

Financial Results for the Fiscal Period Ended August 31, 2018 (March 1, 2018 - August 31, 2018)

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

Listing: Tokyo Stock Exchange
 Securities code: 8984
 URL: <https://www.daiwahouse-reit.co.jp/en/>
 Representative: Jiro Kawanishi, Executive Director
 Asset manager: Daiwa House Asset Management Co., Ltd.
 Representative: Koichi Tsuchida, President and CEO
 Inquiries: Haruto Tsukamoto, Director and CFO
 TEL: +81-3-3595-1265

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 Supplementary materials for the financial results provided: Yes
 Results briefing for the period: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial results for the fiscal period ended August 31, 2018 (March 1, 2018 - August 31, 2018)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended August 31, 2018	22,211	12.7	9,269	15.7	7,770	8.7	7,765	8.7
Fiscal period ended February 28, 2018	19,700	(6.3)	8,012	(14.7)	7,146	(10.4)	7,142	(10.4)

	Basic earnings per unit	Return on equity (ROE)	Ordinary profit to total assets ratio	Ordinary profit to operating revenues ratio
	Yen	%	%	%
Fiscal period ended August 31, 2018	4,083	1.9	1.1	35.0
Fiscal period ended February 28, 2018	4,226	1.9	1.0	36.3

(Note) Please refer to “Per Unit Information” on page 35 for the number of investment units used as the basis for calculating basic earnings per unit.

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings per unit)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended August 31, 2018	5,046	9,723	0	0	123.6	2.3
Fiscal period ended February 28, 2018	5,194	8,777	0	0	122.9	2.3

(Note 1) For the fiscal period ended August 31, 2018, the funds from which distributions are paid out are the amount including the reversal of reserve for temporary difference adjustments of ¥1,980 million and the accumulation of reserve for distribution of ¥22 million, and differ from “profit.”

(Note 2) For the fiscal period ended February 28, 2018, the funds from which distributions are paid out are the amount including the reversal of reserve for temporary difference adjustments of ¥1,982 million and the accumulation of reserve for distribution of ¥346 million, and differ from “profit.”

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2018	771,281	430,596	55.8	223,454
As of February 28, 2018	681,192	376,300	55.2	222,663

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended August 31, 2018	13,879	(95,543)	78,102	37,460
Fiscal period ended February 28, 2018	14,993	(944)	(8,383)	41,021

2. Forecasts of operating results for the fiscal period from September 1, 2018 to February 28, 2019 and for the fiscal period from March 1, 2019 to August 31, 2019

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending February 28, 2019	22,752	2.4	9,610	3.7	8,232	5.9	8,231	6.0	5,300	0
Fiscal period ending August 31, 2019	22,804	0.2	9,247	(3.8)	7,847	(4.7)	7,846	(4.7)	5,100	0

(Reference) Forecasted basic earnings per unit

For the fiscal period ending February 28, 2019: ¥4,271

For the fiscal period ending August 31, 2019: ¥4,071

(Note 1) For the fiscal period ending February 28, 2019, the funds from which distributions are paid out are the amount including the reversal of reserve for temporary difference adjustments of ¥1,982 million, and differ from “profit.”

(Note 2) For the fiscal period ending August 31, 2019, the funds from which distributions are paid out are the amount including the reversal of reserve for temporary difference adjustments of ¥1,982 million, and differ from “profit.”

* **Other**

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

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

(2) Total number of investment units issued

- a. Total number of investment units issued at the end of the period (including treasury investment units)
 - As of August 31, 2018 1,927,000 units
 - As of February 28, 2018 1,690,000 units
- b. Number of treasury investment units at the end of the period
 - As of August 31, 2018 0 units
 - As of February 28, 2018 0 units

(Note) Please refer to “Per Unit Information” on page 35 for the number of investment units used as the basis for calculating basic earnings per unit.

* **Status of auditing procedures**

This financial results report is not subject to auditing procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter referred to as the “FIE Act”).

Accordingly, as of the time of disclosure of this financial results report, DHR had not completed auditing procedures pursuant to the FIE Act.

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

The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available to DHR and on certain assumptions deemed reasonable by DHR. The actual operating and other results may differ significantly from those presented herein as a consequence of numerous factors. These forecasts also do not guarantee the amount of distributions. Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2019 and August 31, 2019” on pages 9 and 10 for information on assumptions for the forecasts of operating results.

Disclaimer:

This English translation has been prepared for general reference purposes only. DHR shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on October 17, 2018.

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1. The Investment Corporation and Related Corporations

As there have been no significant changes with respect to the “Scheme of Investment Corporation” from such content provided in the latest Securities Report (submitted on May 25, 2018; prepared in Japanese only), such disclosure has been omitted. On July 1, 2018, Ernst & Young ShinNihon LLC, the Accounting Auditor of DHR, changed its Japanese corporate name from ShinNihon Yugen Sekinin Kansa Hojin to EY ShinNihon Yugen Sekinin Kansa Hojin.

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes with respect to the “Investment Policy,” “Investment Targets,” and “Distribution Policy” from such content provided in the latest Securities Report (submitted on May 25, 2018; prepared in Japanese only), such disclosure has been omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

A. Transition of the Investment Corporation

DHR is a real estate investment trust (J-REIT) whose sponsor is Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), and whose asset manager is Daiwa House Asset Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), a wholly owned subsidiary of Daiwa House.

DHR was listed on the Real Estate Investment Trust (REIT) Market of the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) on March 22, 2006, and then later merged with New City Residence Investment Corporation (hereinafter referred to as “NCR”) on April 1, 2010 (hereinafter referred to as “the merger with NCR”). Subsequently on December 1, 2011, the corporate name was changed to Daiwa House Residential Investment Corporation (the corporation prior to change of corporate name to “Daiwa House REIT Investment Corporation” is hereinafter referred to as the “former DHI”), and accordingly changed its investment targets to residential properties.

The former Daiwa House REIT Investment Corporation (the Daiwa House REIT Investment Corporation which was dissolved upon having merged with DHR as of September 1, 2016, is hereinafter referred to as the “former DHR”) was established on September 14, 2007, whose asset manager was Daiwa House REIT Management Co., Ltd., a wholly owned subsidiary of Daiwa House. The former DHR was listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on November 28, 2012, as a REIT that targets investment in logistics and retail properties.

Accordingly, leveraging their individual strengths and drawing on sponsor support of the Daiwa House Group^(Note), both former DHI and the former DHR (hereinafter collectively referred to as the “Investment Corporations”) accumulated asset management results geared to securing stable income over the medium to long term and steadily growing their assets. However, as of September 1, 2016, DHR conducted an absorption-type merger (hereinafter referred to as the “Merger”) whereby the former DHI was the surviving corporation and the former DHR was the absorbed corporation, shifted to a diversified REIT portfolio that targets investment in new asset classes such as hotel and office properties, in addition to those that the Investment Corporations had targeted for investment in the past, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation with the aim of sustainably increasing unitholder value going forward.

(Note) The Daiwa House Group comprises Daiwa House, which is the parent company, 314 consolidated subsidiaries, 2 non-consolidated subsidiaries, 35 equity-method affiliates and 5 non-equity-method affiliates as of June 30, 2018. The Asset Manager is a member of the group. The same shall apply hereinafter.

B. Performance for the current fiscal period

DHR raised ¥55.0 billion of capital in its second public offering since the Merger and acquired 16 properties for a total acquisition price^(Note 1) of ¥96.9 billion through the Daiwa House Group's pipeline in March and April 2018 by a combination of funds raised through public offering and loans. Furthermore, in June 2018, DHR sold one residential property for a sales price of ¥2.8 billion. As a result, DHR's portfolio as of the end of the current fiscal period consists of 213 properties with an asset value of ¥671.7 billion^(Note 2).

Concerning actual performance of owned assets in the current fiscal period, DHR's occupancy rate at the end of the fiscal period was 99.5%, and a high level of rental revenues was maintained. As a result, operating revenues amounted to ¥22,211 million, ¥137 million higher than the forecast of results disclosed in the financial results report for the fiscal period ended February 28, 2018 (referred to as the "forecast of results" in "B. Performance for the current fiscal period").

Regarding rental expenses, on the other hand, DHR brought forward part of the repairs and maintenance expenses, etc. that had been scheduled for the next fiscal period onward in view of reducing the future cost burden. Nevertheless, DHR's efforts to reduce general and administrative expenses and other costs led to operating profit of ¥9,269 million, up ¥94 million from the forecast of results, and profit of ¥7,765 million, up ¥208 million from the forecast of results.

(Note 1) "Acquisition price" is the purchase price stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, or leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, which were the prices received at the time of the merger with the former DHR. The "total acquisition price" has been rounded down to the nearest unit. The same shall apply hereinafter.

(Note 2) "Asset value" is the aggregate total of the acquisition prices of respective assets owned by DHR at respective points in time, except as otherwise noted. The same shall apply hereinafter.

C. Overview of financing

DHR conducted debt financing in the total amount of ¥32,000 million on March 27, 2018 and April 10, 2018, to provide for some of the acquisition costs and the related expenses for the acquisition of properties through the Daiwa House Group's pipeline (total acquisition price of ¥96.9 billion). In addition, on July 30, 2018, DHR issued its 7th Unsecured Investment Corporation Bonds at a total issue amount of ¥2,000 million, and 8th Unsecured Investment Corporation Bonds at a total issue amount of ¥1,000 million, to provide for partial early repayment of the long-term loans becoming due on March 31, 2020.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥314,268 million (loan balance: ¥295,268 million, investment corporation bond balance: ¥19,000 million), which is an increase of ¥32,000 million in comparison with the previous fiscal period. As of the end of the current fiscal period, its LTV (including goodwill)^(Note 1) was 40.7%, and its LTV (excluding goodwill)^(Note 2) was 44.9%.

(Note 1) "LTV (including goodwill)" is obtained using the following formula. The same shall apply hereinafter.

$$\text{LTV (including goodwill)} = \frac{\text{total amount of interest-bearing debt (borrowings + investment corporation bonds)}}{\text{total assets (including goodwill)}} \times 100$$

(Note 2) "LTV (excluding goodwill)" is obtained using the following formula. The same shall apply hereinafter.

$$\text{LTV (excluding goodwill)} = \frac{\text{total amount of interest-bearing debt (borrowings + investment corporation bonds)}}{\text{total assets (excluding goodwill)}} \times 100$$

The credit ratings of DHR as of the date of this financial results report are as follows:

Rating agency	Type	Rating/Outlook
Rating and Investment Information, Inc. (R&I)	Issuer rating	A+ Positive
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	AA Stable

D. Difference between real estate appraisal value and book value

The total appraisal value of assets held at the end of the current fiscal period was ¥731,042 million, and the amount of unrealized gain^(Note) on the portfolio, which is the difference compared to the book value was ¥78,885 million.

(Note) “Unrealized gain” is the positive valuation difference when the appraisal value exceeds the book value of real estate properties (excluding construction in progress and construction in progress in trust). (Negative valuation difference is referred to as unrealized loss.) The same shall apply hereinafter. Please note that unrealized gain is not guaranteed to be realized as a result of the sale of real estate.

E. Overview of financial results

As a result of the abovementioned investment management activities, in the current fiscal period, DHR posted operating revenues of ¥22,211 million, operating profit of ¥9,269 million, ordinary profit of ¥7,770 million, and profit of ¥7,765 million (¥4,029 per investment unit).

Furthermore, based on its distribution policy, DHR reversed ¥1,980 million (¥1,027 per investment unit) as the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments to top up profit, while at the same time, ¥22 million (¥11 per investment unit) recorded as refunded consumption taxes relating to properties that DHR acquired in prior years was accumulated as reserve for distribution. As a result, total distributions amounted to ¥9,723 million (¥5,046 per investment unit).

ii) Outlook for next fiscal period

A. Investment environment

During the current fiscal period, the Japanese economy is in a gradual expansionary trend. According to the quarterly Financial Statements Statistics of Corporations by Industry, conditions including corporate earnings for April to June 2018 showed sales rising 1.8% from the previous quarter, for the eighth consecutive quarterly increase. Ordinary profit followed the positive shift in the previous quarter, rising 17.9% from the previous quarter for April to June. Capital expenditure saw a large-scale recovery centered on the manufacturing industry, rising 6.9% from the previous quarter for the fourth-straight quarterly increase. According to the GDP growth rate for April to June 2018 (the 2nd preliminary), real GDP was up by 0.7% (3.0% annualized), meaning that the Japanese economy remained firm. As for consumer spending, consumption is expected to grow gently in the future on account of steady improvements in the employment and personal income environments. Furthermore, looking toward the future, amidst expectations for overall stability in the economies of the United States and major European countries, the Japanese economy is expected to continue its gradual expansion, driven by private-sector demand backed by strong corporate results. However, changes in the policy rates of foreign countries and in exchange rates, external debt issues in emerging countries, and concern over trade friction between the US and China could affect the Japanese economy going forward, and these trends require sufficient attention.

In Japan’s real estate market, according to the Land Value LOOK Report for the second quarter of 2018 released by the Ministry of Land, Infrastructure, Transport and Tourism in August 2018, among the 100 intensively used districts of major cities, land value rose in 95 districts (compared with 91 districts in the first quarter of 2018), stayed flat in 5 districts (compared with 9 districts in the first quarter of 2018), and dropped in 0 districts (compared with 0 districts in the first quarter of 2018). Therefore, the districts maintaining rising prices were 95%. The main reason that the percentage of districts with rising prices maintained such a high level was a continuing strong real estate investment sentiment reflecting improvements in the employment and personal income environments and favorable financing environment owing to monetary easing, etc. on the back of a continuing favorable office market condition particularly in the three major metropolitan areas, cities becoming more vibrant due to ongoing redevelopment projects, and continuing high-level demand of visitors to Japan for consumption and accommodation.

In the J-REIT market, entering 2018, the Tokyo Stock Exchange REIT Index (1,662.92 points at the end of 2017) had risen to 1,768.07 points in January, but by mid-February, the index had fallen to 1,645.41 points due to the fall in the global equity market due to concern over rising US long-term interest rates. Thereafter, the index followed a gradual track of increase from March due mainly to capital inflows from foreign investors, rising to 1,752.65 points by the end of this quarter (August 31).

Under the aforementioned environment, the investment environment (environment for property acquisitions) is expected to continue to be tough due to lowering capitalization rates used in real estate appraisals, rising land prices, soaring construction costs, and other factors. Nevertheless, DHR will continue to acquire high quality properties actively while making use of the Daiwa House Group's integrated capabilities, and real estate development knowhow.

B. Future operating policies and issues to be addressed

(a) Growth strategy

DHR now targets a broader range of investments due to its shift to a diversified REIT portfolio as a result of the Merger (thereby enhancing external growth potential). Consequently, DHR has achieved swift expansion of its asset size, having acquired 41 new properties over the roughly two years since the Merger (at a total acquisition price of ¥196.6 billion). Also, DHR made acquisitions of a multi-use complex consisting of hotel and offices, in addition to existing built-to-suit (BTS) logistics properties^(Note 1), residential properties, and retail properties since the Merger, and subsequently also acquired its first multi-tenant logistics property^(Note 2) in April 2017, and its first hotel asset in April 2018. DHR believes that acquiring various types of assets will enable it to diversify its portfolio and generate income more consistently.

Moreover, DHR's asset holdings now include properties such as logistics and retail properties as a result of the Merger, in addition to its previous holdings of residential properties. As such, DHR reckons that its portfolio of asset holdings as of the date of this financial results report promises high occupancy rates across all asset classes, which in turn is likely to generate stable rent income going forward. Accordingly, DHR also deems that it will be able to diversify the portfolio by investing in an extensive range of asset classes featuring varying risk-return profiles, and also that it will be able to boost portfolio income and generate more consistent cash flows as a result of diversifying the portfolio and mitigating risk of excessive reliance on a limited number of tenants by increasing the asset size of the portfolio.

In addition, DHR is committed to steadily promoting external growth through a strategy that involves hastening the pace of growth by leveraging value chains of the Daiwa House Group, in conjunction with efforts to acquire assets by drawing on information channels proprietary to the Asset Manager, thereby making the most of the Daiwa House Group's ample pipeline going forward.

(Note 1) "Built-to-suit (BTS) logistics properties" are logistics properties that have been customized to tenant needs, while maintaining general versatility to accommodate successor tenants in the future. The same shall apply hereinafter.

(Note 2) "Multi-tenant logistics properties" are logistics properties that have been situated on sites suitable to the logistics needs of various businesses, and that offer facility size, grade, and equipment optimal to such sites. The same shall apply hereinafter.

(b) Distribution policy

As of the end of the current fiscal period, DHR had a total of ¥35,062 million in tax loss carryforwards^(Note 1), ¥10,785 million in reserve for temporary difference adjustments (before reversal for the current fiscal period; the amount after reversal is ¥8,804 million), and ¥1,964 million in reserve for distribution (before accumulation for the current fiscal period; the amount after accumulation is ¥1,986 million).

As a result of partial revisions to the "Regulations on Accounting of Investment Corporations" and The Investment Trusts Association, Japan's "Rules on Real Estate Investment Trusts and Real Estate Investment Corporations," DHR intends for ¥14,748 million, itemized as gains on negative goodwill, to be transferred in reserve for temporary difference adjustments, and, from the fiscal period ended August 31, 2017 onward, for an amount, inside the scope of the said reserve, that equals or exceeds the fifty-year-uniform amount to be reversed in each fiscal period and distributed.

In situations where there has been gain on sale of real estate properties, and so forth, and where profit for the period has been higher than initially expected, DHR has accumulated all or part of that profit as reserve for distribution by utilizing tax loss carryforwards.

In order to make earnings distributions deductible for tax purposes, J-REITs must distribute more

than 90% of distributable earnings, but J-REITs that have tax loss carryforwards can reduce their taxable income to the extent of tax loss carryforwards. By utilizing tax loss carryforwards inherited from the merger with NCR, DHR is able to accumulate all or part of profit in cases where profit exceeds the initial forecast due to gain on sale of real estate properties without having taxes imposed until August 31, 2018 to the extent that the tax loss carryforwards are available^(Note 1).

DHR changed part of its distribution policy in the fiscal period ended February 28, 2017 and reverses the amount equivalent to amortization of goodwill from the reserve for temporary difference adjustments and uses this to top up profit.

In case profit falls below the initially expected amount due to losses incurred in special cases such as loss on sale of real estate properties, in case of the dilution of distribution due to capital increase, in case sufficient revenues could not be secured due to short operation periods of properties acquired during a fiscal period along with a capital increase, or in the case of extraordinary expenses such as issuance expenses arising, DHR plans to reverse the reserve for temporary difference adjustments^(Note 2).

Goodwill recognized from the Merger is amortized over 20 years using the straight-line method. As described above, although DHR plans to reverse the amount equivalent to amortization of goodwill from the reserve for temporary difference adjustments and distribute it, after the reversal of the reserve for temporary difference adjustments is complete, DHR plans to pay distributions in excess of earnings of the amount equivalent to amortization of goodwill (distribution of reserve for temporary difference adjustments).

DHR's policy is to flexibly utilize loss carryforwards and voluntary reserve and subsequently pay distributions in excess of earnings (distribution of reserve for temporary difference adjustments) to realize stabilization of distributions on a medium- to long-term basis^(Note 3) while ensuring the level of distributions not impacted by the amortization of goodwill that accompanied the Merger.

(Note 1) The carryforward period of loss carryforwards inherited from the merger with NCR is until the end of the fiscal period ended August 31, 2018. In addition, the loss carryforwards inherited from the former DHR as a result of the Merger is ¥507 million and the carryforward period for such loss carryforwards will be until the end of the fiscal period ending February 28, 2021.

(Note 2) DHR's reversals of reserve for temporary difference adjustments do not fall under distributions in excess of earnings (return of unitholders' capital).

(Note 3) Under the above distribution policy, DHR has the policy to stabilize distributions. However, it is not intended as a guarantee or promise of the payment of distribution and amounts thereof.

C. Financial strategy

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

DHR is also working to improve the stability of its financial base by maintaining and expanding its strong lender formation through initiatives geared toward diversifying methods of raising capital through issuance of investment corporation bonds, and by promoting use of long-term fixed rates on interest-bearing debt and staggering repayment dates.

D. Forecasts of operating results for the fiscal periods ending February 28, 2019 and August 31, 2019

	Operating revenues	Operating profit	Ordinary profit	Profit	Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending February 28, 2019	22,752	9,610	8,232	8,231	5,300	0
Fiscal period ending August 31, 2019	22,804	9,247	7,847	7,846	5,100	0

(Note 1) For the fiscal period ending February 28, 2019, the funds from which distributions are paid out are the amount including the reversal of reserve for temporary difference adjustments of ¥1,982 million, and differ from “profit.”

(Note 2) For the fiscal period ending August 31, 2019, the funds from which distributions are paid out are the amount including the reversal of reserve for temporary difference adjustments of ¥1,982 million, and differ from “profit.”

For the assumptions for the forecasts above, please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2019 and August 31, 2019” on pages 9 and 10. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

A. Acquisition of assets

DHR acquired the following properties on September 27, 2018.

Asset name	DPL Kitakyushu
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥3,510,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.

(Note 1) This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc.

(Note 2) Daiwa House, the seller, is classified as an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trusts Act”). As such, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its regulations on transactions with interested parties.

B. Debt financing

DHR conducted debt financing for acquiring the properties mentioned in “A. Acquisition of assets” above, on September 27, 2018, as follows.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
The Dai-ichi Life Insurance Company, Limited	1,000	0.43% (Fixed interest rate)	September 27, 2018	September 29, 2023	Bullet repayment	Unsecured and non-guaranteed
Taiyo Life Insurance Company	1,000	0.60% (Fixed interest rate)	September 27, 2018	September 30, 2025	Bullet repayment	Unsecured and non-guaranteed

C. Dismissal of final appeal against court judgment of lawsuit over confirmation of rent reduction in D Project Shin-Misato

DHR has been subject to the lawsuit over confirmation of rent reduction filed against Mitsubishi UFJ Trust and Banking Corporation, the trustee of D Project Shin-Misato (the “Property”), by Asahi Security Co., Ltd., the tenant of the Property. The Supreme Court dismissed DHR’s appeal through the trustee on October 2, 2018.

After giving comprehensive consideration to how the lawsuit unfolded, DHR recorded provision for loss on litigation of ¥89 million as of the fiscal period ended February 28, 2018. With the dismissal of the appeal in the lawsuit, the reduced portion of rent of Asahi Security Co., Ltd. for prior periods is covered by the provision for loss on litigation previously recorded and the loss on litigation recorded in the fiscal period ended August 31, 2018.

(3) Investment Risk

As there have been no significant changes in the “Investment Risk” as described in the Securities Report submitted on May 25, 2018 (prepared in Japanese only), the disclosure has been omitted.

Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2019 and August 31, 2019

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending February 28, 2019: (181 days from September 1, 2018 to February 28, 2019) Fiscal period ending August 31, 2019: (184 days from March 1, 2019 to August 31, 2019)
Portfolio	<ul style="list-style-type: none"> DHR has assumed that there will be no changes (meaning acquisition of new properties or sale of acquired properties) until August 31, 2019 in 214 properties (hereinafter referred to as the “composition of the portfolio”), which are real estate and trust beneficiary interests in real estate held by DHR 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"> Operating revenues include revenues from rent, common area charges, parking lot usage fees, incidental revenues, utilities charge reimbursements and key money, etc. Each of these items is calculated based on past records and future estimate. DHR has assumed no delinquencies or non-payment of rents by tenants.
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> Operating expenses mainly comprise rental expenses. Those expenses, excluding depreciation of the current properties, are calculated based on past performance, making certain adjustments as appropriate considering factors causing changes in expenses. DHR has assumed that DHR will incur depreciation expenses of ¥4,424 million for the fiscal period ending February 28, 2019 and ¥4,436 million for the fiscal period ending August 31, 2019. 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, city planning tax and depreciable asset tax at ¥1,431 million for the fiscal period ending February 28, 2019 and ¥1,753 million for the fiscal period ending August 31, 2019. Property tax and city planning tax that will be paid by DHR and the former owner (former beneficiary) on a pro rata basis according to the number of days of ownership due to the acquisition of real estate, etc. are included in the acquisition cost of the real estate, etc., and are not booked under expenses. Therefore, DHR expects to record the property tax and city planning tax related to the 17 properties acquired on March 27, 2018, April 3, 2018, April 10, 2018, and September 27, 2018 as expenses from the fiscal period ending August 31, 2019, and assumes that figure will be ¥322 million. DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period 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. Selling, general and administrative expenses are estimated based on the actual values or rates, etc., of each item individually.
Amortization of goodwill	<ul style="list-style-type: none"> Amortization of goodwill is estimated at ¥1,982 million for the fiscal period ending February 28, 2019 and ¥1,982 million for the fiscal period ending August 31, 2019.
Non-operating expenses	<ul style="list-style-type: none"> DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥1,380 million for the fiscal period ending February 28, 2019 and ¥1,402 million for the fiscal period ending August 31, 2019.
Interest-bearing debt	<ul style="list-style-type: none"> As of the date of this financial results report, the balance of interest-bearing debt was ¥316,268 million. DHR has assumed the balance of outstanding interest-bearing debt will be unchanged until August 31, 2019.

Item	Assumptions
Investment units	<ul style="list-style-type: none"> The total number of investment units is based on DHR's assumption of 1,927,000 units, which is the number of investment units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until August 31, 2019.
Distributions per unit	<ul style="list-style-type: none"> For distributions (distributions per unit), DHR has assumed that a distribution is made with limits of the amount of earnings or less in accordance with the distribution policy prescribed in DHR's Articles of Incorporation. In addition, DHR has assumed that for the amount equivalent to amortization of goodwill described in "Amortization of goodwill" above, reserve for temporary difference adjustments, apart from profit, is partially reversed and used as funds for payment, and that reserve for temporary difference adjustments of ¥1,982 million (¥1,028 per investment unit) and ¥1,982 million (¥1,028 per investment unit) are reversed and used as funds for payment in the fiscal period ending February 28, 2019 and the fiscal period ending August 31, 2019, respectively. Changes in DHR's portfolio, fluctuations in rent income 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 (distributions in excess of earnings per unit) 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. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Assets		
Current assets		
Cash and deposits	31,806,605	26,954,525
Cash and deposits in trust	9,215,026	10,505,983
Operating accounts receivable	148,429	176,748
Prepaid expenses	571,664	618,449
Consumption taxes receivable	–	3,551,655
Other	23	227
Allowance for doubtful accounts	(2,067)	(2,137)
Total current assets	41,739,681	41,805,452
Non-current assets		
Property, plant and equipment		
Buildings	26,531,754	26,566,010
Accumulated depreciation	(4,100,740)	(4,374,887)
Buildings, net	22,431,013	22,191,122
Structures	247,513	249,493
Accumulated depreciation	(40,832)	(43,759)
Structures, net	206,681	205,733
Machinery and equipment	447,543	454,987
Accumulated depreciation	(119,131)	(129,260)
Machinery and equipment, net	328,412	325,726
Tools, furniture and fixtures	651,623	669,144
Accumulated depreciation	(330,849)	(354,201)
Tools, furniture and fixtures, net	320,773	314,943
Land	21,637,530	21,637,530
Buildings in trust	267,721,035	317,552,921
Accumulated depreciation	(24,366,686)	(27,516,054)
Buildings in trust, net	243,354,349	290,036,867
Structures in trust	5,143,923	7,054,268
Accumulated depreciation	(441,490)	(547,644)
Structures in trust, net	4,702,432	6,506,624
Machinery and equipment in trust	2,299,873	2,361,439
Accumulated depreciation	(848,924)	(932,610)
Machinery and equipment in trust, net	1,450,948	1,428,829
Tools, furniture and fixtures in trust	776,413	867,589
Accumulated depreciation	(340,842)	(348,059)
Tools, furniture and fixtures in trust, net	435,571	519,530
Land in trust	260,076,467	302,954,257
Construction in progress in trust	12,636	73,774
Total property, plant and equipment	554,956,816	646,194,941
Intangible assets		
Goodwill	73,342,383	71,360,157
Leasehold rights in trust	5,419,785	6,035,339
Software	862	569
Trademark rights	2,616	2,337
Total intangible assets	78,765,647	77,398,403

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Investments and other assets		
Investment securities	*3 9,325	*3 9,342
Long-term prepaid expenses	2,209,689	2,284,919
Guarantee deposits	261	261
Lease and guarantee deposits in trust	3,414,720	3,489,293
Other	42,488	–
Allowance for doubtful accounts	(24,058)	–
Total investments and other assets	5,652,426	5,783,816
Total non-current assets	639,374,890	729,377,161
Deferred assets		
Investment corporation bond issuance costs	78,062	99,182
Total deferred assets	78,062	99,182
Total assets	681,192,633	771,281,796
Liabilities		
Current liabilities		
Operating accounts payable	1,086,497	1,336,266
Current portion of long-term loans	–	11,600,000
Accounts payable - other	73,294	306,108
Accrued expenses	1,215,522	1,390,790
Income taxes payable	605	605
Accrued consumption taxes	234,231	–
Advances received	2,250,789	2,675,485
Unearned revenue	221,735	221,735
Deposits received	374,500	327,234
Other	58,852	90,429
Total current liabilities	5,516,029	17,948,655
Non-current liabilities		
Investment corporation bonds	16,000,000	19,000,000
Long-term loans	266,268,000	283,668,000
Long-term unearned revenue	1,040,622	928,843
Tenant leasehold and security deposits	265,204	280,916
Tenant leasehold and security deposits in trust	14,243,031	17,422,350
Provision for loss on litigation	89,514	–
Asset retirement obligations	439,186	620,349
Derivatives liabilities	1,030,085	816,561
Total non-current liabilities	299,375,644	322,737,022
Total liabilities	304,891,673	340,685,677
Net assets		
Unitholders' equity		
Unitholders' capital	108,136,162	163,230,367
Surplus		
Capital surplus	247,667,563	247,667,563
Voluntary reserve		
Reserve for temporary difference adjustments	*4 12,767,357	*4 10,785,218
Reserve for distribution	1,617,617	1,964,241
Total voluntary reserve	14,384,974	12,749,459
Unappropriated retained earnings (undisposed loss)	7,142,344	7,765,290
Total surplus	269,194,883	268,182,313
Total unitholders' equity	377,331,045	431,412,680

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,030,085)	(816,561)
Total valuation and translation adjustments	(1,030,085)	(816,561)
Total net assets	*2 376,300,960	*2 430,596,119
Total liabilities and net assets	681,192,633	771,281,796

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Operating revenues		
Rental revenues	*1 18,776,564	*1 21,160,720
Other rental revenues	*1 924,010	*1 1,050,855
Total operating revenues	19,700,575	22,211,576
Operating expenses		
Rental expenses	*1 7,947,534	*1 8,944,104
Loss on sale of real estate properties	-	*3 99,380
Asset management fees	1,300,091	1,452,834
Asset custody fees	29,357	32,882
Administrative service fees	80,903	83,859
Directors' remuneration	6,600	6,600
Amortization of goodwill	1,982,226	1,982,226
Provision of allowance for doubtful accounts	-	561
Other operating expenses	340,866	339,658
Total operating expenses	11,687,580	12,942,107
Operating profit	8,012,994	9,269,468
Non-operating income		
Interest income	154	178
Gain on forfeiture of unclaimed distributions	4,552	4,168
Settlement received	-	10,070
Reversal of allowance for doubtful accounts	115	-
Refunded consumption taxes	346,623	22,295
Other	6,019	2,573
Total non-operating income	357,464	39,287
Non-operating expenses		
Interest expenses	923,699	1,019,240
Interest expenses on investment corporation bonds	39,240	42,392
Amortization of investment corporation bond issuance costs	7,384	7,709
Investment unit issuance expenses	-	191,068
Borrowing related expenses	250,747	275,881
Other	2,771	2,056
Total non-operating expenses	1,223,844	1,538,348
Ordinary profit	7,146,614	7,770,407
Extraordinary losses		
Provision for loss on litigation	3,665	-
Loss on litigation	-	4,512
Total extraordinary losses	3,665	4,512
Profit before income taxes	7,142,949	7,765,895
Income taxes - current	605	605
Total income taxes	605	605
Profit	7,142,344	7,765,290
Unappropriated retained earnings (undisposed loss)	7,142,344	7,765,290

(3) Statements of Unitholders' Equity

Previous fiscal period (From September 1, 2017 to February 28, 2018)

(Unit: Thousands of yen)

	Unitholders' equity							Total unitholders' equity
	Unitholders' capital	Surplus					Total surplus	
		Capital surplus	Voluntary reserve			Unappropriated retained earnings (undisposed loss)		
			Reserve for temporary difference adjustments	Reserve for distribution	Total voluntary reserve			
Balance at beginning of period	108,136,162	247,667,563	14,748,347	57,717	14,806,064	7,968,070	270,441,698	378,577,860
Changes of items during period								
Reversal of reserve for temporary difference adjustments			(1,980,989)		(1,980,989)	1,980,989	-	-
Accumulation of reserve for distribution				1,559,900	1,559,900	(1,559,900)	-	-
Distributions from retained earnings						(8,389,160)	(8,389,160)	(8,389,160)
Profit						7,142,344	7,142,344	7,142,344
Net changes of items other than unitholders' equity								
Total changes of items during period	-	-	(1,980,989)	1,559,900	(421,089)	(825,725)	(1,246,815)	(1,246,815)
Balance at end of period	* 108,136,162	247,667,563	12,767,357	1,617,617	14,384,974	7,142,344	269,194,883	377,331,045

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,256,574)	(1,256,574)	377,321,286
Changes of items during period			
Reversal of reserve for temporary difference adjustments			-
Accumulation of reserve for distribution			-
Distributions from retained earnings			(8,389,160)
Profit			7,142,344
Net changes of items other than unitholders' equity	226,489	226,489	226,489
Total changes of items during period	226,489	226,489	(1,020,325)
Balance at end of period	(1,030,085)	(1,030,085)	376,300,960

Current fiscal period (From March 1, 2018 to August 31, 2018)

(Unit: Thousands of yen)

	Unitholders' equity							Total unitholders' equity
	Unitholders' capital	Surplus					Total surplus	
		Capital surplus	Voluntary reserve			Unappropriated retained earnings (undisposed loss)		
			Reserve for temporary difference adjustments	Reserve for distribution	Total voluntary reserve			
Balance at beginning of period	108,136,162	247,667,563	12,767,357	1,617,617	14,384,974	7,142,344	269,194,883	377,331,045
Changes of items during period								
Issuance of new investment units	55,094,205							55,094,205
Reversal of reserve for temporary difference adjustments			(1,982,138)		(1,982,138)	1,982,138	-	-
Accumulation of reserve for distribution				346,623	346,623	(346,623)	-	-
Distributions from retained earnings						(8,777,860)	(8,777,860)	(8,777,860)
Profit						7,765,290	7,765,290	7,765,290
Net changes of items other than unitholders' equity								
Total changes of items during period	55,094,205	-	(1,982,138)	346,623	(1,635,515)	622,945	(1,012,569)	54,081,635
Balance at end of period	* 163,230,367	247,667,563	10,785,218	1,964,241	12,749,459	7,765,290	268,182,313	431,412,680

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,030,085)	(1,030,085)	376,300,960
Changes of items during period			
Issuance of new investment units			55,094,205
Reversal of reserve for temporary difference adjustments			-
Accumulation of reserve for distribution			-
Distributions from retained earnings			(8,777,860)
Profit			7,765,290
Net changes of items other than unitholders' equity	213,523	213,523	213,523
Total changes of items during period	213,523	213,523	54,295,158
Balance at end of period	(816,561)	(816,561)	430,596,119

(4) Statements of Cash Distributions

Item	Fiscal period ended February 28, 2018	Fiscal period ended August 31, 2018
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	7,142,344,597	7,765,290,290
II Reversal of voluntary reserve Reversal of reserve for temporary difference adjustments	* 1,982,138,926	* 1,980,646,890
III Distributions [Distributions per investment unit]	8,777,860,000 [5,194]	9,723,642,000 [5,046]
IV Voluntary reserve Accumulation of reserve for distribution	346,623,523	22,295,180
V Retained earnings carried forward	-	-

Calculation method for distributions	<p>Based on the cash distribution policy set forth in Article 37, paragraph 1, 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. Furthermore, in accordance with the cash distribution policy set forth in the Articles of Incorporation, DHR will make a distribution by reversing the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments and by adding this to unappropriated retained earnings.</p> <p>Based on the above policy, for the current fiscal period, DHR will reverse the amount equivalent to amortization of goodwill of ¥1,982,138,926 from reserve for temporary difference adjustments, add the reversal to unappropriated retained earnings of ¥7,142,344,597 and subtract an accumulation of reserve for distribution of ¥346,623,523 to distribute ¥8,777,860,000 as cash distributions (¥5,194 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 2 of the Articles of Incorporation of DHR.</p>	<p>Based on the cash distribution policy set forth in Article 37, paragraph 1, 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. Furthermore, in accordance with the cash distribution policy set forth in the Articles of Incorporation, DHR will make a distribution by reversing the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments and by adding this to unappropriated retained earnings.</p> <p>Based on the above policy, for the current fiscal period, DHR will reverse the amount equivalent to amortization of goodwill of ¥1,980,646,890 from reserve for temporary difference adjustments, add the reversal to unappropriated retained earnings of ¥7,765,290,290 and subtract an accumulation of reserve for distribution of ¥22,295,180 to distribute ¥9,723,642,000 as cash distributions (¥5,046 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 2 of the Articles of Incorporation of DHR.</p>
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Cash flows from operating activities		
Profit before income taxes	7,142,949	7,765,895
Depreciation	3,750,860	4,296,514
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	7,384	7,709
Amortization of trademark rights	278	278
Amortization of software	292	292
Loss on retirement of non-current assets	8,240	16,012
Investment unit issuance expenses	-	191,068
Interest income	(154)	(178)
Interest expenses	962,940	1,061,632
Decrease (increase) in operating accounts receivable	31,385	(28,319)
Decrease (increase) in accounts receivable	-	(127)
Decrease (increase) in consumption taxes receivable	2,274,566	(3,785,886)
Decrease (increase) in prepaid expenses	(27,289)	(46,785)
Increase (decrease) in operating accounts payable	(89,808)	188,809
Increase (decrease) in accounts payable - other	(14,286)	86,602
Increase (decrease) in accrued expenses	12,125	170,806
Increase (decrease) in deposits received	181,685	(47,265)
Increase (decrease) in advances received	93,130	424,696
Decrease (increase) in long-term prepaid expenses	5,255	(75,229)
Increase (decrease) in allowance for doubtful accounts	(508)	(23,989)
Increase (decrease) in provision for loss on litigation	3,665	(89,514)
Decrease in property, plant and equipment in trust due to sales	-	2,814,320
Decrease (increase) in lease and guarantee deposits in trust	-	(74,572)
Other, net	(256,115)	214,356
Subtotal	16,068,824	15,049,353
Interest income received	154	178
Interest expenses paid	(1,075,340)	(1,168,950)
Income taxes paid	(608)	(608)
Net cash provided by (used in) operating activities	14,993,029	13,879,972
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,506)	(54,600)
Purchase of property, plant and equipment in trust	(923,701)	(97,886,478)
Purchase of intangible assets in trust	-	(661,753)
Proceeds from tenant leasehold and security deposits	23,946	43,535
Repayments of tenant leasehold and security deposits	(13,428)	(19,069)
Proceeds from tenant leasehold and security deposits in trust	146,527	3,801,302
Repayments of tenant leasehold and security deposits in trust	(136,670)	(766,840)
Net cash provided by (used in) investing activities	(944,832)	(95,543,905)

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Cash flows from financing activities		
Proceeds from long-term loans	16,000,000	32,000,000
Repayments of long-term loans	(16,000,000)	(3,000,000)
Proceeds from issuance of investment corporation bonds	-	2,971,170
Proceeds from issuance of investment units	-	54,903,136
Distributions paid	(8,383,882)	(8,771,497)
Net cash provided by (used in) financing activities	(8,383,882)	78,102,808
Net increase (decrease) in cash and cash equivalents	5,664,314	(3,561,123)
Cash and cash equivalents at beginning of period	35,357,317	41,021,631
Cash and cash equivalents at end of period	* 41,021,631	* 37,460,508

(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>(1) Property, plant and equipment (including assets 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 data-bbox="592 611 1126 757"> <tr> <td>Buildings</td> <td>2 to 69 years</td> </tr> <tr> <td>Structures</td> <td>3 to 63 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>7 to 28 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>2 to 28 years</td> </tr> </table> <p>(2) Intangible assets (including assets in trust)</p> <p>The straight-line method is used.</p> <p>The useful lives of major intangible assets are listed below.</p> <table data-bbox="592 898 1126 965"> <tr> <td>Goodwill</td> <td>20 years</td> </tr> <tr> <td>Software</td> <td>5 years</td> </tr> </table> <p>Leasehold rights (fixed-term land lease rights in general) are amortized on a straight-line basis over the life of each contract.</p>	Buildings	2 to 69 years	Structures	3 to 63 years	Machinery and equipment	7 to 28 years	Tools, furniture and fixtures	2 to 28 years	Goodwill	20 years	Software	5 years
Buildings	2 to 69 years												
Structures	3 to 63 years												
Machinery and equipment	7 to 28 years												
Tools, furniture and fixtures	2 to 28 years												
Goodwill	20 years												
Software	5 years												
3. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs</p> <p>Costs are amortized by the straight-line method over the redemption period.</p> <p>(2) Investment unit issuance expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p>												
4. Recognition of allowance	<p>Allowance for doubtful accounts</p> <p>The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and the amounts calculated using the rate of actual collection losses with respect to the other receivables.</p>												
5. Recognition of revenues and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciable asset tax and other tax for real properties held, etc., the amount of tax levied corresponding to the fiscal period is recorded as real estate rental expenses.</p> <p>The settlement money for property-related taxes for the year including the acquisition date that is paid to the transferor for acquisition of real estate, etc. is not recorded as real estate rental expenses but included in the acquisition costs for the related properties.</p>												

<p>6. Method of hedge accounting</p>	<p>(1) Method of hedge accounting The deferral hedge accounting is used; provided, however, that special treatment is applied for interest rate swaps when the swaps satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy 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 Assessment of hedging effectiveness is omitted when the material conditions for the notional principal of hedging instruments and those for hedged items are the same, and changes in cash flows of hedged items can be expected to be offset in full at the commencement of a hedge and continuously thereafter. In addition, the assessment of hedging effectiveness is omitted for interest rate swaps to which special treatment is applied.</p>
<p>7. Scope of cash in the statements of cash flows (cash and cash equivalents)</p>	<p>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.</p>
<p>8. Other significant matters forming the basis of preparing the financial statements</p>	<p>(1) 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.</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust iii) Leasehold rights in trust iv) Lease and guarantee deposits in trust v) Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Non-deductible consumption taxes for acquisition of assets are added on to the acquisition cost of each asset.</p>

(8) Notes to Financial Statements

Notes to Balance Sheets

1. Commitment line contracts

DHR has commitment line contracts with four banks with which it has transaction.

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Total amount specified in commitment line contracts	20,000,000	20,000,000
Loans executed and outstanding	-	-
Unused credit lines	20,000,000	20,000,000

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

(Unit: Thousands of yen)	
Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
50,000	50,000

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

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Investment securities	9,325	9,342

*4. Matters regarding accumulation and reversal of reserve for temporary difference adjustments

	(Unit: Thousands of yen)			
	Previous fiscal period (As of February 28, 2018)		Current fiscal period (As of August 31, 2018)	
Reserves recognized by transfer	14,748,347		Reserves recognized by transfer	14,748,347
Balance at beginning of period	14,748,347		Balance at beginning of period	12,767,357
Amount of accumulation during period	-		Amount of accumulation during period	-
Amount of reversal during period	1,980,989		Amount of reversal during period	1,982,138
Balance at end of period	12,767,357		Balance at end of period	10,785,218
Reasons for accumulation and reversal			Reasons for accumulation and reversal	
Allocation for distributions			Allocation for distributions	
(Note) The balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount, shall be performed beginning from the fiscal period ended August 31, 2017. However, DHR intends to reverse the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments for distribution.			(Note) The balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount, shall be performed beginning from the fiscal period ended August 31, 2017. However, DHR intends to reverse the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments for distribution.	

Notes to Statements of Income

*1. Breakdown of income (loss) from real estate rental business

	(Unit: Thousands of yen)			
	Previous fiscal period (From September 1, 2017 to February 28, 2018)		Current fiscal period (From March 1, 2018 to August 31, 2018)	
A. Real estate rental revenues				
Rental revenues				
Rent	18,344,128		20,695,802	
Common area charges	432,436	18,776,564	464,918	21,160,720
Other rental revenues				
Facility charges	352,880		365,832	
Incidental revenues	267,725		295,306	
Other	303,404	924,010	389,716	1,050,855
Total real estate rental revenues		19,700,575		22,211,576
B. Real estate rental expenses				
Rental expenses				
Management fees	1,203,176		1,303,367	
Utilities	315,070		342,082	
Taxes and public dues	1,201,943		1,440,930	
Repairs and maintenance expenses	608,962		568,311	
Restoration costs	241,904		311,974	
Insurance	22,983		26,911	
Custodian fees	59,402		68,447	
Depreciation	3,750,860		4,296,514	
Other operating expenses	543,230	7,947,534	585,563	8,944,104
Total real estate rental expenses		7,947,534		8,944,104
C. Income (loss) from real estate rental business (A – B)		11,753,040		13,267,472

2. Volume of transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Volume of operating transactions		
Operating revenues	323,109	–

*3. Breakdown of gain (loss) on sale of real estate properties

Previous fiscal period (From September 1, 2017 to February 28, 2018)

Not applicable.

Current fiscal period (From March 1, 2018 to August 31, 2018)

	(Unit: Thousands of yen)
Crest Kusatsu	
Proceeds from sale of real estate properties	2,800,000
Cost of real estate properties sold	2,814,320
Other sales expenses	85,060
Gain (loss) on sale of real estate properties	(99,380)

Notes to Statements of Unitholders' Equity

- * Total number of authorized investment units and total number of investment units issued

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Total number of authorized investment units	8,000,000 units	8,000,000 units
Total number of investment units issued	1,690,000 units	1,927,000 units

Notes to Statements of Cash Distributions

- * Reserve for temporary difference adjustments

Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
DHR has applied the transitional measures of Supplementary Provision, paragraph 3 of the "Regulations on Accounting of Investment Corporations" (Cabinet Office Order No. 27 of 2015) and accumulated ¥14,748,347,148, which is the balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years, in reserve for temporary difference adjustments in the statements of cash distributions for the fiscal period ended February 28, 2017. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount (¥147,483,472 or more) shall be performed beginning from the fiscal period ended August 31, 2017. However, DHR intends to reverse the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments for distribution. DHR conducted reversal of ¥1,982,138,926 in the fiscal period ended February 28, 2018.	DHR has applied the transitional measures of Supplementary Provision, paragraph 3 of the "Regulations on Accounting of Investment Corporations" (Cabinet Office Order No. 27 of 2015) and accumulated ¥14,748,347,148, which is the balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years, in reserve for temporary difference adjustments in the statements of cash distributions for the fiscal period ended February 28, 2017. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount (¥147,483,472 or more) shall be performed beginning from the fiscal period ended August 31, 2017. However, DHR intends to reverse the amount equivalent to amortization of goodwill from reserve for temporary difference adjustments for distribution. DHR conducted reversal of ¥1,980,646,890 in the fiscal period ended August 31, 2018.

Notes to Statements of Cash Flows

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Cash and deposits	31,806,605	26,954,525
Cash and deposits in trust	9,215,026	10,505,983
Cash and cash equivalents	41,021,631	37,460,508

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Due within one year	15,728,887	21,249,137
Due after one year	98,420,039	142,337,743
Total	114,148,927	163,586,881

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

As a policy, when acquiring real estate and other properties, as well as when repaying its obligations, DHR raises necessary funds through loans from banks, issuance of investment corporation bonds and issuance of investment units, etc. As for financing efforts, DHR carefully pays attention to the long-term, cost effectiveness and soundness of the financial instruments, while considering the diversification of financial methods and repayment deadlines.

DHR may use derivative financial instruments for such purposes as hedging interest rate fluctuation risk, but does not engage in speculative transactions using these instruments. DHR currently uses interest-rate swaps to hedge interest rate fluctuation risk.

Surplus funds can be invested in securities or monetary claims; however, as a current policy of DHR, they are deposited in interest-bearing accounts.

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

The Asset Manager stipulates basic provisions of risk management in its risk management rules.

Investment corporation bonds and loans are used to finance such efforts as acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk, though DHR controls such risks by maintaining the ratio of interest-bearing debt to total assets under a certain percentage, diversifying repayment deadlines, and retaining a certain amount of highly liquid cash and deposits.

For floating rate loans exposed to the risk of interest rate fluctuations, DHR, in order to reduce the impact caused by rising interest rates, closely watches the movement of interest rates, and intends to increase the ratio of fixed rate loans, etc.

Deposits are exposed to credit risks, including collapse of the financial institutions where deposits are made, and, thus, are managed through the use of liquid deposits.

(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 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 are as shown below.

Previous fiscal period (As of February 28, 2018)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	31,806,605	31,806,605	–
(2) Cash and deposits in trust	9,215,026	9,215,026	–
(3) Investment securities Held-to-maturity bonds	9,325	8,981	(344)
Total assets	41,030,957	41,030,612	(344)
(4) Current portion of long-term loans	–	–	–
(5) Investment corporation bonds	16,000,000	16,120,053	120,053
(6) Long-term loans	266,268,000	269,420,271	3,152,271
(7) Tenant leasehold and security deposits in trust	455,970	441,770	(14,199)
Total liabilities	282,723,970	285,982,095	3,258,125
(8) Derivative transactions	[1,030,085]	[1,030,085]	–
Total derivative transactions	[1,030,085]	[1,030,085]	–

Current fiscal period (As of August 31, 2018)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	26,954,525	26,954,525	–
(2) Cash and deposits in trust	10,505,983	10,505,983	–
(3) Investment securities Held-to-maturity bonds	9,342	8,921	(421)
Total assets	37,469,850	37,469,429	(421)
(4) Current portion of long-term loans	11,600,000	11,613,463	13,463
(5) Investment corporation bonds	19,000,000	19,028,099	28,099
(6) Long-term loans	283,668,000	286,291,112	2,623,112
(7) Tenant leasehold and security deposits in trust	624,821	609,723	(15,098)
Total liabilities	314,892,821	317,542,398	2,649,577
(8) Derivative transactions	[816,561]	[816,561]	–
Total derivative transactions	[816,561]	[816,561]	–

* Amounts shown for derivative transactions are the net amount of credit and liability arising from derivatives. Values inside square parentheses [] indicate a net liability.

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

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

These instruments are settled in the short term and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

(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.

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

The fair value of long-term loans carrying floating interest rates is approximately equal to their book value, thus, the measurement is based on their book value. However, for long-term loans carrying floating interest rates to which special treatment for interest rate swaps is applied, DHR employs a method to calculate the fair value by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at the reasonable rate estimated for similar types of loans.

The fair value of long-term loans carrying fixed interest rates is calculated by discounting the sum of principal and interest at the reasonable rate estimated for a similar loan.

(5) Investment corporation bonds

The fair value of these bonds is measured as the present value, which is calculated by discounting the sum of principal and interest at the interest rate determined taking into account the current maturity and corresponding credit risk.

(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.

(8) 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)

	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Tenant leasehold and security deposits	265,204	280,916
Tenant leasehold and security deposits in trust	13,787,060	16,797,529

* These 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 cash flow.

(Note 3) Redemption schedule for monetary claims after balance sheet date

Previous fiscal period (As of February 28, 2018)

(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	31,806,605	-	-	-	-	-
Cash and deposits in trust	9,215,026	-	-	-	-	-
Investment securities	-	-	-	-	-	10,000
Total	41,021,631	-	-	-	-	10,000

Current fiscal period (As of August 31, 2018)

(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	26,954,525	-	-	-	-	-
Cash and deposits in trust	10,505,983	-	-	-	-	-
Investment securities	-	-	-	-	-	10,000
Total	37,460,508	-	-	-	-	10,000

(Note 4) Expected amount of repayments of investment corporation bonds and long-term loans after balance sheet date

Previous fiscal period (As of February 28, 2018)

(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	–	–	3,000,000	4,000,000	–	9,000,000
Long-term loans	–	40,510,000	14,400,000	26,358,000	31,000,000	154,000,000
Total	–	40,510,000	17,400,000	30,358,000	31,000,000	163,000,000

Current fiscal period (As of August 31, 2018)

(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	–	–	3,000,000	4,000,000	–	12,000,000
Long-term loans (*)	11,600,000	36,810,000	16,000,000	33,858,000	35,900,000	161,100,000
Total	11,600,000	36,810,000	19,000,000	37,858,000	35,900,000	173,100,000

(*) Includes the current portion of long-term loans.

Securities

Previous fiscal period (As of February 28, 2018)

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	–	–	–	–
Bonds with fair value not exceeding the balance sheet carrying amount	Government bonds	9,325	8,981	(344)
Total		9,325	8,981	(344)

Current fiscal period (As of August 31, 2018)

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	–	–	–	–
Bonds with fair value not exceeding the balance sheet carrying amount	Government bonds	9,342	8,921	(421)
Total		9,342	8,921	(421)

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of February 28, 2018) and current fiscal period (as of August 31, 2018).

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (As of February 28, 2018)

(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		
Principle method	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	47,500,000	47,500,000	(1,030,085)	(Note 1)
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	48,268,000	48,268,000	(Note 2)	—
Total			95,768,000	95,768,000	(1,030,085)	—

Current fiscal period (As of August 31, 2018)

(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		
Principle method	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	47,500,000	47,500,000	(816,561)	(Note 1)
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	48,268,000	48,268,000	(Note 2)	—
Total			95,768,000	95,768,000	(816,561)	—

(Note 1) Fair value is quoted by counterparties based on the prevailing market interest rate.

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

Related Party Transactions

1. Parent company and major corporate unitholders

Not applicable for the previous fiscal period (from September 1, 2017 to February 28, 2018) and current fiscal period (from March 1, 2018 to August 31, 2018).

2. Associates, etc.

Not applicable for the previous fiscal period (from September 1, 2017 to February 28, 2018) and current fiscal period (from March 1, 2018 to August 31, 2018).

3. Sister companies, etc.

Previous fiscal period (From September 1, 2017 to February 28, 2018)

Attribute	Name	Location (city or ward, prefecture)	Capital stock (Millions of yen)	Business or occupation	Ratio of investment units owning (owned) (%)	Type of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of DHR's major corporate unitholder	Daiwa House Asset Management Co., Ltd.	Chiyoda Ward, Tokyo	300	Investment management business	–	–	Entrustment of asset management	Payment of asset management fees	1,300,091	Accrued expenses	1,077,198

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

(Note 2) Transaction terms and method of determining transaction terms: Transaction terms are based on market values, etc.

Current fiscal period (From March 1, 2018 to August 31, 2018)

Not applicable.

4. Directors and principal individual unitholders

Not applicable for the previous fiscal period (from September 1, 2017 to February 28, 2018) and current fiscal period (from March 1, 2018 to August 31, 2018).

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2018)	Current fiscal period (As of August 31, 2018)
Deferred tax assets		
Allowance for doubtful accounts	8,257	652
Deferred interest income	398,987	360,001
Valuation difference from the time of merger (Long-term prepaid expenses, etc.)	313	134
Valuation difference from the time of merger (Land, Buildings)	2,898,242	2,748,571
Loss carryforwards assumed at the time of merger	11,127,450	160,307
Asset retirement obligations	138,755	195,991
Provision for loss on litigation	28,280	-
Deferred gains or losses on hedges	325,442	257,982
Depreciation of fixed-term land lease rights	92,810	107,406
Accounts payable - other (Loss on litigation)	-	28,713
Other	990	2,210
Subtotal	15,019,530	3,861,972
Valuation allowance	(15,019,530)	(3,861,972)
Total	-	-
Deferred tax liabilities		
Valuation difference from the time of merger (Investment securities)	(780)	(758)
Valuation difference from the time of merger (Land, Buildings)	(14,648,535)	(14,555,319)
Asset retirement costs (associated with asset retirement obligations)	(118,925)	(174,361)
Subtotal	(14,768,241)	(14,730,439)
Valuation allowance	14,768,241	14,730,439
Total	-	-
Net deferred tax assets	-	-

(Note) Based on the cash distribution policy set forth in Article 37 of the Articles of Incorporation of DHR, DHR can distribute an amount of cash that exceeds profit in order to suppress the occurrence of income taxes. Accordingly, as payment of corporate taxes in future accounting periods is not expected, deferred tax liabilities are not recorded.

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 February 28, 2018)	Current fiscal period (As of August 31, 2018)
Statutory effective tax rate	31.74	31.74
(Adjustments)		
Distributions paid included in deductibles	(39.00)	(38.84)
Use of loss carryforwards assumed at the time of merger	(0.74)	-
Amortization of goodwill	8.81	8.10
Change in valuation allowance	(0.82)	(1.01)
Other	0.02	0.02
Effective tax rate after application of tax effect accounting	0.01	0.01

Retirement Benefits

Not applicable for the previous fiscal period (as of February 28, 2018) and current fiscal period (as of August 31, 2018), since DHR does not have a retirement benefit plan.

Asset Retirement Obligations

1. Details of applicable asset retirement obligations

DHR has entered into agreements involving fixed-term land lease rights with the landowners for part of DHR's assets, and recognizes asset retirement obligations associated with restoration obligations upon expiration of the lease agreements.

2. Methods of calculating the amounts of applicable asset retirement obligations

DHR estimates the useful life of applicable assets as the remaining agreement period of the applicable fixed-term land lease rights (46-60 years), and uses a 1.0%-2.4% discount rate for the calculation of applicable asset retirement obligations.

3. Changes in applicable asset retirement obligations

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Balance at beginning of period	434,255	439,186
Increase due to acquisitions of property, plant and equipment	-	175,465
Accretion expense	4,931	5,698
Balance at end of period	439,186	620,349

Investment and Rental Properties

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Balance sheet carrying amount		
Balance at beginning of period	563,168,188	560,376,601
Changes during period	(2,791,586)	91,853,678
Balance at end of period	560,376,601	652,230,280
Fair value at end of period	623,686,000	731,042,000

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

(Note 2) In changes during period, the decrease in the previous fiscal period is principally attributable to depreciation. The increase in the current fiscal period is mainly due to the acquisitions of 16 properties including DPL Fukuoka Kasuya (¥97,823,050 thousand), while the decrease is principally due to the sale of Crest Kusatsu (¥2,814,320 thousand) and depreciation.

(Note 3) The fair value at end of period is the appraisal value provided by external real estate appraisers.

The profit or loss concerning investment and rental properties is indicated under "Notes to Statements of Income."

Segment Information

1. Segment information

Segment information is omitted since DHR is engaged in a single business of real estate leasing and there is no reportable segment subject to disclosure.

2. Related information

Previous fiscal period (From September 1, 2017 to February 28, 2018)

(1) Information about product and service

This information is omitted since operating revenues from external customers in the single product and service category exceeded 90% of operating revenues on the statements of income.

(2) Information about geographical area

i) Operating revenues

This information 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

This information 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

This information is omitted as there are no cases where operating revenues attributable to a single external customer accounts for 10% or more of the operating revenues recorded in the statements of income.

Current fiscal period (From March 1, 2018 to August 31, 2018)

(1) Information about product and service

This information is omitted since operating revenues from external customers in the single product and service category exceeded 90% of operating revenues on the statements of income.

(2) Information about geographical area

i) Operating revenues

This information 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

This information 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

This information is omitted as there are no cases where operating revenues attributable to a single external customer accounts for 10% or more of the operating revenues recorded in the statements of income.

Equity in Earnings or Losses of Equity-method Investments

Not applicable for the previous fiscal period (as of February 28, 2018) and current fiscal period (as of August 31, 2018), since there is no associate.

Per Unit Information

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Net assets per unit	¥222,663	¥223,454
Basic earnings per unit	¥4,226	¥4,083

(Note 1) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period. Fully diluted earnings per investment unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Current fiscal period (From March 1, 2018 to August 31, 2018)
Profit (Thousands of yen)	7,142,344	7,765,290
Amount not attributable to common unitholders (Thousands of yen)	-	-
Profit attributable to common investment units (Thousands of yen)	7,142,344	7,765,290
Average number of investment units for the period (Units)	1,690,000	1,901,777

Major Subsequent Events

Not applicable.

(9) Changes in Number of Investment Units Issued

DHR's total number of investment units issued and changes in unitholders' capital for the most recent five years until August 31, 2018 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remark
		Change	Balance	Change	Balance	
October 28, 2013	Capital increase through public offering	20,000	371,870	7,817	60,921	(Note 1)
November 19, 2013	Capital increase through third-party allotment	2,000	373,870	781	61,703	(Note 2)
March 1, 2015	Split of investment units	373,870	747,740	–	61,703	(Note 3)
September 1, 2016	Delivery by allotment due to merger	771,540	1,519,280	–	61,703	(Note 4)
March 21, 2017	Capital increase through public offering	156,720	1,676,000	42,625	104,328	(Note 5)
April 14, 2017	Capital increase through third-party allotment	14,000	1,690,000	3,807	108,136	(Note 6)
March 19, 2018	Capital increase through public offering	222,000	1,912,000	51,607	159,743	(Note 7)
April 13, 2018	Capital increase through third-party allotment	15,000	1,927,000	3,486	163,230	(Note 8)

(Note 1) Investment units were issued by public offering with an issue price of ¥404,137 per unit (issue value: ¥390,873) in order to raise funds for repayments of short-term loans for the acquisition of new properties, etc.

(Note 2) Additional investment units were issued with an issue value of ¥390,873 per unit in order to raise funds for repayments of short-term loans for the acquisition of new properties, etc.

(Note 3) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2015.

(Note 4) At the time of the Merger, which became effective as of September 1, 2016, DHR allotted 2.2 units of DHR per unit of the former DHR, and as a result, 771,540 new investment units were issued.

(Note 5) Investment units were issued by public offering with an issue price of ¥280,868 per unit (issue value: ¥271,983) in order to raise funds for the acquisition of new properties, etc.

(Note 6) Additional investment units were issued with an issue value of ¥271,983 per unit in order to raise funds for the acquisition of new properties, etc.

(Note 7) Investment units were issued by public offering with an issue price of ¥239,806 per unit (issue value: ¥232,465) in order to raise funds for the acquisition of new properties, etc.

(Note 8) Additional investment units were issued with an issue value of ¥232,465 per unit in order to raise funds for the acquisition of new properties, etc.

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 results report.

Title and post	Name	Major career summary		Number of investment units held (Units)
Executive Director	<i>Jiro Kawanishi</i>	Apr. 1974	Joined The Mitsui Trust and Banking Company, Limited	0
		Jun. 2001	Executive Officer and General Manager, Nihonbashi Business Dept. IV, The Chuo Mitsui Trust and Banking Company, Limited	
		Mar. 2003	Managing Director, Chuo Mitsui Card Co., Ltd.	
		May 2008	President and CEO, Chuo Mitsui Card Co., Ltd.	
		Jun. 2009	Corporate Auditor, GS Yuasa Corporation	
		Mar. 2014	Corporate Auditor (part-time), Fujita Kanko Inc.	
		Dec. 2015	Executive Director, DHR (current position)	
Supervisory Director	<i>Tetsuya Iwasaki</i>	Apr. 1990	Joined Deloitte Touche Tohmatsu	0
		Mar. 1994	Registered as a certified public accountant	
		Feb. 1997	Joined NED Kabushiki Kaisha	
		Feb. 1997	Opened Tetsuya Iwasaki Certified Public Accountant Firm	
		May 2002	Registered as a certified public tax accountant	
		Aug. 2004	Joined Citia Certified Public Accountant Firm (current position)	
		Jan. 2006	Supervisory Director, DHR (current position)	
		Jun. 2015	Outside Director, Uoriki Co., Ltd. (current position)	
Supervisory Director	<i>Hiroshi Ishikawa</i>	Apr. 1997	Legal apprentice	0
		Apr. 1999	Tokyo Bar Association Joined Ohhara Law Office (current position)	
		Jun. 2013	Outside Director, Japan Medical Dynamic Marketing, INC. (current position)	
		Dec. 2013	Supervisory Director, DHR (current position)	

(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 results report.

Title and post	Name	Major career summary		Number of shares held (Shares)
President and CEO	<i>Koichi Tsuchida</i>	Apr. 1983	Joined Daiwa House Industry Co., Ltd.	0
		Oct. 1997	Manager, Administration and Accounting Section, Kumamoto Branch, Daiwa House Industry Co., Ltd.	
		Apr. 2002	Manager, Administration and Support Group, Accounting Department, Administrative Headquarters, Daiwa House Industry Co., Ltd.	
		Oct. 2003	Manager, Finance and Fund Group, Finance Department, Administrative Headquarters, Daiwa House Industry Co., Ltd.	
		Apr. 2005	Deputy Department Manager, Finance and Fund Group, Finance Department, Administrative Headquarters, Daiwa House Industry Co., Ltd.	
		Apr. 2006	General Manager, Finance Department, Administrative Headquarters, Daiwa House Industry Co., Ltd.	
		Jun. 2006	Corporate Auditor (part-time), Daiwa Service Co., Ltd.	
		Dec. 2006	Outside Director, Daiwa House Insurance Co., Ltd.	
		Apr. 2007	General Manager, Finance Department, Management Administration Headquarters, Daiwa House Industry Co., Ltd.	
		Apr. 2008	(Concurrent) General Manager, IR Department, Management Administration Headquarters, Daiwa House Industry Co., Ltd.	
		Apr. 2014	President and CEO, Daiwa House Asset Management Co., Ltd. (employment transfer) (current position)	

Title and post	Name	Major career summary		Number of shares held (Shares)
Senior Managing Director	<i>Kenjiro Matsutake</i>	<p>Apr. 1983 Jan. 1994 Oct. 1999 Apr. 2004 Jan. 2005 Nov. 2005 Oct. 2006 May 2009 Aug. 2012 Apr. 2015 Sep. 2016</p>	<p>Joined Daiwa House Industry Co., Ltd. Manager, Commercial Facilities Marketing Headquarters, Osaka Head Office, Daiwa House Industry Co., Ltd. Sales Office Manager, Commercial Facilities Sales Office, Shiga Branch, Daiwa House Industry Co., Ltd. Manager, LOC Promotion Office, Commercial Facilities Business Promotion Department, Marketing Headquarters, Daiwa House Industry Co., Ltd. Director and General Manager, Planning Department, Morimoto Asset Management Co., Ltd. (currently, Daiwa House Asset Management Co., Ltd.) (seconded) Senior Managing Director, Morimoto Asset Management Co., Ltd. Director and Executive Manager, Investment Management Department, Daiwa House REIT Management Co., Ltd. (seconded) President and CEO, Daiwa House REIT Management Co., Ltd. Executive Director, Daiwa House REIT Investment Corporation Director and Executive Manager, Investment Management Department, Daiwa House REIT Management Co., Ltd. Managing Director and Executive Manager, Investment Management Department, Daiwa House REIT Management Co., Ltd. Senior Managing Director and Head of Investment Management Division, Daiwa House Asset Management Co., Ltd. (seconded) (current position)</p>	0
Managing Director	<i>Masahiko Arima</i>	<p>Apr. 1986 Apr. 2002 Apr. 2006 Apr. 2011 Apr. 2012 Aug. 2016 Sep. 2016</p>	<p>Joined Daiwa House Industry Co., Ltd. Manager, Accounting and Administration Division, Ryomo Branch, Daiwa House Industry Co., Ltd. Manager, Accounting Division and Administration Division, Fukushima Branch, Daiwa House Industry Co., Ltd. Deputy General Manager, Accounting Division and Administration Division, Fukushima Branch, Daiwa House Industry Co., Ltd. Managing Director and General Manager, Administration & Accounting Department, Daiwa House Asset Management Co., Ltd. (seconded) Managing Director and General Manager, Administration & Accounting Department and Finance and Corporate Planning Department, Daiwa House Asset Management Co., Ltd. Managing Director and General Manager, Administration & Accounting Department, Daiwa House Asset Management Co., Ltd. (current position)</p>	0

Title and post	Name	Major career summary		Number of shares held (Shares)
Director	<i>Haruto Tsukamoto</i>	Apr. 1983	Joined The Mitsui Trust and Banking Company, Limited	0
		Aug. 2003	Branch Manager, Yachiyo Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Nov. 2004	General Manager, Sales Department I, Nagoya Branch, and Satellite Office Manager, Kanayamabashi Satellite Office, The Chuo Mitsui Trust and Banking Company, Limited	
		Jul. 2006	General Manager, Sales Department II, Nagoya Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Jan. 2008	Branch Manager, Urawa Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Jul. 2009	Chief Operational Auditor, Operational Audit Group, Internal Audit Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Mar. 2011	Mitsui Memorial Hospital (seconded)	
		Apr. 2013	Deputy Director General, Internal Audit Department, Sumitomo Mitsui Trust Bank, Limited	
		Nov. 2014	Director and Executive Manager, Finance Department, Daiwa House REIT Management Co., Ltd. (seconded)	
		Apr. 2016	Daiwa House REIT Management Co., Ltd. (employment transfer)	
		Sep. 2016	Director and General Manager, Finance and Corporate Planning Department (CFO), Daiwa House Asset Management Co., Ltd. (current position)	
Corporate Auditor (Part-time)	<i>Hiroshi Tobita</i>	Apr. 1995	Legal apprentice	0
		Apr. 1997	Tokyo Bar Association	
			Joined Saotome Goro Law Office	
		Apr. 2000	Joined Nishimura & Partners	
		Aug. 2010	Opened Tobita Hiroshi Law Office	
		Nov. 2010	Partner, Wisdom Law Office	
		Jun. 2015	Opened Tobita & Partners Law Offices (current position)	
		Jun. 2015	Corporate Auditor (part-time), Daiwa House Asset Management Co., Ltd. (current position)	
		Jun. 2015	Outside Director and Audit and Supervisory Committee Member, Mutoh Holdings Co., Ltd. (current position)	
		Jun. 2018	External Corporate Auditor, Tokyo International Air Terminal Corporation (current position)	

The following table shows about the Compliance Officer as of the date of this financial results report.

Title and post	Name	Major career summary		Number of shares held (Shares)
Compliance Officer	<i>Hirofumi Wakui</i>	Apr. 1982	Joined The Chuo Trust and Banking Co., Ltd.	0
		Jun. 2001	Deputy General Manager, General Planning Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Feb. 2002	Deputy General Manager, General Planning Department, The Chuo Mitsui Trust and Banking Company, Limited and Deputy General Manager, Corporate Planning Department, Mitsui Trust Holdings, Inc.	
		Jul. 2002	Branch Manager, Gifu Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Apr. 2005	General Manager, Operations Administration Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Oct. 2007	General Manager, General Planning Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Jul. 2009	Managing Executive Officer and General Manager, General Planning Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Jun. 2010	Managing Executive Officer and General Manager, Internal Audit Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Apr. 2012	Executive Vice-president, Sumitomo Mitsui Trust Card Co., Ltd.	
		Jul. 2013	Compliance Officer, Daiwa House Asset Management Co., Ltd. (employment transfer) (current position)	

5. Reference Information

Status of DHR's investment

(1) Portfolio List

i) Status of Investment

The status of DHR's investment as of August 31, 2018 is shown below.

Type of assets	Asset class	Area (Note 1)		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	24,989	3.2
			Greater Nagoya area	913	0.1
			Greater Osaka area	13,413	1.7
		Other	5,358	0.7	
	Subtotal			44,675	5.8
Trust beneficiary interest in real estate	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	207,466	26.9
			Greater Nagoya area	15,521	2.0
			Greater Osaka area	23,226	3.0
		Other	87,470	11.3	
	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	169,032	21.9
			Greater Nagoya area	6,109	0.8
			Greater Osaka area	6,196	0.8
		Other	5,152	0.7	
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	26,867	3.5
			Greater Nagoya area	2,390	0.3
			Greater Osaka area	17,244	2.2
		Other	24,835	3.2	
	Hotel properties	Three major metropolitan areas of Japan	Greater Tokyo area	4,821	0.6
	Other	Three major metropolitan areas of Japan	Greater Tokyo area	1,947	0.3
			Other	9,272	1.2
		Subtotal			607,555
	Deposits and other assets				119,051
Total assets				771,281	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	340,685	44.2
Total net assets	430,596	55.8

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

(Note 2) "Total amount held" represents the amount recorded on the balance sheets as of August 31, 2018, which is rounded down to the nearest million yen. For real estate and trust beneficiary interest in real estate, the amounts are their acquisition prices (including expenses associated with the acquisition) less accumulated depreciation.

(Note 3) "Percentage to total assets" is rounded to the nearest tenth.

ii) Major investment securities

The status of investment securities held by DHR as of August 31, 2018 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	9,342	—	September 20, 2037	—	—	8,921	(421)	0.0%	Deposited as business security deposit
Total		10,000	9,342	—	—	—	—	8,921	(421)	0.0%	

iii) Summary of assets held

A. The summary of real estate or trust beneficiary interest in real estate (or referred as “real estate in trust”) held by DHR as of August 31, 2018 is shown below.

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Logistics properties	LB-001	D Project Machida	Machida City, Tokyo	September 1, 2016	9,200	1.4	9,142	9,630
	LB-002	D Project Hachioji	Hachioji City, Tokyo	September 1, 2016	15,400	2.3	15,319	16,600
	LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	September 1, 2016	3,390	0.5	3,812	4,410
	LB-004	D Project Shin-Misato	Misato City, Saitama	September 1, 2016	5,710	0.9	5,626	5,830
	LB-005	D Project Urayasu I	Urayasu City, Chiba	September 1, 2016	9,280	1.4	9,172	9,720
	LB-006	D Project Urayasu II	Urayasu City, Chiba	September 1, 2016	26,000	3.9	25,680	27,200
	LB-007	D Project Akanehama	Narashino City, Chiba	September 1, 2016	2,950	0.4	2,901	3,010
	LB-008	D Project Noda	Noda City, Chiba	September 1, 2016	6,210	0.9	6,109	6,560
	LB-009	D Project Inuyama (Note 7)	Inuyama City, Aichi	September 1, 2016	10,790	1.6	10,586	11,450
	LB-010	D Project Gifu	Anpachi District, Gifu	September 1, 2016	1,100	0.2	1,083	1,150
	LB-011	D Project Neyagawa	Neyagawa City, Osaka	September 1, 2016	5,980	0.9	5,883	6,320
	LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	September 1, 2016	818	0.1	797	849
	LB-013	D Project Morioka	Takizawa City, Iwate	September 1, 2016	1,200	0.2	1,163	1,210
	LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	September 1, 2016	1,530	0.2	1,538	1,550
	LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	September 1, 2016	3,390	0.5	3,291	3,490
	LB-016	D Project Gotenba	Gotenba City, Shizuoka	September 1, 2016	1,140	0.2	1,112	1,150
	LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	September 1, 2016	1,210	0.2	1,186	1,220
	LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	September 1, 2016	4,240	0.6	4,154	4,430
	LB-019	D Project Tosu	Tosu City, Saga	September 1, 2016	5,740	0.9	5,558	6,030
	LB-020	D Project Kuki I	Kuki City, Saitama	September 1, 2016	3,900	0.6	3,818	4,180
	LB-021	D Project Kuki II	Kuki City, Saitama	September 1, 2016	8,120	1.2	7,895	8,680
	LB-022	D Project Kawagoe I	Kawagoe City, Saitama	September 1, 2016	3,530	0.5	3,466	3,770
	LB-023	D Project Kawagoe II	Kawagoe City, Saitama	September 1, 2016	4,850	0.7	4,758	5,250
	LB-024	DPL Inuyama	Inuyama City, Aichi	September 1, 2016	3,940	0.6	3,852	4,150
	LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	September 1, 2016	4,340	0.6	4,245	4,610
	LB-026	D Project Kuki III	Kuki City, Saitama	September 1, 2016	7,630	1.1	7,450	8,250
	LB-027	D Project Kuki IV	Kuki City, Saitama	September 1, 2016	5,520	0.8	5,407	5,900
	LB-028	D Project Kuki V	Kuki City, Saitama	September 1, 2016	8,280	1.2	8,138	8,920
	LB-029	D Project Kuki VI	Kuki City, Saitama	September 1, 2016	5,140	0.8	5,038	5,510
	LB-030	D Project Yashio	Yashio City, Saitama	September 1, 2016	6,400	1.0	6,292	6,640
	LB-031	D Project Nishiyodogawa	Osaka City, Osaka	September 1, 2016	10,300	1.5	10,056	10,600
	LB-032	D Project Matsudo	Matsudo City, Chiba	September 1, 2016	7,370	1.1	7,248	7,600
	LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	September 28, 2016	2,080	0.3	2,024	2,130
	LB-034	D Project Morioka II	Takizawa City, Iwate	September 28, 2016	1,280	0.2	1,257	1,330
	LB-035	D Project Kawagoe III	Kawagoe City, Saitama	April 11, 2017	7,200	1.1	7,135	7,660
	LB-036	D Project Kazo	Kazo City, Saitama	April 11, 2017	3,300	0.5	3,270	3,460
	LB-037	D Project Urayasu III	Urayasu City, Chiba	April 11, 2017	8,500	1.3	8,559	9,520
	LB-038	D Project Tomisato	Tomisato City, Chiba	April 11, 2017	5,000	0.7	4,939	5,170
	LB-039	D Project Kyotanabe	Kyotanabe City, Kyoto	April 11, 2017	3,520	0.5	3,512	3,640
	LB-040	D Project Sendai Izumi	Sendai City, Miyagi	April 11, 2017	1,510	0.2	1,497	1,580

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Logistics properties	LB-041	D Project Oyama	Oyama City, Tochigi	April 11, 2017	2,000	0.3	1,979	2,040
	LB-042	D Project Sano	Sano City, Tochigi	April 11, 2017	1,780	0.3	1,760	1,790
	LB-043	D Project Tatebayashi	Tatebayashi City, Gunma	April 11, 2017	3,100	0.5	3,064	3,220
	LB-044	D Project Kakegawa	Kakegawa City, Shizuoka	April 11, 2017	6,000	0.9	5,978	6,140
	LB-045	D Project Hiroshima Seifu	Hiroshima City, Hiroshima	April 11, 2017	3,820	0.6	3,787	4,050
	LB-046	D Project Tosu II	Tosu City, Saga	April 11, 2017	1,700	0.3	1,681	1,860
	LB-047	D Project Kawagoe IV	Kawagoe City, Saitama	April 10, 2018	5,600	0.8	5,616	5,830
	LB-048	D Project Kuki VII	Kuki City, Saitama	April 10, 2018	1,040	0.2	1,047	1,100
	LB-049	D Project Chibakita	Chiba City, Chiba	April 10, 2018	7,640	1.1	7,662	7,840
	LB-050	D Project Matsudo II	Matsudo City, Chiba	April 10, 2018	8,200	1.2	8,224	8,290
	LB-051	D Project Tomisato II	Tomisato City, Chiba	April 10, 2018	6,900	1.0	6,915	7,000
	LB-052	D Project Osaka Hirabayashi	Osaka City, Osaka	April 10, 2018	3,600	0.5	3,773	4,370
	LB-053	D Project Sendai Izumi II	Sendai City, Miyagi	April 10, 2018	7,300	1.1	7,309	7,390
	LB-054	D Project Kaminokawa	Kawachi District, Tochigi	April 10, 2018	7,900	1.2	7,912	8,050
	LB-055	D Project Fuji	Fuji City, Shizuoka	April 10, 2018	3,600	0.5	3,609	3,680
	LB-056	D Project Tosu III	Tosu City, Saga	April 10, 2018	9,200	1.4	9,208	9,380
	LM-001	DPL Misato	Misato City, Saitama	April 11, 2017	16,831	2.5	16,744	17,800
	LM-002	DPL Fukuoka Kasuya	Kasuya District, Fukuoka	April 10, 2018	13,300	2.0	13,351	13,300
Total of 58 Logistics properties					336,499	50.1	333,611	353,489
Residential properties	RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	March 22, 2006	7,650	1.1	7,191	8,660
	RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	March 22, 2006	4,500	0.7	4,199	4,290
	RE-003	Castalia Shibakoen	Minato Ward, Tokyo	March 22, 2006	2,630	0.4	2,434	2,230
	RE-004	Castalia Ginza	Chuo Ward, Tokyo	March 22, 2006	2,520	0.4	2,329	2,230
	RE-005	Castalia Hiroo	Minato Ward, Tokyo	March 22, 2006	2,220	0.3	2,069	1,880
	RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	March 22, 2006	1,200	0.2	1,057	1,170
	RE-007	Castalia Hachobori	Chuo Ward, Tokyo	March 7, 2007	2,300	0.3	2,088	2,300
	RE-008	Castalia Azabujuban	Minato Ward, Tokyo	June 21, 2007	2,910	0.4	2,772	2,700
	RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	June 21, 2007	2,690	0.4	2,510	2,510
	RE-010	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	June 21, 2007	1,865	0.3	1,757	1,620
	RE-011	Castalia Ginza II	Chuo Ward, Tokyo	June 21, 2007	1,800	0.3	1,647	1,740
	RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	June 21, 2007	1,400	0.2	1,330	1,150
	RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	April 1, 2010	2,143	0.3	2,332	2,380
	RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	April 1, 2010	1,770	0.3	1,697	2,190
	RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	April 1, 2010	1,393	0.2	1,471	1,480
	RE-016	Castalia Suitengu	Chuo Ward, Tokyo	April 1, 2010	1,279	0.2	1,223	1,480
	RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	April 1, 2010	1,138	0.2	1,092	1,350
	RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	April 1, 2010	932	0.1	907	1,090
	RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	April 1, 2010	825	0.1	813	963
	RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	April 1, 2010	887	0.1	856	945
	RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	April 1, 2010	608	0.1	656	720
	RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	April 1, 2010	555	0.1	554	636
	RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	April 1, 2010	464	0.1	439	541
	RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	April 1, 2010	947	0.1	891	1,230
	RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	April 1, 2010	1,070	0.2	994	1,360
	RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	April 1, 2010	914	0.1	850	1,090
	RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	April 1, 2010	1,370	0.2	1,253	1,680
	RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	April 1, 2010	1,160	0.2	1,076	1,450
	RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	April 1, 2010	675	0.1	611	760
	RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	April 1, 2010	2,720	0.4	2,600	3,240
	RE-031	Castalia Takanawadai	Minato Ward, Tokyo	April 1, 2010	860	0.1	812	1,050
	RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	April 1, 2010	666	0.1	605	810
	RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	April 1, 2010	486	0.1	470	537
	RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	April 1, 2010	400	0.1	395	500
	RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	April 1, 2010	1,190	0.2	1,152	1,370
	RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	April 1, 2010	642	0.1	607	697
	RE-037	Castalia Ginza III	Chuo Ward, Tokyo	April 1, 2010	2,880	0.4	2,717	3,050

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Residential properties	RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	April 1, 2010	2,707	0.4	2,515	3,170
	RE-039	Castalia Takanawa	Minato Ward, Tokyo	April 1, 2010	7,430	1.1	7,125	8,010
	RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	April 1, 2010	3,520	0.5	3,232	4,070
	RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	April 1, 2010	2,950	0.4	2,833	3,420
	RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	June 29, 2010	940	0.1	869	1,340
	RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	October 18, 2011	7,580	1.1	6,739	9,170
	RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	December 19, 2011	2,030	0.3	1,963	2,360
	RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	September 27, 2013	1,900	0.3	1,865	2,140
	RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	September 27, 2013	1,420	0.2	1,407	1,590
	RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	December 20, 2005	4,500	0.7	4,026	4,350
	RE-048	Castalia Toritsudaigaku	Meguro Ward, Tokyo	March 22, 2006	648	0.1	587	535
	RE-049	Castalia Yukigaya	Ota Ward, Tokyo	March 7, 2007	1,110	0.2	991	1,120
	RE-050	Castalia Yutenji	Meguro Ward, Tokyo	June 21, 2007	1,450	0.2	1,336	1,310
	RE-051	Castalia Otsuka	Toshima Ward, Tokyo	June 21, 2007	1,480	0.2	1,314	1,650
	RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	June 21, 2007	817	0.1	719	790
	RE-053	Castalia Meguro	Meguro Ward, Tokyo	April 1, 2010	844	0.1	859	1,050
	RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	April 1, 2010	1,040	0.2	977	1,260
	RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	April 1, 2010	1,200	0.2	1,159	1,390
	RE-056	Castalia Mejiro	Toshima Ward, Tokyo	April 1, 2010	988	0.1	928	1,090
	RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	April 1, 2010	2,570	0.4	2,438	2,820
	RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	April 1, 2010	1,140	0.2	1,054	1,250
	RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	April 1, 2010	7,380	1.1	6,756	8,920
	RE-060	Castalia Yakumo	Meguro Ward, Tokyo	April 1, 2010	857	0.1	827	798
	RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	April 1, 2010	1,560	0.2	1,459	2,000
	RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	April 1, 2010	996	0.1	988	1,190
	RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	April 1, 2010	742	0.1	755	827
	RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	April 1, 2010	503	0.1	476	588
	RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	April 1, 2010	198	0.0	180	217
	RE-066	Castalia Morishita	Koto Ward, Tokyo	April 1, 2010	832	0.1	796	1,040
	RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	April 1, 2010	776	0.1	743	850
	RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	April 1, 2010	792	0.1	730	963
	RE-069	Castalia Iriya	Taito Ward, Tokyo	April 1, 2010	546	0.1	498	665
	RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	April 1, 2010	2,641	0.4	2,389	2,820
	RE-071	Castalia Morishita II	Koto Ward, Tokyo	April 1, 2010	686	0.1	615	816
	RE-072	Castalia Minowa	Taito Ward, Tokyo	April 1, 2010	1,430	0.2	1,293	1,560
	RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	April 1, 2010	533	0.1	498	599
	RE-074	Castalia Nakano	Nakano Ward, Tokyo	April 1, 2010	1,060	0.2	971	1,250
	RE-075	Castalia Yoga	Setagaya Ward, Tokyo	April 1, 2010	923	0.1	867	1,140
	RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	April 1, 2010	948	0.1	845	1,030
	RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	April 1, 2010	2,160	0.3	1,984	2,700
	RE-078	Castalia Oshiage	Sumida Ward, Tokyo	April 1, 2010	1,100	0.2	984	1,150
	RE-079	Castalia Kuramae	Taito Ward, Tokyo	April 1, 2010	1,260	0.2	1,139	1,500
	RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	June 29, 2010	1,790	0.3	1,648	2,580
	RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	November 1, 2010	7,360	1.1	6,203	9,870
RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	November 1, 2010	1,770	0.3	1,589	2,510	
RE-083	Castalia Ooimachi	Shinagawa Ward, Tokyo	June 30, 2011	1,181	0.2	1,155	1,510	
RE-084	Castalia Omori	Ota Ward, Tokyo	August 2, 2011	1,500	0.2	1,425	1,800	
RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	October 7, 2011	1,900	0.3	1,841	2,300	
RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	March 28, 2012	1,660	0.2	1,599	2,190	
RE-087	Castalia Omori II	Ota Ward, Tokyo	March 29, 2012	2,370	0.4	2,266	2,920	
RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	November 29, 2012	3,800	0.6	3,769	4,410	
RE-089	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	September 27, 2013	2,030	0.3	2,003	2,340	
RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	September 27, 2013	1,750	0.3	1,747	1,850	
RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	September 27, 2013	1,520	0.2	1,476	1,710	
RE-092	Morino Tonari	Shinagawa Ward, Tokyo	July 1, 2014	1,020	0.2	1,048	1,170	
RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	September 26, 2014	1,165	0.2	1,206	1,280	
RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	May 1, 2015	4,350	0.6	4,160	4,960	

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Residential properties	RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	May 1, 2015	1,520	0.2	1,523	1,780
	RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	March 22, 2006	1,674	0.2	1,654	1,990
	RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	June 21, 2007	666	0.1	591	742
	RE-098	Castalia Funabashi	Funabashi City, Chiba	April 1, 2010	704	0.1	700	794
	RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	April 1, 2010	783	0.1	746	936
	RE-105	Castalia Nogeeyama	Yokohama City, Kanagawa	April 1, 2010	325	0.0	298	328
	RE-106	Castalia Ichikawa	Ichikawa City, Chiba	April 1, 2010	461	0.1	405	538
	RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	October 7, 2011	5,300	0.8	4,759	6,160
	RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	September 27, 2013	1,680	0.3	1,642	1,850
	RE-109	Royal Parks Wakabadaï	Inagi City, Tokyo	March 28, 2014	4,360	0.6	3,967	4,720
	RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	May 1, 2015	9,100	1.4	8,622	10,800
	RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	May 1, 2015	1,720	0.3	1,717	2,070
	RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	May 1, 2015	1,060	0.2	1,009	1,300
	RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	April 1, 2010	1,490	0.2	1,318	1,780
	RE-117	Castalia Shin-Umeda	Osaka City, Osaka	April 1, 2010	1,376	0.2	1,216	1,580
	RE-118	Castalia Abeno	Osaka City, Osaka	April 1, 2010	4,368	0.7	4,011	5,180
	RE-119	Castalia Sakae	Nagoya City, Aichi	April 1, 2010	1,010	0.2	913	1,220
	RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	April 1, 2010	411	0.1	364	498
	RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	April 1, 2010	1,740	0.3	1,547	2,010
	RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	April 1, 2010	960	0.1	846	1,020
	RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	April 1, 2010	3,400	0.5	2,962	4,610
	RE-125	Castalia Sannomiya	Kobe City, Hyogo	April 1, 2010	1,230	0.2	1,073	1,490
	RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	April 1, 2010	481	0.1	417	555
	RE-127	Castalia Ichibancho	Sendai City, Miyagi	April 1, 2010	783	0.1	696	934
	RE-128	Castalia Omachi	Sendai City, Miyagi	April 1, 2010	656	0.1	607	813
	RE-129	Castalia Uemachidai	Osaka City, Osaka	April 1, 2010	2,190	0.3	1,963	2,710
	RE-130	Castalia Tower Higobashi	Osaka City, Osaka	April 1, 2010	2,670	0.4	2,387	3,570
	RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	November 1, 2010	1,740	0.3	1,325	2,640
	RE-132	Castalia Fushimi	Nagoya City, Aichi	January 14, 2011	2,260	0.3	1,983	3,040
	RE-133	Castalia Meieki Minami	Nagoya City, Aichi	August 1, 2011	720	0.1	664	938
	RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	September 26, 2011	930	0.1	878	1,180
	RE-135	Castalia Mibu	Kyoto City, Kyoto	December 22, 2011	1,193	0.2	1,111	1,470
	RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	September 3, 2012	1,208	0.2	1,194	1,750
	RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	March 25, 2013	2,910	0.4	2,631	3,560
RE-138	Royal Parks Namba	Osaka City, Osaka	March 29, 2013	2,830	0.4	2,551	2,940	
RE-139	Castalia Shigahondori	Nagoya City, Aichi	June 26, 2013	1,730	0.3	1,607	2,090	
RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	November 2, 2015	973	0.1	1,014	1,070	
RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	September 28, 2016	2,000	0.3	2,008	2,360	
RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	September 28, 2016	2,020	0.3	2,005	2,180	
RE-143	Castalia Shinsakae II	Nagoya City, Aichi	April 11, 2017	1,800	0.3	1,854	1,920	
Total of 134 Residential properties					247,444	36.8	231,166	284,103
Retail properties	RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	September 1, 2016	7,770	1.2	7,564	8,060
	RM-002	FOLEO Hirakata	Hirakata City, Osaka	September 1, 2016	4,580	0.7	4,541	4,660
	RM-003	QIZ GATE URAWA	Saitama City, Saitama	September 1, 2016	4,270	0.6	4,258	4,310
	RM-004	UNICUS Takasaki	Takasaki City, Gunma	September 1, 2016	3,000	0.4	2,959	3,070
	RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	September 1, 2016	3,740	0.6	3,740	3,930
	RM-006	DREAM TOWN ALi	Aomori City, Aomori	September 1, 2016	8,100	1.2	7,961	8,330
	RM-007	ASOBOX (Land)	Kitakyushu City, Fukuoka	August 29, 2017	1,600	0.2	1,617	1,860
	RM-008	FOLEO Ome Imai	Ome City, Tokyo	August 29, 2017	3,800	0.6	3,787	3,950
	RM-009	FOLEO Otsu Ichiriyama	Otsu City, Shiga	April 3, 2018	8,100	1.2	8,161	8,420
	RM-010	FOLEO Hakata	Fukuoka City, Fukuoka	April 3, 2018	3,200	0.5	3,226	3,610
	RR-001	LIFE Sagamihara Wakamatsu	Sagamihara City, Kanagawa	September 1, 2016	1,670	0.2	1,658	1,760
	RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	September 1, 2016	6,960	1.0	6,875	7,380
	RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	September 1, 2016	2,390	0.4	2,390	2,490

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Retail properties	RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	Kitakyushu City, Fukuoka	September 28, 2016	2,230	0.3	2,194	2,360
	RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	January 31, 2017	5,620	0.8	5,857	6,640
	RR-006	Royal Home Center Morinomiya (Land)	Osaka City, Osaka	March 27, 2018	4,500	0.7	4,541	5,190
Total of 16 Retail properties					71,530	10.6	71,336	76,020
Hotel properties	HO-001	Daiwa Roynet Hotel Yokohama Kannai	Yokohama City, Kanagawa	April 3, 2018	4,800	0.7	4,821	4,940
Total of 1 Hotel property					4,800	0.7	4,821	4,940
Other assets	OT-001	Urban Living Inage	Chiba City, Chiba	June 24, 2013	930	0.1	860	1,300
	OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	September 1, 2014	1,100	0.2	1,087	1,260
	OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	September 28, 2016	7,600	1.1	7,426	7,980
	OT-004	Sharp Hiroshima Building	Hiroshima City, Hiroshima	April 11, 2017	1,850	0.3	1,845	1,950
Total of 4 Other assets					11,480	1.7	11,219	12,490
Portfolio Total of 213 Properties					671,753	100.0	652,156	731,042

(Note 1) “Property number” is assigned for each property according to the use categories; L represents logistics properties, RE represents residential properties, R represents retail properties, HO represents hotel properties and OT represents other properties, which are further classified into LB (Built-to-Suit (BTS) type), LM (multi-tenant type), RR (roadside type) and RM (mall type). The same shall apply hereinafter.

(Note 2) With regard to the properties acquired through past mergers, “Acquisition date” represents the effective date of the merger.

(Note 3) “Acquisition price” represents the purchase price stipulated in the respective purchase agreements of assets held by DHR (excluding expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes etc., or guarantee deposits on leased land, etc.). However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, the prices received at the time of the merger with the former DHR. “Total acquisition price” is rounded to the nearest million yen.

(Note 4) “Investment ratio” represents the percentage of the acquisition price for each property to the total acquisition price of assets held, which is rounded to the nearest tenth.

(Note 5) “Book value” represents the amount recorded on the balance sheets as of August 31, 2018, which is rounded down to the nearest million yen.

(Note 6) “Assessed value at the end of period” is the appraisal value as of August 31, 2018 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute and JLL Morii Valuation & Advisory K.K.) in accordance with the Articles of Incorporation of DHR as well as “Regulations on Accounting of Investment Corporations” (Cabinet Office Order No. 47 of 2006, as amended). The amounts are rounded down to the nearest million yen.

(Note 7) Regarding “D Project Inuyama,” DHR made an additional acquisition on April 10, 2018 (acquisition price ¥2,100 million). The “acquisition price” represents the total price for the existing building and additionally acquired building, and the “acquisition date” represents the acquisition date for the existing building.

B. The leasable area, leased area, occupancy rate, number of tenants and annual rent of real estate or real estate in trust held by DHR as of August 31, 2018 are as follows:

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
LB-001	D Project Machida	Machida City, Tokyo	50,490.39	50,490.39	100.0	1	(Note 6)
LB-002	D Project Hachioji	Hachioji City, Tokyo	62,394.17	62,394.17	100.0	2	(Note 6)
LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	14,240.84	14,240.84	100.0	1	(Note 6)
LB-004	D Project Shin-Misato	Misato City, Saitama	11,289.91	11,289.91	100.0	1	(Note 6)
LB-005	D Project Urayasu I	Urayasu City, Chiba	36,515.81	36,515.81	100.0	1	(Note 6)
LB-006	D Project Urayasu II	Urayasu City, Chiba	72,320.01	72,320.01	100.0	1	(Note 6)
LB-007	D Project Akanehama	Narashino City, Chiba	11,663.39	11,663.39	100.0	1	(Note 6)
LB-008	D Project Noda	Noda City, Chiba	29,232.53	29,232.53	100.0	1	(Note 6)
LB-009	D Project Inuyama	Inuyama City, Aichi	54,197.80	54,197.80	100.0	1	(Note 6)
LB-010	D Project Gifu	Anpachi District, Gifu	7,669.91	7,669.91	100.0	1	(Note 6)
LB-011	D Project Neyagawa	Neyagawa City, Osaka	11,151.51	11,151.51	100.0	1	(Note 6)
LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	6,749.10	6,749.10	100.0	1	(Note 6)
LB-013	D Project Morioka	Takizawa City, Iwate	9,558.32	9,558.32	100.0	1	(Note 6)
LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	11,052.27	11,052.27	100.0	1	(Note 6)
LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	17,448.86	17,448.86	100.0	1	(Note 6)
LB-016	D Project Gotenba	Gotenba City, Shizuoka	6,737.53	6,737.53	100.0	1	(Note 6)
LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	5,093.51	5,093.51	100.0	2	(Note 6)
LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	24,729.56	24,729.56	100.0	4	251
LB-019	D Project Tosu	Tosu City, Saga	17,858.01	17,858.01	100.0	1	(Note 6)
LB-020	D Project Kuki I	Kuki City, Saitama	22,708.72	22,708.72	100.0	1	(Note 6)
LB-021	D Project Kuki II	Kuki City, Saitama	50,490.00	50,490.00	100.0	1	(Note 6)
LB-022	D Project Kawagoe I	Kawagoe City, Saitama	16,150.88	16,150.88	100.0	1	205
LB-023	D Project Kawagoe II	Kawagoe City, Saitama	19,872.00	19,872.00	100.0	1	281
LB-024	DPL Inuyama	Inuyama City, Aichi	21,628.50	21,628.50	100.0	1	(Note 6)
LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	34,710.80	34,710.80	100.0	1	(Note 6)
LB-026	D Project Kuki III	Kuki City, Saitama	26,937.41	26,937.41	100.0	1	(Note 6)
LB-027	D Project Kuki IV	Kuki City, Saitama	26,460.00	26,460.00	100.0	1	(Note 6)
LB-028	D Project Kuki V	Kuki City, Saitama	47,320.89	47,320.89	100.0	1	(Note 6)
LB-029	D Project Kuki VI	Kuki City, Saitama	29,244.66	29,244.66	100.0	1	(Note 6)
LB-030	D Project Yashio	Yashio City, Saitama	21,965.04	21,965.04	100.0	2	(Note 6)
LB-031	D Project Nishiyodogawa	Osaka City, Osaka	39,584.80	39,584.80	100.0	1	(Note 6)
LB-032	D Project Matsudo	Matsudo City, Chiba	26,776.67	26,776.67	100.0	1	(Note 6)
LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	23,933.75	23,933.75	100.0	1	(Note 6)
LB-034	D Project Morioka II	Takizawa City, Iwate	4,481.00	4,481.00	100.0	1	(Note 6)
LB-035	D Project Kawagoe III	Kawagoe City, Saitama	39,572.32	39,572.32	100.0	1	(Note 6)
LB-036	D Project Kazo	Kazo City, Saitama	18,371.10	18,371.10	100.0	1	(Note 6)
LB-037	D Project Urayasu III	Urayasu City, Chiba	39,441.32	39,441.32	100.0	1	(Note 6)
LB-038	D Project Tomisato	Tomisato City, Chiba	36,113.25	36,113.25	100.0	1	(Note 6)
LB-039	D Project Kyotanabe	Kyotanabe City, Kyoto	10,965.68	10,965.68	100.0	1	(Note 6)
LB-040	D Project Sendai Izumi	Sendai City, Miyagi	10,764.05	10,764.05	100.0	1	(Note 6)
LB-041	D Project Oyama	Oyama City, Tochigi	14,106.91	14,106.91	100.0	1	(Note 6)
LB-042	D Project Sano	Sano City, Tochigi	15,668.44	15,668.44	100.0	1	(Note 6)
LB-043	D Project Tatebayashi	Tatebayashi City, Gunma	13,521.56	13,521.56	100.0	1	(Note 6)
LB-044	D Project Kakegawa	Kakegawa City, Shizuoka	39,341.44	39,341.44	100.0	1	(Note 6)
LB-045	D Project Hiroshima Seifu	Hiroshima City, Hiroshima	19,004.72	19,004.72	100.0	1	(Note 6)
LB-046	D Project Tosu II	Tosu City, Saga	13,012.50	13,012.50	100.0	1	(Note 6)
LB-047	D Project Kawagoe IV	Kawagoe City, Saitama	24,684.47	24,684.47	100.0	1	320
LB-048	D Project Kuki VII	Kuki City, Saitama	3,225.46	3,225.46	100.0	1	(Note 6)
LB-049	D Project Chibakita	Chiba City, Chiba	24,368.86	24,368.86	100.0	1	(Note 6)
LB-050	D Project Matsudo II	Matsudo City, Chiba	25,305.82	25,305.82	100.0	1	(Note 6)
LB-051	D Project Tomisato II	Tomisato City, Chiba	40,870.56	40,870.56	100.0	1	(Note 6)
LB-052	D Project Osaka Hirabayashi	Osaka City, Osaka	22,485.08	22,485.08	100.0	1	(Note 6)
LB-053	D Project Sendai Izumi II	Sendai City, Miyagi	39,580.46	39,580.46	100.0	1	(Note 6)

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
LB-054	D Project Kaminokawa	Kawachi District, Tochigi	52,239.75	52,239.75	100.0	1	(Note 6)
LB-055	D Project Fuji	Fuji City, Shizuoka	23,795.40	23,795.40	100.0	1	(Note 6)
LB-056	D Project Tosu III	Tosu City, Saga	65,215.07	65,215.07	100.0	1	(Note 6)
LM-001	DPL Misato	Misato City, Saitama	55,864.47	55,864.47	100.0	1	(Note 6)
LM-002	DPL Fukuoka Kasuya	Kasuya District, Fukuoka	73,739.04	73,739.04	100.0	1	(Note 6)
Total of 58 Logistics properties			1,593,916.28	1,593,916.28	100.0	64	19,523
RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	5,230.39	5,138.59	98.2	1	425
RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	3,492.93	3,465.03	99.2	1	225
RE-003	Castalia Shibakoen	Minato Ward, Tokyo	2,707.51	2,554.24	94.3	1	128
RE-004	Castalia Ginza	Chuo Ward, Tokyo	2,226.42	2,116.79	95.1	1	120
RE-005	Castalia Hiroo	Minato Ward, Tokyo	1,621.59	1,621.59	100.0	1	98
RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	1,458.73	1,409.11	96.6	1	72
RE-007	Castalia Hacchobori	Chuo Ward, Tokyo	2,969.57	2,915.70	98.2	1	128
RE-008	Castalia Azabujuban	Minato Ward, Tokyo	2,400.00	2,350.76	97.9	1	141
RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	2,094.58	1,951.96	93.2	1	123
RE-010	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	1,917.62	1,890.96	98.6	1	91
RE-011	Castalia Ginza II	Chuo Ward, Tokyo	1,817.56	1,817.56	100.0	1	99
RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	1,123.80	1,073.87	95.6	1	65
RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	2,779.77	2,779.77	100.0	1	139
RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	2,559.21	2,504.13	97.8	1	114
RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	1,898.47	1,742.92	91.8	1	74
RE-016	Castalia Suitengu	Chuo Ward, Tokyo	1,940.94	1,882.99	97.0	1	86
RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	1,858.34	1,765.18	95.0	1	76
RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	1,444.52	1,444.52	100.0	1	65
RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	1,244.54	1,201.18	96.5	1	54
RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	1,225.26	1,225.26	100.0	1	52
RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	811.95	748.47	92.2	1	40
RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	803.03	732.58	91.2	1	36
RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	957.60	957.60	100.0	1	37
RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	1,747.90	1,747.90	100.0	1	72
RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	1,826.80	1,826.80	100.0	1	79
RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	1,308.38	1,308.38	100.0	1	64
RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	2,117.46	2,117.46	100.0	1	98
RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	1,628.80	1,628.80	100.0	1	83
RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	972.51	972.51	100.0	1	48
RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	3,594.16	3,594.16	100.0	1	163
RE-031	Castalia Takanawadai	Minato Ward, Tokyo	1,147.44	1,147.44	100.0	1	57
RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	1,105.20	1,105.20	100.0	1	48
RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	668.79	668.79	100.0	1	32
RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	681.00	681.00	100.0	1	31
RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	1,567.84	1,567.84	100.0	1	77
RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	882.67	882.67	100.0	1	42
RE-037	Castalia Ginza III	Chuo Ward, Tokyo	3,494.42	3,416.54	97.8	1	166
RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	4,602.95	4,602.95	100.0	1	186
RE-039	Castalia Takanawa	Minato Ward, Tokyo	10,408.26	10,408.26	100.0	1	471
RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	6,442.28	6,402.14	99.4	1	265
RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	3,150.80	3,150.80	100.0	1	179
RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	1,546.34	1,506.26	97.4	1	79
RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	16,849.50	16,547.67	98.2	2	733
RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	3,077.05	2,960.25	96.2	1	133
RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	2,339.42	2,159.85	92.3	1	108
RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	1,659.71	1,659.71	100.0	1	86
RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	4,967.97	4,846.83	97.6	1	246
RE-048	Castalia Torisudaigaku	Meguro Ward, Tokyo	863.70	863.70	100.0	1	39
RE-049	Castalia Yukigaya	Ota Ward, Tokyo	1,542.30	1,542.30	100.0	1	69
RE-050	Castalia Yutenji	Meguro Ward, Tokyo	1,380.35	1,322.08	95.8	1	70
RE-051	Castalia Otsuka	Toshima Ward, Tokyo	1,871.70	1,690.57	90.3	1	83

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Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	1,168.18	1,134.45	97.1	1	51
RE-053	Castalia Meguro	Meguro Ward, Tokyo	1,414.73	1,414.73	100.0	1	61
RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	1,784.50	1,753.54	98.3	1	72
RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	1,472.47	1,392.68	94.6	1	73
RE-056	Castalia Mejiro	Toshima Ward, Tokyo	1,658.90	1,592.92	96.0	1	63
RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	3,644.35	3,605.19	98.9	1	166
RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	1,624.06	1,624.06	100.0	1	77
RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	12,732.35	12,691.93	99.7	1	529
RE-060	Castalia Yakumo	Meguro Ward, Tokyo	1,276.91	1,206.90	94.5	1	48
RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	2,014.12	2,014.12	100.0	1	100
RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	2,255.88	2,255.88	100.0	1	73
RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	1,220.16	1,140.17	93.4	1	47
RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	887.94	887.94	100.0	1	33
RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	414.45	414.45	100.0	1	15
RE-066	Castalia Morishita	Koto Ward, Tokyo	1,383.90	1,343.79	97.1	1	61
RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	1,425.43	1,425.43	100.0	1	53
RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	1,537.84	1,537.84	100.0	1	62
RE-069	Castalia Iriya	Taito Ward, Tokyo	1,415.15	1,415.15	100.0	1	45
RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	4,197.66	4,197.66	100.0	1	172
RE-071	Castalia Morishita II	Koto Ward, Tokyo	1,275.60	1,242.35	97.4	1	53
RE-072	Castalia Minowa	Taito Ward, Tokyo	2,406.41	2,331.39	96.9	1	95
RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	857.32	807.30	94.2	1	34
RE-074	Castalia Nakano	Nakano Ward, Tokyo	1,613.86	1,539.98	95.4	1	67
RE-075	Castalia Yoga	Setagaya Ward, Tokyo	1,472.38	1,337.74	90.9	1	59
RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	1,362.60	1,362.60	100.0	1	64
RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	3,038.98	3,038.98	100.0	1	136
RE-078	Castalia Oshiage	Sumida Ward, Tokyo	1,785.24	1,760.77	98.6	1	70
RE-079	Castalia Kuramae	Taito Ward, Tokyo	1,994.93	1,994.93	100.0	1	86
RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	2,421.82	2,338.98	96.6	1	139
RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	18,112.03	18,112.03	100.0	1	636
RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	2,629.59	2,560.14	97.4	1	145
RE-083	Castalia Ooimachi	Shinagawa Ward, Tokyo	1,413.75	1,413.75	100.0	1	78
RE-084	Castalia Omori	Ota Ward, Tokyo	2,046.36	2,046.36	100.0	1	101
RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	2,640.86	2,551.79	96.6	1	130
RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	3,797.92	3,756.16	98.9	1	127
RE-087	Castalia Omori II	Ota Ward, Tokyo	2,818.70	2,662.97	94.5	1	146
RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	3,166.71	3,032.51	95.8	1	214
RE-089	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	2,123.77	2,044.90	96.3	1	121
RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	1,961.52	1,899.31	96.8	1	99
RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	2,004.80	1,970.60	98.3	1	95
RE-092	Morino Tonari	Shinagawa Ward, Tokyo	1,668.24	1,605.39	96.2	1	59
RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	1,278.52	1,253.04	98.0	1	63
RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	17,269.74	17,269.74	100.0	1	454
RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	2,224.41	2,157.85	97.0	1	98
RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	4,208.83	4,208.83	100.0	1	111
RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	1,452.09	1,407.40	96.9	1	50
RE-098	Castalia Funabashi	Funabashi City, Chiba	1,552.01	1,499.81	96.6	1	57
RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	1,597.32	1,518.44	95.1	1	61
RE-105	Castalia Nogeeyama	Yokohama City, Kanagawa	744.90	720.07	96.7	1	26
RE-106	Castalia Ichikawa	Ichikawa City, Chiba	876.89	876.89	100.0	1	39
RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	18,153.57	18,153.57	100.0	1	458
RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	2,179.80	2,109.53	96.8	1	106
RE-109	Royal Parks Wakabada	Inagi City, Tokyo	21,367.93	21,367.93	100.0	2	488
RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	26,294.49	26,294.49	100.0	1	983
RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	3,009.74	3,009.74	100.0	1	111
RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	3,808.97	3,808.97	100.0	1	129
RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	3,471.39	3,426.81	98.7	1	119

Daiwa House REIT Investment Corporation (8984)
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Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-117	Castalia Shin-Umeda	Osaka City, Osaka	3,279.90	3,222.02	98.2	1	107
RE-118	Castalia Abeno	Osaka City, Osaka	10,920.75	10,325.01	94.5	1	317
RE-119	Castalia Sakae	Nagoya City, Aichi	2,836.00	2,656.88	93.7	1	82
RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	1,522.89	1,487.49	97.7	1	37
RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	6,100.31	5,898.82	96.7	1	141
RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	3,061.60	2,937.90	96.0	1	80
RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	8,747.40	8,684.20	99.3	1	311
RE-125	Castalia Sannomiya	Kobe City, Hyogo	3,071.60	2,935.19	95.6	1	100
RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	1,684.10	1,684.10	100.0	1	46
RE-127	Castalia Ichibancho	Sendai City, Miyagi	2,800.32	2,800.32	100.0	1	73
RE-128	Castalia Omachi	Sendai City, Miyagi	2,149.08	2,089.42	97.2	1	62
RE-129	Castalia Uemachidai	Osaka City, Osaka	5,415.39	5,341.74	98.6	1	164
RE-130	Castalia Tower Higobashi	Osaka City, Osaka	6,230.20	6,202.68	99.6	1	254
RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	8,661.19	8,410.48	97.1	1	199
RE-132	Castalia Fushimi	Nagoya City, Aichi	7,022.69	6,722.12	95.7	1	197
RE-133	Castalia Meieki Minami	Nagoya City, Aichi	1,822.10	1,716.60	94.2	1	58
RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	2,784.83	2,691.70	96.7	1	78
RE-135	Castalia Mibu	Kyoto City, Kyoto	2,828.39	2,793.88	98.8	1	90
RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	4,471.11	4,471.11	100.0	1	110
RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	11,089.75	5,815.15	52.4	1	154
RE-138	Royal Parks Namba	Osaka City, Osaka	10,354.15	10,354.15	100.0	1	256
RE-139	Castalia Shigahondori	Nagoya City, Aichi	5,086.69	4,899.04	96.3	1	139
RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	2,035.37	1,984.07	97.5	1	63
RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	2,897.06	2,868.08	99.0	1	132
RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	6,828.78	6,828.78	100.0	1	191
RE-143	Castalia Shinsakae II	Nagoya City, Aichi	4,425.46	4,425.46	100.0	1	114
Total of 134 Residential properties			473,790.11	461,408.88	97.4	136	17,825
RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	41,742.84	41,742.84	100.0	1	551
RM-002	FOLEO Hirakata	Hirakata City, Osaka	16,390.96	15,546.54	94.8	1	353
RM-003	QiZ GATE URAWA	Saitama City, Saitama	9,720.49	9,677.72	99.6	10	331
RM-004	UNICUS Takasaki	Takasaki City, Gunma	9,277.08	9,277.08	100.0	1	259
RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	24,018.00	24,018.00	100.0	1	188
RM-006	DREAM TOWN ALi	Aomori City, Aomori	22,196.81	22,196.81	100.0	1	585
RM-007	ASOBOX (Land)	Kitakyushu City, Fukuoka	11,207.90	11,207.90	100.0	1	94
RM-008	FOLEO Ome Imai	Ome City, Tokyo	8,637.91	8,637.91	100.0	1	257
RM-009	FOLEO Otsu Ichiryama	Otsu City, Shiga	62,917.73	62,917.73	100.0	1	643
RM-010	FOLEO Hakata	Fukuoka City, Fukuoka	23,230.77 (Note 7)	23,230.77 (Note 7)	100.0	1	252
RR-001	LIFE Sagamiyama Wakamatsu	Sagamiyama City, Kanagawa	2,973.44	2,973.44	100.0	1	(Note 6)
RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	19,845.72	19,845.72	100.0	1	477
RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	31,981.70	31,981.70	100.0	1	139
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	Kitakyushu City, Fukuoka	8,899.89	8,899.89	100.0	1	(Note 6)
RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	28,002.92	28,002.92	100.0	1	(Note 6)
RR-006	Royal Home Center Morinomiya (Land)	Osaka City, Osaka	6,669.74	6,669.74	100.0	1	205
Total of 16 Retail properties			327,713.90	326,826.71	99.7	25	4,868
HO-001	Daiwa Roynet Hotel Yokohama Kannai	Yokohama City, Kanagawa	7,932.37	7,932.37	100.0	1	266
Total of 1 Hotel property			7,932.37	7,932.37	100.0	1	266
OT-001	Urban Living Inage	Chiba City, Chiba	4,177.52	4,177.52	100.0	1	78
OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	3,901.14	3,901.14	100.0	1	87
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha- Omoromachi)	Naha City, Okinawa	13,480.00	13,480.00	100.0	1	543
OT-004	Sharp Hiroshima Building	Hiroshima City, Hiroshima	3,064.89	3,064.89	100.0	1	(Note 6)
Total of 4 Other assets			24,623.55	24,623.55	100.0	4	825
Portfolio Total of 213 Properties			2,427,976.21	2,414,707.79	99.5	230	43,308

- (Note 1) “Leasable area” means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building in relation to each real estate or each real estate in trust as of August 31, 2018. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
- (Note 2) “Leased area” represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2018. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants, as indicated in the sublease agreement for each real estate or each real estate in trust as of August 31, 2018, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
- (Note 3) “Occupancy rate” represents the percentage of leased area to the leasable area of each real estate or each real estate in trust as of August 31, 2018, which is rounded to the nearest tenth.
- (Note 4) “Number of tenants” is equal to the number of tenants per property based upon the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2018. However, the number of tenants is indicated as 1 (one) in the case of a property subject to a master lease agreement with the master lease company.
- (Note 5) “Annual rent” represents the amount calculated by multiplying the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2018 by 12 (as to real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). Annual rent for residential properties includes common area charges. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the annual rent represents the amount calculated by multiplying the monthly rent indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of August 31, 2018 by 12 (as to real estate or each real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). For revenue-based rent, a monthly amount linked to sales in August 2018 is used. Therefore, the sums of the “Annual rent” of each property may not add up to the total for the portfolio. Furthermore, in the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the annual rent of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
- (Note 6) Undisclosed as consent for disclosure has not been obtained from the lessee.
- (Note 7) Separately from the building of this property, a part of the land of this property is leased to the lessee for the purpose of subleasing to Fukuoka Prefecture and other third parties as land for a police station, etc. The area of such leased land is not included in the leasable area and leased area.

iv) Status of revenues from real estate and real estate in trust

The status of revenues from each real estate and each real estate in trust including rental revenues is as follows.

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

- 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.
- Rental revenues include rent and common area charges.
- Other rental revenues include revenues from parking lot usage fees, signboard usage fees, utilities expenses, vending machines, key money, renewal commissions, restoration and early termination penalty.
- 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 (prior beneficiary) at the acquisition are included in the acquisition cost of real estate, etc. as part of incidental expenses, and are not recorded in rental expenses.
- Outsourcing expenses include management outsourcing expenses, PM fee, leasing fee and renewal commissions.
- Repairs and maintenance expenses include repairs and restoration costs.
- Since repairs and maintenance expenses, and capital expenditures significantly fluctuate from year to year and do not arise regularly, the repairs and maintenance expenses and capital expenditures in the

fiscal period may differ substantially from the amount of such expenses and capital expenditures incurred when DHR continues to hold the acquired asset for a long term.

- Insurance represents the amount calculated based on premiums paid in relation to the relevant term.
- Other rental expenses include custodian fees and parking lot usage fees.
- Depreciation represents the amount in relation to the number of months in the disclosure period.
- Leasehold and security deposits, etc. represents the total amount of outstanding leasehold and security deposit as indicated in the lease agreement in relation to each real estate or each real estate in trust (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). However, in the case of a pass-through type master lease agreement entered into with the master lease company, the total scheduled outstanding amount of leasehold and security deposit, as indicated in each sublease agreement entered into between the master lease company and end-tenants in relation to each real estate or each real estate in trust as of August 31, 2018 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), is provided. When there are portions that do not need to be repaid due to special agreements concerning non-refundable deposits or written-off deposits, the amount represents the amount after subtracting these deductions.

Status of revenues from real estate and real estate in trust

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-001	LB-002	LB-003	LB-004
Property name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A – B)	228,950	369,374	105,421	141,530
(D) Depreciation	42,102	83,514	22,319	20,942
(E) Income (loss) from rental business (= C – D)	186,848	285,859	83,101	120,587
(F) Capital expenditures	–	–	–	–
(G) NCF (= C – F)	228,950	369,374	105,421	141,530
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Property number	LB-005	LB-006	LB-007	LB-008
Property name	D Project Urayasu I	D Project Urayasu II	D Project Akanehama	D Project Noda
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A – B)	203,821	553,646	69,924	156,181
(D) Depreciation	32,826	85,756	13,100	34,606
(E) Income (loss) from rental business (= C – D)	170,995	467,889	56,823	121,574
(F) Capital expenditures	7,600	7,377	–	–
(G) NCF (= C – F)	196,221	546,268	69,924	156,181
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-009	LB-010	LB-011	LB-012
Property name	D Project Inuyama	D Project Gifu	D Project Neyagawa	D Project Sapporo Minami
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	276,374	30,841	142,922	26,020
(D) Depreciation	63,227	7,979	24,382	7,273
(E) Income (loss) from rental business (= C - D)	213,147	22,862	118,540	18,746
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	276,374	30,841	142,922	26,020
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Property number	LB-013	LB-014	LB-015	LB-016
Property name	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura	D Project Gotenba
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	35,904	39,786	100,251	32,225
(D) Depreciation	9,160	12,658	24,882	6,812
(E) Income (loss) from rental business (= C - D)	26,744	27,127	75,369	25,413
(F) Capital expenditures	-	39,177	-	-
(G) NCF (= C - F)	35,904	608	100,251	32,225
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-017	LB-018	LB-019	LB-020
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	126,633	(Note 1)	(Note 1)
Rental revenues	(Note 1)	126,624	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	9	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	14,055	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	8,862	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	3,192	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	537	(Note 1)	(Note 1)
Insurance	(Note 1)	176	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	–	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	1,287	(Note 1)	(Note 1)
(C) NOI (= A – B)	37,574	112,577	153,360	101,863
(D) Depreciation	6,103	25,546	45,436	20,468
(E) Income (loss) from rental business (= C – D)	31,470	87,030	107,923	81,394
(F) Capital expenditures	–	16,036	–	–
(G) NCF (= C – F)	37,574	96,540	153,360	101,863
Leasehold and security deposits, etc.	(Note 1)	176,336	(Note 1)	(Note 1)

Property number	LB-021	LB-022	LB-023	LB-024
Property name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	102,933	140,520	(Note 1)
Rental revenues	(Note 1)	102,762	140,520	(Note 1)
Other rental revenues	(Note 1)	171	–	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	11,664	14,054	(Note 1)
Taxes and public dues	(Note 1)	9,259	11,263	(Note 1)
Outsourcing expenses	(Note 1)	1,800	1,800	(Note 1)
Repairs and maintenance expenses	(Note 1)	–	200	(Note 1)
Insurance	(Note 1)	121	152	(Note 1)
Utilities expenses	(Note 1)	–	–	(Note 1)
Other rental expenses	(Note 1)	484	637	(Note 1)
(C) NOI (= A – B)	216,914	91,268	126,465	100,771
(D) Depreciation	56,245	16,404	22,879	21,893
(E) Income (loss) from rental business (= C – D)	160,668	74,864	103,586	78,878
(F) Capital expenditures	–	–	–	–
(G) NCF (= C – F)	216,914	91,268	126,465	100,771
Leasehold and security deposits, etc.	(Note 1)	173,500	140,148	(Note 1)

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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-025	LB-026	LB-027	LB-028
Property name	D Project Fukuoka Hakozaki	D Project Kuki III	D Project Kuki IV	D Project Kuki V
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	111,942	200,062	156,758	220,522
(D) Depreciation	23,597	44,913	35,045	50,472
(E) Income (loss) from rental business (= C - D)	88,345	155,148	121,712	170,050
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	111,942	200,062	156,758	220,522
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Property number	LB-029	LB-030	LB-031	LB-032
Property name	D Project Kuki VI	D Project Yashio	D Project Nishiyodogawa	D Project Matsudo
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	133,541	155,192	260,084	175,895
(D) Depreciation	35,856	34,549	60,936	30,492
(E) Income (loss) from rental business (= C - D)	97,685	120,643	199,147	145,402
(F) Capital expenditures	38,327	-	-	-
(G) NCF (= C - F)	95,214	155,192	260,084	175,895
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-033	LB-034	LB-035	LB-036
Property name	D Project Hibiki Nada	D Project Morioka II	D Project Kawagoe III	D Project Kazo
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	65,307	40,441	182,820	89,920
(D) Depreciation	19,629	8,527	46,077	21,782
(E) Income (loss) from rental business (= C - D)	45,677	31,913	136,742	68,138
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	65,307	40,441	182,820	89,920
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Property number	LB-037	LB-038	LB-039	LB-040
Property name	D Project Urayasu III	D Project Tomisato	D Project Kyotanabe	D Project Sendai Izumi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	189,776	135,721	103,270	42,935
(D) Depreciation	43,614	38,296	21,680	11,822
(E) Income (loss) from rental business (= C - D)	146,161	97,424	81,589	31,112
(F) Capital expenditures	112,296	-	20,165	-
(G) NCF (= C - F)	77,479	135,721	83,105	42,935
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-041	LB-042	LB-043	LB-044
Property name	D Project Oyama	D Project Sano	D Project Tatebayashi	D Project Kakegawa
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A – B)	57,481	51,853	91,730	177,660
(D) Depreciation	14,176	15,432	23,304	42,247
(E) Income (loss) from rental business (= C – D)	43,304	36,420	68,426	135,413
(F) Capital expenditures	–	–	–	–
(G) NCF (= C – F)	57,481	51,853	91,730	177,660
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Property number	LB-045	LB-046	LB-047	LB-048
Property name	D Project Hiroshima Seifu	D Project Tosu II	D Project Kawagoe IV	D Project Kuki VII
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	126,079	(Note 1)
Rental revenues	(Note 1)	(Note 1)	125,631	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	448	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	2,306	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	–	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	1,410	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	–	(Note 1)
Insurance	(Note 1)	(Note 1)	160	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	–	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	736	(Note 1)
(C) NOI (= A – B)	110,850	50,189	123,772	24,248
(D) Depreciation	24,470	14,114	22,415	4,045
(E) Income (loss) from rental business (= C – D)	86,380	36,075	101,356	20,203
(F) Capital expenditures	–	–	–	–
(G) NCF (= C – F)	110,850	50,189	123,772	24,248
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	108,000	(Note 1)

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-049	LB-050	LB-051	LB-052
Property name	D Project Chibakita	D Project Matsudo II	D Project Tomisato II	D Project Osaka Hirabayashi
Period for asset management	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	158,296	164,666	160,300	97,636
(D) Depreciation	31,882	35,543	40,383	37,215
(E) Income (loss) from rental business (= C - D)	126,414	129,123	119,916	60,420
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	158,296	164,666	160,300	97,636
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Property number	LB-053	LB-054	LB-055	LB-056
Property name	D Project Sendai Izumi II	D Project Kaminokawa	D Project Fuji	D Project Tosu III
Period for asset management	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	173,921	202,606	93,402	217,643
(D) Depreciation	49,488	44,396	23,072	55,943
(E) Income (loss) from rental business (= C - D)	124,433	158,209	70,329	161,699
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	173,921	202,606	93,402	217,643
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	LM-001	LM-002	Logistics properties subtotal
Property name	DPL Misato	DPL Fukuoka Kasuya	
Period for asset management	From March 1, 2018 to August 31, 2018	From April 10, 2018 to August 31, 2018	
Information on revenues and expenses			
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	9,389,717
Rental revenues	(Note 1)	(Note 1)	9,339,129
Other rental revenues	(Note 1)	(Note 1)	50,587
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	1,014,641
Taxes and public dues	(Note 1)	(Note 1)	707,817
Outsourcing expenses	(Note 1)	(Note 1)	182,461
Repairs and maintenance expenses	(Note 1)	(Note 1)	27,339
Insurance	(Note 1)	(Note 1)	12,730
Utilities expenses	(Note 1)	(Note 1)	8,963
Other rental expenses	(Note 1)	(Note 1)	75,329
(C) NOI (= A - B)	399,209	301,438	8,375,076
(D) Depreciation	73,736	75,988	1,861,678
(E) Income (loss) from rental business (= C - D)	325,473	225,449	6,513,397
(F) Capital expenditures	15,766	757	257,505
(G) NCF (= C - F)	383,442	300,681	8,117,570
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	—

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-001	RE-002	RE-003	RE-004
Property name	Qiz Ebisu	Castalia Azabujuban Shichimenzaka	Castalia Shibakoen	Castalia Ginza
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	236,676	119,023	70,575	66,722
Rental revenues	211,789	110,696	66,103	60,845
Other rental revenues	24,887	8,327	4,471	5,877
(B) Real estate rental expenses subtotal	51,448	48,917	19,947	18,125
Taxes and public dues	8,415	4,792	3,459	3,331
Outsourcing expenses	18,221	11,365	6,989	7,512
Repairs and maintenance expenses	8,944	27,451	7,634	4,525
Insurance	119	83	54	60
Utilities expenses	13,727	2,628	506	626
Other rental expenses	2,019	2,597	1,303	2,069
(C) NOI (= A - B)	185,228	70,106	50,627	48,596
(D) Depreciation	32,488	24,748	15,578	13,505
(E) Income (loss) from rental business (= C - D)	152,739	45,357	35,049	35,091
(F) Capital expenditures	9,444	73,676	7,450	3,561
(G) NCF (= C - F)	175,783	(3,570)	43,177	45,034
Leasehold and security deposits, etc.	182,624	28,426	12,161	11,563

Property number	RE-005	RE-006	RE-007	RE-008
Property name	Castalia Hiroo	Castalia Nihonbashi	Castalia Hacchobori	Castalia Azabujuban
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	52,810	38,103	67,242	74,965
Rental revenues	49,219	36,337	63,909	70,725
Other rental revenues	3,591	1,766	3,332	4,239
(B) Real estate rental expenses subtotal	13,151	9,104	11,678	12,114
Taxes and public dues	2,778	1,829	2,869	2,446
Outsourcing expenses	7,402	3,946	6,981	5,882
Repairs and maintenance expenses	683	2,075	975	2,732
Insurance	35	37	57	48
Utilities expenses	1,539	373	341	328
Other rental expenses	711	842	453	675
(C) NOI (= A - B)	39,659	28,999	55,564	62,851
(D) Depreciation	11,405	8,366	14,551	12,253
(E) Income (loss) from rental business (= C - D)	28,253	20,632	41,012	50,597
(F) Capital expenditures	741	-	-	1,934
(G) NCF (= C - F)	38,917	28,999	55,564	60,916
Leasehold and security deposits, etc.	42,055	10,629	13,554	14,534

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-009	RE-010	RE-011	RE-012
Property name	Castalia Azabujuban II	Castalia Shinjuku Natsumezaka	Castalia Ginza II	Castalia Shibuya Sakuragaoka
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	66,949	43,884	51,334	35,029
Rental revenues	61,540	41,055	49,334	31,925
Other rental revenues	5,409	2,828	1,999	3,103
(B) Real estate rental expenses subtotal	18,788	11,901	8,652	13,427
Taxes and public dues	2,871	2,166	2,223	1,812
Outsourcing expenses	6,918	5,115	5,164	5,286
Repairs and maintenance expenses	7,909	3,461	391	5,299
Insurance	47	38	39	28
Utilities expenses	520	581	266	292
Other rental expenses	520	537	566	708
(C) NOI (= A - B)	48,160	31,983	42,682	21,601
(D) Depreciation	13,712	8,154	10,832	6,061
(E) Income (loss) from rental business (= C - D)	34,448	23,828	31,849	15,540
(F) Capital expenditures	7,032	2,081	927	1,736
(G) NCF (= C - F)	41,128	29,901	41,754	19,865
Leasehold and security deposits, etc.	12,181	16,305	8,530	6,373

Property number	RE-013	RE-014	RE-015	RE-016
Property name	Castalia Nishi Azabu Kasumicho	Castalia Ochanomizu	Castalia Sangubashi	Castalia Suitengu
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	73,283	59,522	44,501	46,381
Rental revenues	68,246	56,574	36,491	43,427
Other rental revenues	5,037	2,947	8,009	2,954
(B) Real estate rental expenses subtotal	23,994	13,140	17,606	13,971
Taxes and public dues	4,621	2,935	2,829	2,373
Outsourcing expenses	8,370	4,661	5,445	4,548
Repairs and maintenance expenses	7,137	3,655	7,451	3,736
Insurance	60	50	37	42
Utilities expenses	2,464	358	388	1,613
Other rental expenses	1,340	1,478	1,453	1,655
(C) NOI (= A - B)	49,288	46,381	26,894	32,410
(D) Depreciation	11,700	8,652	6,475	8,266
(E) Income (loss) from rental business (= C - D)	37,588	37,729	20,418	24,144
(F) Capital expenditures	22,774	3,437	13,745	1,983
(G) NCF (= C - F)	26,514	42,944	13,148	30,427
Leasehold and security deposits, etc.	16,909	17,052	9,013	6,991

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-017	RE-018	RE-019	RE-020
Property name	Castalia Suitengu II	Castalia Shintomicho	Castalia Shintomicho II	Castalia Harajuku
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	40,942	33,391	28,336	27,336
Rental revenues	38,767	32,557	26,512	25,705
Other rental revenues	2,174	834	1,823	1,631
(B) Real estate rental expenses subtotal	11,900	7,837	10,324	7,689
Taxes and public dues	2,470	1,887	1,381	1,500
Outsourcing expenses	3,941	2,469	3,310	3,007
Repairs and maintenance expenses	2,015	2,033	4,828	1,054
Insurance	43	33	25	26
Utilities expenses	1,515	445	403	293
Other rental expenses	1,913	967	372	1,806
(C) NOI (= A - B)	29,042	25,553	18,011	19,647
(D) Depreciation	6,966	6,736	6,338	3,027
(E) Income (loss) from rental business (= C - D)	22,075	18,817	11,672	16,619
(F) Capital expenditures	3,339	1,948	8,185	2,636
(G) NCF (= C - F)	25,702	23,605	9,826	17,010
Leasehold and security deposits, etc.	6,473	7,954	5,085	5,315

Property number	RE-021	RE-022	RE-023	RE-024
Property name	Castalia Yoyogi Uehara	Castalia Sendagaya	Castalia Shinjuku 7 chome	Castalia Ningyocho
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	21,365	20,268	19,120	37,269
Rental revenues	19,787	19,259	18,120	35,114
Other rental revenues	1,577	1,009	999	2,154
(B) Real estate rental expenses subtotal	10,720	6,733	9,141	10,715
Taxes and public dues	1,023	1,024	968	1,974
Outsourcing expenses	2,898	2,744	2,497	3,734
Repairs and maintenance expenses	5,144	1,473	3,937	3,414
Insurance	18	15	21	34
Utilities expenses	177	161	312	419
Other rental expenses	1,458	1,313	1,403	1,138
(C) NOI (= A - B)	10,644	13,535	9,978	26,553
(D) Depreciation	3,286	2,516	1,876	6,529
(E) Income (loss) from rental business (= C - D)	7,358	11,019	8,102	20,024
(F) Capital expenditures	12,844	433	369	920
(G) NCF (= C - F)	(2,199)	13,101	9,609	25,633
Leasehold and security deposits, etc.	4,846	3,748	2,628	8,474

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-025	RE-026	RE-027	RE-028
Property name	Castalia Ningyocho II	Castalia Shin-Ochanomizu	Castalia Higashi Nihonbashi II	Castalia Jinbocho
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	40,505	33,566	50,309	43,218
Rental revenues	39,057	31,672	48,594	40,774
Other rental revenues	1,447	1,894	1,714	2,443
(B) Real estate rental expenses subtotal	10,413	8,789	11,019	10,576
Taxes and public dues	1,998	1,779	2,305	1,798
Outsourcing expenses	3,921	3,652	4,217	4,460
Repairs and maintenance expenses	2,264	2,219	3,189	3,112
Insurance	35	29	46	33
Utilities expenses	460	278	376	371
Other rental expenses	1,732	829	881	800
(C) NOI (= A - B)	30,091	24,776	39,289	32,641
(D) Depreciation	7,055	4,404	8,193	5,788
(E) Income (loss) from rental business (= C - D)	23,035	20,371	31,096	26,853
(F) Capital expenditures	7,153	1,076	2,820	1,430
(G) NCF (= C - F)	22,937	23,699	36,469	31,211
Leasehold and security deposits, etc.	9,021	7,245	11,159	7,145

Property number	RE-029	RE-030	RE-031	RE-032
Property name	Castalia Shintomicho III	Castalia Shinjuku Gyoen	Castalia Takanawadai	Castalia Higashi Nihonbashi III
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	24,786	83,827	30,307	24,413
Rental revenues	23,706	81,667	28,569	24,336
Other rental revenues	1,079	2,160	1,738	77
(B) Real estate rental expenses subtotal	7,089	17,822	8,087	4,520
Taxes and public dues	1,169	4,166	1,546	1,304
Outsourcing expenses	2,930	5,743	3,023	1,628
Repairs and maintenance expenses	2,062	5,874	2,376	529
Insurance	27	77	25	25
Utilities expenses	257	589	263	343
Other rental expenses	641	1,371	852	689
(C) NOI (= A - B)	17,696	66,004	22,219	19,892
(D) Depreciation	4,577	12,984	3,836	3,798
(E) Income (loss) from rental business (= C - D)	13,118	53,020	18,383	16,093
(F) Capital expenditures	1,469	2,137	1,479	410
(G) NCF (= C - F)	16,226	63,866	20,739	19,481
Leasehold and security deposits, etc.	4,957	19,668	4,285	6,228

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-033	RE-034	RE-035	RE-036
Property name	Castalia Shinjuku Gyoen II	Castalia Shintomicho IV	Castalia Takanawadai II	Castalia Minami Azabu
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	16,490	16,019	39,153	21,234
Rental revenues	15,724	14,825	37,482	20,868
Other rental revenues	766	1,194	1,670	365
(B) Real estate rental expenses subtotal	5,058	6,612	11,132	5,496
Taxes and public dues	883	815	2,064	1,144
Outsourcing expenses	1,914	2,494	4,060	1,865
Repairs and maintenance expenses	1,511	2,160	3,675	1,605
Insurance	14	15	33	17
Utilities expenses	171	197	320	117
Other rental expenses	563	929	977	745
(C) NOI (= A - B)	11,431	9,407	28,021	15,737
(D) Depreciation	2,770	2,603	5,448	2,784
(E) Income (loss) from rental business (= C - D)	8,661	6,804	22,573	12,953
(F) Capital expenditures	526	2,302	1,586	830
(G) NCF (= C - F)	10,905	7,104	26,434	14,907
Leasehold and security deposits, etc.	1,133	3,253	7,401	4,421

Property number	RE-037	RE-038	RE-039	RE-040
Property name	Castalia Ginza III	Castalia Kayabacho	Castalia Takanawa	Castalia Higashi Nihonbashi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	85,860	98,508	249,787	144,186
Rental revenues	82,421	89,834	225,696	132,539
Other rental revenues	3,438	8,674	24,091	11,646
(B) Real estate rental expenses subtotal	17,548	27,108	64,215	30,417
Taxes and public dues	4,538	4,535	14,433	7,629
Outsourcing expenses	7,682	9,380	24,312	14,618
Repairs and maintenance expenses	3,974	11,786	17,603	6,259
Insurance	76	99	266	142
Utilities expenses	763	602	2,437	1,139
Other rental expenses	513	702	5,161	628
(C) NOI (= A - B)	68,311	71,400	185,572	113,768
(D) Depreciation	14,389	15,463	29,558	20,659
(E) Income (loss) from rental business (= C - D)	53,922	55,936	156,013	93,109
(F) Capital expenditures	7,016	11,718	26,290	4,985
(G) NCF (= C - F)	61,294	59,682	159,281	108,783
Leasehold and security deposits, etc.	14,917	20,770	55,963	35,607

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-041	RE-042	RE-043	RE-044
Property name	Castalia Shinjuku	Castalia Ichigaya	Shibaura Island Bloom Tower	Castalia Hatsudai
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	92,554	40,927	388,532	69,079
Rental revenues	89,731	39,450	354,267	65,108
Other rental revenues	2,822	1,476	34,265	3,970
(B) Real estate rental expenses subtotal	15,038	14,480	145,139	20,492
Taxes and public dues	4,987	1,893	18,103	4,135
Outsourcing expenses	4,920	5,825	62,034	9,278
Repairs and maintenance expenses	4,121	5,114	21,445	5,749
Insurance	69	32	672	67
Utilities expenses	613	249	4,041	630
Other rental expenses	326	1,365	38,840	630
(C) NOI (= A - B)	77,515	26,446	243,392	48,587
(D) Depreciation	9,983	6,855	89,425	15,259
(E) Income (loss) from rental business (= C - D)	67,532	19,590	153,967	33,327
(F) Capital expenditures	1,663	2,610	5,359	3,360
(G) NCF (= C - F)	75,851	23,836	238,033	45,226
Leasehold and security deposits, etc.	-	6,367	221,479	12,348

Property number	RE-045	RE-046	RE-047	RE-048
Property name	Castalia Hatsudai II	Castalia Ebisu	Castalia Meguro Kamurozaka	Castalia Toritsudaigaku
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	58,803	43,769	130,295	21,228
Rental revenues	55,851	42,975	120,696	19,501
Other rental revenues	2,951	793	9,598	1,726
(B) Real estate rental expenses subtotal	16,329	9,445	33,307	4,838
Taxes and public dues	3,410	2,297	5,898	550
Outsourcing expenses	6,817	3,718	15,413	2,472
Repairs and maintenance expenses	4,956	2,525	9,249	847
Insurance	52	35	125	21
Utilities expenses	654	361	899	332
Other rental expenses	438	507	1,721	613
(C) NOI (= A - B)	42,473	34,324	96,987	16,390
(D) Depreciation	10,507	8,288	28,149	5,274
(E) Income (loss) from rental business (= C - D)	31,966	26,035	68,837	11,116
(F) Capital expenditures	1,771	2,051	13,446	219
(G) NCF (= C - F)	40,702	32,272	83,540	16,170
Leasehold and security deposits, etc.	10,251	8,857	22,830	3,496

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-049	RE-050	RE-051	RE-052
Property name	Castalia Yukigaya	Castalia Yutenji	Castalia Otsuka	Castalia Kikukawa
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	36,187	37,465	47,150	27,912
Rental revenues	33,449	36,201	43,436	26,320
Other rental revenues	2,737	1,263	3,714	1,592
(B) Real estate rental expenses subtotal	9,590	7,101	13,613	6,189
Taxes and public dues	1,903	1,304	2,180	1,452
Outsourcing expenses	4,718	3,048	5,307	2,609
Repairs and maintenance expenses	2,029	523	4,739	1,169
Insurance	34	27	45	27
Utilities expenses	332	152	732	286
Other rental expenses	571	2,044	608	642
(C) NOI (= A - B)	26,597	30,364	33,537	21,722
(D) Depreciation	8,361	9,116	11,702	6,815
(E) Income (loss) from rental business (= C - D)	18,235	21,247	21,835	14,906
(F) Capital expenditures	-	4,227	156	1,074
(G) NCF (= C - F)	26,597	26,137	33,380	20,648
Leasehold and security deposits, etc.	9,978	11,861	8,220	5,636

Property number	RE-053	RE-054	RE-055	RE-056
Property name	Castalia Meguro	Castalia Otsuka II	Castalia Jiyugaoka	Castalia Mejiro
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	31,180	37,875	38,931	34,598
Rental revenues	29,837	36,383	37,542	32,397
Other rental revenues	1,342	1,492	1,388	2,200
(B) Real estate rental expenses subtotal	9,591	7,720	8,545	7,658
Taxes and public dues	1,465	1,796	2,140	1,651
Outsourcing expenses	2,759	3,537	3,362	3,243
Repairs and maintenance expenses	3,103	1,156	1,889	1,942
Insurance	26	40	30	31
Utilities expenses	238	379	264	196
Other rental expenses	1,997	811	858	592
(C) NOI (= A - B)	21,589	30,155	30,385	26,939
(D) Depreciation	5,672	6,951	5,385	5,336
(E) Income (loss) from rental business (= C - D)	15,916	23,203	25,000	21,602
(F) Capital expenditures	9,479	284	2,116	786
(G) NCF (= C - F)	12,109	29,871	28,268	26,152
Leasehold and security deposits, etc.	6,050	8,212	8,823	6,863

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-057	RE-058	RE-059	RE-060
Property name	Castalia Ikebukuro	Castalia Kaname-cho	Castalia Tower Shinagawa Seaside	Castalia Yakumo
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	87,561	39,759	285,884	25,154
Rental revenues	83,186	37,917	260,398	23,708
Other rental revenues	4,375	1,841	25,485	1,445
(B) Real estate rental expenses subtotal	14,766	10,119	73,107	6,743
Taxes and public dues	4,153	1,600	15,174	1,720
Outsourcing expenses	7,403	4,326	30,838	2,944
Repairs and maintenance expenses	1,735	3,071	21,615	1,702
Insurance	77	35	305	25
Utilities expenses	682	320	3,807	183
Other rental expenses	714	766	1,366	165
(C) NOI (= A - B)	72,794	29,640	212,776	18,411
(D) Depreciation	13,339	5,571	45,989	3,794
(E) Income (loss) from rental business (= C - D)	59,455	24,068	166,787	14,616
(F) Capital expenditures	1,092	223	9,029	133
(G) NCF (= C - F)	71,702	29,416	203,746	18,277
Leasehold and security deposits, etc.	17,582	9,044	69,699	4,532

Property number	RE-061	RE-062	RE-063	RE-064
Property name	Castalia Togoshiekimae	Castalia Honjo Azumabashi	Castalia Kitazawa	Castalia Monzennakacho
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	52,801	37,238	24,536	17,032
Rental revenues	50,424	34,959	22,960	16,743
Other rental revenues	2,376	2,278	1,576	289
(B) Real estate rental expenses subtotal	7,357	12,251	9,188	3,092
Taxes and public dues	2,594	2,405	1,757	919
Outsourcing expenses	3,519	3,961	2,946	1,116
Repairs and maintenance expenses	570	4,163	3,228	71
Insurance	47	46	25	17
Utilities expenses	346	450	389	242
Other rental expenses	278	1,225	840	724
(C) NOI (= A - B)	45,443	24,986	15,347	13,939
(D) Depreciation	6,306	7,556	4,623	3,495
(E) Income (loss) from rental business (= C - D)	39,137	17,430	10,724	10,444
(F) Capital expenditures	-	4,214	819	-
(G) NCF (= C - F)	45,443	20,771	14,528	13,939
Leasehold and security deposits, etc.	10,810	9,046	5,407	30

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-065	RE-066	RE-067	RE-068
Property name	Castalia Kamiikedai	Castalia Morishita	Castalia Wakabayashikoen	Castalia Asakusabashi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	7,592	33,568	27,553	32,500
Rental revenues	7,454	31,322	26,185	30,916
Other rental revenues	138	2,245	1,368	1,584
(B) Real estate rental expenses subtotal	3,269	6,994	7,247	6,857
Taxes and public dues	236	1,637	1,909	1,557
Outsourcing expenses	678	3,316	2,952	3,111
Repairs and maintenance expenses	464	875	1,618	1,238
Insurance	7	30	32	32
Utilities expenses	29	314	303	252
Other rental expenses	1,852	818	430	665
(C) NOI (= A - B)	4,323	26,574	20,305	25,643
(D) Depreciation	1,036	5,366	4,306	5,039
(E) Income (loss) from rental business (= C - D)	3,286	21,207	15,998	20,603
(F) Capital expenditures	103	296	1,222	969
(G) NCF (= C - F)	4,219	26,277	19,083	24,673
Leasehold and security deposits, etc.	681	7,570	5,699	7,305

Property number	RE-069	RE-070	RE-071	RE-072
Property name	Castalia Iriya	Castalia Kita Ueno	Castalia Morishita II	Castalia Minowa
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	23,747	90,999	27,737	50,573
Rental revenues	22,836	84,394	25,915	47,889
Other rental revenues	911	6,605	1,822	2,684
(B) Real estate rental expenses subtotal	4,631	21,148	9,391	12,927
Taxes and public dues	1,303	5,336	1,457	2,615
Outsourcing expenses	2,213	9,049	4,348	5,553
Repairs and maintenance expenses	369	3,987	2,687	4,058
Insurance	27	102	29	53
Utilities expenses	246	888	274	419
Other rental expenses	471	1,783	594	227
(C) NOI (= A - B)	19,116	69,851	18,345	37,645
(D) Depreciation	3,763	16,480	4,647	9,464
(E) Income (loss) from rental business (= C - D)	15,352	53,370	13,698	28,181
(F) Capital expenditures	171	1,615	1,450	3,055
(G) NCF (= C - F)	18,944	68,236	16,895	34,589
Leasehold and security deposits, etc.	5,469	21,348	5,626	8,671

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-073	RE-074	RE-075	RE-076
Property name	Castalia Oyamadaï	Castalia Nakano	Castalia Yoga	Castalia Sumiyoshi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	17,683	36,069	33,019	33,101
Rental revenues	17,444	33,973	31,235	31,639
Other rental revenues	239	2,095	1,783	1,461
(B) Real estate rental expenses subtotal	4,837	9,300	7,612	7,309
Taxes and public dues	1,239	1,883	1,616	1,701
Outsourcing expenses	2,150	4,106	4,074	3,774
Repairs and maintenance expenses	894	2,622	1,367	1,156
Insurance	21	37	29	34
Utilities expenses	186	294	285	261
Other rental expenses	345	356	237	381
(C) NOI (= A – B)	12,846	26,768	25,406	25,791
(D) Depreciation	2,213	6,579	3,770	6,373
(E) Income (loss) from rental business (= C – D)	10,633	20,189	21,635	19,417
(F) Capital expenditures	171	1,602	323	1,283
(G) NCF (= C – F)	12,674	25,166	25,083	24,508
Leasehold and security deposits, etc.	2,070	6,650	6,529	6,783

Property number	RE-077	RE-078	RE-079	RE-080
Property name	Castalia Monzennakacho II	Castalia Oshiage	Castalia Kuramae	Castalia Nakanobu
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	69,711	35,838	43,813	73,629
Rental revenues	68,032	35,305	43,416	69,914
Other rental revenues	1,679	533	397	3,714
(B) Real estate rental expenses subtotal	10,359	7,770	7,005	13,478
Taxes and public dues	3,726	2,105	2,464	3,370
Outsourcing expenses	4,524	3,508	2,700	6,651
Repairs and maintenance expenses	1,157	1,072	965	1,574
Insurance	68	44	47	54
Utilities expenses	568	269	423	566
Other rental expenses	314	770	404	1,259
(C) NOI (= A – B)	59,352	28,068	36,807	60,150
(D) Depreciation	11,241	7,293	7,558	13,564
(E) Income (loss) from rental business (= C – D)	48,110	20,775	29,249	46,586
(F) Capital expenditures	135	1,770	1,980	762
(G) NCF (= C – F)	59,217	26,298	34,827	59,388
Leasehold and security deposits, etc.	5,972	9,157	–	21,970

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Financial Results for the Fiscal Period Ended August 31, 2018

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-081	RE-082	RE-083	RE-084
Property name	Royal Parks Toyosu	Castalia Togoshi	Castalia Ooimachi	Castalia Omori
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	332,045	75,562	46,067	54,418
Rental revenues	315,542	70,680	34,200	50,052
Other rental revenues	16,502	4,882	11,866	4,366
(B) Real estate rental expenses subtotal	99,892	18,806	24,263	11,941
Taxes and public dues	17,915	4,300	1,732	2,371
Outsourcing expenses	16,685	8,030	11,787	6,005
Repairs and maintenance expenses	10,878	4,537	9,873	2,538
Insurance	444	68	30	50
Utilities expenses	-	781	264	495
Other rental expenses	53,967	1,086	575	478
(C) NOI (= A - B)	232,153	56,755	21,803	42,477
(D) Depreciation	105,366	16,503	8,015	13,170
(E) Income (loss) from rental business (= C - D)	126,787	40,252	13,787	29,306
(F) Capital expenditures	1,353	2,278	401	1,649
(G) NCF (= C - F)	230,799	54,477	21,401	40,827
Leasehold and security deposits, etc.	73,633	16,003	10,175	14,024

Property number	RE-085	RE-086	RE-087	RE-088
Property name	Castalia Mishuku	Castalia Arakawa	Castalia Omori II	Castalia Nakameguro
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	69,115	67,262	81,727	119,765
Rental revenues	64,780	63,454	75,626	110,300
Other rental revenues	4,334	3,807	6,100	9,464
(B) Real estate rental expenses subtotal	16,903	31,896	15,622	28,651
Taxes and public dues	3,439	3,764	3,616	4,398
Outsourcing expenses	7,283	5,829	6,191	12,242
Repairs and maintenance expenses	5,174	21,128	3,050	9,113
Insurance	61	76	68	66
Utilities expenses	562	567	1,627	2,333
Other rental expenses	381	528	1,068	497
(C) NOI (= A - B)	52,212	35,366	66,104	91,114
(D) Depreciation	13,529	17,472	13,710	12,706
(E) Income (loss) from rental business (= C - D)	38,682	17,893	52,394	78,407
(F) Capital expenditures	3,828	57,818	934	5,620
(G) NCF (= C - F)	48,384	(22,452)	65,170	85,493
Leasehold and security deposits, etc.	19,876	15,312	25,350	45,688

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-089	RE-090	RE-091	RE-092
Property name	Castalia Meguro Chojyamaru	Castalia Meguro Takaban	Castalia Omori III	Morino Tonari
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	63,344	53,510	50,235	31,536
Rental revenues	60,571	49,352	47,095	28,426
Other rental revenues	2,772	4,158	3,140	3,109
(B) Real estate rental expenses subtotal	19,599	9,934	14,008	17,609
Taxes and public dues	3,823	1,694	2,507	1,633
Outsourcing expenses	7,480	4,969	6,100	3,968
Repairs and maintenance expenses	7,219	2,333	4,278	11,553
Insurance	48	40	41	27
Utilities expenses	612	362	359	121
Other rental expenses	415	534	720	304
(C) NOI (= A - B)	43,745	43,575	36,227	13,927
(D) Depreciation	9,487	6,742	10,193	5,559
(E) Income (loss) from rental business (= C - D)	34,257	36,833	26,033	8,367
(F) Capital expenditures	2,307	-	206	2,259
(G) NCF (= C - F)	41,437	43,575	36,020	11,667
Leasehold and security deposits, etc.	10,615	9,753	11,207	8,200

Property number	RE-093	RE-094	RE-095	RE-096
Property name	Castalia Meguro Tairamachi	Royal Parks SEASIR	Castalia Honkomagome	Cosmo Heim Musashikosugi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	35,016	245,984	52,579	59,050
Rental revenues	31,018	227,217	48,747	55,764
Other rental revenues	3,997	18,767	3,831	3,285
(B) Real estate rental expenses subtotal	8,645	91,486	13,972	33,022
Taxes and public dues	1,490	14,488	2,660	3,880
Outsourcing expenses	4,955	7,473	7,358	1,211
Repairs and maintenance expenses	1,526	8,464	2,981	27,330
Insurance	26	368	49	70
Utilities expenses	186	-	323	2
Other rental expenses	460	60,691	599	528
(C) NOI (= A - B)	26,371	154,498	38,607	26,027
(D) Depreciation	4,881	76,349	8,751	6,463
(E) Income (loss) from rental business (= C - D)	21,490	78,148	29,856	19,563
(F) Capital expenditures	-	140	206	41,272
(G) NCF (= C - F)	26,371	154,357	38,401	(15,245)
Leasehold and security deposits, etc.	7,240	41,235	10,970	85,460

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-097	RE-098	RE-099	RE-105
Property name	Castalia Tsurumi	Castalia Funabashi	Castalia Nishi Funabashi	Castalia Nogeeyama
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	26,981	31,559	33,951	14,724
Rental revenues	24,619	28,994	31,934	13,065
Other rental revenues	2,361	2,564	2,017	1,659
(B) Real estate rental expenses subtotal	7,268	10,723	8,550	7,486
Taxes and public dues	1,400	1,507	1,448	741
Outsourcing expenses	3,163	3,536	3,167	1,877
Repairs and maintenance expenses	1,299	3,173	1,931	3,159
Insurance	29	32	32	16
Utilities expenses	205	1,657	390	214
Other rental expenses	1,169	817	1,580	1,477
(C) NOI (= A - B)	19,713	20,835	25,401	7,238
(D) Depreciation	5,195	6,149	4,792	1,716
(E) Income (loss) from rental business (= C - D)	14,518	14,685	20,608	5,521
(F) Capital expenditures	624	951	1,592	-
(G) NCF (= C - F)	19,089	19,884	23,808	7,238
Leasehold and security deposits, etc.	6,848	6,063	7,176	2,764

Property number	RE-106	RE-107	RE-108	RE-109
Property name	Castalia Ichikawa	Royal Parks Hanakoganei	Castalia Musashikosugi	Royal Parks Wakabadaï
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	22,558	245,389	56,677	259,585
Rental revenues	19,680	229,174	53,166	244,068
Other rental revenues	2,878	16,215	3,510	15,517
(B) Real estate rental expenses subtotal	4,822	63,446	13,852	105,653
Taxes and public dues	882	13,774	2,744	18,857
Outsourcing expenses	2,912	2,307	6,295	1,416
Repairs and maintenance expenses	394	9,578	3,759	11,415
Insurance	19	385	46	353
Utilities expenses	134	-	375	-
Other rental expenses	479	37,400	631	73,611
(C) NOI (= A - B)	17,736	181,943	42,824	153,932
(D) Depreciation	3,370	74,205	11,258	73,350
(E) Income (loss) from rental business (= C - D)	14,366	107,737	31,566	80,581
(F) Capital expenditures	187	1,478	869	1,561
(G) NCF (= C - F)	17,548	180,464	41,955	152,371
Leasehold and security deposits, etc.	7,044	41,411	11,947	124,904

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-110	RE-111	RE-112	RE-115 (Note 2)
Property name	Pacific Royal Court Minatomirai Urban Tower	L-Place Shinkoyasu	Royal Parks Musashikosugi	Crest Kusatsu
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to June 21, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	519,188	56,822	68,212	78,817
Rental revenues	491,885	55,920	64,958	68,998
Other rental revenues	27,302	902	3,253	9,819
(B) Real estate rental expenses subtotal	211,723	5,240	33,183	52,384
Taxes and public dues	34,881	3,593	3,273	8,887
Outsourcing expenses	41,050	1,172	2,908	19,030
Repairs and maintenance expenses	19,490	—	3,848	12,260
Insurance	784	69	78	270
Utilities expenses	—	—	—	10,615
Other rental expenses	115,515	404	23,074	1,320
(C) NOI (= A – B)	307,465	51,582	35,028	26,433
(D) Depreciation	180,528	17,724	18,337	27,217
(E) Income (loss) from rental business (= C – D)	126,936	33,857	16,691	(784)
(F) Capital expenditures	9,244	—	—	237
(G) NCF (= C – F)	298,220	51,582	35,028	26,195
Leasehold and security deposits, etc.	95,465	26,694	24,266	—

Property number	RE-116	RE-117	RE-118	RE-119
Property name	Castalia Sakaisuji Honmachi	Castalia Shin-Umeda	Castalia Abeno	Castalia Sakae
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	62,039	55,294	175,357	44,873
Rental revenues	58,227	52,225	160,826	41,796
Other rental revenues	3,812	3,069	14,530	3,077
(B) Real estate rental expenses subtotal	19,499	17,849	45,800	14,374
Taxes and public dues	3,332	3,290	11,137	3,198
Outsourcing expenses	7,725	6,753	15,804	5,556
Repairs and maintenance expenses	4,867	5,804	14,014	4,415
Insurance	79	76	214	60
Utilities expenses	2,149	1,424	3,922	464
Other rental expenses	1,344	501	706	679
(C) NOI (= A – B)	42,539	37,444	129,557	30,499
(D) Depreciation	11,170	10,922	28,774	7,750
(E) Income (loss) from rental business (= C – D)	31,369	26,522	100,782	22,749
(F) Capital expenditures	554	1,271	5,422	1,561
(G) NCF (= C – F)	41,985	36,173	124,134	28,937
Leasehold and security deposits, etc.	4,599	5,477	18,786	13,650

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-121	RE-122	RE-123	RE-124
Property name	Castalia Maruyama Urasando	Castalia Maruyama Omotesando	Castalia Higashi Hie	Castalia Tower Nagahoribashi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	20,692	77,626	43,349	162,979
Rental revenues	17,848	69,387	40,816	150,413
Other rental revenues	2,844	8,238	2,532	12,566
(B) Real estate rental expenses subtotal	6,611	24,064	16,176	49,870
Taxes and public dues	1,670	7,105	3,236	11,090
Outsourcing expenses	3,198	8,626	3,751	22,106
Repairs and maintenance expenses	806	5,338	8,176	11,498
Insurance	33	135	64	235
Utilities expenses	643	2,062	373	4,001
Other rental expenses	258	794	574	938
(C) NOI (= A - B)	14,081	53,562	27,173	113,109
(D) Depreciation	3,109	12,260	8,077	28,986
(E) Income (loss) from rental business (= C - D)	10,971	41,301	19,095	84,122
(F) Capital expenditures	-	565	3,840	3,371
(G) NCF (= C - F)	14,081	52,996	23,333	109,737
Leasehold and security deposits, etc.	3,136	12,717	6,584	14,068

Property number	RE-125	RE-126	RE-127	RE-128
Property name	Castalia Sannomiya	Castalia Kotodaikoen	Castalia Ichibancho	Castalia Omachi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	54,028	23,882	38,638	33,649
Rental revenues	50,903	23,452	35,811	30,904
Other rental revenues	3,125	430	2,826	2,745
(B) Real estate rental expenses subtotal	12,172	5,624	10,746	9,493
Taxes and public dues	3,079	1,695	2,844	2,050
Outsourcing expenses	4,742	1,950	5,197	4,581
Repairs and maintenance expenses	3,225	1,340	2,026	2,287
Insurance	68	42	61	51
Utilities expenses	713	468	440	269
Other rental expenses	342	126	176	253
(C) NOI (= A - B)	41,856	18,258	27,892	24,155
(D) Depreciation	9,848	4,283	5,909	6,353
(E) Income (loss) from rental business (= C - D)	32,007	13,974	21,982	17,802
(F) Capital expenditures	244	194	499	206
(G) NCF (= C - F)	41,612	18,064	27,392	23,949
Leasehold and security deposits, etc.	5,753	4,074	3,996	5,621

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-129	RE-130	RE-131	RE-132
Property name	Castalia Uemachidai	Castalia Tower Higobashi	Big Tower Minami Sanjo	Castalia Fushimi
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	89,186	132,847	112,723	106,055
Rental revenues	82,919	123,232	99,271	97,866
Other rental revenues	6,266	9,615	13,452	8,189
(B) Real estate rental expenses subtotal	21,371	39,916	35,227	26,666
Taxes and public dues	5,564	7,435	9,336	6,184
Outsourcing expenses	7,228	17,001	13,880	12,984
Repairs and maintenance expenses	6,521	10,148	8,552	4,736
Insurance	122	146	229	136
Utilities expenses	914	3,298	2,455	851
Other rental expenses	1,020	1,885	774	1,773
(C) NOI (= A - B)	67,815	92,930	77,495	79,389
(D) Depreciation	14,403	19,816	33,699	25,677
(E) Income (loss) from rental business (= C - D)	53,411	73,114	43,795	53,711
(F) Capital expenditures	3,164	3,245	4,929	1,767
(G) NCF (= C - F)	64,651	89,685	72,565	77,621
Leasehold and security deposits, etc.	8,756	14,236	15,518	15,908

Property number	RE-133	RE-134	RE-135	RE-136
Property name	Castalia Meieki Minami	Castalia Yakuin	Castalia Mibu	Castalia Tsutsujigaoka
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	31,676	42,357	53,020	59,179
Rental revenues	28,450	39,630	44,983	53,285
Other rental revenues	3,225	2,727	8,037	5,894
(B) Real estate rental expenses subtotal	12,214	11,020	12,654	36,266
Taxes and public dues	1,887	2,959	2,825	3,760
Outsourcing expenses	5,259	4,341	6,046	8,729
Repairs and maintenance expenses	3,466	2,708	2,123	22,271
Insurance	38	62	57	86
Utilities expenses	286	532	1,012	434
Other rental expenses	1,276	415	589	983
(C) NOI (= A - B)	19,461	31,337	40,365	22,913
(D) Depreciation	6,652	10,649	12,163	14,752
(E) Income (loss) from rental business (= C - D)	12,809	20,687	28,202	8,160
(F) Capital expenditures	317	182	359	49,190
(G) NCF (= C - F)	19,143	31,154	40,005	(26,277)
Leasehold and security deposits, etc.	6,259	9,608	6,829	19,556

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-137	RE-138	RE-139	RE-140
Property name	Castalia Ohori Bay Tower	Royal Parks Namba	Castalia Shigahondori	Castalia Kyoto Nishioji
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	148,308	136,241	73,403	34,616
Rental revenues	79,282	128,364	68,517	31,181
Other rental revenues	69,026	7,876	4,886	3,435
(B) Real estate rental expenses subtotal	39,503	34,256	15,420	10,224
Taxes and public dues	12,502	9,545	4,329	1,793
Outsourcing expenses	12,546	5,002	6,203	4,499
Repairs and maintenance expenses	6,472	7,049	3,427	2,669
Insurance	270	199	84	45
Utilities expenses	5,919	164	543	904
Other rental expenses	1,792	12,295	832	311
(C) NOI (= A - B)	108,805	101,984	57,983	24,392
(D) Depreciation	42,508	42,546	20,241	8,132
(E) Income (loss) from rental business (= C - D)	66,296	59,437	37,742	16,259
(F) Capital expenditures	-	3,823	178	207
(G) NCF (= C - F)	108,805	98,160	57,805	24,184
Leasehold and security deposits, etc.	13,210	24,975	25,694	3,456

Property number	RE-141	RE-142	RE-143	Residential properties subtotal
Property name	Castalia Ningyocho III	Royal Parks Umejima	Castalia Shinsakae II	
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	69,384	107,363	61,813	9,623,102
Rental revenues	65,590	94,681	57,216	8,899,537
Other rental revenues	3,793	12,681	4,597	723,564
(B) Real estate rental expenses subtotal	15,860	38,194	8,921	2,803,394
Taxes and public dues	3,134	6,203	3,687	536,351
Outsourcing expenses	7,479	9,217	2,609	912,610
Repairs and maintenance expenses	3,204	4,180	415	675,050
Insurance	67	150	94	11,184
Utilities expenses	635	1,640	660	120,739
Other rental expenses	1,338	16,801	1,453	547,457
(C) NOI (= A - B)	53,523	69,168	52,892	6,819,708
(D) Depreciation	11,265	26,217	13,168	2,012,909
(E) Income (loss) from rental business (= C - D)	42,258	42,951	39,723	4,806,798
(F) Capital expenditures	-	-	-	557,605
(G) NCF (= C - F)	53,523	69,168	52,892	6,262,102
Leasehold and security deposits, etc.	14,876	24,411	9,536	—

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RM-001	RM-002	RM-003	RM-004
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	275,907	287,082	202,225	129,870
Rental revenues	275,700	222,390	168,327	129,870
Other rental revenues	207	64,691	33,897	–
(B) Real estate rental expenses subtotal	45,782	169,104	133,228	38,839
Taxes and public dues	25,209	22,943	13,752	9,793
Outsourcing expenses	8,781	43,613	39,135	20,605
Repairs and maintenance expenses	10,915	40,200	47,220	6,554
Insurance	326	233	117	83
Utilities expenses	–	55,495	27,828	–
Other rental expenses	549	6,618	5,174	1,801
(C) NOI (= A – B)	230,125	117,978	68,996	91,030
(D) Depreciation	53,667	37,210	28,264	11,982
(E) Income (loss) from rental business (= C – D)	176,458	80,767	40,731	79,048
(F) Capital expenditures	3,491	24,884	12,391	6,155
(G) NCF (= C – F)	226,633	93,094	56,604	84,875
Leasehold and security deposits, etc.	551,400	388,240	211,872	151,515

Property number	RM-005	RM-006	RM-007	RM-008
Property name	ACROSSPLAZA Miyoshi (Land)	DREAM TOWN ALi	ASOBOX (Land)	FOLEO Ome Imai
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	94,284	390,185	47,076	128,823
Rental revenues	94,284	291,880	47,076	128,820
Other rental revenues	–	98,304	–	3
(B) Real estate rental expenses subtotal	9,753	180,913	7,466	27,760
Taxes and public dues	9,537	22,605	7,252	10,389
Outsourcing expenses	–	33,451	–	9,415
Repairs and maintenance expenses	–	48,514	–	41
Insurance	–	312	–	110
Utilities expenses	–	72,666	–	–
Other rental expenses	215	3,362	214	7,803
(C) NOI (= A – B)	84,531	209,271	39,609	101,063
(D) Depreciation	–	38,563	–	17,649
(E) Income (loss) from rental business (= C – D)	84,531	170,708	39,609	83,413
(F) Capital expenditures	–	10,495	–	–
(G) NCF (= C – F)	84,531	198,775	39,609	101,063
Leasehold and security deposits, etc.	188,568	460,308	94,152	419,570

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RM-009	RM-010	RR-001	RR-002
Property name	FOLEO Otsu Ichiriyama	FOLEO Hakata	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori
Period for asset management	From April 3, 2018 to August 31, 2018	From April 3, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	264,673	104,148	(Note 1)	238,962
Rental revenues	264,673	103,777	(Note 1)	238,500
Other rental revenues	–	371	(Note 1)	462
(B) Real estate rental expenses subtotal	12,941	5,205	(Note 1)	31,662
Taxes and public dues	–	–	(Note 1)	22,567
Outsourcing expenses	7,893	3,108	(Note 1)	3,805
Repairs and maintenance expenses	3,711	1,173	(Note 1)	4,598
Insurance	598	227	(Note 1)	172
Utilities expenses	–	–	(Note 1)	–
Other rental expenses	737	696	(Note 1)	519
(C) NOI (= A – B)	251,731	98,943	43,405	207,300
(D) Depreciation	65,744	21,528	2,925	21,091
(E) Income (loss) from rental business (= C – D)	185,987	77,415	40,479	186,209
(F) Capital expenditures	26,097	3,083	–	–
(G) NCF (= C – F)	225,634	95,859	43,405	207,300
Leasehold and security deposits, etc.	315,000	124,538	(Note 1)	238,500

Property number	RR-003	RR-004	RR-005	RR-006
Property name	ACROSSPLAZA Inazawa (Land)	Sports Depo and GOLF5 Kokurahigashi IC Store	Hiratsuka Retail Property (Land)	Royal Home Center Morinomiya (Land)
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 27, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	69,660	(Note 1)	(Note 1)	88,258
Rental revenues	69,660	(Note 1)	(Note 1)	88,258
Other rental revenues	–	(Note 1)	(Note 1)	–
(B) Real estate rental expenses subtotal	7,370	(Note 1)	(Note 1)	173
Taxes and public dues	7,155	(Note 1)	(Note 1)	–
Outsourcing expenses	–	(Note 1)	(Note 1)	–
Repairs and maintenance expenses	–	(Note 1)	(Note 1)	–
Insurance	–	(Note 1)	(Note 1)	–
Utilities expenses	–	(Note 1)	(Note 1)	–
Other rental expenses	214	(Note 1)	(Note 1)	173
(C) NOI (= A – B)	62,289	76,528	118,097	88,084
(D) Depreciation	–	12,858	–	–
(E) Income (loss) from rental business (= C – D)	62,289	63,669	118,097	88,084
(F) Capital expenditures	–	–	–	–
(G) NCF (= C – F)	62,289	76,528	118,097	88,084
Leasehold and security deposits, etc.	139,320	(Note 1)	(Note 1)	171,000

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(Unit: Thousands of yen, unless otherwise stated)

Property number	Retail properties subtotal	HO-001	Hotel properties subtotal	OT-001
Property name		Daiwa Roynet Hotel Yokohama Kannai		Urban Living Inage
Period for asset management		From April 3, 2018 to August 31, 2018		From March 1, 2018 to August 31, 2018
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	2,585,235	140,118	140,118	39,060
Rental revenues	2,387,286	118,353	118,353	39,060
Other rental revenues	197,949	21,765	21,765	—
(B) Real estate rental expenses subtotal	696,248	26,941	26,941	4,440
Taxes and public dues	169,124	2	2	2,456
Outsourcing expenses	173,545	8,380	8,380	273
Repairs and maintenance expenses	165,925	—	—	1,259
Insurance	2,291	121	121	60
Utilities expenses	155,990	17,840	17,840	—
Other rental expenses	29,370	596	596	390
(C) NOI (= A - B)	1,888,987	113,176	113,176	34,619
(D) Depreciation	311,487	18,931	18,931	12,459
(E) Income (loss) from rental business (= C - D)	1,577,500	94,245	94,245	22,159
(F) Capital expenditures	86,598	—	—	—
(G) NCF (= C - F)	1,802,388	113,176	113,176	34,619
Leasehold and security deposits, etc.	—	222,447	—	41,937

Property number	OT-002	OT-003	OT-004	Other assets subtotal
Property name	Aburatsubo Marina HILLS	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Sharp Hiroshima Building	
Period for asset management	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	From March 1, 2018 to August 31, 2018	
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	43,749	332,393	(Note 1)	473,403
Rental revenues	43,749	275,406	(Note 1)	416,415
Other rental revenues	—	56,987	(Note 1)	56,988
(B) Real estate rental expenses subtotal	4,987	91,418	(Note 1)	106,365
Taxes and public dues	2,407	18,756	(Note 1)	27,633
Outsourcing expenses	260	24,636	(Note 1)	26,369
Repairs and maintenance expenses	1,913	8,797	(Note 1)	11,970
Insurance	65	422	(Note 1)	585
Utilities expenses	—	38,548	(Note 1)	38,548
Other rental expenses	340	257	(Note 1)	1,257
(C) NOI (= A - B)	38,761	240,975	52,683	367,038
(D) Depreciation	15,719	55,487	7,841	91,508
(E) Income (loss) from rental business (= C - D)	23,041	185,487	44,841	275,530
(F) Capital expenditures	14,754	2,984	—	17,739
(G) NCF (= C - F)	24,006	237,990	52,683	349,299
Leasehold and security deposits, etc.	53,900	469,976	(Note 1)	—

(Unit: Thousands of yen, unless otherwise stated)

Property number	Total
Property name	
Period for asset management	
Information on revenues and expenses	
(A) Real estate rental revenues subtotal	22,211,576
Rental revenues	21,160,720
Other rental revenues	1,050,855
(B) Real estate rental expenses subtotal	4,647,589
Taxes and public dues	1,440,930
Outsourcing expenses	1,303,367
Repairs and maintenance expenses	880,286
Insurance	26,911
Utilities expenses	342,082
Other rental expenses	654,011
(C) NOI (= A - B)	17,563,986
(D) Depreciation	4,296,514
(E) Income (loss) from rental business (= C - D)	13,267,472
(F) Capital expenditures	919,449
(G) NCF (= C - F)	16,644,536
Leasehold and security deposits, etc.	—

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

(Note 2) Sold as of June 22, 2018.

(2) Summary of Major Tenants

Not applicable.

(Note) A major tenant is a tenant for which leased area accounts for 10% or more of the leased areas in the entire portfolio.

(3) Summary on Appraisal Report

DHR obtains an appraisal report for each real estate or real estate in trust from DAIWA REAL ESTATE APPRAISAL CO., LTD., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute or JLL Morii Valuation & Advisory K.K. The following is a summary on the appraisal report obtained for each real estate or real estate in trust, which was owned by DHR as of August 31, 2018.

The appraisal value does not provide any guarantees or promises that the relevant real estate or real estate in trust may be sold at the appraisal value now or in future. DHR has no interest in the above appraisal agencies.

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-001	D Project Machida	T	August 31, 2018	9,630	9,880	4.4	9,520	1st to 8th year 4.3 9th year and later 4.4	4.6
LB-002	D Project Hachioji	T	August 31, 2018	16,600	16,300	4.3	16,700	1st year 4.2 2nd year and later 4.3	4.5
LB-003	D Project Aikawa-Machi	T	August 31, 2018	4,410	4,460	4.6	4,390	4.6	4.8
LB-004	D Project Shin-Misato	T	August 31, 2018	5,830	5,960	5.1	5,770	5.1	5.3
LB-005	D Project Urayasu I	T	August 31, 2018	9,720	9,990	4.0	9,610	4.1	4.2
LB-006	D Project Urayasu II	T	August 31, 2018	27,200	27,700	3.9	27,000	1st to 9th year 3.9 10th year and later 4.0	4.1
LB-007	D Project Akanehama	T	August 31, 2018	3,010	3,070	4.5	2,990	4.6	4.7
LB-008	D Project Noda	T	August 31, 2018	6,560	6,620	4.6	6,540	1st to 9th year 4.5 10th year and later 4.6	4.8
LB-009	D Project Inuyama	T	August 31, 2018	11,450	11,530	4.8	11,420	Building A 1st to 6th year 4.7 7th year and later 4.8 Building B 1st to 9th year 4.7 10th year and later 4.8	5.0
LB-010	D Project Gifu	T	August 31, 2018	1,150	1,140	5.4	1,160	1st to 6th year 5.3 7th year and later 5.4	5.6
LB-011	D Project Neyagawa	T	August 31, 2018	6,320	6,350	4.5	6,310	4.5	4.7
LB-012	D Project Sapporo Minami	T	August 31, 2018	849	842	6.0	852	5.9	6.2

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-013	D Project Morioka	T	August 31, 2018	1,210	1,210	6.0	1,210	5.9	6.2
LB-014	D Project Sendai Minami	T	August 31, 2018	1,550	1,540	5.3	1,550	1st to 3rd year 5.1 4th year and later 5.2	5.5
LB-015	D Project Tsuchiura	T	August 31, 2018	3,490	3,390	5.2	3,530	5.1	5.4
LB-016	D Project Gotenba	T	August 31, 2018	1,150	1,130	5.4	1,160	5.3	5.6
LB-017	D Project Nishi-Hiroshima	T	August 31, 2018	1,220	1,180	5.4	1,230	Building A 1st to 4th year 5.4 5th year and later 5.5 Building B 1st to 10th year 5.4 11th year 5.5	5.6
LB-018	D Project Fukuoka Umi	T	August 31, 2018	4,430	4,410	5.0	4,440	Building A 1st to 2nd year 4.8 3rd year and later 4.9 Building B 1st to 4th year 4.7 5th year and later 4.9 Building C 4.9 Building D 1st to 3rd year 4.8 4th year and later 4.9	5.2
LB-019	D Project Tosu	T	August 31, 2018	6,030	6,130	5.0	5,990	1st to 6th year 5.0 7th year and later 5.1	5.2
LB-020	D Project Kuki I	T	August 31, 2018	4,180	4,210	4.7	4,160	1st to 6th year 4.7 7th year and later 4.8	4.9
LB-021	D Project Kuki II	T	August 31, 2018	8,680	8,810	4.7	8,630	1st to 5th year 4.7 6th year and later 4.8	4.9
LB-022	D Project Kawagoe I	T	August 31, 2018	3,770	3,830	4.7	3,750	1st to 8th year 4.7 9th year and later 4.8	4.9
LB-023	D Project Kawagoe II	T	August 31, 2018	5,250	5,330	4.7	5,220	1st to 9th year 4.7 10th year and later 4.8	4.9
LB-024	DPL Inuyama	T	August 31, 2018	4,150	4,160	4.8	4,140	1st to 10th year 4.7 11th year 4.8	5.0
LB-025	D Project Fukuoka Hakozaki	T	August 31, 2018	4,610	4,650	4.7	4,590	4.6	4.9

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-026	D Project Kuki III	T	August 31, 2018	8,250	8,420	4.7	8,180	1st to 5th year 4.7 6th year and later 4.8	4.9
LB-027	D Project Kuki IV	T	August 31, 2018	5,900	5,880	4.7	5,910	1st to 6th year 4.7 7th year and later 4.8	4.9
LB-028	D Project Kuki V	T	August 31, 2018	8,920	9,010	4.7	8,880	1st to 4th year 4.7 5th year and later 4.8	4.9
LB-029	D Project Kuki VI	T	August 31, 2018	5,510	5,590	4.7	5,480	1st to 5th year 4.7 6th year and later 4.8	4.9
LB-030	D Project Yashio	F	August 31, 2018	6,640	6,690	4.6	6,590	4.1	4.9
LB-031	D Project Nishiyodogawa	F	August 31, 2018	10,600	10,700	4.8	10,500	4.5	5.0
LB-032	D Project Matsudo	F	August 31, 2018	7,600	7,620	4.6	7,570	4.3	4.7
LB-033	D Project Hibiki Nada	T	August 31, 2018	2,130	2,140	5.8	2,130	1st to 3rd year 5.7 4th year and later 5.9	6.0
LB-034	D Project Morioka II	T	August 31, 2018	1,330	1,340	6.0	1,320	1st to 7th year 5.7 8th to 9th year 5.8 10th year and later 5.9	6.2
LB-035	D Project Kawagoe III	T	August 31, 2018	7,660	7,730	4.6	7,630	1st to 6th year 4.6 7th year and later 4.7	4.8
LB-036	D Project Kazo	T	August 31, 2018	3,460	3,450	4.8	3,470	1st to 6th year 4.8 7th year and later 4.9	5.0
LB-037	D Project Urayasu III	T	August 31, 2018	9,520	9,830	4.0	9,390	1st to 4th year 3.9 5th to 7th year 4.0 8th year and later 4.1	4.2
LB-038	D Project Tomisato	T	August 31, 2018	5,170	5,170	4.9	5,170	1st to 7th year 4.9 8th year and later 5.0	5.1
LB-039	D Project Kyotanabe	F	August 31, 2018	3,640	3,650	5.6	3,630	5.2	5.9
LB-040	D Project Sendai Izumi	F	August 31, 2018	1,580	1,590	5.4	1,570	5.1	5.6
LB-041	D Project Oyama	T	August 31, 2018	2,040	2,070	5.5	2,020	5.6	5.7
LB-042	D Project Sano	T	August 31, 2018	1,790	1,810	5.5	1,780	5.5	5.7
LB-043	D Project Tatebayashi	T	August 31, 2018	3,220	3,220	5.5	3,220	5.5	5.7
LB-044	D Project Kakegawa	F	August 31, 2018	6,140	6,180	5.7	6,090	5.5	5.9

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-045	D Project Hiroshima Seifu	F	August 31, 2018	4,050	4,080	5.4	4,010	4.9	5.8
LB-046	D Project Tosu II	T	August 31, 2018	1,860	1,860	5.1	1,860	1st to 5th year 5.1 6th year and later 5.2	5.3
LB-047	D Project Kawagoe IV	T	August 31, 2018	5,830	5,940	4.7	5,780	1st to 2nd year 4.7 3rd year and later 4.8	4.9
LB-048	D Project Kuki VII	T	August 31, 2018	1,100	1,100	4.8	1,100	4.8	5.0
LB-049	D Project Chibakita	D	August 31, 2018	7,840	7,910	4.5	7,810	4.3	4.7
LB-050	D Project Matsudo II	F	August 31, 2018	8,290	8,410	4.5	8,170	4.3	4.7
LB-051	D Project Tomisato II	T	August 31, 2018	7,000	7,010	4.9	6,990	1st to 8th year 4.9 9th year and later 5.0	5.1
LB-052	D Project Osaka Hirabayashi	T	August 31, 2018	4,370	4,460	4.7 (Note 4)	4,330	Period earning 4.6 Terminal value 4.9	- (Note 4)
LB-053	D Project Sendai Izumi II	F	August 31, 2018	7,390	7,460	5.3	7,320	5.1	5.5
LB-054	D Project Kaminokawa	T	August 31, 2018	8,050	8,080	5.5	8,040	1st to 3rd year 5.5 4th year and later 5.6	5.7
LB-055	D Project Fuji	F	August 31, 2018	3,680	3,730	5.6	3,630	5.4	5.9
LB-056	D Project Tosu III	T	August 31, 2018	9,380	9,440	5.1	9,360	1st to 4th year 5.0 5th year and later 5.2	5.3
LM-001	DPL Misato	T	August 31, 2018	17,800	17,900	4.1	17,700	1st to 2nd year 4.1 3rd year and later 4.2	4.3
LM-002	DPL Fukuoka Kasuya	F	August 31, 2018	13,300	13,400	4.6	13,100	4.4	4.8
RE-001	Qiz Ebisu	T	August 31, 2018	8,660	8,870	3.8	8,570	4.0	4.0
RE-002	Castalia Azabujuban Shichimenzaka	C	August 31, 2018	4,290	4,320	4.1	4,290	3.9	4.3
RE-003	Castalia Shibakoen	T	August 31, 2018	2,230	2,280	4.2	2,210	4.3	4.4
RE-004	Castalia Ginza	T	August 31, 2018	2,230	2,280	4.1	2,210	4.2	4.3
RE-005	Castalia Hiroo	T	August 31, 2018	1,880	1,940	4.0	1,860	4.1	4.2
RE-006	Castalia Nihonbashi	T	August 31, 2018	1,170	1,180	4.2	1,160	4.3	4.4
RE-007	Castalia Hacchobori	T	August 31, 2018	2,300	2,330	4.2	2,290	4.3	4.4
RE-008	Castalia Azabujuban	C	August 31, 2018	2,700	2,770	4.1	2,700	3.9	4.3
RE-009	Castalia Azabujuban II	C	August 31, 2018	2,510	2,610	4.0	2,510	3.8	4.2

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2018

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-010	Castalia Shinjuku Natsumezaka	C	August 31, 2018	1,620	1,660	4.2	1,620	4.0	4.4
RE-011	Castalia Ginza II	T	August 31, 2018	1,740	1,770	4.1	1,720	4.2	4.3
RE-012	Castalia Shibuya Sakuragaoka	T	August 31, 2018	1,150	1,180	4.0	1,140	4.2	4.2
RE-013	Castalia Nishi Azabu Kasumicho	T	August 31, 2018	2,380	2,420	4.1	2,360	4.2	4.3
RE-014	Castalia Ochanomizu	F	August 31, 2018	2,190	2,220	4.2	2,150	4.0	4.4
RE-015	Castalia Sangubashi	T	August 31, 2018	1,480	1,500	4.2	1,470	4.4	4.4
RE-016	Castalia Suitengu	T	August 31, 2018	1,480	1,510	4.3	1,470	4.3	4.5
RE-017	Castalia Suitengu II	T	August 31, 2018	1,350	1,380	4.2	1,330	4.3	4.4
RE-018	Castalia Shintomicho	T	August 31, 2018	1,090	1,100	4.3	1,090	4.3	4.5
RE-019	Castalia Shintomicho II	T	August 31, 2018	963	973	4.3	958	4.3	4.5
RE-020	Castalia Harajuku	F	August 31, 2018	945	961	4.0	929	3.8	4.2
RE-021	Castalia Yoyogi Uehara	F	August 31, 2018	720	731	4.1	709	3.9	4.3
RE-022	Castalia Sendagaya	F	August 31, 2018	636	646	4.1	625	3.9	4.3
RE-023	Castalia Shinjuku 7 chome	F	August 31, 2018	541	548	4.4	533	4.2	4.6
RE-024	Castalia Ningyocho	F	August 31, 2018	1,230	1,240	4.2	1,210	4.0	4.4
RE-025	Castalia Ningyocho II	F	August 31, 2018	1,360	1,380	4.2	1,340	4.0	4.4
RE-026	Castalia Shin-Ochanomizu	F	August 31, 2018	1,090	1,100	4.1	1,070	3.9	4.3
RE-027	Castalia Higashi Nihonbashi II	F	August 31, 2018	1,680	1,700	4.2	1,650	4.0	4.4
RE-028	Castalia Jinbocho	F	August 31, 2018	1,450	1,470	4.1	1,430	3.9	4.3
RE-029	Castalia Shintomicho III	F	August 31, 2018	760	773	4.3	746	4.0	4.6
RE-030	Castalia Shinjuku Gyoen	T	August 31, 2018	3,240	3,320	4.2	3,210	4.4	4.4
RE-031	Castalia Takanawadai	F	August 31, 2018	1,050	1,060	4.0	1,030	3.8	4.2
RE-032	Castalia Higashi Nihonbashi III	D	August 31, 2018	810	819	4.2	806	4.0	4.4
RE-033	Castalia Shinjuku Gyoen II	T	August 31, 2018	537	552	4.2	531	4.4	4.4
RE-034	Castalia Shintomicho IV	D	August 31, 2018	500	507	4.2	497	4.0	4.4
RE-035	Castalia Takanawadai II	F	August 31, 2018	1,370	1,390	4.0	1,350	3.8	4.2
RE-036	Castalia Minami Azabu	F	August 31, 2018	697	708	4.1	685	3.9	4.3
RE-037	Castalia Ginza III	T	August 31, 2018	3,050	3,110	4.1	3,030	4.2	4.3
RE-038	Castalia Kayabacho	T	August 31, 2018	3,170	3,180	4.3	3,160	4.3	4.5
RE-039	Castalia Takanawa	T	August 31, 2018	8,010	8,210	4.2	7,920	4.5	4.4

Daiwa House REIT Investment Corporation (8984)
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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-040	Castalia Higashi Nihonbashi	C	August 31, 2018	4,070	3,980	4.4	4,070	4.2	4.6
RE-041	Castalia Shinjuku	T	August 31, 2018	3,420	3,500	4.2	3,390	4.4	4.4
RE-042	Castalia Ichigaya	C	August 31, 2018	1,340	1,360	4.3	1,340	4.1	4.5
RE-043	Shibaura Island Bloom Tower	F	August 31, 2018	9,170	— (Note 3)	— (Note 3)	9,170	3.9	6.0
RE-044	Castalia Hatsudai	D	August 31, 2018	2,360	2,390	4.2	2,350	4.0	4.4
RE-045	Castalia Hatsudai II	M	August 31, 2018	2,140	2,170	4.0	2,100	3.8	4.2
RE-046	Castalia Ebisu	M	August 31, 2018	1,590	1,620	3.9	1,560	3.7	4.1
RE-047	Castalia Meguro Kamurozaka	D	August 31, 2018	4,350	4,420	4.1	4,320	3.9	4.3
RE-048	Castalia Toritsudaigaku	C	August 31, 2018	535	547	5.0	535	4.8	5.3
RE-049	Castalia Yukigaya	T	August 31, 2018	1,120	1,140	4.3	1,110	4.4	4.5
RE-050	Castalia Yutenji	C	August 31, 2018	1,310	1,350	4.1	1,310	3.9	4.3
RE-051	Castalia Otsuka	C	August 31, 2018	1,650	1,670	4.2	1,650	4.0	4.4
RE-052	Castalia Kikukawa	T	August 31, 2018	790	798	4.4	787	4.5	4.6
RE-053	Castalia Meguro	F	August 31, 2018	1,050	1,060	4.3	1,040	4.0	4.5
RE-054	Castalia Otsuka II	F	August 31, 2018	1,260	1,280	4.2	1,240	4.0	4.4
RE-055	Castalia Jiyugaoka	F	August 31, 2018	1,390	1,410	4.1	1,360	3.9	4.3
RE-056	Castalia Mejiro	C	August 31, 2018	1,090	1,110	4.5	1,090	4.3	4.7
RE-057	Castalia Ikebukuro	D	August 31, 2018	2,820	2,850	4.2	2,800	4.0	4.4
RE-058	Castalia Kaname-cho	T	August 31, 2018	1,250	1,280	4.3	1,240	4.5	4.5
RE-059	Castalia Tower Shinagawa Seaside	T	August 31, 2018	8,920	8,980	4.3	8,900	4.3	4.5
RE-060	Castalia Yakumo	T	August 31, 2018	798	810	4.2	793	4.4	4.4
RE-061	Castalia Togoshiekimae	F	August 31, 2018	2,000	2,030	4.3	1,970	4.1	4.5
RE-062	Castalia Honjo Azumabashi	T	August 31, 2018	1,190	1,200	4.5	1,190	4.6	4.7
RE-063	Castalia Kitazawa	F	August 31, 2018	827	839	4.2	814	4.0	4.4
RE-064	Castalia Monzennakacho	T	August 31, 2018	588	598	4.5	584	4.6	4.7
RE-065	Castalia Kamiikedai	F	August 31, 2018	217	218	4.9	215	4.5	5.1
RE-066	Castalia Morishita	F	August 31, 2018	1,040	1,050	4.2	1,020	4.0	4.4
RE-067	Castalia Wakabayashikoen	D	August 31, 2018	850	861	4.2	845	4.0	4.4
RE-068	Castalia Asakusabashi	C	August 31, 2018	963	963	4.4	963	4.2	4.6
RE-069	Castalia Iriya	C	August 31, 2018	665	667	4.8	665	4.6	5.0

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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-070	Castalia Kita Ueno	T	August 31, 2018	2,820	2,850	4.4	2,810	4.5	4.6
RE-071	Castalia Morishita II	T	August 31, 2018	816	819	4.4	815	4.5	4.6
RE-072	Castalia Minowa	T	August 31, 2018	1,560	1,590	4.4	1,550	4.5	4.6
RE-073	Castalia Oyamadai	T	August 31, 2018	599	607	4.3	596	4.4	4.5
RE-074	Castalia Nakano	F	August 31, 2018	1,250	1,270	4.2	1,230	4.0	4.4
RE-075	Castalia Yoga	T	August 31, 2018	1,140	1,170	4.2	1,130	4.4	4.4
RE-076	Castalia Sumiyoshi	T	August 31, 2018	1,030	1,040	4.4	1,030	4.5	4.6
RE-077	Castalia Monzennakacho II	F	August 31, 2018	2,700	2,740	4.2	2,660	4.0	4.4
RE-078	Castalia Oshiage	T	August 31, 2018	1,150	1,160	4.5	1,140	1st to 10th year 4.8 11th year 4.6	4.7
RE-079	Castalia Kuramae	T	August 31, 2018	1,500	1,530	4.4	1,480	1st to 10th year 4.6 11th year 4.5	4.6
RE-080	Castalia Nakanobu	C	August 31, 2018	2,580	2,630	4.2	2,580	4.0	4.4
RE-081	Royal Parks Toyosu	C	August 31, 2018	9,870	10,100	4.6	9,870	4.3	4.9
RE-082	Castalia Togoshi	C	August 31, 2018	2,510	2,540	4.3	2,510	4.1	4.5
RE-083	Castalia Oomachi	M	August 31, 2018	1,510	1,530	3.9	1,480	3.7	4.1
RE-084	Castalia Omori	C	August 31, 2018	1,800	1,830	4.3	1,800	4.1	4.5
RE-085	Castalia Mishuku	C	August 31, 2018	2,300	2,350	4.3	2,300	4.1	4.5
RE-086	Castalia Arakawa	C	August 31, 2018	2,190	2,200	4.5	2,190	4.3	4.7
RE-087	Castalia Omori II	M	August 31, 2018	2,920	2,960	4.0	2,880	3.8	4.2
RE-088	Castalia Nakameguro	M	August 31, 2018	4,410	4,480	3.9	4,340	3.7	4.1
RE-089	Castalia Meguro Chojyamaru	M	August 31, 2018	2,340	2,380	3.9	2,300	3.7	4.1
RE-090	Castalia Meguro Takaban	M	August 31, 2018	1,850	1,880	4.1	1,820	3.9	4.3
RE-091	Castalia Omori III	M	August 31, 2018	1,710	1,730	4.1	1,680	3.9	4.3
RE-092	Morino Tonari	F	August 31, 2018	1,170	1,190	4.1	1,150	3.9	4.3
RE-093	Castalia Meguro Tairamachi	M	August 31, 2018	1,280	1,300	3.8	1,250	3.6	4.0
RE-094	Royal Parks SEASIR	M	August 31, 2018	4,960	5,060	5.3 (Note 4)	4,960	1st to 10th year 5.1 11th year to end of land leasing period 5.5	– (Note 4)
RE-095	Castalia Honkomagome	M	August 31, 2018	1,780	1,810	4.2	1,750	4.0	4.4

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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-096	Cosmo Heim Musashikosugi	C	August 31, 2018	1,990	2,050	4.8	1,990	4.6	5.0
RE-097	Castalia Tsurumi	C	August 31, 2018	742	743	5.1	742	4.9	5.3
RE-098	Castalia Funabashi	T	August 31, 2018	794	795	4.9	793	1st to 2nd year 4.9 3rd to 11th year 4.7	5.1
RE-099	Castalia Nishi Funabashi	F	August 31, 2018	936	946	5.2	926	5.0	5.4
RE-105	Castalia Nogeeyama	F	August 31, 2018	328	331	5.1	324	4.9	5.3
RE-106	Castalia Ichikawa	F	August 31, 2018	538	543	5.0	533	4.9	5.3
RE-107	Royal Parks Hanakoganei	D	August 31, 2018	6,160	6,110	5.1 (Note 4)	6,180	1st to 10th year 4.9 11th year to end of land leasing period 5.3	– (Note 4)
RE-108	Castalia Musashikosugi	M	August 31, 2018	1,850	1,870	4.4	1,820	4.2	4.6
RE-109	Royal Parks Wakabadai	D	August 31, 2018	4,720	4,630	5.2 (Note 4)	4,760	1st to 10th year 5.0 11th year to end of land leasing period 5.4	– (Note 4)
RE-110	Pacific Royal Court Minatomirai Urban Tower	M	August 31, 2018	10,800	11,000	4.9 (Note 4)	10,800	1st to 10th year 4.7 11th year to end of land leasing period 5.1	– (Note 4)
RE-111	L-Place Shinkoyasu	F	August 31, 2018	2,070	2,090	4.9	2,040	4.7	5.1
RE-112	Royal Parks Musashikosugi	M	August 31, 2018	1,300	1,330	4.8 (Note 4)	1,300	1st to 10th year 4.6 11th year to end of land leasing period 5.0	– (Note 4)
RE-116	Castalia Sakaisuji Honmachi	T	August 31, 2018	1,780	1,790	4.6	1,770	4.7	4.8
RE-117	Castalia Shin-Umeda	T	August 31, 2018	1,580	1,590	4.7	1,570	4.8	4.9
RE-118	Castalia Abeno	T	August 31, 2018	5,180	5,230	4.6	5,160	4.7	4.8
RE-119	Castalia Sakae	C	August 31, 2018	1,220	1,220	4.8	1,220	4.6	5.0
RE-121	Castalia Maruyama Urasando	T	August 31, 2018	498	499	4.9	497	4.9	5.1
RE-122	Castalia Maruyama Omotesando	T	August 31, 2018	2,010	2,020	4.9	2,000	4.9	5.1
RE-123	Castalia Higashi Hie	T	August 31, 2018	1,020	1,030	4.9	1,020	5.1	5.1
RE-124	Castalia Tower Nagahoribashi	C	August 31, 2018	4,610	4,640	4.7	4,610	4.5	4.9
RE-125	Castalia Sannomiya	D	August 31, 2018	1,490	1,500	5.0	1,480	4.8	5.2
RE-126	Castalia Kotodaikoen	D	August 31, 2018	555	554	5.3	555	5.3	5.5
RE-127	Castalia Ichibancho	D	August 31, 2018	934	942	5.3	930	5.3	5.5

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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-128	Castalia Omachi	D	August 31, 2018	813	814	5.3	813	5.3	5.5
RE-129	Castalia Uemachidai	D	August 31, 2018	2,710	2,740	4.7	2,690	4.5	4.9
RE-130	Castalia Tower Higobashi	C	August 31, 2018	3,570	3,600	4.7	3,570	4.5	4.9
RE-131	Big Tower Minami Sanjo	D	August 31, 2018	2,640	2,640	5.2	2,640	5.0	5.4
RE-132	Castalia Fushimi	F	August 31, 2018	3,040	3,070	4.7	3,000	4.5	4.9
RE-133	Castalia Meieki Minami	M	August 31, 2018	938	953	4.4	922	4.2	4.6
RE-134	Castalia Yakuin	M	August 31, 2018	1,180	1,190	4.5	1,160	4.3	4.7
RE-135	Castalia Mibu	F	August 31, 2018	1,470	1,490	4.8	1,450	4.6	5.0
RE-136	Castalia Tsutsujigaoka	M	August 31, 2018	1,750	1,770	4.8	1,720	4.6	5.0
RE-137	Castalia Ohori Bay Tower	M	August 31, 2018	3,560	3,640	5.2	3,480	5.0	5.4
RE-138	Royal Parks Namba	D	August 31, 2018	2,940	2,940	5.5 (Note 4)	2,940	1st to 10th year 5.4 11th year to end of land leasing period 5.8	– (Note 4)
RE-139	Castalia Shigahondori	F	August 31, 2018	2,090	2,110	4.9	2,060	4.7	5.1
RE-140	Castalia Kyoto Nishioji	M	August 31, 2018	1,070	1,090	4.5	1,050	4.3	4.7
RE-141	Castalia Ningyocho III	F	August 31, 2018	2,360	2,390	4.1	2,330	3.9	4.3
RE-142	Royal Parks Umejima	M	August 31, 2018	2,180	2,230	5.3 (Note 4)	2,180	1st to 10th year 5.1 11th year to end of land leasing period 5.5	– (Note 4)
RE-143	Castalia Shinsakae II	D	August 31, 2018	1,920	1,950	5.0	1,900	4.8	5.2
RM-001	ACROSSMALL Shinkamagaya	F	August 31, 2018	8,060	8,100	5.6	8,020	5.3	5.8
RM-002	FOLEO Hirakata	F	August 31, 2018	4,660	4,710	6.1	4,610	5.6	6.2
RM-003	QiZ GATE URAWA	F	August 31, 2018	4,310	4,340	5.5	4,280	5.1	5.6
RM-004	UNICUS Takasaki	F	August 31, 2018	3,070	3,080	6.2	3,050	5.9	6.4
RM-005	ACROSSPLAZA Miyoshi (Land)	T	August 31, 2018	3,930	– (Note 3)	– (Note 3)	3,930	4.3	– (Note 4)
RM-006	DREAM TOWN ALi	F	August 31, 2018	8,330	8,450	5.7	8,210	5.5	6.0
RM-007	ASOBOX (Land)	F	August 31, 2018	1,860	– (Note 3)	– (Note 3)	1,860	5.0	– (Note 4)
RM-008	FOLEO Ome Imai	F	August 31, 2018	3,950	3,980	5.1	3,920	4.6	5.4
RM-009	FOLEO Otsu Ichiryama	F	August 31, 2018	8,420	8,510	5.5	8,320	5.3	5.8
RM-010	FOLEO Hakata	F	August 31, 2018	3,610	3,660	4.9	3,550	4.7	5.2
RR-001	LIFE Sagamihara Wakamatsu	F	August 31, 2018	1,760	1,780	4.8	1,740	4.4	4.9

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RR-002	FOLEO Sendai Miyanomori	F	August 31, 2018	7,380	7,420	5.6	7,330	5.3	5.8
RR-003	ACROSSPLAZA Inazawa (Land)	F	August 31, 2018	2,490	– (Note 3)	– (Note 3)	2,490	5.2	– (Note 4)
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	T	August 31, 2018	2,360	2,370	6.1	2,350	6.2	6.3
RR-005	Hiratsuka Retail Property (Land)	T	August 31, 2018	6,640	– (Note 3)	– (Note 3)	6,640	4.0	– (Note 4)
RR-006	Royal Home Center Morinomiya (Land)	T	August 31, 2018	5,190	– (Note 3)	– (Note 3)	5,190	4.0	– (Note 4)
HO-001	Daiwa Roynet Hotel Yokohama Kannai	D	August 31, 2018	4,940	4,970	4.7	4,930	4.5	4.9
OT-001	Urban Living Inage	D	August 31, 2018	1,300	1,320	5.2	1,290	5.0	5.4
OT-002	Aburatsubo Marina HILLS	F	August 31, 2018	1,260	1,270	6.1	1,250	5.9	6.3
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	D	August 31, 2018	7,980	7,960	5.5	7,990	5.3	5.7
OT-004	Sharp Hiroshima Building	F	August 31, 2018	1,950	1,970	5.3	1,930	5.1	5.5

(Note 1) In “Appraisal agency,” “D” represents DAIWA REAL ESTATE APPRAISAL CO., LTD., “C” represents Chuo Real Estate Appraisal Co., Ltd., “T” represents The Tanizawa Sōgō Appraisal Co., Ltd., “F” represents Japan Real Estate Institute, and “M” represents JLL Morii Valuation & Advisory K.K.

(Note 2) “Value based on income method” represents value calculated by the direct capitalization method and value calculated by the DCF method. The direct capitalization method is a technique to estimate a value by dividing net cash flow for a period by the capitalization rate. The DCF method is a technique to estimate a value based on income calculated by discounting net cash flow and terminal value for consecutive multiple periods to the present values corresponding to the periods in which each belong and adding the respective discounted values together.

(Note 3) 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 4) The capitalization rate states the discount rate used in the direct capitalization method (inwood method). Since the capitalization method was not applied in the calculation of price of selling the vacant lot, the terminal capitalization rate was not presented.

(4) Summary on Engineering Report

DHR obtains building condition evaluation reports and detailed earthquake risk analysis reports concerning building inspections, building evaluations, compliance with relevant laws and regulations, evaluations of repairs and maintenance expenses, environmental assessments, and earthquake risk analyses (collectively termed “Engineering Reports”) from Tokio Marine & Nichido Risk Consulting Co., Ltd. for each real estate or each real estate in trust owned by DHR. The summary of the Engineering Reports for each real estate or each real estate in trust as of August 31, 2018, is as follows:

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
LB-001	D Project Machida	–	–	275,315	2.7	August 2017
LB-002	D Project Hachioji	–	–	188,463	6.0	August 2017
LB-003	D Project Aikawa-Machi	–	–	27,858	5.5	August 2017
LB-004	D Project Shin-Misato	–	–	38,465	0.8	August 2017
LB-005	D Project Urayasu I	–	–	200,122	3.5	August 2017
LB-006	D Project Urayasu II	–	–	273,325	2.1	August 2017
LB-007	D Project Akanehama	–	–	18,091	1.7	August 2017
LB-008	D Project Noda	–	–	64,458	1.7	August 2017
LB-009	D Project Inuyama (Note 5)	–	–	124,865	2.7	August 2017 February 2018
LB-010	D Project Gifu	–	–	13,297	4.1	August 2017
LB-011	D Project Neyagawa	–	–	23,505	2.7	August 2017
LB-012	D Project Sapporo Minami	–	–	26,616	1.9	August 2017
LB-013	D Project Morioka	–	–	42,410	8.1	August 2017
LB-014	D Project Sendai Minami	–	–	27,070	1.5	August 2017
LB-015	D Project Tsuchiura	–	–	32,535	1.6	August 2017
LB-016	D Project Gotenba	–	–	37,810	7.0	August 2017
LB-017	D Project Nishi-Hiroshima	–	–	35,594	2.3	August 2017
LB-018	D Project Fukuoka Umi	–	–	126,738	1.3	August 2017
LB-019	D Project Tosu	–	–	11,000	5.2	August 2017
LB-020	D Project Kuki I	–	–	5,837	0.5	February 2014
LB-021	D Project Kuki II	–	–	10,249	3.4	December 2013
LB-022	D Project Kawagoe I	–	–	7,046	7.6	February 2014
LB-023	D Project Kawagoe II	–	–	5,231	3.2	February 2014
LB-024	DPL Inuyama	–	–	4,837	7.0	February 2014
LB-025	D Project Fukuoka Hakozaki	–	–	40,626	10.9	February 2014
LB-026	D Project Kuki III	–	–	42,950	0.1	February 2015
LB-027	D Project Kuki IV	–	–	11,712	1.7	February 2015
LB-028	D Project Kuki V	–	–	59,385	2.8	February 2015
LB-029	D Project Kuki VI	–	–	41,380	2.0	February 2015
LB-030	D Project Yashio	–	–	69,618	1.6	February 2015
LB-031	D Project Nishiyodogawa	–	–	20,912	7.3	February 2015
LB-032	D Project Matsudo	–	–	20,868	3.1	February 2015
LB-033	D Project Hibiki Nada	–	–	77,619	1.3	April 2016
LB-034	D Project Morioka II	–	–	20,721	14.5	March 2016
LB-035	D Project Kawagoe III	–	–	99,129	2.2	February 2017
LB-036	D Project Kazo	–	–	44,541	1.2	February 2017
LB-037	D Project Urayasu III	–	–	236,787	3.7	February 2017
LB-038	D Project Tomisato	–	–	57,681	2.9	February 2017
LB-039	D Project Kyotanabe	–	–	47,381	5.7	February 2017
LB-040	D Project Sendai Izumi	–	–	29,414	4.4	February 2017
LB-041	D Project Oyama	–	–	31,146	1.6	February 2017
LB-042	D Project Sano	–	–	38,714	1.5	February 2017
LB-043	D Project Tatebayashi	–	–	45,056	1.8	February 2017
LB-044	D Project Kakegawa	–	–	58,493	9.1	February 2017
LB-045	D Project Hiroshima Seifu	–	–	39,347	4.7	February 2017
LB-046	D Project Tosu II	–	–	26,713	3.0	February 2017
LB-047	D Project Kawagoe IV	–	–	134,126	3.5	February 2018
LB-048	D Project Kuki VII	–	–	42,274	1.5	February 2018
LB-049	D Project Chibakita	–	–	58,386	2.4	February 2018
LB-050	D Project Matsudo II	50	–	77,496	3.5	February 2018
LB-051	D Project Tomisato II	–	–	57,787	2.1	February 2018
LB-052	D Project Osaka Hirabayashi	–	–	35,471	8.0	February 2018
LB-053	D Project Sendai Izumi II	50	–	99,230	6.7	February 2018
LB-054	D Project Kaminokawa	–	–	227,367	1.3	February 2018
LB-055	D Project Fuji	–	–	66,588	14.0	February 2018
LB-056	D Project Tosu III	–	–	93,341	4.3	February 2018
LM-001	DPL Misato	–	–	297,332	0.5	February 2017
LM-002	DPL Fukuoka Kasuya	–	–	516,216	0.9	February 2018

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RE-001	Qiz Ebisu	-	-	192,351	3.4	January 2015
RE-002	Castalia Azabujuban Shichimenzaka	-	-	133,227	2.3	January 2015
RE-003	Castalia Shibakoen	-	-	98,295	3.9	July 2018
RE-004	Castalia Ginza	-	-	98,619	2.8	July 2018
RE-005	Castalia Hiroo	-	-	50,386	6.0	February 2017
RE-006	Castalia Nihonbashi	-	-	58,455	2.7	January 2015
RE-007	Castalia Hacchobori	-	-	72,397	5.2	July 2015
RE-008	Castalia Azabujuban	-	-	75,318	3.8	February 2016
RE-009	Castalia Azabujuban II	-	-	87,409	3.8	February 2016
RE-010	Castalia Shinjuku Natsumezaka	-	-	53,396	5.1	August 2016
RE-011	Castalia Ginza II	-	-	40,586	2.5	August 2016
RE-012	Castalia Shibuya Sakuragaoka	-	-	55,552	7.6	January 2017
RE-013	Castalia Nishi Azabu Kasumicho	-	-	41,824	5.0	January 2018
RE-014	Castalia Ochanomizu	-	-	31,540	6.8	January 2018
RE-015	Castalia Sangubashi	-	-	63,845	4.2	January 2018
RE-016	Castalia Suitengu	-	-	42,310	6.6	July 2018
RE-017	Castalia Suitengu II	-	-	44,755	6.9	July 2018
RE-018	Castalia Shintomicho	-	-	37,208	5.4	July 2018
RE-019	Castalia Shintomicho II	-	-	39,776	3.6	July 2018
RE-020	Castalia Harajuku	-	-	58,662	9.6	January 2018
RE-021	Castalia Yoyogi Uehara	-	-	36,712	9.1	January 2018
RE-022	Castalia Sendagaya	-	-	37,313	10.3	January 2018
RE-023	Castalia Shinjuku 7 chome	-	-	41,894	4.9	January 2018
RE-024	Castalia Ningyocho	-	-	60,991	4.9	January 2015
RE-025	Castalia Ningyocho II	-	-	53,988	5.4	January 2015
RE-026	Castalia Shin-Ochanomizu	-	-	46,036	5.7	January 2015
RE-027	Castalia Higashi Nihonbashi II	-	-	71,364	4.8	January 2015
RE-028	Castalia Jinbocho	-	-	56,108	5.6	January 2015
RE-029	Castalia Shintomicho III	-	-	40,393	3.2	January 2015
RE-030	Castalia Shinjuku Gyoen	-	-	65,142	2.9	July 2018
RE-031	Castalia Takanawadai	-	-	43,633	6.9	July 2018
RE-032	Castalia Higashi Nihonbashi III	-	-	43,554	4.6	July 2018
RE-033	Castalia Shinjuku Gyoen II	-	-	31,226	4.8	July 2018
RE-034	Castalia Shintomicho IV	-	-	17,714	5.8	July 2018
RE-035	Castalia Takanawadai II	-	-	45,602	10.0	January 2015
RE-036	Castalia Minami Azabu	-	-	28,944	5.0	January 2015
RE-037	Castalia Ginza III	-	-	95,256	2.7	July 2015
RE-038	Castalia Kayabacho	-	-	95,974	5.0	July 2015
RE-039	Castalia Takanawa	-	-	266,139	4.0	July 2015
RE-040	Castalia Higashi Nihonbashi	-	-	116,722	2.2	July 2015
RE-041	Castalia Shinjuku	-	-	32,453	4.3	July 2015
RE-042	Castalia Ichigaya	-	-	34,073	7.5	July 2015
RE-043	Shibaura Island Bloom Tower	-	-	418,923	2.0	August 2016
RE-044	Castalia Hatsudai	-	-	101,851	3.9	August 2016
RE-045	Castalia Hatsudai II	-	-	51,667	4.9	July 2017
RE-046	Castalia Ebisu	-	-	41,598	3.4	July 2017
RE-047	Castalia Meguro Kamurozaka	-	-	167,646	2.6	January 2015
RE-048	Castalia Toritsudaiagaku	-	-	56,449	5.9	January 2018
RE-049	Castalia Yukigaya	-	-	69,120	2.5	February 2016
RE-050	Castalia Yutenji	-	-	43,828	8.5	February 2016
RE-051	Castalia Otsuka	-	-	57,326	4.3	August 2016
RE-052	Castalia Kikukawa	-	-	53,076	7.6	August 2016
RE-053	Castalia Meguro	-	-	28,156	4.2	January 2018
RE-054	Castalia Otsuka II	-	-	52,914	3.8	January 2015
RE-055	Castalia Jiyugaoka	-	-	55,037	9.3	January 2015
RE-056	Castalia Mejiro	-	-	45,570	5.3	July 2015
RE-057	Castalia Ikebukuro	-	-	111,774	2.8	January 2015
RE-058	Castalia Kaname-cho	-	-	51,382	2.3	July 2015
RE-059	Castalia Tower Shinagawa Seaside	-	-	274,548	3.1	July 2015
RE-060	Castalia Yakumo	-	-	43,824	9.1	July 2015
RE-061	Castalia Togoshiekimae	-	-	31,373	5.6	July 2015
RE-062	Castalia Honjo Azumabashi	-	-	36,364	4.5	July 2018
RE-063	Castalia Kitazawa	-	-	30,415	4.4	January 2018
RE-064	Castalia Monzenkakacho	-	-	41,454	8.1	January 2018
RE-065	Castalia Kamiikedai	-	-	12,823	11.2	January 2018
RE-066	Castalia Morishita	-	-	46,009	6.7	January 2015
RE-067	Castalia Wakabayashikoen	-	-	42,768	3.4	July 2018
RE-068	Castalia Asakusabashi	-	-	67,431	2.8	January 2015

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RE-069	Castalia Iriya	600	–	35,393	5.4	July 2015
RE-070	Castalia Kita Ueno	–	–	141,363	3.3	July 2018
RE-071	Castalia Morishita II	–	–	36,974	6.7	January 2015
RE-072	Castalia Minowa	–	–	61,432	5.4	January 2015
RE-073	Castalia Oyamadai	–	–	14,148	8.7	July 2015
RE-074	Castalia Nakano	–	–	33,418	3.9	July 2015
RE-075	Castalia Yoga	–	–	26,900	5.6	July 2015
RE-076	Castalia Sumiyoshi	–	–	28,681	6.8	July 2015
RE-077	Castalia Monzennakacho II	–	–	59,539	7.3	January 2015
RE-078	Castalia Oshiage	–	–	50,805	6.5	January 2015
RE-079	Castalia Kuramae	–	–	50,815	4.1	January 2015
RE-080	Castalia Nakanobu	–	–	53,877	2.8	July 2015
RE-081	Royal Parks Toyosu	–	–	265,862	7.2	July 2015
RE-082	Castalia Togoshi	–	–	59,537	3.8	July 2015
RE-083	Castalia Oomachi	–	–	43,161	3.9	February 2016
RE-084	Castalia Omori	–	–	79,460	3.7	February 2016
RE-085	Castalia Mishuku	–	–	108,838	5.9	February 2016
RE-086	Castalia Arakawa	–	–	98,574	4.5	February 2016
RE-087	Castalia Omori II	–	–	42,630	4.0	August 2016
RE-088	Castalia Nakameguro	–	–	107,342	3.6	February 2017
RE-089	Castalia Meguro Chojyamaru	–	–	54,250	3.1	July 2017
RE-090	Castalia Meguro Takaban	–	–	88,717	7.0	July 2017
RE-091	Castalia Omori III	–	–	48,261	3.7	July 2017
RE-092	Morino Tonari	–	–	30,552	4.6	January 2018
RE-093	Castalia Meguro Tairamachi	–	–	27,167	6.2	January 2018
RE-094	Royal Parks SEASIR	–	–	222,002	3.6	February 2015
RE-095	Castalia Honkomagome	–	–	15,112	6.6	February 2015
RE-096	Cosmo Heim Musashikosugi	–	–	109,643	9.1	January 2018
RE-097	Castalia Tsurumi	–	–	32,193	9.0	August 2016
RE-098	Castalia Funabashi	–	–	71,478	3.0	January 2018
RE-099	Castalia Nishi Funabashi	–	–	42,396	3.6	January 2018
RE-105	Castalia Nogeeyama	–	–	48,467	5.3	January 2018
RE-106	Castalia Ichikawa	–	–	39,289	2.7	July 2018
RE-107	Royal Parks Hanakoganei	–	–	430,325	4.5	February 2016
RE-108	Castalia Musashikosugi	–	–	56,442	6.4	July 2017
RE-109	Royal Parks Wakabadai	–	–	349,081	5.3	March 2014
RE-110	Pacific Royal Court Minatomirai Urban Tower	–	–	438,587	3.9	February 2015
RE-111	L-Place Shinkoyasu	–	–	20,575	3.0	February 2015
RE-112	Royal Parks Musashikosugi	–	–	56,442	6.2	January 2015
RE-116	Castalia Sakaisuji Honmachi	–	–	101,788	6.1	January 2015
RE-117	Castalia Shin-Umeda	–	–	103,797	8.3	January 2015
RE-118	Castalia Abeno	–	–	301,752	10.1	July 2015
RE-119	Castalia Sakae	–	–	79,778	4.2	July 2018
RE-121	Castalia Maruyama Urasando	–	–	54,712	1.3	July 2018
RE-122	Castalia Maruyama Omotesando	–	–	187,773	1.1	July 2018
RE-123	Castalia Higashi Hie	–	–	136,557	2.6	February 2016
RE-124	Castalia Tower Nagahoribashi	–	–	189,010	4.6	January 2015
RE-125	Castalia Sannomiya	–	–	97,414	5.3	January 2018
RE-126	Castalia Kotodaikoen	–	–	68,198	3.4	July 2018
RE-127	Castalia Ichibancho	–	–	95,966	2.9	July 2018
RE-128	Castalia Omachi	–	–	50,682	2.6	July 2018
RE-129	Castalia Uemachidai	–	–	67,675	5.9	July 2015
RE-130	Castalia Tower Higobashi	–	–	95,723	5.8	July 2015
RE-131	Big Tower Minami Sanjo	–	–	198,537	0.9	July 2018
RE-132	Castalia Fushimi	–	–	131,779	3.1	July 2018
RE-133	Castalia Meieki Minami	–	–	60,447	4.6	February 2016
RE-134	Castalia Yakuin	–	–	102,156	5.6	February 2016
RE-135	Castalia Mibu	–	–	54,217	9.4	August 2016
RE-136	Castalia Tsutsujigaoka	–	–	78,747	2.7	January 2017
RE-137	Castalia Ohori Bay Tower	–	–	224,239	1.9	January 2013
RE-138	Royal Parks Namba	–	–	293,019	7.8	January 2017
RE-139	Castalia Shigahondori	–	–	135,510	2.3	January 2017
RE-140	Castalia Kyoto Nishioji	–	–	39,962	9.3	September 2015
RE-141	Castalia Ningyocho III	–	–	19,732	3.6	April 2016
RE-142	Royal Parks Umejima	–	–	91,236	4.1	April 2016
RE-143	Castalia Shinsakae II	–	–	24,415	4.5	February 2017
RM-001	ACROSSMALL Shinkamagaya	–	–	414,104	2.4	November 2017

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RM-002	FOLEO Hirakata	-	-	333,040	13.3	February 2018
RM-003	QiZ GATE URAWA	-	-	253,420	1.8	February 2018
RM-004	UNICUS Takasaki	-	-	119,348	1.0	February 2018
RM-005	ACROSSPLAZA Miyoshi (Land)	-	-	-	- (Note 3)	-
RM-006	DREAM TOWN ALI	-	-	219,367	1.8	September 2015
RM-007	ASOBOX (Land)	-	-	-	- (Note 3)	-
RM-008	FOLEO Ome Imai	-	-	31,736	9.3	July 2017
RM-009	FOLEO Otsu Ichiriyama	-	-	670,853	14.7	February 2018
RM-010	FOLEO Hakata	-	-	275,039	1.2	February 2018
RR-001	LIFE Sagami-hara Wakamatsu	-	-	49,315	11.0	February 2018
RR-002	FOLEO Sendai Miyanomori	-	-	121,705	2.8	February 2018
RR-003	ACROSSPLAZA Inazawa (Land)	-	-	-	- (Note 3)	-
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	-	-	160,912	0.5	April 2016
RR-005	Hiratsuka Retail Property (Land)	-	-	-	- (Note 3)	-
RR-006	Royal Home Center Morinomiya (Land)	-	-	-	- (Note 3)	-
HO-001	Daiwa Roynet Hotel Yokohama Kannai	-	-	100,991	9.7	February 2018
OT-001	Urban Living Inage	-	-	41,907	3.5	January 2017
OT-002	Aburatsubo Marina HILLS	-	-	40,302	8.8	July 2018
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha- Omoromachi)	-	-	597,524	1.2	April 2016
OT-004	Sharp Hiroshima Building	-	-	25,525	3.0	February 2017
Portfolio PML (Note 4)					1.5	-

(Note 1) “Repairs and maintenance expenses” represent the amount exclusive of tax.

(Note 2) “PML (probable maximum loss)” is the ratio (%) of anticipated loss due to earthquake to reproduction cost from an event with an annual exceedance probability of 0.21% (once in 475 years). However, PML in relation to the portfolio relates to groups of multiple buildings, and in consideration of the likelihood of damage occurring simultaneously to multiple buildings, the ratio (%) of anticipated loss affecting either single or multiple buildings in a group to reproduction cost from an event with an annual exceedance probability of 0.21% (once in 475 years) is shown. DHR is considering taking out earthquake insurance based on PML. However, there are no current plans to take out earthquake insurance for each piece of real estate or real estate in trust above.

(Note 3) For ACROSSPLAZA Miyoshi (Land), ASOBOX (Land), ACROSSPLAZA Inazawa (Land), Hiratsuka Retail Property (Land), and Royal Home Center Morinomiya (Land), PML figures were not presented because only the land is owned and the building was not acquired.

(Note 4) “Portfolio PML” is a numerical value obtained in the same way for the aggregate of the 208 properties as for an individual property, excluding ACROSSPLAZA Miyoshi (Land), ASOBOX (Land), ACROSSPLAZA Inazawa (Land), Hiratsuka Retail Property (Land), and Royal Home Center Morinomiya (Land), for which only the land was acquired, based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd.

(Note 5) Regarding “D Project Inuyama,” DHR made an additional acquisition on April 10, 2018 (acquisition price ¥2,100 million), and the “preparation date of the relevant building condition evaluation report” information is listed individually for the existing building and the additionally acquired building.

(5) Status of Portfolio Diversification (As of August 31, 2018)

i) Investment ratio by area

Area (Note 1)		Number of properties	Acquisition price (Millions of yen)	Investment ratio (%) (Note 2)	
Three major metropolitan areas of Japan	Greater Tokyo area	146	449,176	66.9	80.0
	Greater Nagoya area	9	25,740	3.8	
	Greater Osaka area	17	62,300	9.3	
Other		41	134,537	20.0	
Total		213	671,753	100.0	

(Note 1) For details of “Area,” please refer to “(1) Portfolio List, i) Status of Investment (Note 1)” above.

(Note 2) “Investment ratio” is calculated based on the acquisition price, rounded to the nearest tenth. The same shall apply hereinafter.

ii) Investment ratio by asset class

Asset class		Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)	
Core assets	Logistics properties	58	336,499	50.1	98.3
	Residential properties	134	247,444	36.8	
	Retail properties	16	71,530	10.6	
	Hotel properties	1	4,800	0.7	
Other assets		4	11,480	1.7	
Total		213	671,753	100.0	

iii) Diversification by age of property

Age of property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 5 years	24	94,825	14.5
5 years or more but less than 10 years	43	236,520	36.2
10 years or more	141	322,558	49.3
Total	208	653,903	100.0

iv) Average age of property by asset class

Asset class	Average age (year)
Logistics properties	7.5
Residential properties	12.5
Retail properties	9.9
Hotel properties	9.1
Other assets	6.9
Total	9.6

(Note) “Average age” is the weighted average age of owned properties as of August 31, 2018 based on the acquisition price, rounded to the nearest tenth.

(6) Capital Expenditures for Properties Held

i) Schedule of capital expenditures

The following table shows major scheduled capital expenditures for planned renovation work, etc. for owned properties (real estate, real estate in trust, etc.) as of August 31, 2018. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Thousands of yen)		
			Total amount	Payment during the period	Total amount paid
D Project Machida (Machida City, Tokyo)	Repair work of exterior walls	From October 2018 to January 2019	103,680	51,840	51,840
Qiz Ebisu (Shibuya Ward, Tokyo)	Large-scale renovations	From October 2018 to November 2019	292,680	–	–
Castalia Ginza II (Chuo Ward, Tokyo)	Large-scale renovations	From October 2018 to February 2019	42,552	–	–
Castalia Iriya (Taito Ward, Tokyo)	Large-scale renovations	From October 2018 to February 2019	33,048	–	–

ii) Capital expenditures during the period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows. Capital expenditures during the current fiscal period were ¥919,449 thousand together with ¥568,311 thousand in repairs and maintenance expenses and ¥311,974 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥1,799,735 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Thousands of yen)
D Project Sendai Minami (Iwanuma City, Miyagi)	Sealing work of exteriors walls on the south side and north side	From June 2018 to August 2018	39,177
Castalia Arakawa (Arakawa Ward, Tokyo)	Painting renovation and sealing work of exterior walls	From April 2018 to August 2018	56,280
Cosmo Heim Musashikosugi (Kawasaki City, Kanagawa)	Painting renovation and sealing work of exterior walls	From April 2018 to August 2018	36,062
Castalia Tsutsujigaoka (Sendai City, Miyagi)	Painting renovation and sealing work of exterior walls	From April 2018 to August 2018	48,939
Aburatsubo Marina HILLS (Miura City, Kanagawa)	Air conditioning equipment replacement work at second and third floors	From July 2018 to August 2018	14,398

iii) Cash reserves for long-term repair and maintenance plans

DHR sets aside the following cash reserves for repair and maintenance in order to provide for payment of funds for future maintenance of the value of assets and the renewal of facilities and equipment.

(Unit: Thousands of yen)

Operating period	21st period From March 1, 2016 to August 31, 2016	22nd period From September 1, 2016 to February 28, 2017	23rd period From March 1, 2017 to August 31, 2017	24th period From September 1, 2017 to February 28, 2018	25th period From March 1, 2018 to August 31, 2018
Balance of reserves at beginning of period	575,440	589,520	1,298,495	1,439,455	1,470,535
Amount of reserves during period	14,080	708,974	140,960	39,080	39,080
Amount of reversal of reserves during period	–	–	–	8,000	–
Reserves carried forward	589,520	1,298,495	1,439,455	1,470,535	1,509,615