

April 17, 2015

Financial Results for the Fiscal Period Ended February 28, 2015 (September 1, 2014 - February 28, 2015)

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

Listing: Tokyo Stock Exchange

Securities code: 3263

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

Representative: Masazumi Kakei, Executive Director

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

Representative: Hirotaka Najima, Representative Director, President and CEO

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Scheduled date of submitting Securities Report: May 27, 2015

Scheduled date of starting distribution payments: May 11, 2015

Supplementary materials for the financial results provided: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Financial results for the fiscal period ended February 28, 2015 (September 1, 2014 – February 28, 2015)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended February 28, 2015	5,146	4.4	3,003	5.3	2,546	7.9	2,545	7.9
Fiscal period ended August 31, 2014	4,928	18.6	2,853	22.9	2,359	20.4	2,359	20.4

	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, 2015	8,673	3.2	1.5	49.5
Fiscal period ended August 31, 2014	8,188	3.3	1.6	47.9

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings per unit)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended February 28, 2015	8,674	2,545	0	–	100.0	3.2
Fiscal period ended August 31, 2014	8,039	2,359	0	–	100.0	3.1

(Note) Due to the issuance of new investment units, the payout ratio for the fiscal period ended August 31, 2014 is calculated based on the following formula, rounded to the nearest tenth.

Payout ratio = Total distributions (excluding distributions in excess of earnings) / Net income × 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, 2015	166,825	80,593	48.3	274,614
As of August 31, 2014	163,088	80,407	49.3	273,979

(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, 2015	5,067	(3,430)	621	15,664
Fiscal period ended August 31, 2014	2,292	(25,420)	28,152	13,406

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

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending August 31, 2015	6,279	22.0	3,615	20.4	2,859	12.3	2,858	12.3	8,150	0
Fiscal period ending February 29, 2016	6,593	5.0	3,695	2.2	3,087	8.0	3,086	8.0	8,800	0

(Reference) Forecasted net income per unit

For the fiscal period ending August 31, 2015: ¥8,150

For the fiscal period ending February 29, 2016: ¥8,800

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

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

* **Other**

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

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

(2) 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, 2015 293,480 units
 - As of August 31, 2014 293,480 units
- b. Number of treasury investment units at the end of the period
 - As of February 28, 2015 0 units
 - As of August 31, 2014 0 units

(Note) Please refer to “Per Unit Information” on page 40 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**

- 1. 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, 2015 and February 29, 2016” on pages 12 and 13 for information on assumptions for the forecasts of operating results.
- 2. At the board of directors meetings held on March 3, 2015 and March 16, 2015, it was decided to issue new investment units through public offering and through third-party allotment. The payment for the issuance of new investment units through public offering was completed on March 23, 2015, while the payment for the issuance of new investment units through third-party allotment was completed on April 14, 2015.

The above figures in “2. Forecasts of operating results for the fiscal period from March 1, 2015 to August 31, 2015 and for the fiscal period from September 1, 2015 to February 29, 2016” are based on DHR’s assumption of the number of investment units issued of 350,700 units, which is the total of 293,480 investment units issued and 57,220 new investment units issued as described above (public offering: 52,000 units, third-party allotment: 5,220 units).

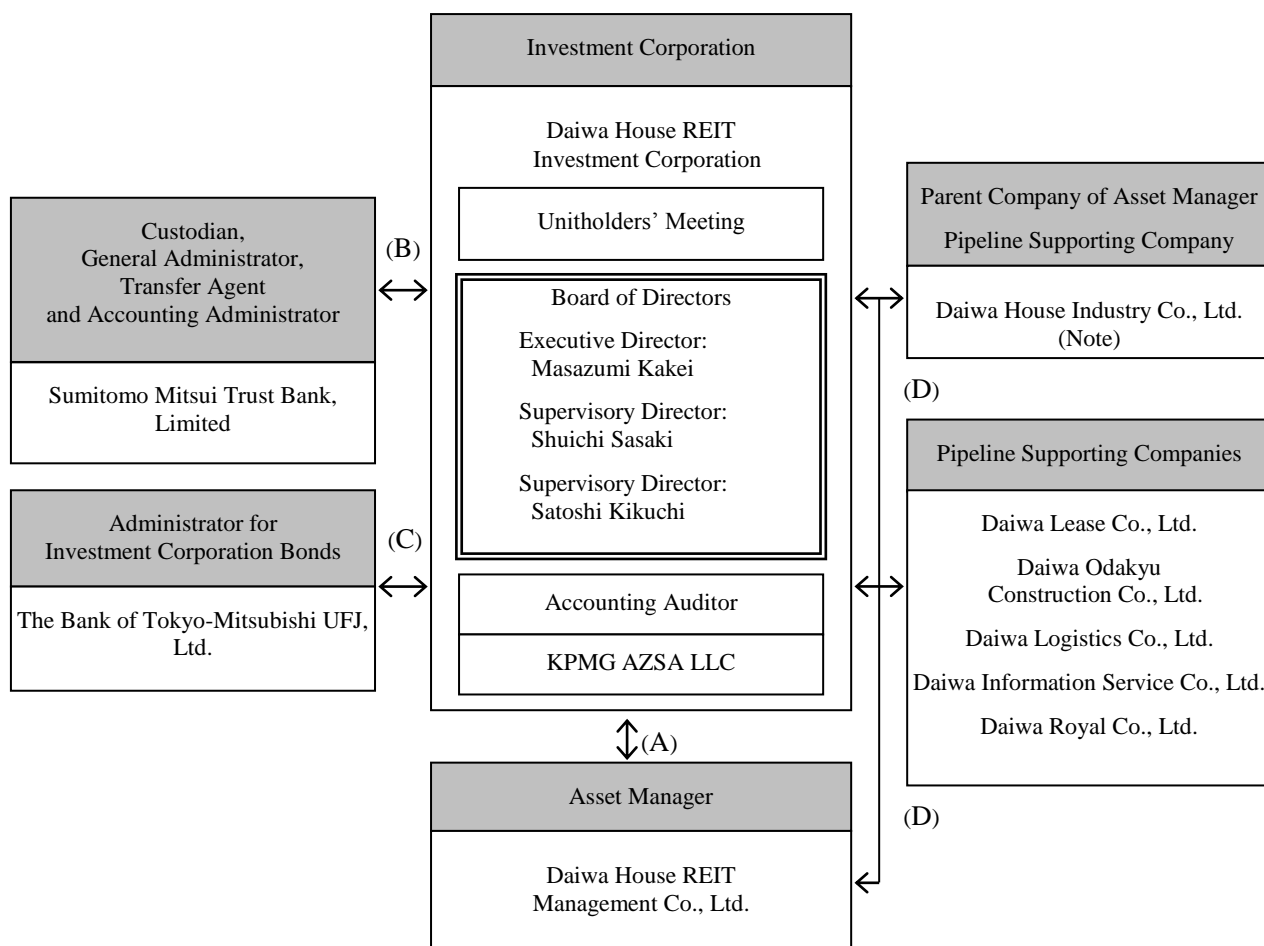
Disclaimer:

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 17, 2015.

1. The Investment Corporation and Related Corporations

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

In the current fiscal period (ended February 28, 2015), DHR concluded a fiscal agent agreement on December 12, 2014, pertaining to its 1st Unsecured Investment Corporation Bonds (hereinafter referred to as the “fiscal agent agreement”) with The Bank of Tokyo-Mitsubishi UFJ, Ltd. Also, on December 25, 2014, DHR and Daiwa House REIT Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) entered into pipeline supporting agreements with each of Daiwa Logistics Co., Ltd., Daiwa Information Service Co., Ltd. and Daiwa Royal Co., Ltd.



(A) Asset management agreement

(B) Asset custody agreement / General administration agreement / Transfer agency agreement / Accounting administration agreement

(C) Fiscal agent agreement

(D) Pipeline supporting agreements

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

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on November 28, 2014; prepared in Japanese only), the disclosure is omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

DHR was established on September 14, 2007, in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trusts Act”), with Asset Manager as the organizer, and completed its registration in the Kanto Local Finance Bureau on October 23, 2007 (Director-General of the Kanto Local Finance Bureau No. 66).

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

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

In the current fiscal period (ended February 28, 2015), DHR acquired retail property ACROSSPLAZA Miyoshi (land) (acquisition price of ¥3,390 million) with funds raised in loans. Consequently, DHR held a total of 33 properties (total acquisition price of ¥147,553 million) as of February 28, 2015 (see Note 2).

(Note 1) The Daiwa House Group comprises Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), its 119 consolidated subsidiaries, one non-consolidated subsidiary, 22 equity-method associates, and two non-equity-method associates, as of March 31, 2015). The same shall apply hereinafter.

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

(B) Investment environment and performance

The Japanese economy maintained its modest recovery trend partly on the back of the effects of various government policies. This occurred despite a brief emergence of weak individual consumption and other indicators partly reflecting a pullback in demand following a rush ahead of a consumption tax hike implemented in April 2014.

In the real estate market, the *Land Price LOOK Report* published by the Ministry of Land, Infrastructure, Transport and Tourism in February 2015 again indicated land price increases in 80% of areas overall. This continued upward trend in land prices is considered as reflecting heightened eagerness towards real estate investment on the back of monetary easing and other factors.

J-REIT unit prices rose firmly, with the TSE (Tokyo Stock Exchange) REIT Index rising 25.3% from the closing price on December 30, 2013, through the closing price on December 30, 2014. Meanwhile, J-REIT asset acquisitions in 2014 held to high levels at around ¥1,580 billion, albeit decreasing 29.4% year on year amid a slowing pace of acquisitions.

The logistics property rental market was firm, underpinned by expansion in industries such as e-commerce and retailers’ mail order businesses, which are the main sources of demand for this market. The vacancy rates for large multi-tenant logistics properties announced in February 2015 by CBRE K.K., remained at low levels with those for the greater Tokyo and greater Osaka areas at 3.8% and 0.4%, respectively (as of December 2014), while offered rent levels were stable. Going forward, we

expect tenant demand for logistics properties to be maintained, given the likelihood of ongoing growth from e-commerce, retailers' mail order and other such business operators, along with expanding use of third-party logistics (3PL) involving comprehensive outsourcing of services that add value in relation to the logistics function, and new building of geographically vast logistics networks in the industry.

With regard to the business environment surrounding retail properties, the retail sales total according to the commercial sales statistics (excluding automobile and fuel sales) has held firm, increasing 2.0% year on year in 2014, aided by a more favorable employment and income climate. In the supermarket sector, there has been growth in the business of food product home delivery involving grocery items from online supermarkets, prepared meals and other such items mainly reflecting further aging of society and an increase in two-income households, while companies have also been implementing somewhat more distinctive sales strategies, with efforts that include customer service enhancement in partnership with retailers' mail order providers and home delivery providers.

In such an environment, DHR expanded and diversified its portfolio by collaborating with the Daiwa House Group to acquire retail property ACROSSPLAZA Miyoshi (land) (acquisition price of ¥3,390 million) during the current fiscal period. As of February 28, 2015, DHR owned 33 properties (with a total book value of ¥143,439 million at the end of the period) with a total leasable area of 762,373.09 m² and an occupancy rate of 99.97% (the figure is rounded down to the nearest 100th).

(C) Overview of financing

In the current fiscal period (ended February 28, 2015), DHR borrowed total funds of ¥3,000 million on September 30, 2014 to partially cover the acquisition costs for trust beneficiary interests in real estate and related expenses. Of the funds borrowed, DHR prepaid short-term loans amounting to ¥2,000 million using funds procured in the form of 1st Unsecured Investment Corporation Bonds issued on December 24, 2014. Consequently, as of February 28, 2015, DHR's total interest-bearing debt was ¥77,500 million (total borrowings of ¥75,500 million and total investment corporation bonds of ¥2,000 million), while its ratio of long-term loans (Note 1) and ratio of fixed-rate loans (Note 2) were each 100.0%.

The credit rating DHR has obtained from the external credit rating agency as of February 28, 2015 is as follows:

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

(Note 1) "Ratio of long-term loans" shown is the ratio of long-term interest-bearing debt to the total amount of interest-bearing debt as of February 28, 2015. Long-term interest-bearing debt for which the time until the date of repayment upon maturity or the date of redemption is less than one year as of February 28, 2015, are also calculated as long-term interest-bearing debt.

(Note 2) "Ratio of fixed-rate loans" shown is the ratio of interest-bearing debt with fixed interest rates to the total amount of interest-bearing debt as of February 28, 2015. For interest-bearing debt of which interest rates are effectively fixed through the use of interest rate swap agreements, the calculation of the ratio of fixed-rate loans is carried out by deeming it as interest-bearing debt with a fixed interest rate.

(D) Overview of financial results and distributions

In the current fiscal period (ended February 28, 2015), operating revenues came to ¥5,146 million, operating income came to ¥3,003 million, ordinary income came to ¥2,546 million, and net income came to ¥2,545 million.

As a result of the above-mentioned performance, in accordance with the distribution policy stipulated in Article 46, item 1 of the Articles of Incorporation of DHR, it was decided that the full amount of unappropriated retained earnings would be distributed, except fractions of less than ¥1 of distributions per investment unit. The aim would be to include earnings distributions in tax deductible expenses based on application of special provisions for taxation (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per investment unit came to ¥8,674.

ii) Outlook for next fiscal period

Despite concerns thus far regarding the prospect of a rebound drop in demand following the April 2014 consumption tax hike, along with fears of downside economic risk overseas associated with the direction of U.S. monetary policy, we anticipate a trajectory of gradual recovery in the Japanese economy, underpinned largely by the government's economic measures.

In the J-REIT market, investment corporation eagerness for property acquisitions is expected to remain strong against the backdrop of an environment marked by financing through low-interest rate loans and investment corporation bonds. In addition, we also expect the prevailing inflow of funds from individual investors to persist going forward, as they pour funds into instruments that take advantage of the Japanese (Nippon) version of the Individual Savings Account (“NISA”), introduced in January 2014, along with increasing purchases of investment trusts that target J-REITs for investment.

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, which it has consistently applied hitherto, will work to further expand the scale of its assets while maintaining and enhancing asset value over the medium to long term.

(A) External growth strategy

DHR aims to achieve stable external growth through support and assistance from the Daiwa House Group. DHR has entered into separate memorandums with Daiwa House, Daiwa Lease Co., Ltd., and Daiwa Odakyu Construction Co., Ltd. Moreover, on December 25, 2014, DHR newly concluded pipeline supporting agreements with each of Daiwa House Group companies Daiwa Logistics Co., Ltd., Daiwa Information Service Co., Ltd. and Daiwa Royal Co., Ltd. (hereinafter, the term “supporting agreements” includes the newly concluded memorandums). Through these agreements DHR intends to fully 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 of properties, as contemplated under the pipeline supporting agreements.

(B) Internal growth strategy

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

Furthermore, DHR believes that, under the principle of “industrialization of construction,” Daiwa House has realized standardization and efficiency in design and construction. It has constructed economical and well-planned, easily-maintained buildings using solid construction and technical capabilities as well as its abundant experience and know-how with respect to logistics and retail properties throughout Japan.

DHR believes that by receiving consistent support from the Daiwa House Group on a long-term basis, ranging from building and facilities maintenance to short-term repair, long-term repair, renewal construction and redevelopment, DHR can optimize life cycle costs by taking advantage of the Daiwa House Group’s know-how, understanding the status of buildings through well-planned and periodic inspections and implementing adequate and timely preventive repairs and improving performance.

DHR will seek to engage in operations and management that take advantage of the Daiwa House Group’s know-how through the Daiwa House Group’s support with respect to life cycle costs and its property management, and will also take measures to maintain and improve competitiveness and asset values. In such manner, DHR will seek to maintain and improve rent and occupancy rates and reduce costs.

(C) Financial strategy

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

(D) Forecasts of operating results for the fiscal periods ending August 31, 2015 and February 29, 2016

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending August 31, 2015	6,279	3,615	2,859	2,858	8,150	0
Fiscal period ending February 29, 2016	6,593	3,695	3,087	3,086	8,800	0

For the assumptions for the forecasts above, please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Periods Ending August 31, 2015 and February 29, 2016” on pages 12 and 13. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, net income and distributions per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

(A) Issuance of new investment units

At the board of directors meetings held on March 3, 2015 and March 16, 2015, a resolution on the issuance of new investment units was passed as follows. The payment for the new investment units issued through public offering was completed on March 23, 2015, while the payment for the new investment units issued through third-party allotment was completed on April 14, 2015.

Consequently, the total amount of unitholders’ equity came to ¥105,459 million and the number of investment units issued amounted to 350,700 units.

(a) Issuance of new investment units (public offering)

Number of new investment units issued:	52,000 units (Japan: 34,800 units; Overseas: 17,200 units)
Issue price:	¥495,300 per unit
Total issue price:	¥25,755,600,000
Amount paid in (issue value):	¥479,044 per unit
Total amount paid in (issue value):	¥24,910,288,000
Payment date:	March 23, 2015

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued:	5,220 units
Amount paid in (issue value):	¥479,044 per unit
Total amount paid in (issue value):	¥2,500,609,680
Payment date:	April 14, 2015
Allottee:	Nomura Securities Co., Ltd.

(B) Debt financing

DHR concluded debt financing contracts on March 30, 2015 and conducted debt financing as described below on April 1, 2015.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Date of borrowing	Repayment due date	Method of repayment	Collateral
Mitsui Sumitomo Insurance Company, Limited	1,000	0.57125 Fixed interest rate	April 1, 2015	April 1, 2020	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Norinchukin Bank	3,000	0.8711 Fixed interest rate (Note)		October 3, 2022		
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Resona Bank, Limited	4,000	0.9866 Fixed interest rate (Note)		October 2, 2023		
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation	4,000	1.2315 Fixed interest rate (Note)		October 1, 2025		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	1.1815 Fixed interest rate		October 1, 2025		
Development Bank of Japan Inc.	1,500	1.46 Fixed interest rate		April 1, 2027		
Total	16,500					

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

DHR concluded a debt financing contract as described below on March 30, 2015.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Scheduled date of borrowing	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.	4,000	Base interest rate (Japanese Bankers Association 1 month yen TIBOR) + 0.20	June 1, 2015	June 1, 2016	Bullet repayment	Unsecured and non-guaranteed

(C) Acquisition of assets

DHR concluded purchase agreements regarding the acquisition of the following assets on March 3, 2015, and acquired assets of six properties with a total price of ¥41,430 million on April 1, 2015.

Property name	D Project Kuki III
Acquisition price (Note 1)	¥7,340,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6004-1, Aza Taikoda, Shobu, Shobu-machi, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Kuki IV
Acquisition price (Note 1)	¥5,300,000 thousand
Seller (Note 3)	DH Fund Four Godo Kaisha
Asset type	Trust beneficiary interest in real estate
Location	6201-5, Aza Kazarimen, Sanga, Shobu-machi, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Kuki V
Acquisition price (Note 1)	¥8,010,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6201-6, Aza Kazarimen, Sanga, Shobu-machi, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Kuki VI
Acquisition price (Note 1)	¥4,980,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	48-3, Kiyoku-cho, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Yashio
Acquisition price (Note 1)	¥6,140,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	50-1, Oaza Shin-machi, Yashio-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Nishiyodogawa
Acquisition price (Note 1)	¥9,660,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	7-48 Nakashima 2-chome, Nishiyodogawa-ku, Osaka-shi, Osaka
Acquisition date	April 1, 2015

DHR entered into a purchase agreement regarding the acquisition of the following asset on March 3, 2015.

Property name	D Project Matsudo
Planned acquisition price (Note 1)	¥6,990,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type (Note 4)	Trust beneficiary interest in real estate
Location	700-3, Aza Nishinooda, Kamihongo, Matsudo-shi, Chiba
Planned acquisition date (Note 5)	June 1, 2015

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

(Note 2) As the seller is an interested party, etc. as defined in the Investment Trusts Act, the Asset Manager has gone

through the necessary discussion and resolution procedures in accordance with its internal rules to avoid transactions with conflicts of interest.

- (Note 3) DH Fund Four Godo Kaisha is a special purpose company set up with the aim of acquiring, holding and disposing of trust beneficiaries partially invested in by Daiwa House Industry Co., Ltd., which is the parent company of the Asset Manager, and is classified as an interested party as stipulated in the Asset Manager's rules to avoid transactions with conflicts of interest. As such, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with the internal rules.
- (Note 4) As of the date of conclusion of the purchase agreement, the land and the building of this property are owned by the seller and Hitachi Capital Corporation, respectively, and a fixed-term leasehold for business has been established for the land with Hitachi Capital Corporation set as the leaseholder for the purpose of owning the building of the property. DHR has agreed in the purchase agreement with the seller that, as of the same date as the acquisition date of the property, Hitachi Capital Corporation will entrust the building and the fixed-term leasehold for business to the above trustee, and that the seller will take over the trust beneficiary interest and, after additionally entrusting the land of the property to the trustee, will transfer such trust beneficiary interests to DHR.
- (Note 5) The purchase agreement for acquisition of this property is deemed a forward commitment, etc. (a forward-dated purchase agreement in which settlement and transfer of the property are carried out at least one month after the agreement is concluded, as well as certain other similar contracts).

Under the purchase agreement, if a party breaches the purchase agreement, then the non-breaching party may cancel the purchase agreement upon notice to the breaching party, but only if the non-breaching party is no longer able to fulfill the purpose of the purchase agreement due to the other party's breach. In the event the purchase agreement is cancelled, the non-breaching party may demand the breaching party to pay a penalty in the amount equal to approximately 20% of the purchase price (as such penalty is expected to constitute damage payment, the non-breaching party may not claim for damages in the amount exceeding such penalty amount).

DHR's payment of the acquisition price, however, is subject to DHR completing the financing necessary to pay the acquisition price. Hence, if DHR is unable to complete the financing necessary to pay the purchase price, the purchase agreement will expire without DHR assuming any obligations under the purchase agreement, including payment of any penalty or compensation such as payment of damages. Thus, if DHR cannot fulfill the forward commitment, etc. due to failing to complete the financing, it is unlikely that such non-fulfillment will have any material impact on DHR's finance.

**Assumptions for Forecasts of Operating Results for the Fiscal Periods
Ending August 31, 2015 and February 29, 2016**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending August 31, 2015 (15th fiscal period: 184 days from March 1, 2015 to August 31, 2015) • Fiscal period ending February 29, 2016 (16th fiscal period: 182 days from September 1, 2015 to February 29, 2016)
Portfolio	<ul style="list-style-type: none"> • DHR has assumed that there will be no changes until August 31, 2015 and February 29, 2016 in the composition of DHR's portfolio (acquisition of new properties or sale of the current properties) associated with the total of 40 properties including the addition of the trust beneficiary interests in real estate to be acquired on June 1, 2015 (D Project Matsudo; hereinafter referred to as the "Asset Scheduled for Acquisition") to the 39 properties held by DHR (hereinafter referred to as the "Portfolio") as of the date of this financial results report. • Changes in the composition of the Portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> • DHR has calculated its revenues related to rent business of the Portfolio taking into account the relevant lease agreements effective as of today, market trends, etc. DHR has calculated revenues from property leasing of the Asset Scheduled for Acquisition taking into account information provided by the current owners of property, lease agreements scheduled to be effective as of the acquisition date of the Asset Scheduled for Acquisition and market trends, etc. • DHR has assumed no delinquencies or non-payment of rents by tenants.
Operating expenses	<ul style="list-style-type: none"> • Operating expenses mainly comprise expenses related to rent business. Those expenses on the Portfolio, 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 calculated those expenses for the Asset Scheduled for Acquisition based on past performance using information provided by the current owners of each property, making certain adjustments as appropriate considering the factors causing changes in expenses, etc. • DHR has assumed that DHR will incur depreciation expenses of ¥1,359 million for the fiscal period ending August 31, 2015 and ¥1,439 million for the fiscal period ending February 29, 2016. These figures are calculated using the straight-line method with incidental expenses added to purchase prices of non-current assets. • DHR has estimated property tax and city planning tax, etc. at ¥476 million for the fiscal period ending August 31, 2015 and ¥476 million for the fiscal period ending February 29, 2016. Generally, when a property is sold, the purchaser of the property typically reimburses the seller for the pro rata portion of property tax and city planning tax, etc. that has previously been paid by the seller. However, this reimbursed amount is usually included in the acquisition cost and is not booked under expenses. Property tax and city planning tax, etc. for trust beneficiary interests in 6 properties acquired on April 1, 2015 (hereinafter referred to as the "Acquired Assets") and the Asset Scheduled for Acquisition will be expensed from the fiscal period ending August 31, 2016. DHR has assumed that ¥195 million of property tax and city planning tax, etc. will be included in the acquisition cost for the Acquired Assets and the Asset Scheduled for Acquisition. • DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period for the ongoing repair and maintenance of the properties in DHR's portfolio based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from DHR's forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by unforeseeable factors, (ii) generally, there is a substantial difference in expenses incurred between each fiscal period, and (iii) expenses are not incurred based on a regular schedule.

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> • DHR has assumed one-time costs of ¥182 million for the fiscal period ending August 31, 2015 as expenses related to issuance of new investment units. • DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥575 million for the fiscal period ending August 31, 2015 and ¥610 million for the fiscal period ending February 29, 2016.
Interest-bearing debt	<ul style="list-style-type: none"> • In addition to the total interest-bearing debt of ¥94,000 million as of the date of this financial results report, DHR intends to secure new borrowings of ¥4,000 million short-term loans on June 1, 2015. Based on this, DHR has assumed the balance of outstanding interest-bearing debt to be ¥98,000 million as of August 31, 2015. • In addition to the above, DHR has assumed the balance of outstanding interest-bearing debt will be unchanged until February 29, 2016.
Investment units	<ul style="list-style-type: none"> • The total number of investment units is based on DHR's assumption of 350,700 units, which is the number of investment units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until February 29, 2016.
Distributions per unit	<ul style="list-style-type: none"> • DHR has calculated distributions (distributions per unit) based on the distribution policy prescribed in DHR's Articles of Incorporation. • Changes in DHR's portfolio, fluctuations in rental revenues due to changes in tenants and other factors, unforeseen repairs and maintenance expenses and other factors may lead to changes in the amount of distributions per unit.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • DHR has no plans to pay distributions in excess of earnings as of the date of this financial results report.
Others	<ul style="list-style-type: none"> • DHR has assumed no enforcement of such revisions to laws and regulations, tax systems, accounting standards, securities listing regulations and rules of The Investment Trusts Association, Japan, etc. that may affect the above forecasts. • DHR's forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.

(3) Investment Risk

As there have been no significant changes in the "Investment Risk" as described in the latest Securities Registration Statement (submitted on March 3, 2015; prepared in Japanese only), the disclosure is omitted.

3. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
Assets		
Current assets		
Cash and deposits	11,059,887	13,304,049
Cash and deposits in trust	9,318,628	9,519,539
Operating accounts receivable	15,796	9,284
Prepaid expenses	156,284	150,445
Consumption taxes receivable	1,071,441	—
Other	910	537
Total current assets	21,622,949	22,983,855
Non-current assets		
Property, plant and equipment		
Buildings in trust	67,305,078	67,319,157
Accumulated depreciation	(4,403,658)	(5,391,154)
Buildings in trust, net	62,901,419	61,928,002
Structures in trust	2,568,482	2,574,228
Accumulated depreciation	(218,008)	(265,975)
Structures in trust, net	2,350,474	2,308,252
Machinery and equipment in trust	343,654	343,654
Accumulated depreciation	(7,345)	(16,160)
Machinery and equipment in trust, net	336,308	327,494
Land in trust	75,462,499	78,875,884
Construction in progress in trust	300	18,260
Total property, plant and equipment	141,051,002	143,457,893
Intangible assets		
Other	2,210	1,870
Total intangible assets	2,210	1,870
Investments and other assets		
Investment securities	*4 6,294	*4 6,375
Long-term prepaid expenses	406,485	354,891
Total investments and other assets	412,780	361,267
Total non-current assets	141,465,993	143,821,030
Deferred assets		
Investment corporation bond issuance costs	—	20,141
Total deferred assets	—	20,141
Total assets	163,088,942	166,825,027

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	88,692	72,930
Current portion of long-term loans payable	–	20,000,000
Accounts payable - other	12,282	39,002
Accrued expenses	346,292	403,535
Income taxes payable	605	605
Accrued consumption taxes	–	247,317
Advances received	526,541	593,896
Other	32,221	24,053
Total current liabilities	1,006,635	21,381,340
Non-current liabilities		
Investment corporation bonds	–	2,000,000
Long-term loans payable	74,500,000	55,500,000
Tenant leasehold and security deposits in trust	7,174,671	7,349,732
Total non-current liabilities	81,674,671	64,849,732
Total liabilities	82,681,307	86,231,073
Net assets		
Unitholders' equity		
Unitholders' capital	78,048,300	78,048,300
Surplus		
Unappropriated retained earnings (undisposed loss)	2,359,334	2,545,653
Total surplus	2,359,334	2,545,653
Total unitholders' equity	80,407,635	80,593,954
Total net assets	*3 80,407,635	*3 80,593,954
Total liabilities and net assets	163,088,942	166,825,027

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Operating revenues		
Rent revenues - real estate	*1, *2 4,824,857	*1, *2 5,045,000
Other lease business revenues	*2 103,632	*2 101,876
Total operating revenues	4,928,490	5,146,876
Operating expenses		
Expenses related to rent business	*1, *2 1,669,573	*1, *2 1,689,447
Asset management fee	297,219	348,725
Asset custody fee	11,763	13,989
Administrative service fees	14,525	15,518
Directors' compensations	6,000	6,000
Other operating expenses	*1 75,843	69,462
Total operating expenses	2,074,925	2,143,143
Operating income	2,853,565	3,003,733
Non-operating income		
Interest income	1,914	2,069
Interest on refund of consumption taxes	–	1,621
Insurance income	4,159	912
Other	80	80
Total non-operating income	6,154	4,683
Non-operating expenses		
Interest expenses	360,447	373,687
Interest expenses on investment corporation bonds	–	2,987
Amortization of investment corporation bond issuance costs	–	516
Investment unit issuance expenses	55,863	–
Borrowing related expenses	83,490	85,017
Total non-operating expenses	499,800	462,208
Ordinary income	2,359,918	2,546,209
Income before income taxes	2,359,918	2,546,209
Income taxes - current	605	605
Total income taxes	605	605
Net income	2,359,313	2,545,604
Retained earnings brought forward	21	49
Unappropriated retained earnings (undisposed loss)	2,359,334	2,545,653

(3) Statements of Unitholders' Equity

Previous fiscal period (From March 1, 2014 to August 31, 2014)

(Unit: Thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	59,381,050	1,959,680	1,959,680	61,340,730	61,340,730
Changes of items during period					
Issuance of new investment units	18,667,250			18,667,250	18,667,250
Dividends of surplus		(1,959,659)	(1,959,659)	(1,959,659)	(1,959,659)
Net income		2,359,313	2,359,313	2,359,313	2,359,313
Total changes of items during period	18,667,250	399,654	399,654	19,066,904	19,066,904
Balance at end of current period	*1 78,048,300	2,359,334	2,359,334	80,407,635	80,407,635

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

(Unit: Thousands of yen)

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

(4) Statements of Cash Distributions

Item	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	2,359,334,949	2,545,653,759
II Distributions	2,359,285,720	2,545,645,520
[Distributions per investment unit]	[8,039]	[8,674]
III Earnings carried forward	49,229	8,239

Calculation method for distributions	<p>Based on the distribution policy set forth in Article 46, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay earnings distributions at the total amount of ¥2,359,285,720, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 293,480, which is the number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 46, item 2 of the Articles of Incorporation of DHR.</p>	<p>Based on the distribution policy set forth in Article 46, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, DHR will pay earnings distributions at the total amount of ¥2,545,645,520, which is the amount that does not exceed the unappropriated retained earnings and is the greatest value among integral multiples of 293,480, which is the number of investment units issued; provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 46, item 2 of the Articles of Incorporation of DHR.</p>
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Cash flows from operating activities		
Income before income taxes	2,359,918	2,546,209
Depreciation	1,010,501	1,044,618
Amortization of investment corporation bond issuance costs	-	516
Interest income	(1,914)	(2,069)
Interest expenses	360,447	376,674
Investment unit issuance expenses	55,863	-
Decrease (increase) in prepaid expenses	(18,114)	5,839
Decrease (increase) in long-term prepaid expenses	(88,952)	51,593
Decrease (increase) in operating accounts receivable	(6,881)	6,512
Decrease (increase) in consumption taxes refund receivable	(1,071,441)	1,071,441
Increase (decrease) in operating accounts payable	4,694	(18,084)
Increase (decrease) in accrued consumption taxes	(95,280)	248,945
Increase (decrease) in accounts payable - other	(3,837)	6,005
Increase (decrease) in accrued expenses	39,720	56,479
Increase (decrease) in advances received	106,902	67,354
Increase (decrease) in deposits received	8,331	(8,168)
Other, net	(12,711)	(11,598)
Subtotal	2,647,244	5,442,270
Interest income received	1,914	2,069
Interest expenses paid	(355,944)	(375,910)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	2,292,609	5,067,824
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(25,420,643)	(3,430,758)
Net cash provided by (used in) investing activities	(25,420,643)	(3,430,758)
Cash flows from financing activities		
Increase in short-term loans payable	-	2,000,000
Decrease in short-term loans payable	-	(2,000,000)
Proceeds from long-term loans payable	11,500,000	1,000,000
Proceeds from issuance of investment corporation bonds	-	1,979,342
Proceeds from issuance of investment units	18,611,387	-
Dividends paid	(1,959,250)	(2,358,226)
Net cash provided by (used in) financing activities	28,152,136	621,115
Net increase (decrease) in cash and cash equivalents	5,024,103	2,258,181
Cash and cash equivalents at beginning of period	8,382,408	13,406,512
Cash and cash equivalents at end of period	*1 13,406,512	*1 15,664,693

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Valuation basis and accounting methods for assets	<p>Securities</p> <p>Held-to-maturity bonds</p> <p>The amortized cost method (straight-line method) is used.</p>						
2. Method of depreciation of non-current assets	<p>Property, plant and equipment (including properties in trust)</p> <p>The straight-line method is used.</p> <p>The useful lives of major property, plant and equipment are listed below.</p> <table border="0" data-bbox="555 622 1129 734"> <tr> <td>Buildings in trust</td> <td>3 to 46 years</td> </tr> <tr> <td>Structures in trust</td> <td>10 to 43 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td>19 years</td> </tr> </table>	Buildings in trust	3 to 46 years	Structures in trust	10 to 43 years	Machinery and equipment in trust	19 years
Buildings in trust	3 to 46 years						
Structures in trust	10 to 43 years						
Machinery and equipment in trust	19 years						
3. Accounting method for deferred assets	<p>(1) Investment unit issuance expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Investment corporation bond issuance costs</p> <p>Costs are amortized by the straight-line method over the redemption period.</p>						
4. Recognition of revenues and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, and depreciation asset tax for real properties held, the amount of tax levied corresponding to the fiscal period is recorded as expenses related to rent business.</p> <p>The amount equivalent to property-related taxes to be paid by DHR in the first year for acquisition of real properties or trust beneficiary interests in real estate is not recorded as expenses related to rent business but included in the acquisition costs for the related properties.</p> <p>The amount equivalent to property-related taxes included in acquisition cost for properties is ¥151,449 thousand for the previous fiscal period and ¥4,859 thousand for the current fiscal period.</p>						
5. Method of hedge accounting	<p>(1) Method of hedge accounting</p> <p>For interest rate swaps, special treatment is applied since the swaps satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate swaps</p> <p>Hedged items: Interest on borrowings</p> <p>(3) Hedging policy</p> <p>DHR conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of DHR pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness</p> <p>The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>						

6. Accounting method for trust beneficiary interests in real estate	With regard to trust beneficiary interests in real estate, all assets and liabilities as well as all revenues and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets. i) Cash and deposits in trust ii) Buildings in trust, structures in trust, machinery and equipment in trust, land in trust and construction in progress in trust iii) Tenant leasehold and security deposits in trust
7. Scope of cash in the statements of cash flows	Cash in the statements of cash flows (cash and cash equivalents) include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
8. Accounting method for consumption taxes	Consumption tax and local consumption tax are accounted for by the tax-exclusion method.

(8) Notes to Financial Statements

Notes to Balance Sheets

1. Unused balances regarding commitment line contracts and others

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

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
Total amount specified in commitment line contracts	10,000,000	10,000,000
Loans executed and outstanding	-	-
Unused credit lines	10,000,000	10,000,000

2. Contingent liability

Previous fiscal period (As of August 31, 2014)

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

Even if the whole of the requested reduction amount were accepted, its impact on net income for the fiscal period ended August 31, 2014, would be less than 1%. Please note that it is currently not possible to predict the outcome of the case.

Current fiscal period (As of February 28, 2015)

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

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

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

(Unit: Thousands of yen)		
	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
	50,000	50,000

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

(Unit: Thousands of yen)		
	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
Investment securities	6,294	6,375

Notes to Statements of Income

*1. Volume of operating transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Volume of operating transactions	328,962	324,234

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From March 1, 2014 to August 31, 2014)		Current fiscal period (From September 1, 2014 to February 28, 2015)	
A. Real estate leasing business revenues				
Rent revenues—real estate				
Rent		4,824,857		5,045,000
Other lease business revenues				
Common service fees	53,943		54,002	
Other revenues	49,689	103,632	47,873	101,876
Total real estate leasing business revenues		4,928,490		5,146,876
B. Real estate leasing business expenses				
Expenses related to rent business				
Taxes and public dues	363,681		356,751	
Outsourcing expenses	160,677		162,749	
Insurance	8,160		8,124	
Repairs and maintenance expenses	73,151		60,938	
Depreciation	1,010,161		1,044,278	
Other expenses related to rent business	53,741	1,669,573	56,605	1,689,447
Total real estate leasing business expenses		1,669,573		1,689,447
C. Income (loss) from real estate leasing business (A – B)		3,258,916		3,457,429

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, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Number of investment units issued	293,480 units	293,480 units

Notes to Statements of Cash Flows

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

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Cash and deposits	11,059,887	13,304,049
Cash and deposits in trust	9,318,628	9,519,539
Restricted deposits in trust (Note)	(6,972,003)	(7,158,895)
Cash and cash equivalents	13,406,512	15,664,693

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

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
Due within one year	7,622,483	7,797,711
Due after one year	59,916,791	60,145,093
Total	67,539,274	67,942,805

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

Floating-rate loans payable are exposed to the risk of fluctuations in interest rates. DHR mitigates the effects of rising interest rates by closely monitoring the movement of interest rates and increasing the proportion of fixed-rate loans, etc. As of February 28, 2015, DHR had a derivative (interest rate swap) as hedging instrument for the purpose of fixing the interest rate of floating-rate loans to avoid the risk of fluctuations in interests payable. The assessment of hedge effectiveness is omitted based on the judgement that the interest rate swap satisfies the requirements for special treatment.

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

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

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

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

Balance sheet carrying amounts, fair values, and the difference between the two values as of August 31, 2014, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in the table below (see Note 2).

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	11,059,887	11,059,887	–
(2) Cash and deposits in trust	9,318,628	9,318,628	–
(3) Investment securities Held-to-maturity bonds	6,294	6,948	653
Total assets	20,384,811	20,385,464	653
(6) Long-term loans payable	74,500,000	74,846,801	346,801
(7) Tenant leasehold and security deposits in trust	202,667	193,948	(8,719)
Total liabilities	74,702,667	75,040,749	338,082
Derivative transactions	–	–	–

Balance sheet carrying amounts, fair values, and the difference between the two values as of February 28, 2015, are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included in the table below (see Note 2).

(Unit: Thousands of yen)

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

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

Assets

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

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

(3) Investment securities

The fair value is based on reference bond trading statistics.

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

Liabilities

(4) Current portion of long-term loans payable, (6) Long-term loans payable

Because long-term loans payable that carry floating interest rates are reviewed on a short-term interval to reflect market interest rates and their fair value is approximate to the book value, the book value is used as the fair value of these liabilities. However, for long-term loans payable with floating interest rate to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar loan that is made corresponding to the remaining period. The fair value of long-term loans payable carrying fixed interest rates is calculated by discounting the total of principal and interest at the rate assumed when a new loan corresponding to the remaining period is made.

(5) Investment corporation bonds

The fair value is based on reference bond trading statistics.

(7) Tenant leasehold and security deposits in trust

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

Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)

Category	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
Tenant leasehold and security deposits in trust *	6,972,003	7,158,895

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

(Note 3) Redemption schedule for monetary claims and securities with maturity after balance sheet date (August 31, 2014)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	11,059,887	–	–	–	–	–
Cash and deposits in trust	9,318,628	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	20,378,516	–	–	–	–	10,000

Redemption schedule for monetary claims and securities with maturity after balance sheet date
 (February 28, 2015)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	13,304,049	–	–	–	–	–
Cash and deposits in trust	9,519,539	–	–	–	–	–
Investment securities Held-to-maturity bonds	–	–	–	–	–	10,000
Total	22,823,589	–	–	–	–	10,000

(Note 4) Expected amount of repayments of loans payable after balance sheet date
 (August 31, 2014)

(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	–	23,500,000
Total	–	20,000,000	15,000,000	16,000,000	–	23,500,000

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

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Investment corporation bonds	–	–	–	–	–	2,000,000
Long-term loans payable	20,000,000	15,000,000	16,000,000	–	10,000,000	14,500,000
Total	20,000,000	15,000,000	16,000,000	–	10,000,000	16,500,000

Securities

Previous fiscal period (As of August 31, 2014)

Held-to-maturity bonds

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	Government bonds	6,294	6,948	653
Bonds with fair value not exceeding the balance sheet carrying amount	—	—	—	—
Total		6,294	6,948	653

Current fiscal period (As of February 28, 2015)

Held-to-maturity bonds

(Unit: Thousands of yen)

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

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable as of August 31, 2014 and February 28, 2015.

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (As of August 31, 2014)

(Unit: Thousands of yen)

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

(Note) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans payable as such interest rate swap and the hedged long-term loans payable are processed as a single unit. (Please refer to “Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) (6)” above.)

Current fiscal period (As of February 28, 2015)

(Unit: Thousands of yen)

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

(Note) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans payable as such interest rate swap and the hedged long-term loans payable are processed as a single unit. (Please refer to “Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) (6)” above.)

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (From March 1, 2014 to August 31, 2014)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Kita-ku, Osaka	161,699	Construction business	12.8	Master lessee and entrustment of property management	Outsourcing expenses	76,111	Operating accounts payable	31,633
							Repairs and maintenance expenses, etc. (Note 3)	13,742		
							Miscellaneous expenses	609	–	–
							Purchase of trust beneficiary interests in real estate (Note 4)	25,130,000	–	–
							Rental revenues, etc.	238,500	Advances received	42,930
							–	–	Tenant leasehold and security deposits in trust	238,500

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

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

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

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

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

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

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

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

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

2. Associates, etc.

Previous fiscal period (From March 1, 2014 to August 31, 2014)

Not applicable.

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

Not applicable.

3. Sister companies, etc.

Previous fiscal period (From March 1, 2014 to August 31, 2014)

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Information Service Co., Ltd.	Taito-ku, Tokyo	200	Asset management business	-	Master lessee and entrustment of property management	Outsourcing expenses	49,910	Operating accounts payable	32,148
							Cost of utilities	32,631		
							Other expenses related to rent business	2,895		
							Repairs and maintenance expenses, etc. (Note 3)	40,980		
							-	-	Tenant leasehold and security deposits in trust	
Rental revenues, etc.	345,360	Advances received	11,610							
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	7,914	Operating accounts payable	6,006
							Other expenses related to rent business	3,078		
							Repairs and maintenance expenses, etc. (Note 3)	8,442		
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Service Co., Ltd.	Nishi-ku, Osaka	130	Asset management business	-	Repairs and maintenance, etc. of real estate held	Outsourcing expenses	6,096	Operating accounts payable	1,183
							Repairs and maintenance expenses, etc. (Note 3)	444		
							Miscellaneous expenses	40	-	
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Energy Co., Ltd.	Abeno-ku, Osaka	50	Environment business	-	Lease of equipment held	Rental revenues, etc.	8,955	Advances received	1,934
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Logistics Co., Ltd.	Nishi-ku, Osaka	3,764	Transport business	-	Lease of real estate held	Rental revenues, etc.	201,250	Advances received	42,262
							Acceptance of tenant leasehold deposits in trust	313,648	Tenant leasehold and security deposits in trust	313,648
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 (Note 4)	360,044	Accrued expenses	319,991

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

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

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

(Note 4) Asset management fee includes ¥62,825 thousand in management fees associated with property acquisitions factored into acquisition costs of individual investment properties, etc.

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

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)	
Company 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	48,969	Operating accounts payable	30,924	
							Cost of utilities	30,211			
							Other expenses related to rent business	5,344			
							Repairs and maintenance expenses, etc. (Note 3)	20,821			
							Purchase of trust beneficiary interests in real estate (Note 4)	3,390,000	-		-
							Acceptance of tenant leasehold deposits in trust	188,568	Tenant leasehold and security deposits in trust		879,288
Rental revenues, etc.	424,454	Advances received	76,950								
Company 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	9,323	Operating accounts payable	4,712	
							Other expenses related to rent business	4,654			
							Repairs and maintenance expenses, etc. (Note 3)	6,783			
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Service Co., Ltd. (Note 5)	Nishi-ku, Osaka	130	Asset management business	-	Repairs and maintenance, etc. of real estate held	Outsourcing expenses	6,096	Operating accounts payable	5,309	
							Repairs and maintenance expenses, etc. (Note 3)	5,023			
							Other expenses related to rent business	250	-		-
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Energy Co., Ltd.	Abeno-ku, Osaka	50	Environment business	-	Lease of equipment held	Rental revenues, etc.	11,306	Advances received	2,090	
Company whose major corporate unitholders hold a majority of voting rights	Daiwa Logistics Co., Ltd.	Nishi-ku, Osaka	3,764	Transport business	-	Lease of real estate held	Rental revenues, etc.	241,500	Advances received	42,262	
							-	-	Tenant leasehold and security deposits in trust	313,648	
Company whose major corporate unitholders hold a majority of voting rights	ENESERVE CORPORATION	Otsu-shi, Shiga	7,629	Environment business	-	Management of real estate held	Other expenses related to rent business	360	-	-	
Company whose major corporate unitholders hold a majority of voting rights	MEDIA TECH INC.	Nishi-ku, Osaka	50	Information and communication business	-	Use of homepage server	Other operating expenses	186	Accounts payable—other	26	

Classification	Name	Location (city or ward, prefecture)	Capital stock or investment in capital (Millions of yen)	Business or occupation	Ratio of voting rights owning (owned) (%)	Relation to the related party	Nature of transaction	Amount of transaction (Thousands of yen) (Note 1)	Account title	Ending balance (Thousands of yen) (Note 1)
Company 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 (Note 6)	357,200	Accrued expenses	376,623

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

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

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

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

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

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

4. Directors and principal individual unitholders

Previous fiscal period (From March 1, 2014 to August 31, 2014)

Not applicable.

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

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
(Unit: Thousands of yen)		
Deferred tax assets (fixed)		
Tax loss carried forward	189,210	189,001
Subtotal deferred tax assets (fixed)	189,210	189,001
Valuation allowance	(189,210)	(189,001)
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

	Previous fiscal period (As of August 31, 2014)	Current fiscal period (As of February 28, 2015)
(Unit: %)		
Statutory effective tax rate	36.59	34.16
(Adjustments)		
Distributions paid included in deductibles	(36.58)	(34.15)
Change in valuation allowance	(0.01)	(0.01)
Other	0.03	0.02
Effective tax rate after application of tax effect accounting	0.03	0.02

3. Tax rate changes after balance sheet date

The Act for Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) was promulgated on March 31, 2015. With this revision, corporation tax rates will be reduced from the fiscal period beginning on or after April 1, 2015. In conjunction with this, for temporary differences expected to be reversed in the fiscal periods beginning on or after September 1, 2015, the normal statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be changed from the pre-revision rate of 34.15% to 32.31%, but this will have no impact.

Investment and Rental Properties

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Balance sheet carrying amount		
Balance at beginning of period	116,644,835	141,050,702
Changes during period	24,405,867	2,388,930
Balance at end of period	141,050,702	143,439,633
Fair value at end of period	158,606,000	167,135,000

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

(Note 2) In the changes during period, the increase in the previous fiscal period is mainly due to acquisition of D Project Kuki I, D Project Kuki II, D Project Kawagoe I, D Project Kawagoe II, DPL Inuyama, and D Project Fukuoka Hakozaki (¥25,392,754 thousand), while the decrease is principally attributable to depreciation (¥1,010,161 thousand). In the current fiscal period, the increase is mainly due to acquisition of ACROSSPLAZA Miyoshi (land) (¥3,413,384 thousand), while the decrease is principally attributable to depreciation (¥1,044,278 thousand).

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

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

Segment Information

1. Segment information

(1) Summary of reportable segments

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

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

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

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

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

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

Previous fiscal period (From March 1, 2014 to August 31, 2014)

(Unit: Thousands of yen)

	Logistics property leasing business	Retail property leasing business	Adjustment (Note 2)	Amount recorded in financial statements
Operating revenues (Note 1)	3,736,594	1,191,895	-	4,928,490
Segment profit	2,509,463	735,335	(391,233)	2,853,565
Segment assets	119,362,195	31,071,178	12,655,568	163,088,942
Other items				
Depreciation	799,090	211,070	340	1,010,501
Increase in property, plant and equipment and intangible assets	25,368,031	23,106	-	25,391,138

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

(Note 2) Adjustment of segment profit of negative ¥391,233 thousand is corporate expenses that are not allocated to any particular reportable segments. Corporate expenses mainly consist of asset management fee, asset custody fee, administrative service fees, Directors' compensation, etc. that are not attributable to any particular reportable segments.

Adjustment of segment assets of ¥12,655,568 thousand includes current assets of ¥12,272,820 thousand and investments and other assets of ¥380,538 thousand.

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

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

(Unit: Thousands of yen)

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

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

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

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

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

2. Related information

Previous fiscal period (From March 1, 2014 to August 31, 2014)

(1) Information about product and service

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

(2) Information about geographical area

i) Operating revenues

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

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

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

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

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

(1) Information about product and service

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

(2) Information about geographical area

i) Operating revenues

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

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

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

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

Per Unit Information

	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Net assets per unit	¥273,979	¥274,614
Net income per unit	¥8,188	¥8,673
(Note 1) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units for the period. Fully diluted net income per investment unit is not stated, as there is no potential investment unit.		
(Note 2) The basis for calculating net income per unit is as follows:		
	Previous fiscal period (From March 1, 2014 to August 31, 2014)	Current fiscal period (From September 1, 2014 to February 28, 2015)
Net income (Thousands of yen)	2,359,313	2,545,604
Amount not attributable to common unitholders (Thousands of yen)	-	-
Net income attributable to common investment units (Thousands of yen)	2,359,313	2,545,604
Average number of investment units for the period (Units)	288,123	293,480

Major Subsequent Events

1. Issuance of new investment units

At the board of directors meetings held on March 3, 2015 and March 16, 2015, a resolution on the issuance of new investment units was passed as follows. The payment for the new investment units issued through public offering was completed on March 23, 2015, while the payment for the new investment units issued through third-party allotment was completed on April 14, 2015.

Consequently, the total amount of unitholders' equity came to ¥105,459 million and the number of investment units issued amounted to 350,700 units.

(a) Issuance of new investment units (public offering)

Number of new investment units issued:	52,000 units (Japan: 34,800 units, Overseas: 17,200 units)
Issue price:	¥495,300 per unit
Total issue price:	¥25,755,600,000
Amount paid in (issue value):	¥479,044 per unit
Total amount paid in (issue value):	¥24,910,288,000
Payment date:	March 23, 2015

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued:	5,220 units
Amount paid in (issue value):	¥479,044 per unit
Total amount paid in (issue value):	¥2,500,609,680
Payment date:	April 14, 2015
Allottee:	Nomura Securities Co., Ltd.

2. Debt financing

DHR concluded debt financing contracts on March 30, 2015 and conducted debt financing as described below on April 1, 2015.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Date of borrowing	Repayment due date	Method of repayment	Collateral
Mitsui Sumitomo Insurance Company, Limited	1,000	0.57125 Fixed interest rate	April 1, 2015	April 1, 2020	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Norinchukin Bank	3,000	0.8711 Fixed interest rate (Note)		October 3, 2022		
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Resona Bank, Limited	4,000	0.9866 Fixed interest rate (Note)		October 2, 2023		
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation	4,000	1.2315 Fixed interest rate (Note)		October 1, 2025		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	1.1815 Fixed interest rate		October 1, 2025		
Development Bank of Japan, Inc.	1,500	1.46 Fixed interest rate		April 1, 2027		
Total	16,500					

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

DHR concluded a debt financing contract as described below on March 30, 2015.

Lender	Borrowing amount (Millions of yen)	Interest rate (%)	Scheduled date of borrowing	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.	4,000	Base interest rate (Japanese Bankers Association 1 month yen TIBOR) + 0.20	June 1, 2015	June 1, 2016	Bullet repayment	Unsecured and non-guaranteed

3. Acquisition of assets

DHR concluded purchase agreements regarding the acquisition of the following assets on March 3, 2015, and acquired assets of six properties with a total price of ¥41,430 million on April 1, 2015.

Property name	D Project Kuki III
Acquisition price (Note 1)	¥7,340,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6004-1, Aza Taikoda, Shobu, Shobu-machi, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Kuki IV
Acquisition price (Note 1)	¥5,300,000 thousand
Seller (Note 3)	DH Fund Four Godo Kaisha
Asset type	Trust beneficiary interest in real estate
Location	6201-5, Aza Kazarimen, Sanga, Shobu-machi, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Kuki V
Acquisition price (Note 1)	¥8,010,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	6201-6, Aza Kazarimen, Sanga, Shobu-machi, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Kuki VI
Acquisition price (Note 1)	¥4,980,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	48-3, Kiyoku-cho, Kuki-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Yashio
Acquisition price (Note 1)	¥6,140,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	50-1, Oaza Shin-machi, Yashio-shi, Saitama
Acquisition date	April 1, 2015

Property name	D Project Nishiyodogawa
Acquisition price (Note 1)	¥9,660,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type	Trust beneficiary interest in real estate
Location	7-48 Nakashima 2-chome, Nishiyodogawa-ku, Osaka-shi, Osaka
Acquisition date	April 1, 2015

DHR entered into a purchase agreement regarding the acquisition of the following asset on March 3, 2015.

Property name	D Project Matsudo
Planned acquisition price (Note 1)	¥6,990,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Asset type (Note 4)	Trust beneficiary interest in real estate
Location	700-3, Aza Nishinooda, Kamihongo, Matsudo-shi, Chiba
Planned acquisition date (Note 5)	June 1, 2015

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

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

(Note 3) DH Fund Four Godo Kaisha is a special purpose company set up with the aim of acquiring, holding and disposing of trust beneficiaries partially invested in by Daiwa House Industry Co., Ltd., which is the parent company of the Asset Manager, and is classified as an interested party as stipulated in the Asset Manager's internal rules to avoid transactions with conflicts of interest. As such, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with the internal rules.

(Note 4) As of the date of conclusion of the purchase agreement, the land and the building of this property are owned by the seller and Hitachi Capital Corporation, respectively, and a fixed-term leasehold for business has been established for the land with Hitachi Capital Corporation set as the leaseholder for the purpose of owning the building of the property. DHR has agreed in the purchase agreement with the seller that, as of the same date as the acquisition date of the property, Hitachi Capital Corporation will entrust the building and the fixed-term leasehold for business to the above trustee, and that the seller will take over the trust beneficiary interest and, after additionally entrusting the land of the property to the trustee, will transfer such trust beneficiary interests to DHR.

(Note 5) The purchase agreement for acquisition of this property is deemed a forward commitment, etc. (a forward-dated purchase agreement in which settlement and transfer of the property are carried out at least one month after the agreement is concluded, as well as certain other similar contracts).

Under the purchase agreement, if a party breaches the purchase agreement, then the non-breaching party may cancel the purchase agreement upon notice to the breaching party, but only if the non-breaching party is no longer able to fulfill the purpose of the purchase agreement due to the other party's breach. In the event the purchase agreement is cancelled, the non-breaching party may demand the breaching party to pay a penalty in the amount equal to approximately 20% of the purchase price (as such penalty is expected to constitute damage payment, the non-breaching party may not claim for damages in the amount exceeding such penalty amount).

DHR's payment of the acquisition price, however, is subject to DHR completing the financing necessary to pay the acquisition price. Hence, if DHR is unable to complete the financing necessary to pay the purchase price, the purchase agreement will expire without DHR assuming any obligations under the purchase agreement, including payment of any penalty or compensation such as payment of damages. Thus, if DHR cannot fulfill the forward commitment, etc. due to failing to complete the financing, it is unlikely that such non-fulfillment will have any material impact on DHR's finance.

Omission of Disclosure

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

(9) Changes in Number of Investment Units Issued

During the current period, there were no changes in the total number of investment units issued and unitholders' capital.

DHR's total number of investment units issued and changes in total investments for the most recent five years until February 28, 2015 are as follows:

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

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

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

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

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

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

4. Changes in Officers

(1) Changes in DHR's Directors

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

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

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

(2) Changes in Officers of Asset Manager

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

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

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

Title and post	Name	Major career summary		Number of investment units held (Units)
Director, Executive Manager of the Operations Planning Department (Chief Administration Officer) (Full-time)	<i>Yuichi Tsuruta</i>	Apr. 1997 Mar. 2004 Apr. 2010 Apr. 2014 Apr. 2014	Joined Daiwa House Industry Co., Ltd. and was assigned to the Sales Office of the Rental Apartment Building Operations, Yokohama Branch Assigned to the Accounting General Affairs Section, Matsumoto Branch Seconded to Daiwa House REIT Management Co., Ltd. and became Manager of the Operations Planning Department Appointed as Executive Manager of the Operations Planning Department Appointed as Director and Executive Manager of the Operations Planning Department (current post)	-
Corporate Auditor (Part-time)	<i>Ei Hagihara</i>	Apr. 1994 Oct. 2000 Oct. 2001 May 2006 Jan. 2007 Jan. 2008 Apr. 2008 Feb. 2013 Feb. 2013 Apr. 2013	Joined Hagihara Accounting Office Registered as a tax accountant Joined Asahi & Co. (currently KPMG AZSA LLC) Registered as a certified public accountant Assumed office of Chief of Ei Hagihara Certified Public Accounting Office (current post) Became office member of the Tokyo Office of Phoenix Certified Public Tax Accountants' Corporation Appointed as Corporate Auditor of Daiwa House REIT Management Co., Ltd. (current post) Appointed as Corporate Auditor of Breitling Asia Co, Ltd. (current post) Appointed as Corporate Auditor of K·I·S Co., Ltd. Appointed as Corporate Auditor of Breitling Japan Ltd. (current post)	-

5. Reference Information

(1) Status of Investment

The status of DHR's investment as of February 28, 2015 is shown below.

Type of assets	Property type	Area		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Logistics properties	Three major metropolitan areas of Japan (Note 1)	Greater Tokyo area	80,465	48.2
			Greater Nagoya area	10,677	6.4
			Greater Osaka area	4,492	2.7
		Other	16,098	9.6	
	Subtotal			111,733	67.0
	Retail properties	Three major metropolitan areas of Japan (Note 1)	Greater Tokyo area	16,550	9.9
			Greater Nagoya area	1,968	1.2
			Greater Osaka area	4,600	2.8
		Other	8,586	5.1	
	Subtotal			31,706	19.0
Total			143,439	86.0	
Deposits and other assets (Note 4)				23,385	14.0
Total assets (Note 5)				166,825	100.0
Total liabilities (Note 5)				86,231	51.7
Total net assets (Note 5)				80,593	48.3

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

(Note 2) The total amount held represents the amount recorded in the balance sheets as of February 28, 2015 (for real estate in trust, book value less depreciation expenses). The amounts are rounded down to the nearest million yen.

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

(Note 4) Figures for deposits and other assets include the amount of construction in progress in trust.

(Note 5) 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, 2015 is shown below.

(Unit: Thousands of yen)

Type	Issue name	Total face value	Book value	Interest rate	Maturity	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Investment ratio	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	6,375	-	September 20, 2037	-	-	7,340	964	0.0 %	Deposited as business security deposit
Total		10,000	6,375	-	-	-	-	7,340	964	0.0 %	

ii) Investment properties

Not applicable.

iii) Other major investment assets

(A) Summary of real estate in trust

The summary of real estate in trust held by DHR as of February 28, 2015 is shown below.

a. Summary of real estate in trust

Property number (Note 1)	Real estate in trust (Property name)	Acquisition price (Millions of yen) (Note 2)	Investment ratio (%) (Note 3)	Book value at end of period (Millions of yen) (Note 4)	Assessed value at end of period (Millions of yen) (Note 5)	Acquisition date
L-B-1	D Project Machida	7,600	5.2	7,420	8,840	November 29, 2012
L-B-2	D Project Hachioji	12,600	8.5	12,196	14,800	November 29, 2012
L-B-3	D Project Aikawa-Machi	2,600	1.8	2,547	3,160	November 28, 2012
L-B-4	D Project Shin-Misato	4,440	3.0	4,346	5,720	November 29, 2012
L-B-5	D Project Urayasu I	7,700	5.2	7,546	8,910	November 28, 2012
L-B-6	D Project Urayasu II	21,400	14.5	21,023	24,900	November 29, 2012
L-B-7	D Project Akanehama	2,550	1.7	2,497	2,830	November 28, 2012
L-B-8	D Project Noda	5,100	3.5	4,929	6,090	November 28, 2012
L-B-9	D Project Inuyama	6,650	4.5	6,432	8,210	November 28, 2012
L-B-10	D Project Gifu	900	0.6	865	1,080	November 29, 2012
L-B-11	D Project Neyagawa	4,600	3.1	4,492	5,730	November 28, 2012
L-B-12	D Project Sapporo Minami	600	0.4	576	805	November 28, 2012
L-B-13	D Project Morioka	1,000	0.7	958	1,180	November 29, 2012
L-B-14	D Project Sendai Minami	1,250	0.8	1,191	1,440	November 28, 2012
L-B-15	D Project Tsuchiura	2,880	2.0	2,768	3,330	November 29, 2012
L-B-16	D Project Gotenba	950	0.6	919	1,130	November 28, 2012
L-B-17	D Project Nishi-Hiroshima	990	0.7	970	1,190	November 28, 2012
L-B-18	D Project Fukuoka Umi	3,100	2.1	2,996	3,850	November 29, 2012
L-B-19	D Project Tosu	2,100	1.4	2,023	2,670	November 29, 2012
L-B-20	D Project Kuki I	3,500	2.4	3,489	3,750	April 1, 2014
L-B-21	D Project Kuki II	7,200	4.9	7,141	7,800	April 1, 2014
L-B-22	D Project Kawagoe I	3,100	2.1	3,092	3,380	April 1, 2014
L-B-23	D Project Kawagoe II	4,250	2.9	4,234	4,620	April 1, 2014
L-B-24	DPL Inuyama	3,380	2.3	3,379	3,680	April 1, 2014
L-B-25	D Project Fukuoka Hakozaki	3,700	2.5	3,692	4,090	April 1, 2014
Logistics Properties Total		114,140	77.4	111,733	133,185	
R-M-1	ACROSSMALL Shinkamagaya	7,419	5.0	6,640	7,630	December 12, 2007
R-M-2	FOLEO Hirakata	5,040	3.4	4,600	4,520	December 11, 2008
R-M-3	QiZ GATE URAWA	5,360	3.6	4,863	4,760	December 11, 2008
R-M-4	UNICUS Takasaki	2,570	1.7	2,611	2,900	March 27, 2013
R-M-5	ACROSSPLAZA Miyoshi (land)	3,390	2.3	3,413	3,590	September 30, 2014
R-R-1	LIFE Sagamihara Wakamatsu	1,650	1.1	1,633	1,580	December 11, 2008
R-R-2	FOLEO Sendai Miyanomori	6,040	4.1	5,975	6,620	November 29, 2012
R-R-3	ACROSSPLAZA Inazawa (land)	1,944	1.3	1,968	2,350	February 25, 2014
Retail Properties Total		33,413	22.6	31,706	33,950	
Portfolio Total		147,553	100.0	143,439	167,135	

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

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

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

(Note 4) Book value at end of period represents book value less depreciation expenses (not including the amount of construction in progress in trust) as of February 28, 2015, rounded down to the nearest million yen.

(Note 5) Assessed value at end of period represents the appraisal value or survey value provided by The Tanizawa Sōgō Appraisal Co., Ltd. and Japan Real Estate Institute, with the date of appraisal value as of February 28, 2015, in accordance with the method and criteria of asset valuation set forth in the Articles of Incorporation of DHR and the rules stipulated by the Investment Trusts Association, Japan, rounded down to the nearest million yen.

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

Property number	Real estate in trust (Property name)	Location (city or county, prefecture)	Date of construction (Note 1)	Number of tenants (Note 2)	Annual rent (not including consumption tax) (Millions of yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
L-B-1	D Project Machida	Machida, Tokyo	October 1, 2006	1 [1]	– (Note 7)	50,490.39	50,490.39	100.00
L-B-2	D Project Hachioji	Hachioji, Tokyo	December 1, 2008	2	– (Note 7)	62,394.17	62,394.17	100.00
L-B-3	D Project Aikawa-Machi	Aiko, Kanagawa	June 30, 2006	1 [1]	– (Note 7)	14,240.84	14,240.84	100.00
L-B-4	D Project Shin-Misato	Misato, Saitama	April 15, 2009	1	– (Note 7)	11,289.91	11,289.91	100.00
L-B-5	D Project Urayasu I	Urayasu, Chiba	May 31, 2005	1	– (Note 7)	36,515.81	36,515.81	100.00
L-B-6	D Project Urayasu II	Urayasu, Chiba	April 10, 2007	1 [1]	– (Note 7)	72,320.01	72,320.01	100.00
L-B-7	D Project Akanehama	Narashino, Chiba	October 11, 2005	1 [1]	– (Note 7)	11,663.39	11,663.39	100.00
L-B-8	D Project Noda	Noda, Chiba	September 30, 2007	1	– (Note 7)	29,232.53	29,232.53	100.00
L-B-9	D Project Inuyama	Inuyama, Aichi	December 10, 2009	1	– (Note 7)	43,723.70	43,723.70	100.00
L-B-10	D Project Gifu	Anpachi, Gifu	February 28, 2009	1	– (Note 7)	7,669.91	7,669.91	100.00
L-B-11	D Project Neyagawa	Neyagawa, Osaka	July 23, 2009	1	– (Note 7)	11,151.51	11,151.51	100.00
L-B-12	D Project Sapporo Minami	Kitahiroshima, Hokkaido	October 30, 2007	1	– (Note 7)	6,749.10	6,749.10	100.00
L-B-13	D Project Morioka	Takizawa, Iwate	September 13, 2002	1	– (Note 7)	9,558.32	9,558.32	100.00
L-B-14	D Project Sendai Minami	Iwanuma, Miyagi	March 28, 2006	1	– (Note 7)	11,052.27	11,052.27	100.00
L-B-15	D Project Tsuchiura	Tsuchiura, Ibaraki	February 19, 2009	1	– (Note 7)	17,448.86	17,448.86	100.00
L-B-16	D Project Gotenba	Gotenba, Shizuoka	January 15, 2009	1	– (Note 7)	6,737.53	6,737.53	100.00
L-B-17	D Project Nishi-Hiroshima	Hiroshima, Hiroshima	January 10, 2008	2	– (Note 7)	5,093.51	5,093.51	100.00
L-B-18	D Project Fukuoka Umi	Kasuya, Fukuoka	May 1, 2006	4	242	24,729.56	24,729.56	100.00
L-B-19	D Project Tosu	Tosu, Saga	February 19, 2009	1	– (Note 7)	8,826.00	8,826.00	100.00
L-B-20	D Project Kuki I	Kuki, Saitama	October 5, 2011	1	– (Note 7)	22,708.72	22,708.72	100.00
L-B-21	D Project Kuki II	Kuki, Saitama	June 21, 2013	1	– (Note 7)	50,490.00	50,490.00	100.00
L-B-22	D Project Kawagoe I	Kawagoe, Saitama	April 30, 2011	1	206	16,150.88	16,150.88	100.00
L-B-23	D Project Kawagoe II	Kawagoe, Saitama	September 3, 2012	1	277	19,872.00	19,872.00	100.00
L-B-24	DPL Inuyama	Inuyama, Aichi	September 18, 2013	1	– (Note 7)	21,628.50	21,628.50	100.00
L-B-25	D Project Fukuoka Hakozaki	Fukuoka, Fukuoka	October 1, 2012	1	– (Note 7)	34,710.80	34,710.80	100.00
Logistics Properties Total				30	7,687	606,448.22	606,448.22	100.00

Property number	Real estate in trust (Property name)	Location (city or county, prefecture)	Date of construction (Note 1)	Number of tenants (Note 2)	Annual rent (not including consumption tax) (Millions of yen) (Note 3)	Total leasable area (m ²) (Note 4)	Total leased area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
R-M-1	ACROSSMALL Shinkamagaya	Kamagaya, Chiba	October 31, 2006	1	551	41,742.84	41,742.84	100.00
R-M-2	FOLEO Hirakata	Hirakata, Osaka	November 20, 2006	1 [23]	375	16,380.78	16,319.18	99.62
R-M-3	QiZ GATE URAWA	Saitama, Saitama	February 17, 2008	10	341	9,705.31	9,558.31	98.48
R-M-4	UNICUS Takasaki	Takasaki, Gunma	November 5, 2008	1	260	9,277.08	9,277.08	100.00
R-M-5	ACROSSPLAZA Miyoshi (land)	Iruma, Saitama	–	1	189	24,018.00	24,018.00	100.00
R-R-1	LIFE Sagamiyama Wakamatsu	Sagamiyama, Kanagawa	April 25, 2007	1	– (Note 7)	2,973.44	2,973.44	100.00
R-R-2	FOLEO Sendai Miyanomori	Sendai, Miyagi	October 6, 2009	1	477	19,845.72	19,845.72	100.00
R-R-3	ACROSSPLAZA Inazawa (land)	Inazawa, Aichi	–	1	139	31,981.70	31,981.70	100.00
Retail Properties Total				17	2,432	155,924.87	155,716.27	99.86
Portfolio Total				47	10,119	762,373.09	762,164.49	99.97

- (Note 1) Date of construction of the main building, as described in the property registry, is represented. For properties with several main buildings, the construction date of the oldest building is listed.
- (Note 2) Number of tenants is equal to the number of tenants per property based upon each lease agreement in relation to each property in trust as of February 28, 2015. However, the number of end-tenants is indicated in brackets after the number of master lessees in the case of a property subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants. Meanwhile, only the master lessee is indicated as a tenant with respect to a property subject to a sublease type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in the sublease occupancy rate.
- (Note 3) Annual rent means the annual rent of the property as indicated in each lease agreement in relation to each property in trust as of February 28, 2015 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (as to properties in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements), rounded to the nearest million yen. However, in the case of a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, the annual rent is as indicated in each sublease agreement in relation to each property in trust as of February 28, 2015 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), rounded to the nearest million yen. For revenue-based rent, a monthly amount linked to sales in February 2015 is used. Therefore, the sums of the annual rent of each property may not add up due to rounding and may differ from the total in the portfolio.
- (Note 4) Total leasable area means the leasable area of the building in relation to each property in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building.
- (Note 5) Total leased area means the total of leased area as indicated in each lease agreement in relation to each property in trust as of February 28, 2015. However, the leased area as indicated in each sublease agreement for each properties in trust as of February 28, 2015 that are subject to a pass-through type master lease agreement, under which rent is in principle the same amount as the rent received by the master lessee from end-tenants, are added up and shown. In some properties, total leasable area and total leased area are larger than gross floor area due to differences in measurement of floor area in real property registration and lease agreements. Gross floor area is based on the real property registration, while total leasable area and total leased area are based on each lease agreement. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area.
- (Note 6) Occupancy rate as of February 28, 2015 is calculated by dividing total leased area for each property by the total leasable area, rounded down to the nearest 100th. Therefore, figures in the table may not add up to totals.
- (Note 7) Undisclosed as consent for disclosure has not been obtained from lessees.

(B) Status of revenues from real estate in trust

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

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

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

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended February 28, 2015

Property number	L-B-1	L-B-2	L-B-3	L-B-4
Property name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato
Period for asset management	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues - real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	204,226	356,710	81,660	150,148
(D) Depreciation	49,835	104,896	15,843	26,771
(E) Income (loss) from rent business (= C – D)	154,390	251,814	65,817	123,376

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 September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues - real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	199,730	554,328	67,993	154,162
(D) Depreciation	44,228	109,201	15,706	44,532
(E) Income (loss) from rent business (= C – D)	155,501	445,126	52,287	109,629

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 September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues - real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	226,698	31,457	142,808	25,380
(D) Depreciation	56,607	9,562	30,234	7,081
(E) Income (loss) from rent business (= C – D)	170,090	21,894	112,573	18,299

Daiwa House REIT Investment Corporation (3263)
Financial Results for the Fiscal Period Ended February 28, 2015

Property number	L-B-13	L-B-14	L-B-15	L-B-16
Property name	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura	D Project Gotenba
Period for asset management	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Rent revenues - real estate	– (Note)	– (Note)	– (Note)	– (Note)
Other lease business revenues	– (Note)	– (Note)	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	– (Note)	– (Note)	– (Note)
Taxes and public dues	– (Note)	– (Note)	– (Note)	– (Note)
Outsourcing expenses	– (Note)	– (Note)	– (Note)	– (Note)
Insurance	– (Note)	– (Note)	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	– (Note)	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	– (Note)	– (Note)	– (Note)
(C) NOI (= A – B)	35,964	43,596	99,878	33,128
(D) Depreciation	11,219	15,202	28,702	8,725
(E) Income (loss) from rent business (= C – D)	24,745	28,393	71,176	24,403

Property number	L-B-17	L-B-18	L-B-19	L-B-20
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Period for asset management	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	– (Note)	121,889	– (Note)	– (Note)
Rent revenues - real estate	– (Note)	120,853	– (Note)	– (Note)
Other lease business revenues	– (Note)	1,036	– (Note)	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	13,562	– (Note)	– (Note)
Taxes and public dues	– (Note)	9,598	– (Note)	– (Note)
Outsourcing expenses	– (Note)	3,156	– (Note)	– (Note)
Insurance	– (Note)	242	– (Note)	– (Note)
Repairs and maintenance expenses	– (Note)	65	– (Note)	– (Note)
Other expenses related to rent business	– (Note)	500	– (Note)	– (Note)
(C) NOI (= A – B)	38,174	108,326	73,268	113,934
(D) Depreciation	7,316	28,087	20,144	24,901
(E) Income (loss) from rent business (= C – D)	30,858	80,239	53,123	89,033

Property number	L-B-21	L-B-22	L-B-23	L-B-24
Property name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama
Period for asset management	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	– (Note)	102,762	138,738	– (Note)
Rent revenues - real estate	– (Note)	102,762	138,738	– (Note)
Other lease business revenues	– (Note)	–	–	– (Note)
(B) Expenses related to rent business Subtotal	– (Note)	2,227	2,273	– (Note)
Taxes and public dues	– (Note)	–	–	– (Note)
Outsourcing expenses	– (Note)	1,800	1,800	– (Note)
Insurance	– (Note)	177	223	– (Note)
Repairs and maintenance expenses	– (Note)	–	–	– (Note)
Other expenses related to rent business	– (Note)	250	250	– (Note)
(C) NOI (= A – B)	244,478	100,534	136,464	112,778
(D) Depreciation	69,959	19,037	28,741	27,028
(E) Income (loss) from rent business (= C – D)	174,519	81,496	107,722	85,750

Property number	L-B-25	Logistics Properties Total
Property name	D Project Fukuoka Hakozaki	
Period for asset management	From September 1, 2014 to February 28, 2015	
(A) Rent revenues Subtotal	– (Note)	3,879,561
Rent revenues - real estate	– (Note)	3,843,691
Other lease business revenues	– (Note)	35,870
(B) Expenses related to rent business Subtotal	– (Note)	412,569
Taxes and public dues	– (Note)	256,879
Outsourcing expenses	– (Note)	87,336
Insurance	– (Note)	6,756
Repairs and maintenance expenses	– (Note)	48,914
Other expenses related to rent business	– (Note)	12,682
(C) NOI (= A – B)	131,157	3,466,992
(D) Depreciation	28,468	832,039
(E) Income (loss) from rent business (= C – D)	102,688	2,634,952

Property number	R-M-1	R-M-2	R-M-3	R-M-4
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki
Period for asset management	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	275,700	190,820	233,638	129,870
Rent revenues - real estate	275,700	187,986	170,498	129,870
Other lease business revenues	–	2,834	63,140	–
(B) Expenses related to rent business Subtotal	39,670	42,636	84,954	31,774
Taxes and public dues	26,180	23,571	14,260	10,354
Outsourcing expenses	8,372	9,349	32,041	20,250
Insurance	469	341	170	114
Repairs and maintenance expenses	4,149	4,219	2,264	374
Other expenses related to rent business	500	5,154	36,217	681
(C) NOI (= A – B)	236,029	148,184	148,684	98,095
(D) Depreciation	72,243	42,935	51,853	14,338
(E) Income (loss) from rent business (= C – D)	163,786	105,249	96,830	83,757

Property number	R-M-5	R-R-1	R-R-2	R-R-3
Property name	ACROSSPLAZA Miyoshi (land)	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori	ACROSSPLAZA Inazawa (land)
Period for asset management	From September 30, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015	From September 1, 2014 to February 28, 2015
(A) Rent revenues Subtotal	79,094	– (Note)	238,500	69,660
Rent revenues - real estate	79,094	– (Note)	238,500	69,660
Other lease business revenues	–	– (Note)	–	–
(B) Expenses related to rent business Subtotal	169	– (Note)	26,719	200
Taxes and public dues	–	– (Note)	21,631	–
Outsourcing expenses	–	– (Note)	3,600	–
Insurance	–	– (Note)	242	–
Repairs and maintenance expenses	–	– (Note)	746	–
Other expenses related to rent business	169	– (Note)	500	200
(C) NOI (= A – B)	78,924	43,556	211,780	69,460
(D) Depreciation	–	4,272	26,595	–
(E) Income (loss) from rent business (= C – D)	78,924	39,283	185,184	69,460

Property number	Retail Properties Total	Portfolio Total
Property name		
Period for asset management		
(A) Rent revenues Subtotal	1,267,315	5,146,876
Rent revenues - real estate	1,201,308	5,045,000
Other lease business revenues	66,006	101,876
(B) Expenses related to rent business Subtotal	232,600	645,169
Taxes and public dues	99,872	356,751
Outsourcing expenses	75,413	162,749
Insurance	1,367	8,124
Repairs and maintenance expenses	12,024	60,938
Other expenses related to rent business	43,923	56,605
(C) NOI (= A - B)	1,034,714	4,501,707
(D) Depreciation	212,238	1,044,278
(E) Income (loss) from rent business (= C - D)	822,476	3,457,429

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

(C) Trend of occupancy rate

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

	Number of investment properties	Total leasable area (m ²)	Total leased area (m ²)	Occupancy rate (%) (Note)
5th fiscal period (August 31, 2010)	5	74,224.40	74,171.46	99.92
6th fiscal period (February 28, 2011)	5	74,224.40	74,156.19	99.90
7th fiscal period (August 31, 2011)	5	74,224.40	74,116.72	99.85
8th fiscal period (February 29, 2012)	4	70,802.37	70,694.69	99.84
9th fiscal period (August 31, 2012)	4	70,802.37	70,734.16	99.90
10th fiscal period (February 28, 2013)	24	531,535.41	531,521.94	99.99
11th fiscal period (August 31, 2013)	25	540,812.49	540,799.02	99.99
12th fiscal period (February 28, 2014)	26	572,794.19	572,537.79	99.95
13th fiscal period (August 31, 2014)	32	738,355.09	738,194.62	99.97
14th fiscal period (February 28, 2015)	33	762,373.09	762,164.49	99.97

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

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

(Unit: %)

Property number	Property name	5th fiscal period (August 31, 2010)	6th fiscal period (February 28, 2011)	7th fiscal period (August 31, 2011)	8th fiscal period (February 29, 2012)	9th fiscal period (August 31, 2012)	10th fiscal period (February 28, 2013)	11th fiscal period (August 31, 2013)	12th fiscal period (February 28, 2014)	13th fiscal period (August 31, 2014)	14th fiscal period (February 28, 2015)
L-B-1	D Project Machida	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-2	D Project Hachioji	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-3	D Project Aikawa-Machi	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-4	D Project Shin-Misato	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-5	D Project Urayasu I	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-6	D Project Urayasu II	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-7	D Project Akanehama	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-8	D Project Noda	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-9	D Project Inuyama	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-10	D Project Gifu	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-11	D Project Neyagawa	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-12	D Project Sapporo Minami	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-13	D Project Morioka	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-14	D Project Sendai Minami	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-15	D Project Tsuchiura	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-16	D Project Gotenba	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-17	D Project Nishi-Hiroshima	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-18	D Project Fukuoka Umi	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-19	D Project Tosu	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
L-B-20	D Project Kuki I	--	--	--	--	--	--	--	--	100.00	100.00
L-B-21	D Project Kuki II	--	--	--	--	--	--	--	--	100.00	100.00
L-B-22	D Project Kawagoe I	--	--	--	--	--	--	--	--	100.00	100.00
L-B-23	D Project Kawagoe II	--	--	--	--	--	--	--	--	100.00	100.00
L-B-24	DPL Inuyama	--	--	--	--	--	--	--	--	100.00	100.00
L-B-25	D Project Fukuoka Hakozaki	--	--	--	--	--	--	--	--	100.00	100.00
R-M-1	ACROSSMALL Shinkamagaya	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-M-2	FOLEO Hirakata	99.91	99.91	99.91	99.91	99.91	99.91	99.91	99.33	99.91	99.62
R-M-3	QiZ GATE URAWA	99.59	99.43	99.02	99.02	99.43	100.00	100.00	98.48	98.48	98.48
R-M-4	UNICUS Takasaki	--	--	--	--	--	--	100.00	100.00	100.00	100.00
R-M-5	ACROSSPLAZA Miyoshi (land)	--	--	--	--	--	--	--	--	--	100.00
R-R-1	LIFE Sagamihara Wakamatsu	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
R-R-2	FOLEO Sendai Miyanomori	--	--	--	--	--	100.00	100.00	100.00	100.00	100.00
R-R-3	ACROSSPLAZA Inazawa (land)	--	--	--	--	--	--	--	100.00	100.00	100.00

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

(D) Summary of major tenants

a. Summary of major tenants

DHR's rent revenues for the period and leased area for major tenants and by tenant as of February 28, 2015 are as follows. A major tenant is a tenant for which leased area accounts for 10% or more of the total leased area (total of leased areas in the entire portfolio).

Tenant	Business	Property name	Rent revenues for the period (Millions of yen)	Rent revenues ratio (%) (Note 1)	Leased area (m ²)	Area ratio (%) (Note 1)
Hitachi Capital Corporation	Other financial business	D Project Machida D Project Aikawa-Machi D Project Urayasu II D Project Akanehama	– (Note 2)	– (Note 2)	148,714.63	19.5
Daiwa Information Service Co., Ltd.	Asset management business	ACROSSMALL Shinkamagaya ACROSSPLAZA Miyoshi (land) (Note 3) ACROSSPLAZA Inazawa (land)	424	8.4	97,742.54	12.8
Mitsubishi Shokuhin Co., Ltd.	Food wholesale	D Project Hachioji D Project Noda D Project Sapporo Minami D Project Morioka D Project Sendai Minami	– (Note 2)	– (Note 2)	90,170.01	11.8
Subtotal	–	–	1,990	39.5	336,627.18	44.2
Total of all tenants	–	–	5,045	100.0	762,164.49	100.0

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

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

(Note 3) Daiwa Information Service Co., Ltd. is the trust beneficiary of the building located on the property (land) and the lessee in the rental contract is Mizuho Trust & Banking Co., Ltd.

b. Lease terms for major tenants

DHR's lease terms for major tenants as of February 28, 2015 are as follows:

Tenant	Property name	Expiration date	Contract renewal method	Annual rent (Millions of yen)	Leasehold and security deposit (Millions of yen)
Hitachi Capital Corporation	D Project Machida	February 28, 2027	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Aikawa-Machi	June 30, 2026	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Urayasu II	May 31, 2027	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Akanehama	October 10, 2025	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
Daiwa Information Service Co., Ltd.	ACROSSMALL Shinkamagaya	December 11, 2017	The contract shall automatically renew each year, unless either party provides written notification that the party denies the renewal at least 6 months before the contract terminates.	551	551
	ACROSSPLAZA Miyoshi (land) (Note 2)	September 29, 2034	If the lessor or lessee wishes to renew the contract, that party shall notify the other party at least 6 months before the contract terminates. In this case, the lessor and lessee shall in good faith discuss the propriety of renewing the contract as well as the terms of a new contract. A new contract shall be concluded if an agreement is reached.	189	188
	ACROSSPLAZA Inazawa (land)	February 24, 2034	If the lessor or lessee wishes to renew the contract, that party shall notify the other party at least 6 months before the contract terminates. In this case, the lessor and lessee shall in good faith discuss the propriety of renewing the contract as well as the terms of a new contract. A new contract shall be concluded if an agreement is reached.	139	139
Mitsubishi Shokuhin Co., Ltd.	D Project Hachioji	– (Note 1)	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Noda	– (Note 1)	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Sapporo Minami	– (Note 1)	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Morioka	– (Note 1)	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)
	D Project Sendai Minami	– (Note 1)	There is no agreement on contract renewal.	– (Note 1)	– (Note 1)

(Note 1) Undisclosed as consent for disclosure has not been obtained from lessees.

(Note 2) Daiwa Information Service Co., Ltd. is the trust beneficiary of the building located on the property (land) and the lessee in the rental contract is Mizuho Trust & Banking Co., Ltd.

(E) Summary on appraisal report

Property number	Real estate in trust (Property name)	Appraisal agency	Date of value appraised	Appraisal value (Millions of yen)	Return price (Millions of yen)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
L-B-1	D Project Machida	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	8,840	8,990	4.9	8,770	4.8	5.1
L-B-2	D Project Hachioji	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	14,800	14,500	4.8	14,900	1st to 4th year 4.7 5th to 10th year 4.8	5.0
L-B-3	D Project Aikawa-Machi	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,160	3,190	5.1	3,140	5.1	5.3
L-B-4	D Project Shin-Misato	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	5,720	5,780	5.3	5,700	5.3	5.5
L-B-5	D Project Urayasu I	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	8,910	9,110	4.5	8,820	4.6	4.7
L-B-6	D Project Urayasu II	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	24,900	24,900	4.4	24,900	4.4	4.6
L-B-7	D Project Akanehama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	2,830	2,850	4.9	2,820	5.0	5.1
L-B-8	D Project Noda	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	6,090	6,110	5.0	6,080	4.9	5.2
L-B-9	D Project Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	8,210	8,080	5.4	8,270	1st to 10th year 5.3 11th year 5.4	5.6
L-B-10	D Project Gifu	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	1,080	1,070	5.8	1,080	1st to 9th year 5.7 10th year and later 5.8	6.0
L-B-11	D Project Neyagawa	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	5,730	5,720	5.0	5,730	5.0	5.2
L-B-12	D Project Sapporo Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	805	801	6.3	807	1st to 3rd year 6.1 4th to 10th year 6.2	6.5
L-B-13	D Project Morioka	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	1,180	1,180	6.2	1,180	6.1	6.4
L-B-14	D Project Sendai Minami	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	1,440	1,430	5.6	1,450	1st to 6th year 5.4 7th to 10th year 5.5	5.8
L-B-15	D Project Tsuchiura	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,330	3,210	5.5	3,380	5.4	5.7
L-B-16	D Project Gotenba	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	1,130	1,110	5.7	1,140	5.6	5.9
L-B-17	D Project Nishi-Hiroshima	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	1,190	1,150	5.7	1,210	Tower A 1st to 8th year 5.7 9th year and later 5.8 Tower B 5.7	5.9
L-B-18	D Project Fukuoka Umi	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,850	3,850	5.6	3,850	Tower A 1st year 5.3 2nd year and later 5.5 Tower B 1st to 7th year 5.3 8th year and later 5.5 Tower C 5.5 Tower D 1st to 7th year 5.4 8th year and later 5.5	5.8

Property number	Real estate in trust (Property name)	Appraisal agency	Date of value appraised	Appraisal value (Millions of yen)	Return price (Millions of yen)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
L-B-19	D Project Tosu	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	2,670	2,690	5.5	2,660	1st to 9th year 5.5 10th year and later 5.6	5.7
L-B-20	D Project Kuki I	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,750	3,780	5.3	3,730	1st to 10th year 5.3 11th year 5.4	5.5
L-B-21	D Project Kuki II	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	7,800	7,870	5.3	7,770	1st to 8th year 5.3 9th year and later 5.4	5.5
L-B-22	D Project Kawagoe I	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,380	3,420	5.3	3,360	5.3	5.5
L-B-23	D Project Kawagoe II	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	4,620	4,720	5.3	4,570	5.3	5.5
L-B-24	DPL Inuyama	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,680	3,670	5.4	3,680	5.3	5.6
L-B-25	D Project Fukuoka Hakozaki	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	4,090	4,120	5.3	4,080	5.2	5.5
Logistics Properties Total				133,185	133,301	–	133,077	–	–
R-M-1	ACROSSMALL Shinkamagaya	Japan Real Estate Institute	February 28, 2015	7,630	7,660	6.1	7,600	5.8	6.3
R-M-2	FOLEO Hirakata	Japan Real Estate Institute	February 28, 2015	4,520	4,530	6.4	4,500	5.9	6.5
R-M-3	QiZ GATE URAWA	Japan Real Estate Institute	February 28, 2015	4,760	4,770	6.2	4,750	5.5	6.0
R-M-4	UNICUS Takasaki	Japan Real Estate Institute	February 28, 2015	2,900	2,910	6.7	2,890	6.4	6.9
R-M-5	ACROSSPLAZA Miyoshi (land)	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2015	3,590	– (Note 1)	– (Note 1)	3,590	4.9	– (Note 2)
R-R-1	LIFE Sagamihara Wakamatsu	Japan Real Estate Institute	February 28, 2015	1,580	1,590	5.5	1,560	5.1	5.6
R-R-2	FOLEO Sendai Miyanomori	Japan Real Estate Institute	February 28, 2015	6,620	6,640	6.3	6,590	6.0	6.5
R-R-3	ACROSSPLAZA Inazawa (land)	Japan Real Estate Institute	February 28, 2015	2,350	– (Note 1)	– (Note 1)	2,350	5.5	– (Note 2)
Retail Properties Total				33,950	28,100	–	33,830	–	–
Portfolio Total				167,135	161,401	–	166,907	–	–

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

(Note 2) Since the capitalization method was not applied in the calculation of price of selling the vacant lot, the terminal capitalization rate was not presented.

(F) Summary on engineering report

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

Property number	Real estate in trust (Property name)	Month and year of survey	Emergency repair (Thousands of yen)	Short-term repair and maintenance (Thousands of yen) (Note 1)	Long-term repair and maintenance (Thousands of yen) (Note 1)
L-B-1	D Project Machida	September 2012	–	–	6,288
L-B-2	D Project Hachioji	September 2012	–	–	3,292
L-B-3	D Project Aikawa-Machi	September 2012	–	–	600
L-B-4	D Project Shin-Misato	September 2012	–	–	–
L-B-5	D Project Urayasu I	September 2012	–	–	5,489
L-B-6	D Project Urayasu II	September 2012	–	–	3,850
L-B-7	D Project Akanehama	September 2012	–	–	430
L-B-8	D Project Noda	September 2012	–	–	1,342
L-B-9	D Project Inuyama	September 2012	–	–	2,525
L-B-10	D Project Gifu	September 2012	–	–	–
L-B-11	D Project Neyagawa	September 2012	–	–	–
L-B-12	D Project Sapporo Minami	September 2012	–	–	354
L-B-13	D Project Morioka	September 2012	–	–	2,633
L-B-14	D Project Sendai Minami	September 2012	–	–	634
L-B-15	D Project Tsuchiura	September 2012	–	–	–
L-B-16	D Project Gotenba	September 2012	–	–	54
L-B-17	D Project Nishi-Hiroshima	September 2012	–	–	828
L-B-18	D Project Fukuoka Umi	September 2012	–	–	3,154
L-B-19	D Project Tosu	September 2012	–	–	–
L-B-20	D Project Kuki I	February 2014	–	–	486
L-B-21	D Project Kuki II	February 2014	–	–	854
L-B-22	D Project Kawagoe I	February 2014	–	–	587
L-B-23	D Project Kawagoe II	February 2014	–	–	436
L-B-24	DPL Inuyama	February 2014	–	–	403
L-B-25	D Project Fukuoka Hakozaki	February 2014	–	–	3,386
R-M-1	ACROSSMALL Shinkamagaya	September 2012	–	–	24,941
R-M-2	FOLEO Hirakata	September 2012	–	–	20,471
R-M-3	QiZ GATE URAWA	September 2012	–	–	10,776
R-M-4	UNICUS Takasaki	March 2013	–	–	6,448
R-M-5	ACROSSPLAZA Miyoshi (land) (Note 2)	–	–	–	–
R-R-1	LIFE Sagamihara Wakamatsu	September 2012	–	–	2,768
R-R-2	FOLEO Sendai Miyanomori	September 2012	–	–	1,387
R-R-3	ACROSSPLAZA Inazawa (land) (Note 2)	–	–	–	–
Portfolio Total			–	–	104,416

(Note 1) Short-term repair and maintenance show repairs and maintenance expenses required within one year as of each survey date, which are estimated by each survey company.

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

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

(G) Summary of report on earthquake risk assessment

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

Property number	Real estate in trust (Property name)	PML (%)
L-B-1	D Project Machida	2.7
L-B-2	D Project Hachioji	6.0
L-B-3	D Project Aikawa-Machi	5.5
L-B-4	D Project Shin-Misato	0.8
L-B-5	D Project Urayasu I	3.5
L-B-6	D Project Urayasu II	2.1
L-B-7	D Project Akanehama	1.7
L-B-8	D Project Noda	1.7
L-B-9	D Project Inuyama	3.4
L-B-10	D Project Gifu	4.1
L-B-11	D Project Neyagawa	2.7
L-B-12	D Project Sapporo Minami	1.9
L-B-13	D Project Morioka	8.1
L-B-14	D Project Sendai Minami	1.5
L-B-15	D Project Tsuchiura	1.6
L-B-16	D Project Gotenba	7.0
L-B-17	D Project Nishi-Hiroshima	2.3
L-B-18	D Project Fukuoka Umi	1.3
L-B-19	D Project Tosu	4.2
L-B-20	D Project Kuki I	0.5
L-B-21	D Project Kuki II	3.4
L-B-22	D Project Kawagoe I	7.6
L-B-23	D Project Kawagoe II	3.2
L-B-24	DPL Inuyama	7.0
L-B-25	D Project Fukuoka Hakozaki	10.9
R-M-1	ACROSSMALL Shinkamagaya	2.4
R-M-2	FOLEO Hirakata	13.3
R-M-3	QiZ GATE URAWA	1.8
R-M-4	UNICUS Takasaki	1.0
R-M-5	ACROSSPLAZA Miyoshi (land) (Note 1)	–
R-R-1	LIFE Sagamihara Wakamatsu	11.0
R-R-2	FOLEO Sendai Miyanomori	2.8
R-R-3	ACROSSPLAZA Inazawa (land) (Note 1)	–
Portfolio Total (Note 2)		1.9

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

(Note 2) The figure shown in Portfolio Total is aggregate PML for 31 properties excluding ACROSSPLAZA Miyoshi (land) and ACROSSPLAZA Inazawa (land) for which only the land was acquired. It is calculated in the same way as an individual property based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd. (portfolio PML).

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

Not applicable.

iv) Status of portfolio diversification

The overview of portfolio on real estate in trust as of February 28, 2015 is as follows:

(A) By property type

Property type	Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)
Logistics Properties	25	114,140	77.4
Retail Properties	8	33,413	22.6
Total	33	147,553	100.0

(B) By location

Location		Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)	
Three major metropolitan areas of Japan	Greater Tokyo area	16	99,859	67.7	82.9
	Greater Nagoya area	4	12,874	8.7	
	Greater Osaka area	2	9,640	6.5	
Other areas		11	25,180	17.1	
Total		33	147,553	100.0	

(C) By lease term (Note 2)

By lease term

Lease term	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
10 years or more	56	9,930	98.1
Less than 10 years	13	189	1.9
Total	69	10,119	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	4	828	8.2
10 years or more but less than 15 years	30	6,981	69.0
5 years or more but less than 10 years	10	1,364	13.5
Less than 5 years	25	946	9.3
Total	69	10,119	100.0

(D) By property age

Property age (Note 6)	Number of properties	Acquisition price (Millions of yen)	Percentage of total acquisition price (%) (Note 1)
Less than 5 years	6	25,130	17.7
5 years or more but less than 10 years	24	116,089	81.6
10 years or more	1	1,000	0.7
Total	31	142,219	100.0

Average property age (*)	6.5 years
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(*) Based on the acquisition price (weighted average)

(E) By lease type

Lease type	Number of properties	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Sublease-type master lease	3	1,288	12.7
Pass-through type master lease	5	2,426	24.0
Direct lease	25	6,405	63.3
Total	33	10,119	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	68	762,156.30	100.0
Revenue-based rent	1	8.19	0.0
Total	69	762,164.49	100.0

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

Contract type	Number of tenants (Note 3)	Annual rent (not including consumption tax) (Millions of yen) (Note 4)	Percentage of annual rent (%) (Note 5)
Fixed-term lease contract of property (including land)	51	4,603	45.5
Other	18	5,516	54.5
Total	69	10,119	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, 2015.

(Note 3) Number of tenants is the number of end tenants of each property in trust as of February 28, 2015. However, with respect to properties with sublease-type master lease agreements, only the master lease company is indicated as the tenant.

(Note 4) Annual rent means the annual rent of the properties as indicated in each lease agreement entered into in relation to each property in trust as of February 28, 2015 or the amount calculated by multiplying the monthly rent by 12 on an annual basis (provided, however, in the case of a pass-through type master lease agreement, under which rents are directly received from end-tenants in principle, the annual rent is as indicated in each sublease agreement entered into between a master lease company and end-tenants in relation to each property as of February 28, 2015 or the amount calculated by multiplying the monthly rent by 12 on an annual basis), rounded to the nearest million yen. For revenue-based rent, a monthly amount linked to sales in February 2015 is used.

Therefore, the sums of the annual rent of each property may not add up due to rounding and may differ from the total in the portfolio.

(Note 5) Percentage of annual rent indicates the ratio of the total annual rent corresponding to each category to the total annual rent in the portfolio of the relevant properties, rounded to the nearest tenth. Sums of figures indicated may not add up due to rounding.

(Note 6) Property age is based on the age of each property as of February 28, 2015.

v) Capital expenditures for properties held

(A) Schedule of capital expenditures

There are no scheduled capital expenditures for planned renovation work, etc., for real estate in trust held as of February 28, 2015.

(B) Capital expenditures during the period

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

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

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

(Unit: Millions of yen)

Operating period	10th period From September 1, 2012 to February 28, 2013	11th period From March 1, 2013 to August 31, 2013	12th period From September 1, 2013 to February 28, 2014	13th period From March 1, 2014 to August 31, 2014	14th period From September 1, 2014 to February 28, 2015
Balance of reserves at beginning of period	101	127	180	239	300
Amount of reserves during period	25	53	58	60	62
Amount of reversal of reserves during period	-	-	-	-	-
Reserves carried forward	127	180	239	300	362