sharing on the development of logistics and retail properties with the Asset Manager



Highest Priority on Long-term Stable Cash Flow

- 1 Investment in High-performance Logistics Properties and Specialty Retail Complexes**
- 2 Collaboration with Daiwa House Group**
- 3 Continuous Focus on Unitholders' Interests**
- 4 Solid Financing Strategy**

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



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

**Logistics and retail properties are asset types
suitable to achieve stable income on a long-term basis**

Investment Criteria

Location

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




Specifications

- Space and specifications in principle
 - Gross floor area (6,000m² or more)
 - Floor weight capacity (1.5t/m² or more)
 - Ceiling height (5.0m or more)
 - Pillar interval spacing (8.0m or more)
- Building, equipment and other features (car berths, etc.) in accordance with the expected size and type of parcels to be delivered and shipping frequency

Investment in High-Performance Logistics Properties (2)

Specifications of Competitive High-performance Logistics Properties

1




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

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


Pillar interval spacing
8.0 m or more to enhance work efficiency

4




Vertical carrier machines
Sufficient number to convey cargo efficiently

2




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

5



Office space
Comfortable work environment for employees


3



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

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

6



Cafeteria
Hospitable work environment for employees

(Note) Not all logistics properties in DHR's portfolio are equipped with all of the specifications above.

Investment Criteria

Location

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



Tenants

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

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

Investment in Specialty Retail Complexes (2)

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

- Current portfolio consists of roadside and mall type retail properties only

Roadside Type Retail Properties

(FOLEO Sendai Miyanomori)



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

Mall Type Retail Properties

(ACROSSMALL Shinkamagaya)





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

Major Tenants












(Note) Not all retail properties in DHR's portfolio are leased to all of the above tenants.




List of Logistics Properties - BTS Type (1)

Property Name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato	D Project Urayasu I
Photo					
Tenant	Hitachi Capital Corporation	Mitsubishi Shokuhin Co., Ltd.	Hitachi Capital Corporation	Asahi Security Co., Ltd.	Nakano Shokai Co., Ltd.
Line of Products	Household goods, etc. (mail-order company)	Food, etc. (food wholesale company)	Food, etc. (logistics company)	—	Home appliances (logistics company)
Number of Tenants	1	2	1	1	1
Specifications	<ul style="list-style-type: none"> Gross floor area: 50,490.34 m² (5F) Floor weight capacity: 0.5~1.5 t/m² Ceiling height: 3.3~7.2 m Pillar interval: 9.0 m × 11.0 m Cargo EV: 6 Vertical carrier machines: 1 Connected car berths: 2 sides (for 40 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 58,678.15 m² (4F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.3~7.4 m Pillar interval: 10.0 m × 10.8 m Cargo EV: 3 (1st and 2nd floor) / 4 (3rd and 4th floor) Vertical carrier machines: 3 Connected car berths: 2 sides (for 75 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 13,213.43 m² (2F) Floor weight capacity: 0.8 t/m² Ceiling height: 5.7~6.8 m Pillar interval: 10.0m × 11.0 m Cargo EV: 2 Vertical carrier machines: 2 Connected car berths: 1 side (for 23 vehicles) Dock shelters: for 20 vehicles 	<ul style="list-style-type: none"> Gross floor area: 11,257.04 m² (2F) Floor weight capacity: 1.5 t/m² (partly 2.5 t/m²) Ceiling height: 4.0~6.0 m Pillar interval: 10.2 m × 10.0 m Cargo EV: 2 Connected car berths: 1 side (for 11 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 36,515.81 m² (5F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.5~7.1 m Pillar interval: 10.0 m × 10.0 m Cargo EV: 4 Vertical carrier machines: 12 Connected car berths: 2 sides (for 48 vehicles)
Property Name	D Project Urayasu II	D Project Akanehama	D Project Noda	D Project Inuyama	D Project Gifu
Photo					
Tenant	Hitachi Capital Corporation	Hitachi Capital Corporation	Mitsubishi Shokuhin Co., Ltd.	Takihyo Co., Ltd.	GOTSU Co., Ltd.
Line of Products	Business equipment, etc. (warehouse company)	Food (food retailer)	Food (food wholesale company)	Clothes, etc. (apparel wholesale company)	Beverage, etc. (logistics company)
Number of Tenants	1	1	1	1	1
Specifications	<ul style="list-style-type: none"> Gross floor area: 72,320.01 m² (5F) Floor weight capacity: 1.5 t/m² Ceiling height: 5.4~7.1 m Pillar interval: 10.5 m × 10.7 m Cargo EV: 10 Vertical carrier machines: 8 Connected car berths: 3 sides (for 99 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 11,656.89 m² (2F) Floor weight capacity: 1.0 t/m² Ceiling height: 5.0~6.2 m Pillar interval: 8.4 m × 10.0 m Cargo EV: 4 Connected car berths: 1 side (for 21 vehicles) Dock shelters: for 21 vehicles 	<ul style="list-style-type: none"> Gross floor area: 29,190.21 m² (2F) Floor weight capacity: 1.5 t/m² Ceiling height: 8.3~11.3 m Pillar interval: 10.8 m × 11.0 m Cargo EV: 4 Vertical carrier machines: 6 Connected car berths: 3 sides (for 78 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 42,083.63 m² (4F) Floor weight capacity: 0.5~1.5 t/m² Ceiling height: 3.3~7.3 m Pillar interval: 10.0 m × 10.0 m Cargo EV: 2 Vertical carrier machines: 4 Connected car berths: 1 side (for 55 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 6,921.06 m² (2F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.3~6.6 m Pillar interval: 10.1 (8.1) m × 10.5 m Cargo EV: 1 Vertical carrier machines: 2 Connected car berths: 1 side (for 6 vehicles)



List of Logistics Properties - BTS Type (2)

Property Name	D Project Neyagawa	D Project Sapporo Minami	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura
Photo					
Tenant	Nippon Meat Packers, Inc.	Mitsubishi Shokuhin Co., Ltd.	Mitsubishi Shokuhin Co., Ltd.	Mitsubishi Shokuhin Co., Ltd.	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.
Line of Products	Frozen food (food maker)	Food, etc. (food wholesale company)	Food, beverage, etc. (food wholesale company)	Snacks and beverage, etc. (food wholesale company)	PC support and maintenance center
Number of Tenants	1	1	1	1	1
Specifications	<ul style="list-style-type: none"> Gross floor area: 11,303.11 m² (4F) Floor weight capacity: 1.3 t/m² Ceiling height: 4.5~8.5 m Pillar interval: 11.0 m × 12.0 m Cargo EV: 1 Vertical carrier machines: 4 Connected car berths: 2 sides (for 25 vehicles) Dock shelters: for 25 vehicles 	<ul style="list-style-type: none"> Gross floor area: 6,749.10 m² (2F) Floor weight capacity: 1.5 t/m² Ceiling height: 8.0~9.0 m Pillar interval: 11.0 m × 11.0 m (partly 11.0 m × 9.0 m) Cargo EV: 1 Vertical carrier machines: 1 Connected car berths: 1 side (for 17 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 8,849.12 m² (2F) Floor weight capacity: 1.5~2.0 t/m² Ceiling height: 8.5~9.1 m Pillar interval: 11.0 m × 7.8 m Cargo EV: 1 Vertical carrier machines: 2 Connected car berths: 1 side (for 19 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 11,042.27 m² (2F) Floor weight capacity: 1.5 t/m² Ceiling height: 9.0~12.2 m Pillar interval: 10.5 m × 11.0 m Cargo EV: 1 Vertical carrier machines: 2 Connected car berths: 1 side (for 19 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 17,448.86 m² (6F) Floor weight capacity: 0.5~1.5 t/m² Ceiling height: 4.8~7.0 m Pillar interval: 9.2 m × 8.6 m Cargo EV: 2 Vertical carrier machines: 1 Connected car berths: 1 side (for 17 vehicles)
Property Name	D Project Gotenba	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Photo					
Tenant	HOKKOH Transportation, Inc.	UCC FOODS CO., LTD	Nippon Express Co., Ltd	Nippon Meat Packers, Inc.	TRANCOM Co., Ltd.
Line of Products	Materials for rubber and chemical products (logistics company)	Food and beverage (food wholesale company)/auto parts (logistics company)	Automobile tire (logistics company) / household goods (logistics company)	Frozen food (food maker)	—
Number of Tenants	1	2	4	1	1
Specifications	<ul style="list-style-type: none"> Gross floor area: 6,457.26 m² (4F) Floor weight capacity: 1.6~4.0 t/m² Ceiling height: 6.1~7.0 m Pillar interval: 9.4 m × 10.0 m Vertical carrier machines: 2 	<ul style="list-style-type: none"> Gross floor area: 4,453.45 m² (3F / 2F) Floor weight capacity: 1.6~4.0 t/m² Ceiling height: 6.5~10.6 m Pillar interval: 9.0 m × 16.0 m / 11.0 m × 8.0 m / 9.5 m × 14.0 m (16.0 m) / 7.5 m × 9.7 m Connected car berths: 1 side (for 8 vehicles) Dock shelters: for 11 vehicles 	<ul style="list-style-type: none"> Gross floor area: 23,742.02 m² (2F / 3F) Floor weight capacity: 1.0~2.2 t/m² Ceiling height: 6.4~10.9 m Pillar interval: 8.1 m × 8.7 m / 8.4 m × 8.9 m Cargo EV: 4 Vertical carrier machines: 2 Connected car berths: 1 side (for 22 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 8,504.62 m² (2F) Floor weight capacity: 1.3 t/m² Ceiling height: 6.7~7.4 m Pillar interval: 11.0 m × 11.0 m Cargo EV: 1 Vertical carrier machines: 3 Connected car berths: 1 side (for 24 vehicles) Dock shelters: for 24 vehicles 	<ul style="list-style-type: none"> Gross floor area: 22,701.12 m² (3F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.0 m Pillar interval: 10.6 m × 10.0 m Cargo EV: 1 Vertical carrier machines: 4 Connected car berths: 3 sides (for 30 vehicles)










List of Logistics Properties - BTS Type (3)

Property Name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama	D Project Fukuoka Hakozaki
Photo					
Tenant	Seven & i Holdings Co., Ltd.	Daiwa Logistics Co., Ltd.	Daiwa Logistics Co., Ltd.	Sagawa Global Logistics Co., Ltd.	Nakano Shokai Co., Ltd.
Line of Products	Household goods, etc. (mail-order company)	Food, drink, etc. (food wholesale company)	Food (food maker)	Confectionary, etc. (logistics company)	Communication devices, building materials (logistics company)
Number of Tenants	1	1	1	1	1
Specifications	<ul style="list-style-type: none"> Gross floor area: 50,490.00 m² (3F) Floor weight capacity: 0.7~1.5 t/m² Ceiling height: 3.5~6.0 m Pillar interval: 10.0m x 9.9 m Cargo EV: 3 Vertical carrier machines: 3 Connected car berths: 2 sides (for 59 vehicles) Dock shelters: for 1 vehicle 	<ul style="list-style-type: none"> Gross floor area: 16,150.89 m² (3F) Floor weight capacity: 1.5 t/m² Ceiling height: 7.5 m Pillar interval: 10.0 m x 10.9 m Cargo EV: 2 Vertical carrier machines: 3 Connected car berths: 2 sides (for 28 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 19,872.00 m² (2F) Floor weight capacity: 1.5 t/m² Ceiling height: 5.5 m Pillar interval: 11.0 m x 9.6 m Cargo EV: 1 Vertical carrier machines: 5 Connected car berths: 2 sides (for 46 vehicles) Dock shelters: for 37 vehicles 	<ul style="list-style-type: none"> Gross floor area: 20,872.50 m² (3F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.5 m Pillar interval: 11.0 m x 11.5 m Cargo EV: 2 Vertical carrier machines: 4 Connected car berths: 1 side (for 26 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 33,332.18 m² (4F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.0 m Pillar interval: 10.6 m Cargo EV: 2 Vertical carrier machines: 6 Connected car berths: 1 side (for 16 vehicles)
Property Name	D Project Kuki III	D Project Kuki IV	D Project Kuki V	D Project Kuki VI	D Project Yashio
Photo					
Tenant	S.D.Logi Co., Ltd.	Chuo Bussan Corporation	Hitachi Transport System, Ltd.	Sagawa Global Logistics Co., Ltd.	Ryutsu Service Co., Ltd.
Line of Products	Pharmaceutical products (logistics company)	Household goods, cosmetics (logistics company)	Pharmaceutical products (logistics company)	Household goods, etc. (logistics company)	Food (logistics company)
Number of Tenants	1	1	1	1	2
Specifications	<ul style="list-style-type: none"> Gross floor area: 26,937.41 m² (4F) Floor weight capacity: 1.5~2.2 t/m² Ceiling height: 6.7~7.6 m Pillar interval: 12.0m x 10.0 m Cargo EV: 2 Vertical carrier machines: 4 Connected car berths: 1 side (for 12 vehicles) Dock shelters: for 2 vehicles 	<ul style="list-style-type: none"> Gross floor area: 26,460.00 m² (3F) Floor weight capacity: 1.0~1.5 t/m² Ceiling height: 4.6~7.6 m Pillar interval: 10.5 m x 10.5 m Cargo EV: 4 Connected car berths: 2 sides (for 42 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 47,320.89 m² (6F) Floor weight capacity: 1.5 t/m² Ceiling height: 7.2~7.6 m Pillar interval: 11.0 m x 9.7 m Cargo EV: 2 Vertical carrier machines: 10 Connected car berths: 2 sides (for 30 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 29,244.66 m² (3F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.0~6.6 m Pillar interval: 11.5 m x 10.0 m Cargo EV: 2 Vertical carrier machines: 4 Connected car berths: 2 sides (for 47 vehicles) 	<ul style="list-style-type: none"> Gross floor area: 21,965.04 m² (3F) Floor weight capacity: 1.5 t/m² Ceiling height: 6.8~7.2 m Pillar interval: 10.8 m x 9.1 m Cargo EV: 3 Vertical carrier machines: 2 Connected car berths: 2 sides (for 38 vehicles) Dock shelters: for 8 vehicles

List of Logistics Properties - BTS Type (4)

Property Name	D Project Nishiyodogawa	D Project Matsudo
Photo		
Tenant	VANTEC CORPORATION	Asahi Logistics Corp.
Line of Products	Food, etc. (logistics company)	Food (logistics company)
Number of Tenants	1	1
Specifications	<ul style="list-style-type: none"> • Gross floor area: 39,584.80 m² (4F) • Floor weight capacity: 1.5~2.0 t/m² • Ceiling height: 6.2~7.4 m • Pillar interval: 10.5 m × 10.1 m • Cargo EV: 6 • Vertical carrier machines: 6 • Connected car berths: 2 sides (for 54 vehicles) • Dock shelters: for 38 vehicles 	<ul style="list-style-type: none"> • Gross floor area: 26,776.67 m² (2F) • Floor weight capacity: 1.5 t/m² • Ceiling height: 7.2 m • Pillar interval: 11.0 m × 11.1 m • Cargo EV: 2 • Vertical carrier machines: 4 • Connected car berths: 2 sides (for 60 vehicles) • Dock shelters: for 54 vehicles

List of Retail Properties

Property Name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki	ACROSSPLAZA Miyoshi (land)
Photo					
Tenant	Daiwa Information Service Co., Ltd.	Alpen Co., Ltd.	Major Food Supermarket, etc.	P&D Consulting Co., Ltd.	Daiwa Information Service Co., Ltd.
Number of Tenants	1	25	9	1	1
Tenant composition	<ul style="list-style-type: none"> Tenants include Toys "R" Us-Japan Ltd., the main tenant, and Sport Club NAS, as well as various other retail businesses such as restaurants and stores specializing in casual fashion, general merchandise, books, hobbies and household goods 	<ul style="list-style-type: none"> Tenants include specialty stores such as Cineplex, Sports Depo (which includes Alpen and various other stores), as well as stores specializing in casual fashion, Shoe Plaza, a bookstore, a 100-yen shop and a pet shop, in addition to restaurants 	<ul style="list-style-type: none"> Tenants include a major food supermarket, major home furnishings store, drugstore and service stores (beauty salon, clinic, dry cleaner, etc.) 	<ul style="list-style-type: none"> With the supermarket Yaoko as the core tenant, the property also has Sugi Pharmacy, SHOO-LA-RUE, Honeys, ABC Mart and Daiso and other daily life service providers 	<ul style="list-style-type: none"> With the supermarket Yaoko as the core tenant, the property also has Kojima, The Daiso, TSUTAYA, Sugi Pharmacy and other daily life service providers
Property Name	DREAM TOWN ALI	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori	ACROSSPLAZA Inazawa (land)	
Photo					
Tenant	ROUND ONE Corporation	LIFE CORPORATION	Daiwa House Industry Co., Ltd.	Daiwa Information Service Co., Ltd.	
Number of Tenants	36	1	1	1	
Tenant composition	<ul style="list-style-type: none"> Tenants include Don Quijote (general discount store), UNIQLO, GU, Aoyama Taylor, 100-yen shop, a shoe store, Round One (entertainment complex), wedding center and others with a total of 36 tenants 	<ul style="list-style-type: none"> A major food supermarket chain, LIFE CORPORATION, rents the entire property, which gives LIFE CORPORATION an advantageous scale in the neighboring commercial area The second floor, where the parking lot is located, is subleased to restaurants 	<ul style="list-style-type: none"> Tenants are leading companies of various business categories, such as York Benimaru, a supermarket, and prominent tenants include specialized stores such as CAWACHI (drugstore), K's Denki (home appliances store), TSUTAYA (books and rental store), Shoe Plaza and Nishimatsuya Chain, as well as restaurants such as Hamazushi and MOS BURGER 	<ul style="list-style-type: none"> The shopping center is comprised of competitive tenants, with the supermarket Aoki Super and Keiyo D2 as the core tenants and also features Shimamura, ZIP DRUG as well as restaurants and such 	

Unitholders

Number of Unitholders and Units Held by Unitholder Type

	14 th Period (ended Feb 2015)				15 th Period (ended Aug 2015)			
	Number of unitholders		Number of units		Number of unitholders		Number of units	
	Unitholders	(%)	Investment units	(%)	Unitholders	(%)	Investment units	(%)
Individuals and others	5,035	91.85%	21,450	7.31%	6,903	93.15%	26,880	7.66%
Financial institutions	107	1.95%	193,730	66.01%	125	1.69%	233,693	66.64%
Banks / trust banks	49	0.89%	173,701	59.19%	48	0.65%	209,614	59.77%
City banks	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Regional banks	39	0.71%	31,876	10.86%	39	0.53%	37,484	10.69%
Trust banks	10	0.18%	141,825	48.33%	9	0.12%	172,130	49.08%
Life insurance companies	7	0.13%	7,082	2.41%	7	0.09%	7,837	2.23%
Non-life insurance companies	1	0.02%	5,594	1.91%	1	0.01%	5,594	1.60%
Other financial institutions	50	0.91%	7,353	2.51%	69	0.93%	10,648	3.04%
Shinkin banks	32	0.58%	4,443	1.51%	41	0.55%	6,061	1.73%
Others	18	0.33%	2,910	0.99%	28	0.38%	4,587	1.31%
Other domestic corporations	174	3.17%	45,855	15.62%	210	2.83%	51,671	14.73%
Foreign corporations and individuals	143	2.61%	27,851	9.49%	155	2.09%	35,502	10.12%
Securities firms	23	0.42%	4,594	1.57%	18	0.24%	2,954	0.84%
Total	5,482	100.00%	293,480	100.00%	7,411	100.00%	350,700	100.00%

Top 10 Unitholders

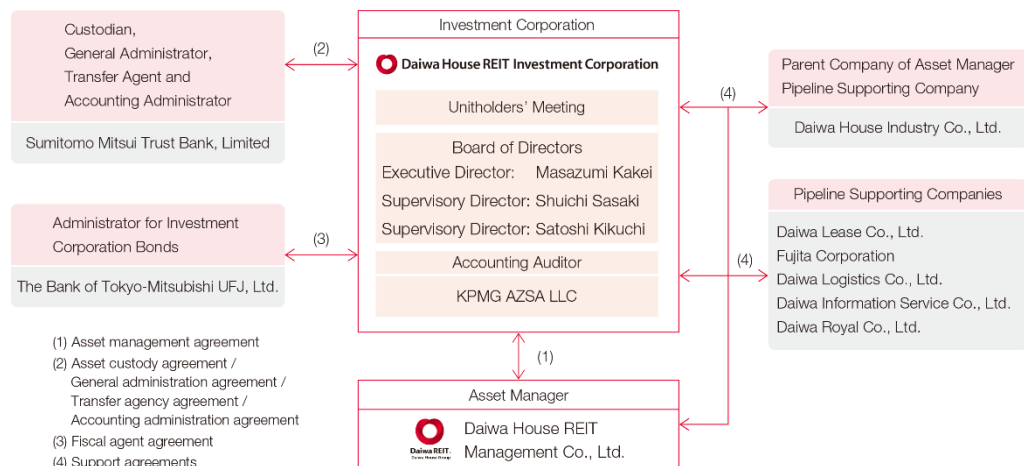
15 th Period (ended Aug 2015)		
Name of unitholders	Number of units held	Ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	96,092	27.40%
Daiwa House Industry Co., Ltd.	42,800	12.20%
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,142	8.88%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	24,168	6.89%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	12,585	3.59%
The Fuji Fire and Marine Insurance Co., Ltd.	5,594	1.60%
The Hachijuni Bank, Ltd.	4,606	1.31%
Trust & Custody Services Bank, Ltd. (Money Trust Tax Account)	3,427	0.98%
State Street Bank - West Pension Fund Clients - Exempt 505233	3,149	0.90%
The Bank of New York Mellon SA/NV 10	2,891	0.82%
Total	226,454	64.57%

Asset Manager and REIT Organization

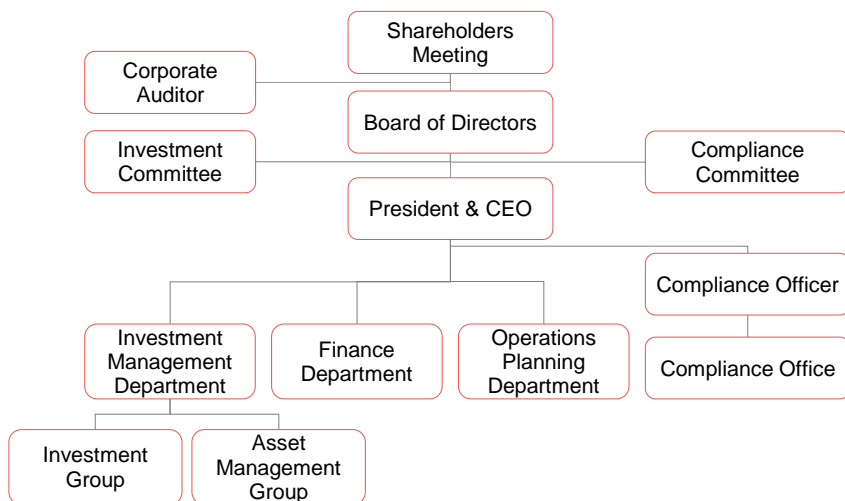
Overview of the Asset Manager

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

Structure and Formation of Related Parties



Organization of the Asset Manager



Disclaimer

- This material may contain information such as data on future performances, plans, management targets and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends of the business environment, but these hypotheses and assumptions are not necessarily correct. Actual results may significantly vary due to various factors.
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