

October 19, 2016

Financial Results for the Fiscal Period Ended August 31, 2016 (March 1, 2016 - August 31, 2016)

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

Listing: Tokyo Stock Exchange

Securities code: 8984

URL: <http://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

Scheduled date of submitting Securities Report: November 25, 2016

Scheduled date of starting distribution payments: November 14, 2016

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, 2016 (March 1, 2016 - August 31, 2016)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended August 31, 2016	9,691	0.3	3,959	0.3	3,214	1.1	3,213	1.1
Fiscal period ended February 29, 2016	9,662	3.3	3,947	0.5	3,177	1.0	3,177	1.0

	Basic earnings per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended August 31, 2016	4,297	2.9	1.2	33.2
Fiscal period ended February 29, 2016	4,248	2.9	1.2	32.9

(Note) Please refer to “Per Unit Information” on page 41 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, 2016	4,537	3,392	0	0	105.6	3.1
Fiscal period ended February 29, 2016	4,501	3,365	0	0	106.0	3.0

(Note 1) For the fiscal period ended August 31, 2016, the funds from which distributions are paid out are the amount including the reversal of retained earnings (reserve for distribution) of ¥178 million, and differ from “profit.”

(Note 2) For the fiscal period ended February 29, 2016, the funds from which distributions are paid out are the amount including the reversal of retained earnings (reserve for distribution) of ¥188 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, 2016	258,266	111,042	43.0	148,504
As of February 29, 2016	258,590	111,194	43.0	148,707

(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, 2016	5,439	(686)	(3,361)	9,388
Fiscal period ended February 29, 2016	5,257	(1,597)	(3,331)	7,997

2. Forecasts of operating results for the fiscal period from September 1, 2016 to February 28, 2017 and for the fiscal period from March 1, 2017 to August 31, 2017

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		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, 2017	17,360	79.1	5,354	35.2	4,219	31.3	4,219	31.3	4,700	0
Fiscal period ending August 31, 2017	17,576	1.2	6,378	19.1	5,190	23.0	5,190	23.0	4,720	0

(Reference) Forecasted basic earnings per unit

For the fiscal period ending February 28, 2017: ¥2,777

For the fiscal period ending August 31, 2017: ¥3,416

(Note 1) For the fiscal period ending February 28, 2017, the funds from which distributions are paid out are the amount including the reversal of retained earnings (reserve for distribution) of ¥2,921 million, and differ from “profit.”

(Note 2) For the fiscal period ending August 31, 2017, the funds from which distributions are paid out are the amount including the reversal of retained earnings (reserve for distribution) of ¥1,980 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, 2016	747,740 units
As of February 29, 2016	747,740 units
- b. Number of treasury investment units at the end of the period

As of August 31, 2016	0 units
As of February 29, 2016	0 units

(Note) Please refer to “Per Unit Information” on page 41 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, 2017 and August 31, 2017” on pages 20 and 21 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 19, 2016.

1. The Investment Corporation and Related Corporations

The following shows changes in major DHR-affiliated corporations made with respect to those shown in the section “Scheme of Investment Corporation” of the Securities Report submitted on May 27, 2016 (prepared in Japanese only).

(1) The Merger and Change of Corporate Name

On September 1, 2016, Daiwa House REIT Investment Corporation (formerly, Daiwa House Residential Investment Corporation; hereinafter referred to as “DHR”) implemented an absorption-type merger (hereinafter referred to as the “Merger”) with DHR as the surviving corporation and the former Daiwa House REIT Investment Corporation (the corporation prior to dissolution is hereinafter referred to as the “former DHR”) as the absorbed corporation. In conjunction with the Merger, the corporate name was changed to Daiwa House REIT Investment Corporation, from Daiwa House Residential Investment Corporation, previously.

(2) Succession of General Administrator for Investment Corporation Bonds

In accordance with DHR’s succession, by means of the Merger, of the 1st Unsecured Investment Corporation Bonds of the former DHR (hereinafter referred to as “Former DHR’s 1st Series Bonds”), The Bank of Tokyo-Mitsubishi UFJ, Ltd. becomes a new DHR-affiliated corporation acting as general administrator for Former DHR’s 1st Series Bonds.

(3) Execution of Basic Agreements on Pipeline Support, etc.

DHR concluded a new basic agreement on pipeline support, etc. between DHR, the Asset Manager (defined below; the same shall apply hereinafter) and Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”) on April 15, 2016, and the agreement took effect on September 1, 2016. In line with the effect of this new basic agreement on pipeline support, etc., the new basic agreement on pipeline support, etc. previously executed between the same parties ceased to be effective.

DHR has also executed basic agreements on pipeline support, etc. (hereinafter collectively referred to as the “New Basic Agreements”) on September 1, 2016 between DHR, the Asset Manager and each of Cosmos Initia Co., Ltd. (hereinafter referred to as “Cosmos Initia”), Daiwa Lease Co., Ltd. (hereinafter referred to as “Daiwa Lease”), Daiwa Information Service Co., Ltd. (hereinafter referred to as “Daiwa Information Service”), Daiwa Royal Co., Ltd. (hereinafter referred to as “Daiwa Royal”), Fujita Corporation (hereinafter referred to as “Fujita”) and Daiwa Logistics Co., Ltd. (hereinafter referred to as “Daiwa Logistics”), which belong to the Daiwa House Group (defined below; the same shall apply hereinafter), that took effect as of September 1, 2016. In line with the effect of the New Basic Agreements, the basic agreements on pipeline support, etc. previously executed between DHR, the Asset Manager and each Daiwa House Group company ceased to be effective.

In addition, as of September 1, 2016, which is the effective date of the Merger, DHR has cancelled the basic agreement on pipeline support, etc. executed between DHR, the Asset Manager and Morimoto Co., Ltd. and the basic agreement on the provision of brokerage information regarding real estate, etc. executed between DHR, the Asset Manager and Sumitomo Mitsui Trust Bank, Limited.

(4) Merger of the Asset Manager

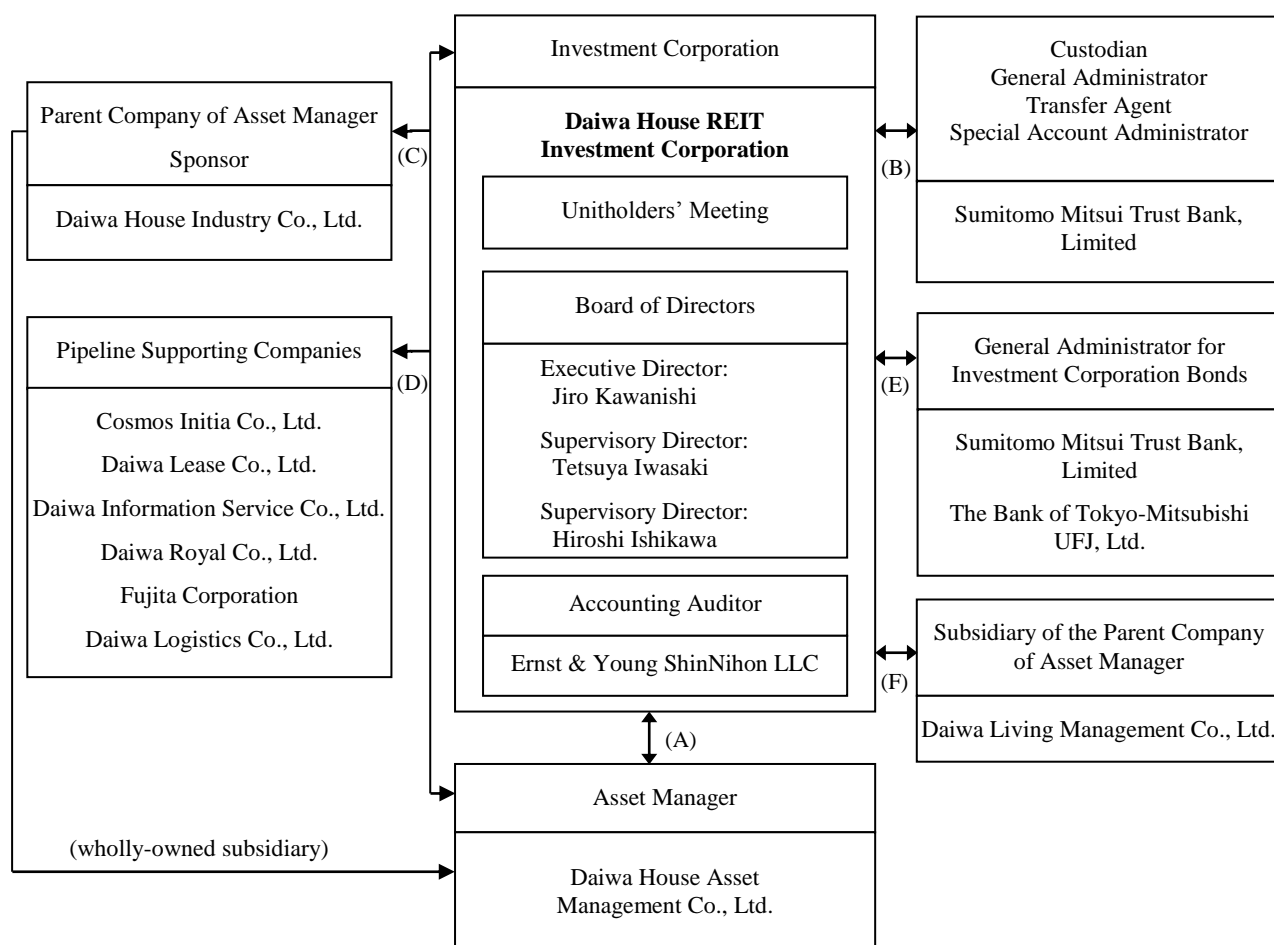
In line with the Merger, the Asset Manager implemented an absorption-type merger effective as of September 1, 2016 with the Asset Manager as the surviving company and Daiwa House REIT Management Co., Ltd., the asset manager of the former DHR, as the absorbed company.

An overview of the scheme of DHR as of the date of this financial results report is as outlined below.

(5) Changes in Specified Affiliated Corporations

DHR has concluded master lease agreements or fixed term building lease agreements with Daiwa Living Co., Ltd. concerning part of the assets held by DHR (10 properties as of the date of this financial results report). In the fiscal period ended February 29, 2016, the transactions involved met the criteria prescribed in Article 55-8, paragraph 2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions,

etc., and Daiwa Living Co., Ltd. was treated as a specified affiliated corporation. In the fiscal period ended August 31, 2016, the transactions did not satisfy the aforesaid criteria and that company is no longer treated as a specified affiliated corporation.



- (A) Asset management agreement
- (B) Asset custody agreement / General administration agreement / Transfer agency agreement / Special account administration agreement
- (C) New basic agreement on pipeline support, etc.
- (D) Basic agreements on pipeline support, etc.
- (E) Fiscal, issuance and payment agent agreements
- (F) Master lease agreement, fixed term building lease agreement ^(Note)

(Note) For further details, please refer to “5. Reference Information, 2. Summary of major tenants,” later in this document.

(6) Names, Roles and Relevant Operations of DHR and its Asset Manager, the Custodian and General Administrators

Refer to the Securities Report submitted on May 27, 2016 (prepared in Japanese only), for details regarding names, roles and relevant operations with respect to DHR and the Asset Manager.

Roles	Name	Relevant operations
Custodian, General administrator, Transfer agent, Special account administrator, General administrator for investment corporation bonds	Sumitomo Mitsui Trust Bank, Limited	<p>Sumitomo Mitsui Trust Bank, Limited (hereinafter referred to as “SMTB”) entered into an asset custody agreement (as subsequently amended) with DHR on June 7, 2005. Acting as custodian under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trusts Act”), SMTB will provide services relating to the custody of assets held by DHR, pursuant to the asset custody agreement (Article 208, paragraph 1 of the Investment Trusts Act).</p> <p>In addition, SMTB entered into a general administration agreement (as subsequently amended) with DHR on June 7, 2005. As a general administrator under the Investment Trusts Act and pursuant to the general administration agreement, SMTB provides: (1) services related to administering organizations of DHR, and (2) services related to accounting of DHR (however, this excludes services provided by general administrators who are entrusted with services such as those involving administration of the unitholders’ register) (Article 117 of the Investment Trusts Act).</p> <p>Furthermore, SMTB entered into a transfer agency agreement (as subsequently amended) ^(Note 1) and a special account administration agreement (as subsequently amended) ^(Note 2) with DHR on January 5, 2009. As a general administrator under the Investment Trusts Act and pursuant to the transfer agency agreement and the special account administration agreement, SMTB provides: (1) services related to the unitholders’ register and the new unit acquisition rights register, involving preparation and maintenance thereof, (2) services related to issuance of investment securities and new unit acquisition rights certificates, (3) services related to payment of funds distributed to unitholders, (4) services related to My Number system (pertaining to Act on the Social Security and Tax Number System), and other such services (Article 117 of the Investment Trusts Act).</p> <p>In addition, SMTB has entered into fiscal agent agreements with DHR. This includes a fiscal agent agreement pertaining to the 1st Unsecured Investment Corporation Bonds (hereinafter referred to as the “1st Series Bonds”) on March 2, 2012, and fiscal agent agreements pertaining to the 2nd Unsecured Investment Corporation Bonds (hereinafter referred to as the “2nd Series Bonds”) and the 3rd Unsecured Investment Corporation Bonds (hereinafter referred to as the “3rd Series Bonds”) on January 16, 2015. As a general administrator under the Investment Trusts Act (Article 117 of the Investment Trusts Act) and pursuant to the aforementioned fiscal agent agreements, SMTB provides issuance agent, payment agent and fiscal agent services related to the 1st Series Bonds, 2nd Series Bonds and 3rd Series Bonds.</p>
General administrator for investment corporation bonds	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	<p>The Bank of Tokyo-Mitsubishi UFJ, Ltd. entered into a fiscal agent agreement with the former DHR pertaining to Former DHR’s 1st Series Bonds on December 12, 2014. The aforementioned fiscal agent agreement was transferred to DHR in accordance with the Merger. As a general administrator under the Investment Trusts Act (Article 117 of the Investment Trusts Act) and pursuant to the aforementioned fiscal agent agreement, The Bank of Tokyo-Mitsubishi UFJ, Ltd. provides issuance agent, payment agent and fiscal agent services related to Former DHR’s 1st Series Bonds.</p>

(Note 1) Sumitomo Mitsui Trust Bank, Limited is hereinafter referred to as the “Transfer Agent” in relation to the transfer agency agreement.

(Note 2) Sumitomo Mitsui Trust Bank, Limited is hereinafter referred to as the “Special Account Administrator” in relation to the special account administration agreement.

(7) DHR-affiliated Corporations and Main Affiliated Parties, Other than the Aforementioned

Refer to Securities Report submitted on May 27, 2016 (prepared in Japanese only), for details of the business operations of Daiwa Living Management Co., Ltd., a subsidiary of the parent company of the Asset Manager.

Roles	Name	Operations
Parent company of Asset Manager, Sponsor (Note)	Daiwa House Industry Co., Ltd.	<p>DHR and the Asset Manager concluded a new basic agreement on pipeline support, etc. with Daiwa House on April 15, 2016, which took effect on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Daiwa House, in cases where Daiwa House plans to sell properties that meet with the DHR's investment standard from among those that Daiwa House develops, owns, or plans to develop or acquire (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Daiwa House is as follows.</p> <ul style="list-style-type: none"> (i) Provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Consideration by Daiwa House of acquisition of real estate or trust beneficiary interests in real estate held by DHR (hereinafter in this section, generally "investment real estate"), and provision of information about potential buyers of investment real estate to DHR and the Asset Manager. (iii) Provision of leasing support services to DHR and the Asset Manager. (iv) Provision of expertise and advice to the Asset Manager regarding the required management operations for increasing the asset value of and increasing the profit from investment real estate and other operations related to the management of DHR's assets (hereinafter in this section, the "Management Services"). (v) Dispatch of the necessary personnel to execute the Management Services to the Asset Manager. (vi) Provision of warehousing functions to DHR and the Asset Manager. (vii) Provision of support for redevelopment of investment real estate to DHR and the Asset Manager. (viii) Provision of advisory services relating to facility operation to the Asset Manager. (ix) Other support for the Asset Manager.
Supporting company	Cosmos Initia Co., Ltd.	<p>DHR and the Asset Manager concluded a basic agreement on pipeline support, etc. with Cosmos Initia on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Cosmos Initia, in cases where Cosmos Initia or corporations over which Cosmos Initia exerts effective control plan to sell properties that meet with the DHR's investment standard from among those that they own, or those that they plan on developing or acquiring (this includes those planned for bulk sale due to plan changes etc., but excludes properties owned, developed or acquired for subdivision) (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Cosmos Initia is as follows.</p> <ul style="list-style-type: none"> (i) Preferential provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Provision of information on sale or brokerage to DHR. (iii) Provision of expertise and advice to the Asset Manager regarding the required management operations for increasing the asset value of and increasing the profit from real estate or trust beneficiary interests in real estate held by DHR (hereinafter in this section, generally "investment real estate") and other operations related to the management of assets of investment corporations for DHR (hereinafter in this section, the "Management Services").

Roles	Name	Operations
		<p>(iv) Provision of support for redevelopment of investment real estate to DHR and the Asset Manager.</p> <p>(v) Other support for the Asset Manager.</p>
Supporting company	Daiwa Lease Co., Ltd.	<p>DHR and the Asset Manager concluded a basic agreement on pipeline support, etc. with Daiwa Lease on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Daiwa Lease, in cases where Daiwa Lease or corporations over which Daiwa Lease exerts effective control plan to sell properties that meet with the DHR's investment standard from among those properties in Japan that they own, or plan to develop and own (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Daiwa Lease is as follows.</p> <ul style="list-style-type: none"> (i) Provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Provision to DHR and the Asset Manager of information about properties for sale. (iii) Provision of leasing support services to DHR. (iv) Other support for the Asset Manager.
Supporting company	Daiwa Information Service Co., Ltd.	<p>DHR and the Asset Manager concluded a basic agreement on pipeline support, etc. with Daiwa Information Service on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Daiwa Information Service, in cases where Daiwa Information Service or corporations over which Daiwa Information Service exerts effective control plan to sell properties that meet with the DHR's investment standard from among those properties in Japan that they own, or plan to develop and own (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Daiwa Information Service is as follows.</p> <ul style="list-style-type: none"> (i) Provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Provision to DHR and the Asset Manager of information about properties for sale. (iii) Provision of leasing support services to DHR. (iv) Other support for the Asset Manager.
Supporting company	Daiwa Royal Co., Ltd.	<p>DHR and the Asset Manager concluded a basic agreement on pipeline support, etc. with Daiwa Royal on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Daiwa Royal, in cases where Daiwa Royal or corporations over which Daiwa Royal exerts effective control plan to sell properties that meet with the DHR's investment standard from among those properties in Japan that they own, or plan to develop and own (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Daiwa Royal is as follows.</p> <ul style="list-style-type: none"> (i) Provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Provision to DHR and the Asset Manager of information about properties for sale. (iii) Provision of leasing support services to DHR. (iv) Other support for the Asset Manager.

Roles	Name	Operations
Supporting company	Fujita Corporation	<p>DHR and the Asset Manager concluded a basic agreement on pipeline support, etc. with Fujita on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Fujita, in cases where Fujita or corporations over which Fujita exerts effective control plan to sell properties that meet with the DHR's investment standard from among those that they develop or own (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Fujita is as follows.</p> <ul style="list-style-type: none"> (i) Provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Provision to DHR and the Asset Manager of information about properties for sale. (iii) Provision of expertise and advice to the Asset Manager regarding the required management operations for increasing the asset value of and increasing the profit from real estate or trust beneficiary interests in real estate held by DHR (hereinafter in this section, generally "investment real estate") and other operations related to the management of assets of investment corporations for DHR (hereinafter in this section, the "Management Services"). (iv) Provision of support for acquisition of real estate for investment to DHR and the Asset Manager. (v) Provision of support for redevelopment of investment real estate to DHR and the Asset Manager. (vi) Other support for the Asset Manager.
Supporting company	Daiwa Logistics Co., Ltd.	<p>DHR and the Asset Manager concluded a basic agreement on pipeline support, etc. with Daiwa Logistics on September 1, 2016. With the conclusion of the basic agreement, as part of the support to be received from Daiwa Logistics, in cases where Daiwa Logistics or corporations over which Daiwa Logistics exerts effective control plan to sell properties that meet with the DHR's investment standard from among those properties in Japan that they own, or plan to develop and own (including trust beneficiary interests in such properties, hereinafter in this section "real estate for investment"), it is now possible for DHR to receive preferential provision of information about the real estate for investment and to receive preferential provision of the right to conduct purchase and sale negotiations (hereinafter in this section "preferential purchase and sale negotiation rights") over third parties. An overview of the support to be provided by Daiwa Logistics is as follows.</p> <ul style="list-style-type: none"> (i) Provision of information and assignment of preferential purchase and sale negotiation rights regarding real estate for investment to DHR and the Asset Manager. (ii) Provision to DHR and the Asset Manager of information about properties for sale. (iii) Provision of leasing support services to the Asset Manager. (iv) Other support for the Asset Manager.

(Note) Daiwa House is the parent company of the Asset Manager (parent company set forth in Article 8, paragraph 3 of the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963, as amended); the same shall apply hereinafter), and is also a specified affiliated corporation of the Asset Manager as set forth in Article 12, paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. of Regulated Securities (Ordinance of the Ministry of Finance No. 22 of 1993, as amended).

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes from the policies described in “Investment Policy,” “Investment Properties,” and “Distribution Policy” in the Securities Report submitted on May 27, 2016 (prepared in Japanese only), their disclosure is omitted.

In an effort to shift to a diversified REIT through the Merger, DHR resolved at the unitholders’ meeting held on June 17, 2016 to make amendments to the Articles of Incorporation including the establishment of a new investment policy and investment targets as a diversified REIT. This change of the Articles of Incorporation took effect as of September 1, 2016, which is the effective date of the Merger.

The Asset Manager resolved at the meeting of board of directors held on April 15, 2016 to change the asset management guidelines regarding DHR’s asset management in line with the establishment of a new investment policy as a diversified REIT, etc. This change of the asset management guidelines also took effect as of September 1, 2016, which is the effective date of the Merger.

For details of the amendments to the “Investment Policy” and “Investment Properties” associated with the abovementioned amendments to the Articles of Incorporation and the asset management guidelines, please refer to the Ad Hoc Report submitted by DHR on April 15, 2016 (prepared in Japanese only). Details of the amendments to the “Distribution Policy” associated with the Merger can be found below in “(2) Operating Results, ii) Outlook for next fiscal period, B. Future operating policies and issues to be addressed, (b) Distribution policy.”

(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 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 Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on March 22, 2006, and after a merger with New City Residence Investment Corporation (hereinafter referred to as “NCR”) on April 1, 2010 (hereinafter referred to as “the merger with NCR”), the scale of its assets expanded steadily. As of the end of the current fiscal period (August 31, 2016; the same shall apply hereinafter), the scale of its assets exceeded ¥250,000 million, with more than 11,400 leasable units.

DHR seeks to strengthen its growth potential by working in concert with the Daiwa House Group ^(Note 1), which is developing its comprehensive range of operations, stretching from the planning, development and construction of rental housing to tenant leasing, sales, management and investment. In addition, DHR has continued to pursue its external growth through acquiring properties primarily consisting of residential facilities developed by Daiwa House, while also investing in housing for the elderly ^(Note 2).

(Note 1) The Daiwa House Group comprises Daiwa House, 146 consolidated subsidiaries including Daiwa Living Co., Ltd. that primarily engages in rental housing management, 1 non-consolidated subsidiary, 26 equity-method affiliates and 2 non-equity-method affiliates as of September 30, 2016. The Asset Manager is a member of the group. The same shall apply hereinafter.

(Note 2) “Housing for the elderly” means senior housing with nursing care services, private nursing homes, or other rental housing or nursing care facilities that are targeted exclusively at elderly single persons or married couples. The same shall apply hereinafter.

B. Performance for the current fiscal period

The average occupancy rate for owned properties in the current fiscal period was 96.0%, topping the average occupancy rate of 95.0% by 1.0 point, that was the basis for the forecast of results disclosed in the financial results report for the fiscal period ended February 29, 2016 (referred as the “forecast of results” in “B. Performance for the current fiscal period”). Rents for new tenants also trended positively compared with the previous rents, and lease business revenues stayed at a high level. As a result, operating revenues amounted to ¥9,691 million, ¥45 million higher than the forecast of results.

Regarding expenses related to rent business, on the other hand, DHR brought forward part of the repairs and maintenance expenses and restoration costs, 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 income of ¥3,959 million, up ¥29 million from the forecast of results, and profit of ¥3,213 million.

As a consequence of these results, the DHR's asset holdings came to 142 properties with a total value of ¥256,349 million (acquisition price ^(Note) basis), consisting of 11,426 leasable units and leasable area of 505,935.16m². As of the end of the current fiscal period, the occupancy rate of the owned properties was 96.1%.

(Note) "Acquisition price" is the purchase price as stipulated in the purchase agreement (not including acquisition expenses which were incurred in connection with the acquisition, settlement money such as taxes and duties, consumption taxes, and leasehold guarantee deposits, etc.) of properties owned by DHR. However, the acquisition price of properties previously owned by NCR is the appraisal value as of February 28, 2010, the date of the merger with NCR. The same shall apply hereinafter.

C. Overview of financing

DHR refinanced the loan of ¥7,600 million that became due on March 31, 2016 with a new three-year loan. Furthermore, DHR concluded a contract to change the repayment date of ¥10,000 million of short-term loans payable that was due for repayment on April 28, 2016 to April 28, 2017.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥141,663 million, the same amount as in the previous fiscal period, and its LTV ^(Note) was 54.9%.

(Note) LTV (Loan-To-Value) refers to the proportion of interest-bearing debt to total assets. The same shall apply hereinafter.

The credit ratings of DHR as of the end of the current fiscal period are as follows:

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

(Note) On September 1, 2016, the rating was changed from "AA- Stable" to "AA- Positive."

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 ¥279,847 million, and the amount of unrealized gain ^(Note) on the portfolio, which is the difference compared to the book value, increased by ¥3,085 million from the end of the previous fiscal period to ¥35,048 million, mainly reflecting a decline in the capitalization rate used in determining the appraisal value.

(Note) "Unrealized gain" is the positive valuation difference when the appraisal value exceeds the book value of real estate properties. (Negative valuation difference is referred as unrealized loss.) The same shall apply hereinafter. Please note that unrealized gain is not guaranteed to be realized as a result of the sales of real estate.

E. Toyo Tire & Rubber seismic isolation materials falsification

After receiving the Ministry of Land, Infrastructure, Transport and Tourism's announcement of March 13, 2015 "Concerning substandard, etc., to the Minister's certification of seismic isolation materials manufactured by Toyo Tire & Rubber Co., Ltd." it became clear on March 17, 2015 that one property (hereinafter referred to as "the concerned property") owned by DHR had used seismic isolation materials (seismic isolation rubber for buildings, hereinafter referred to as "substandard seismic isolation materials") that did not meet the performance standard of the Minister's certification.

For this reason, on October 30, 2015, DHR concluded an "Agreement on Compensation for Damages" with Toyo Tire & Rubber Co., Ltd. (hereinafter referred to as "Toyo Tire") and Toyo Chemical Industrial Products Co., Ltd., that requires Toyo Tire to compensate lost earnings related to the management of the concerned property until the replacement of the substandard seismic isolation materials is complete and the occupancy rate of the concerned property has returned to the normal level.

DHR expects that a substantial period of time will be required for the completion of the replacement of the substandard seismic isolation materials and believes that during that time the likelihood of new tenants moving into unoccupied units in the concerned property is low. Accordingly, DHR is currently reconsidering the timing for restoration work.

DHR plans to begin restoration work all at once after the completion of the replacement of the substandard seismic isolation materials, but it is expected that the expenses for this construction work on the concerned property will be incurred in a short period of time at the point of completion of the work.

For that reason, from the 20th fiscal period ended February 29, 2016 onward, DHR worked to set aside the costs to be incurred for the construction work at the concerned property. During the 20th fiscal period ended February 29, 2016 and the current fiscal period, DHR retained ¥12,454 thousand and ¥23,874 thousand, respectively, in total ¥36,328 thousand of earnings to level out the impact on profits and losses.

F. Overview of financial results

As a result of the abovementioned investment management activities, in the current fiscal period, DHR posted operating revenues of ¥9,691 million, operating income of ¥3,959 million, ordinary income of ¥3,214 million, and profit of ¥3,213 million (basic earnings per investment unit of ¥4,297).

According to the policy of distributing the amount equivalent to 10% of depreciation for the fiscal period from a reversal of retained earnings (reserve for distribution), ¥202 million (¥271 per investment unit) was distributed from a reversal of retained earnings (reserve for distribution) in addition to the profit while ¥23 million (¥31 per investment unit) for restoration work was retained for distribution. Accordingly, the total distribution amounted to ¥3,392 million (¥4,537 per investment unit).

ii) Outlook for next fiscal period

A. Investment environment

In the Japanese economy, we are observing improved corporate earnings and a gradual increase in capital expenditure on the back of economic stimulus policy of the Japanese Government and monetary policy of the Bank of Japan. With such indicators as real GDP for April to June 2016 (the 2nd preliminary) up by an annual rate of 0.7% period on period, we are observing a continuing trend of recovery and current expectations are for an overall strengthening of the economic base. Looking to the future, however, there are calls of concern regarding future effects on the Japanese economy; specifically, internal demand is generally lacking strength and there are downside risks regarding external demand such as slowdown in the Chinese economy, interest rate hikes in the United States and the UK's departure from the EU.

In Japan's real estate market, according to the Land Value LOOK Report for the second quarter of

2016 (April 1, 2016 to July 1, 2016) released by the Ministry of Land, Infrastructure, Transport and Tourism in August 2016, among the 100 intensively used districts of major cities, land value rose in 88 districts (compared with 89 districts in the first quarter of 2016), stayed flat in 12 districts (compared with 10 districts in the first quarter of 2016), and dropped in 0 districts (compared with 0 districts in the first quarter of 2016). Therefore, the districts maintaining rising prices was roughly 90%. The main reason that the percentage of districts with rising prices maintained such a high level was a continuing strong real estate investment sentiment among corporate investors etc. reflecting a favorable financing environment owing to monetary easing, etc. on the back of various factors including a continuing recovery in the office market due to improvements in vacancy rates, etc. particularly in the major metropolitan areas, ongoing, large-scale redevelopment projects, and continuing high-level demand of visitors to Japan for purchasing goods and for accommodation.

In the J-REIT market, the Tokyo Stock Exchange REIT Index has been weak since its last peak in January 2015. However, partly due to the impact of low interest rates on Japanese Government bonds based on the Bank of Japan's monetary policy of introducing negative interest rates in January 2016, the Tokyo Stock Exchange REIT Index has rebounded and is currently trending upwards.

Under the aforementioned environment, the investment environment for DHR is expected to continue to be a tough market for property acquisitions due to lowering capitalization rates used in real estate appraisals, rising land prices, soaring construction costs, and other factors. Nevertheless, DHR will continue to actively acquire high quality properties.

B. Future operating policies and issues to be addressed

(a) Growth strategy

Following the Merger, the assets held by DHR have expanded. In addition to the originally held residential properties, the portfolio now includes logistics properties, retail properties and other properties. In all asset classes held by DHR as of the date of this financial results report, DHR is maintaining and securing high levels of occupancy rates. Accordingly, DHR believes that the current portfolio can be expected to return stable rent income in the future as well.

Furthermore, as a result of the Merger, DHR has changed its corporate name to "Daiwa House REIT Investment Corporation" and made changes to its Articles of Incorporation. Specifically, it has established a new investment policy and investment targets, and shifted from a REIT specializing in residential properties to a diversified REIT. As a result, DHR will operate as a diversified REIT concentrating on the three major metropolitan areas (Greater Tokyo area (Tokyo, Kanagawa, Saitama and Chiba), Greater Nagoya area (Aichi, Gifu and Mie) and Greater Osaka area (Osaka, Kyoto, Hyogo, Nara and Shiga)), and it will mainly target properties located in Japan with the uses of logistics, residential, retail and hotel. DHR will follow a policy of expanding the scale of its assets through the acquisition of new properties, including not only residential properties but other properties as well.

In addition, DHR has entered into a new basic agreement on pipeline support, etc. with Daiwa House, and entered into New Basic Agreements with Cosmos Initia, Daiwa Lease, Daiwa Information Service, Daiwa Royal, Fujita, and Daiwa Logistics, with its sights set on achieving the objectives set forth in its growth strategy pursued in collaboration with the Daiwa House Group. Through these basic agreements, DHR intends to receive pipeline support, etc. and aim for stable external growth. To achieve the objectives of its external growth strategy, DHR will fully leverage the development capabilities of its sponsor Daiwa House in supplying community-based properties that draw on the strengths of respective regional economies through the Daiwa House Group's nationwide land information network.

(b) Distribution policy

As of the end of the current fiscal period, DHR had a total of ¥44,524 million in tax loss carryforwards and a total of ¥17,884 million of retained earnings (reserve for distribution) (before reversal for the current fiscal period; the total amount after reversal is ¥17,705 million).

In situations where there have been gains on sales of real estate, 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 retained earnings 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 as retained earnings in cases where profit exceeds the initial forecast due to gains on sales of real estate without having taxes imposed until August 2018 to the extent that the tax loss carryforwards are available.

Following the Merger, beginning from the 22nd fiscal period from September 1, 2016 to February 28, 2017, DHR will amend part of its distribution policy, ceasing distributions from retained earnings in the amount equivalent to 10% of the depreciation. Under the new policy, the amount equivalent to amortization of goodwill will be reversed from retained earnings (reserve for distribution) to top up profit.

Stabilization of distributions^(Note) will be aimed for by reversing retained earnings (reserve for distribution) in case profit falls below the initially expected amount due to extraordinary losses such as loss from disposition of 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's reversals of retained earnings (reserve for distribution) are utilization of reserve for distribution and do not fall under distributions in excess of earnings (return of unitholders' capital).

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

C. Financial strategy

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

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

D. Forecasts of operating results for the fiscal periods ending February 28, 2017 and August 31, 2017

	Operating revenues	Operating income	Ordinary income	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, 2017	17,360	5,354	4,219	4,219	4,700	0
Fiscal period ending August 31, 2017	17,576	6,378	5,190	5,190	4,720	0

(Note 1) For the fiscal period ending February 28, 2017, the funds from which distributions are paid out are the amount including the reversal of retained earnings (reserve for distribution) of ¥2,921 million, and differ from "profit."

(Note 2) For the fiscal period ending August 31, 2017, the funds from which distributions are paid out are the amount including the reversal of retained earnings (reserve for distribution) of ¥1,980 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, 2017 and August 31, 2017" on pages 20 and 21. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, 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. The Merger

As of September 1, 2016, DHR conducted an absorption-type merger whereby DHR was the surviving corporation and the former DHR was the absorbed corporation, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation.

(a) Purpose of the Merger

DHR and the former DHR (hereinafter collectively referred to as the “Investment Corporations”) expect the following to result from the Merger: (i) enhanced external growth potential and further internal growth opportunities through the shift to a diversified REIT, (ii) improvement of the position in the J-REIT market and asset-management flexibility through scale enhancement, and (iii) acceleration of growth leveraging the value chain of the Daiwa House Group’s integrated capabilities, among other positive effects.

The Daiwa House Group, the sponsor, has set its management vision of “Endless Heart” and “co-create value for individuals, communities and peoples’ lifestyles,” and has committed itself to “contributing to society” through business development in diversified categories to meet social needs and through aggressive innovation and the development of new categories. The Daiwa House Group has realized the “creation of shareholders’ value” that generates greater economic value than the capital cost, steadily over the medium-to-long-term. The Investment Corporations will follow this Daiwa House Group’s philosophy.

DHR will shift to a diversified REIT that invests in new types of properties, such as hotels, office buildings, and so on, in addition to those that the Investment Corporations have dealt in to date. Its policy will be to leverage the Daiwa House Group’s integrated capabilities to enhance its growth potential, improve the profitability and quality of its portfolio, and achieve sustainable external growth and stable distributions.

(b) Method of the Merger

The Merger is an absorption-type merger wherein DHR is the surviving corporation and the former DHR has been dissolved.

(c) Merger ratio

For the Merger, 2.2 units of DHR per unit of the former DHR have been allotted to the unitholders of the former DHR. As of the date of this financial results report, the total number of investment units issued stood at 1,519,280 units, an increase of 771,540 units since August 31, 2016.

Since this allotment generated fractions less than one unit for the number of investment units to be delivered, those fractional units less than one unit will be sold through a market transaction in accordance with statutory provisions, and in November 2016 the proceeds from the sale are planned to be paid to the unitholders who hold fractions in proportion to the size of their holdings.

(d) Cash payment upon the Merger

In lieu of cash distributions to the unitholders of the former DHR for the former DHR’s fiscal period ended on the day immediately preceding the effective date of the Merger, on November 14, 2016, DHR plans to make a payment of ¥3,281,149,200 upon the merger that will be equivalent to the cash distributions of the former DHR for that fiscal period (a merger payment equal to the distributable profit amount of the former DHR as of the day immediately preceding the effective date of the Merger divided by the number of investment units after deducting the number of investment units held by unitholders other than the Allotted Unitholders (defined below) of the former DHR from the number of investment units issued of the former DHR as of the day immediately preceding the effective date of the Merger), to the unitholders entered in or recorded on the final unitholders register of the former DHR as of the day immediately preceding the effective date of the Merger (excluding unitholders of the former DHR who have requested the purchase of their investment units in accordance with Article 149-3 of the Investment Trusts Act) (the “Allotted Unitholders”).

(e) Unitholders' capital, etc.

Unitholders' capital and capital surplus of DHR that increased in the Merger are as follows:

Unitholders' capital	¥0
Capital surplus	¥219,425,976,000

(f) Performance of the former DHR in the latest fiscal period ended August 31, 2016 (from March 1, 2016 to August 31, 2016)

Business purpose:	Management of assets in accordance with the Investment Trusts Act by investing mainly in specified assets
Operating revenues	¥7,142 million
Profit	¥3,280 million
Total assets	¥222,208 million
Total liabilities	¥113,467 million
Total net assets	¥108,740 million

B. Merger of the asset manager

The Asset Manager implemented an absorption-type merger effective as of September 1, 2016 with the Asset Manager as the surviving company and Daiwa House REIT Management Co., Ltd., the asset manager of the former DHR, as the absorbed company.

C. Change of the Articles of Incorporation and the asset management guidelines

In an effort to shift to a diversified REIT through the Merger, DHR resolved at the unitholders' meeting held on June 17, 2016 to make amendments to the Articles of Incorporation including the establishment of a new investment policy and investment targets as a diversified REIT. This change of the Articles of Incorporation took effect as of September 1, 2016, which is the effective date of the Merger.

The Asset Manager resolved at the meeting of board of directors held on April 15, 2016 to change the asset management guidelines regarding DHR's asset management in line with the establishment of a new investment policy as a diversified REIT, etc. This change of the asset management guidelines also took effect as of September 1, 2016, which is the effective date of the Merger.

D. Acquisition of assets

DHR acquired the following properties on September 28, 2016.

Asset name	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥7,600,000 thousand
Appraisal value (Note 2)	¥7,630,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd. DO Shin-Toshin Development Tokutei Mokuteki Kaisha
Agreement date	April 15, 2016
Asset name	D Project Hibiki Nada
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,080,000 thousand
Appraisal value (Note 2)	¥2,110,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016

Asset name	D Project Morioka II
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥1,280,000 thousand
Appraisal value (Note 2)	¥1,300,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016
Asset name	Castalia Ningyocho III
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,000,000 thousand
Appraisal value (Note 2)	¥2,180,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016
Asset name	Royal Parks Umejima
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,020,000 thousand
Appraisal value (Note 2)	¥2,150,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016
Asset name	Sports Depo, GOLF5 Kokurahigashi IC Store
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,230,000 thousand
Appraisal value (Note 2)	¥2,280,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016

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

(Note 2) The appraisal date is August 31, 2016.

(Note 3) As the seller is a party having a special interest in DHR and/or the Asset Manager, the transaction was executed in accordance with certain procedures prescribed in the internal rule “regulations on transactions with interested parties” of the Asset Manager.

E. Debt financing and repayment

(a) On September 28, 2016, DHR conducted debt financing for acquiring the properties mentioned in “D. Acquisition of assets” above as follows.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; Mizuho Trust & Banking Co., Ltd.; Shinsei Bank, Limited; Shinkin Central Bank; The Bank of Fukuoka	9,000	0.63479% (Fixed interest rate)	September 28, 2016	September 29, 2025	Bullet repayment	Unsecured and non-guaranteed
Development Bank of Japan Inc.	1,000	0.6888% (Fixed interest rate)	September 28, 2016	September 28, 2026	Bullet repayment	Unsecured and non-guaranteed

(b) DHR repaid a loan of ¥31,800 million that became due on September 30, 2016 and executed the following new loan as refinance funds on the same date.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; The Norinchukin Bank; The Chiba Bank, Ltd.; Shinsei Bank, Limited	9,900	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.15%	September 30, 2016	March 31, 2020	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Aozora Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; Shinsei Bank, Limited	10,400	0.40617% (Fixed interest rate)	September 30, 2016	March 31, 2023	Bullet repayment	Unsecured and non-guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Aozora Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; Shinsei Bank, Limited	11,000	0.48305% (Fixed interest rate)	September 30, 2016	March 29, 2024	Bullet repayment	Unsecured and non-guaranteed

F. Amendment of commitment line contracts

DHR executed the amended commitment line contracts as of September 30, 2016. The details are as follows:

Maximum loan amount: ¥10,000 million

Lenders: The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd.

Loan availability period: From October 4, 2016 to November 30, 2016

Individual loan period: Within one year

Collateral and guarantee: Unsecured and non-guaranteed

Use of funds: Acquisition of trust beneficiary interests and real estate (including common area) as well as payment of related expenses, repayment and redemption of the loans (including investment corporation bonds), and repayment of tenant leasehold and security deposits and related expenses

(3) Investment Risk

As there have been no significant changes in the “Investment Risk” as described in the Securities Report submitted on May 27, 2016 (prepared in Japanese only), the disclosure is omitted. For risks inherent in properties (logistics properties and retail properties) succeeded by DHR from the former DHR in the Merger, please refer to the Securities Report of the former DHR submitted on May 26, 2016 (prepared in Japanese only).

Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2017 and August 31, 2017

Item	Assumptions
Operating period	<ul style="list-style-type: none"> Fiscal period ending February 28, 2017: (181 days from September 1, 2016 to February 28, 2017) Fiscal period ending August 31, 2017: (184 days from March 1, 2017 to August 31, 2017)
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, 2017 in 189 properties (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 service fees, parking lot usage fees, incidental revenues, utilities expenses 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 expenses related to rent business. Those expenses, excluding depreciation of the current properties, are calculated based on past performance, making certain adjustments as appropriate considering factors causing changes in expenses. DHR has assumed that DHR will incur depreciation expenses of ¥3,366 million for the fiscal period ending February 28, 2017 and ¥3,376 million for the fiscal period ending August 31, 2017. 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 depreciation asset tax at ¥1,175 million for the fiscal period ending February 28, 2017 and ¥1,226 million for the fiscal period ending August 31, 2017. 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 not booked under expenses, since such taxes are included in the acquisition cost. 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. Concerning temporary expenses for the Merger within the asset management fees, ¥939 million of merger fees and ¥101 million of merger expenses are expected in the fiscal period ending February 28, 2017.
Amortization of goodwill	<ul style="list-style-type: none"> Goodwill is expected to arise due to the Merger. In accordance with the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21, amended on September 13, 2013), the goodwill is recorded as assets and will be amortized regularly over 20 years using the straight-line method. At this point, DHR estimates the amount to be recorded as goodwill at ¥79,289 million, which is calculated on the assumption of total amount of assets received from the former DHR, the acquiree under the Accounting Standard for Business Combinations, at ¥258,479 million, total amount of liabilities assumed at ¥115,061 million, and acquisition cost for the Merger at ¥222,707 million. The amount of the goodwill is not yet determined at this moment and may change from the above amount. Amortization of goodwill is estimated at ¥1,982 million for the fiscal period ending February 28, 2017 and ¥1,982 million for the fiscal period ending August 31, 2017.

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥1,138 million for the fiscal period ending February 28, 2017 and ¥1,190 million for the fiscal period ending August 31, 2017.
Interest-bearing debt	<ul style="list-style-type: none"> The balance of outstanding interest-bearing debt was ¥243,663 million as of September 1, 2016. DHR took out a loan of ¥10,000 million as part of funds for the acquisition of 6 properties acquired on September 28, 2016 as well as a loan of ¥31,300 million for refinancing of loan of ¥31,800 million that became due on September 30, 2016. As of the date of this financial results report, the balance of outstanding interest-bearing debt was ¥253,163 million. Other than those above, DHR has assumed loans of ¥15,000 million that become due by February 28, 2017 will be fully refinanced. DHR has assumed loans of ¥41,495 million that become due by August 31, 2017 will be fully refinanced. Investment corporation bonds of ¥3,000 million will mature, and DHR has assumed these bonds will be redeemed with funds raised through borrowings, etc. Other than the above, DHR has assumed the balance of outstanding interest-bearing debt will be unchanged until August 31, 2017.
Investment units	<ul style="list-style-type: none"> The total number of investment units issued as of the date of this financial results report is 1,519,280. DHR has assumed there will be no change in this number until August 31, 2017.
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 and the amount equivalent to merger fees for the Merger, retained earnings (reserve for distribution), apart from profit, is partially reversed and used as funds for payment, and that retained earnings (reserve for distribution) of ¥2,921 million (¥1,922 per investment unit) and ¥1,980 million (¥1,303 per investment unit) are reversed and used as funds for payment in the fiscal period ending February 28, 2017 and the fiscal period ending August 31 2017, respectively. Changes in DHR's portfolio, fluctuations in rental revenues due to changes in tenants and other factors, unforeseen repairs and maintenance expenses and other factors may lead to changes in the amount of distributions per unit.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> DHR has no plans to pay distributions in excess of earnings (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 29, 2016	Current fiscal period As of August 31, 2016
Assets		
Current assets		
Cash and deposits	3,777,892	4,960,930
Cash and deposits in trust	4,219,302	4,427,398
Operating accounts receivable	96,884	110,856
Prepaid expenses	319,970	255,842
Other	45,357	3,034
Allowance for doubtful accounts	(3,921)	(4,078)
Total current assets	8,455,484	9,753,983
Non-current assets		
Property, plant and equipment		
Buildings	29,006,699	29,078,053
Accumulated depreciation	(3,331,692)	(3,631,226)
Buildings, net	25,675,007	25,446,827
Structures	255,331	256,102
Accumulated depreciation	(30,835)	(33,784)
Structures, net	224,495	222,317
Machinery and equipment	479,422	488,215
Accumulated depreciation	(93,704)	(103,860)
Machinery and equipment, net	385,717	384,354
Tools, furniture and fixtures	676,340	684,485
Accumulated depreciation	(271,600)	(294,769)
Tools, furniture and fixtures, net	404,740	389,715
Land	22,453,013	22,453,490
Buildings in trust	118,906,184	119,200,580
Accumulated depreciation	(14,440,415)	(15,971,610)
Buildings in trust, net	104,465,769	103,228,969
Structures in trust	993,333	1,009,608
Accumulated depreciation	(156,015)	(178,054)
Structures in trust, net	837,318	831,554
Machinery and equipment in trust	1,928,225	1,935,110
Accumulated depreciation	(643,786)	(716,432)
Machinery and equipment in trust, net	1,284,439	1,218,678
Tools, furniture and fixtures in trust	531,039	575,122
Accumulated depreciation	(204,800)	(234,833)
Tools, furniture and fixtures in trust, net	326,238	340,288
Land in trust	85,002,219	85,002,219
Construction in progress in trust	—	380
Total property, plant and equipment	241,058,958	239,518,795
Intangible assets		
Leasehold rights in trust	5,317,233	5,279,705
Software	2,033	1,740
Trademark rights	3,385	3,092
Total intangible assets	5,322,652	5,284,538

(Unit: Thousands of yen)

	Previous fiscal period As of February 29, 2016	Current fiscal period As of August 31, 2016
Investments and other assets		
Long-term prepaid expenses	453,702	396,454
Guarantee deposits	10,261	10,261
Lease and guarantee deposits in trust	3,250,134	3,250,134
Other	—	42,488
Allowance for doubtful accounts	—	(24,058)
Total investments and other assets	3,714,098	3,675,279
Total non-current assets	250,095,710	248,478,614
Deferred assets		
Investment corporation bond issuance costs	38,956	33,930
Total deferred assets	38,956	33,930
Total assets	258,590,152	258,266,528
Liabilities		
Current liabilities		
Operating accounts payable	1,056,563	789,782
Short-term loans payable	*1 10,000,000	*1 10,000,000
Current portion of Investment corporation bonds	—	3,000,000
Current portion of long-term loans payable	39,400,000	59,295,000
Accounts payable - other	107,811	99,151
Accrued expenses	520,944	638,221
Income taxes payable	605	605
Consumption taxes payable	40,265	22,971
Advances received	899,666	901,603
Deposits received	308,560	334,234
Total current liabilities	52,334,417	75,081,569
Non-current liabilities		
Investment corporation bonds	9,000,000	6,000,000
Long-term loans payable	83,263,000	63,368,000
Tenant leasehold and security deposits	288,518	277,602
Tenant leasehold and security deposits in trust	2,089,742	2,072,139
Asset retirement obligations	419,792	424,558
Total non-current liabilities	95,061,053	72,142,301
Total liabilities	147,395,471	147,223,870
Net assets		
Unitholders' equity		
Unitholders' capital	61,703,224	61,703,224
Surplus		
Capital surplus	28,241,587	28,241,587
Voluntary retained earnings		
Reserve for distribution	18,072,729	17,884,290
Total voluntary retained earnings	18,072,729	17,884,290
Unappropriated retained earnings (undisposed loss)	3,177,139	3,213,554
Total surplus	49,491,456	49,339,433
Total unitholders' equity	111,194,680	111,042,657
Total net assets	*2 111,194,680	*2 111,042,657
Total liabilities and net assets	258,590,152	258,266,528

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Operating revenues		
Lease business revenues	*1 9,076,818	*1 9,020,350
Other lease business revenues	*1 585,507	*1 670,787
Total operating revenues	9,662,326	9,691,138
Operating expenses		
Expenses related to rent business	*1 4,688,094	*1 4,746,584
Asset management fee	645,418	609,840
Asset custody fee	23,065	23,083
Administrative service fees	62,720	65,557
Directors' compensations	6,600	6,600
Provision of allowance for doubtful accounts	1,551	373
Other operating expenses	287,675	279,286
Total operating expenses	5,715,125	5,731,326
Operating income	3,947,200	3,959,811
Non-operating income		
Interest income	515	43
Gain on forfeiture of unclaimed distributions	4,021	4,046
Gain on adjustment of liabilities	-	6,853
Other	142	3
Total non-operating income	4,679	10,947
Non-operating expenses		
Interest expenses	572,250	539,652
Interest expenses on investment corporation bonds	31,748	32,451
Amortization of investment corporation bond issuance costs	5,025	5,025
Borrowing related expenses	163,502	153,724
Provision of allowance for doubtful accounts	-	24,058
Other	1,608	1,686
Total non-operating expenses	774,135	756,599
Ordinary income	3,177,744	3,214,159
Profit before income taxes	3,177,744	3,214,159
Income taxes - current	605	605
Total income taxes	605	605
Profit	3,177,139	3,213,554
Unappropriated retained earnings (undisposed loss)	3,177,139	3,213,554

(3) Statements of Unitholders' Equity

Previous fiscal period (From September 1, 2015 to February 29, 2016)

(Unit: Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital	Surplus					Total unitholders' equity	
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
			Reserve for distribution	Total voluntary retained earnings				
Balance at beginning of current period	61,703,224	28,241,587	18,261,746	18,261,746	3,145,903	49,649,237	111,352,461	111,352,461
Changes of items during period								
Reversal of reserve for distribution			(189,016)	(189,016)	189,016	—	—	—
Distributions of surplus					(3,334,920)	(3,334,920)	(3,334,920)	(3,334,920)
Profit					3,177,139	3,177,139	3,177,139	3,177,139
Total changes of items during period	—	—	(189,016)	(189,016)	31,235	(157,781)	(157,781)	(157,781)
Balance at end of current period	* 61,703,224	28,241,587	18,072,729	18,072,729	3,177,139	49,491,456	111,194,680	111,194,680

Current fiscal period (From March 1, 2016 to August 31, 2016)

(Unit: Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital	Surplus					Total unitholders' equity	
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
Reserve for distribution	Total voluntary retained earnings							
Balance at beginning of current period	61,703,224	28,241,587	18,072,729	18,072,729	3,177,139	49,491,456	111,194,680	111,194,680
Changes of items during period								
Reversal of reserve for distribution			(200,892)	(200,892)	200,892	—	—	—
Distributions of surplus					(3,365,577)	(3,365,577)	(3,365,577)	(3,365,577)
Provision of reserve for distribution			12,454	12,454	(12,454)	—	—	—
Profit					3,213,554	3,213,554	3,213,554	3,213,554
Total changes of items during period	—	—	(188,438)	(188,438)	36,415	(152,022)	(152,022)	(152,022)
Balance at end of current period	* 61,703,224	28,241,587	17,884,290	17,884,290	3,213,554	49,339,433	111,042,657	111,042,657

(4) Statements of Cash Distributions

Item	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	3,177,139,345	3,213,554,837
II Reversal of reserve for distribution	200,892,593	202,816,078
III Distributions	3,365,577,740	3,392,496,380
[Distributions per investment unit]	[4,501]	[4,537]
IV Provision of reserve for distribution	12,454,198	23,874,535
V 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. In addition, DHR implements a distribution policy that utilizes a reserve for distribution.</p> <p>Based on the above policy, DHR will combine unappropriated retained earnings of ¥3,177,139,345 with a reversal of reserve for distribution of ¥200,892,593 and from that subtract a provision of reserve for distribution of ¥12,454,198 to distribute ¥3,365,577,740 as cash distributions (¥4,501 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 1, item 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. In addition, DHR implements a distribution policy that utilizes a reserve for distribution.</p> <p>Based on the above policy, DHR will combine unappropriated retained earnings of ¥3,213,554,837 with a reversal of reserve for distribution of ¥202,816,078 and from that subtract a provision of reserve for distribution of ¥23,874,535 to distribute ¥3,392,496,380 as cash distributions (¥4,537 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 1, item 2 of the Articles of Incorporation of DHR.</p>
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Cash flows from operating activities		
Profit before income taxes	3,177,744	3,214,159
Depreciation	2,012,584	2,033,025
Amortization of investment corporation bond issuance costs	5,025	5,025
Amortization of trademark rights	346	292
Amortization of software	292	292
Loss on retirement of non-current assets	45,399	4,914
Interest income	(515)	(43)
Interest expenses	603,998	572,104
Decrease (increase) in operating accounts receivable	(11,416)	(13,972)
Decrease (increase) in consumption taxes receivable	118,750	-
Decrease (increase) in prepaid expenses	28,599	64,128
Increase (decrease) in operating accounts payable	(38,039)	22,106
Increase (decrease) in accounts payable - other	(5,288)	(12,368)
Increase (decrease) in consumption taxes payable	-	(17,294)
Increase (decrease) in accrued expenses	5,013	115,575
Increase (decrease) in deposits received	40,803	(1,772)
Increase (decrease) in advances received	(35,145)	5,871
Decrease (increase) in long-term prepaid expenses	(7,975)	57,248
Increase (decrease) in allowance for doubtful accounts	480	24,216
Other, net	(52,198)	(63,400)
Subtotal	5,888,462	6,010,109
Interest income received	515	43
Interest expenses paid	(631,157)	(570,403)
Income taxes paid	(581)	(532)
Net cash provided by (used in) operating activities	5,257,238	5,439,217
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,095,441)	(60,314)
Purchase of property, plant and equipment in trust	(548,305)	(688,821)
Proceeds from tenant leasehold and security deposits	24,879	36,236
Repayments of tenant leasehold and security deposits	(16,362)	(23,214)
Proceeds from tenant leasehold and security deposits in trust	131,252	156,489
Repayments of tenant leasehold and security deposits in trust	(93,312)	(106,588)
Net cash provided by (used in) investing activities	(1,597,290)	(686,214)
Cash flows from financing activities		
Proceeds from long-term loans payable	10,500,000	7,600,000
Repayments of long-term loans payable	(10,500,000)	(7,600,000)
Distributions paid	(3,331,511)	(3,361,868)
Net cash provided by (used in) financing activities	(3,331,511)	(3,361,868)
Net increase (decrease) in cash and cash equivalents	328,437	1,391,134
Cash and cash equivalents at beginning of period	7,668,757	7,997,194
Cash and cash equivalents at end of period	* 7,997,194	* 9,388,328

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table border="0"> <tr> <td>Buildings</td><td>2 to 69 years</td></tr> <tr> <td>Structures</td><td>6 to 63 years</td></tr> <tr> <td>Machinery and equipment</td><td>7 to 29 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) The straight-line method is used. The useful life of major intangible assets is listed below.</p> <table border="0"> <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	6 to 63 years	Machinery and equipment	7 to 29 years	Tools, furniture and fixtures	2 to 28 years	Software	5 years
Buildings	2 to 69 years										
Structures	6 to 63 years										
Machinery and equipment	7 to 29 years										
Tools, furniture and fixtures	2 to 28 years										
Software	5 years										
2. Accounting method for deferred assets	<p>Investment corporation bond issuance costs Costs are amortized by the straight-line method over the redemption period.</p>										
3. Recognition of allowance	<p>Allowance for doubtful accounts 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>										
4. Recognition of revenues and expenses	<p>Property-related taxes For property tax, city planning tax, depreciation asset tax and other tax for real properties held, etc., the amount of tax levied corresponding to the fiscal period is recorded as expenses related to rent expenses on real estate. The settlement money for property-related taxes for the year that is paid to the transferor for acquisition of real estate, etc. is not recorded as rent expenses on real estate but included in the acquisition costs for the related properties.</p>										

<p>5. Method of hedge accounting</p>	<p>(1) Method of hedge accounting The deferral hedge accounting is used; provided, however, for interest rate swaps, special treatment is applied 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 Hedging effectiveness is assessed and validated by comparing the cumulative gains or losses on the hedging instrument with the cumulative gains or losses the underlying hedged item. However, the assessment of hedging effectiveness is omitted for interest rate swaps to which special treatment is applied.</p>
<p>6. 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>7. Other significant matters forming the basis of preparing the non-consolidated 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 29, 2016)	Current fiscal period (As of August 31, 2016)
Total amount specified in commitment line contracts	10,000,000	10,000,000
Loans executed and outstanding	—	—
Unused credit lines	10,000,000	10,000,000

*2. 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 29, 2016)	Current fiscal period (As of August 31, 2016)
	50,000	50,000

Notes to Statements of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From September 1, 2015 to February 29, 2016)		Current fiscal period (From March 1, 2016 to August 31, 2016)	
A. Real estate leasing business revenues				
Lease business revenues				
Rent	8,772,019		8,711,310	
Common service fees	304,799	9,076,818	309,039	9,020,350
Other lease business revenues				
Facility charges	291,639		287,364	
Incidental revenues	51,426		56,177	
Other	242,441	585,507	327,245	670,787
Total real estate leasing business revenues		9,662,326		9,691,138
B. Real estate leasing business expenses				
Expenses related to rent business				
Management fees	879,036		956,941	
Cost of utilities	130,371		121,597	
Taxes and public dues	489,583		552,179	
Repairs and maintenance expenses	383,566		251,273	
Insurance	14,342		14,511	
Restoration costs	208,470		298,033	
Trust fees	55,676		43,667	
Depreciation	2,012,584		2,033,025	
Other operating expenses	514,462	4,688,094	475,353	4,746,584
Total real estate leasing business expenses		4,688,094		4,746,584
C. Profit (loss) from real estate leasing business (A – B)		4,974,231		4,944,553

2. Volume of transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Volume of operating transactions		
Operating revenues	82,809	82,809

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, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Total number of authorized investment units	4,000,000 units	4,000,000 units
Total number of investment units issued	747,740 units	747,740 units

Notes to Statements of Cash Flows

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

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
	(Unit: Thousands of yen)	
Cash and deposits	3,777,892	4,960,930
Cash and deposits in trust	4,219,302	4,427,398
Cash and cash equivalents	7,997,194	9,388,328

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	Previous fiscal period (As of February 29, 2016)	Current fiscal period (As of August 31, 2016)
	(Unit: Thousands of yen)	
Due within one year	725,791	678,868
Due after one year	467,336	406,963
Total	1,193,127	1,085,831

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 borrowings 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 29, 2016)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	3,777,892	3,777,892	—
(2) Cash and deposits in trust	4,219,302	4,219,302	—
(3) Short-term loans payable	10,000,000	10,000,000	—
(4) Current portion of investment corporation bonds	—	—	—
(5) Current portion of long-term loans payable	39,400,000	39,469,366	(69,366)
(6) Investment corporation bonds	9,000,000	9,137,179	(137,179)
(7) Long-term loans payable	83,263,000	84,243,652	(980,652)
(8) Derivative transactions	—	—	—

Current fiscal period (As of August 31, 2016)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	4,960,930	4,960,930	—
(2) Cash and deposits in trust	4,427,398	4,427,398	—
(3) Short-term loans payable	10,000,000	10,000,000	—
(4) Current portion of investment corporation bonds	3,000,000	3,006,657	(6,657)
(5) Current portion of long-term loans payable	59,295,000	59,358,565	(63,565)
(6) Investment corporation bonds	6,000,000	6,114,946	(114,946)
(7) Long-term loans payable	63,368,000	64,247,410	(879,410)
(8) Derivative transactions	—	—	—

(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) Short-term loans payable

These instruments carry floating interest rates, and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

(4) Current portion of investment corporation bonds and (6) 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.

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

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

(8) Derivative transactions

Please refer to “Derivative Transactions” described later.

(Note 2) Redemption schedule for monetary claims after balance sheet date

Previous fiscal period (As of February 29, 2016)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	3,777,892	—	—	—	—	—
Cash and deposits in trust	4,219,302	—	—	—	—	—
Total	7,997,194	—	—	—	—	—

Current fiscal period (As of August 31, 2016)

(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	4,960,930	—	—	—	—	—
Cash and deposits in trust	4,427,398	—	—	—	—	—
Total	9,388,328	—	—	—	—	—

(Note 3) Expected amount of repayments of short-term loans payable, investment corporation bonds and long-term loans payable after balance sheet date

Previous fiscal period (As of February 29, 2016)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans payable	10,000,000	—	—	—	—	—
Investment corporation bonds	—	3,000,000	—	—	3,000,000	3,000,000
Long-term loans payable (Note 2)	39,400,000	27,495,000	—	22,910,000	3,500,000	29,358,000
Total	49,400,000	30,495,000	—	22,910,000	6,500,000	32,358,000

Current fiscal period (As of August 31, 2016)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans payable	10,000,000	—	—	—	—	—
Investment corporation bonds (Note 1)	3,000,000	—	—	—	3,000,000	3,000,000
Long-term loans payable (Note 2)	59,295,000	—	11,600,000	18,910,000	3,500,000	29,358,000
Total	72,295,000	—	11,600,000	18,910,000	6,500,000	32,358,000

(Note 1) Includes the current portion of investment corporation bonds.

(Note 2) Includes the current portion of long-term loans payable.

Securities

Not applicable for the previous fiscal period (as of February 29, 2016) and current fiscal period (as of August 31, 2016), since DHR does not conduct any securities transactions.

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of February 29, 2016) and current fiscal period (as of August 31, 2016).

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 29, 2016)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans payable	106,468,000	74,668,000	(Note)	—
Total			106,468,000	74,668,000	—	—

Current fiscal period (As of August 31, 2016)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans payable	106,468,000	48,268,000	(Note)	—
Total			106,468,000	48,268,000	—	—

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

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2015 to February 29, 2016)

Not applicable.

Current fiscal period (From March 1, 2016 to August 31, 2016)

Not applicable.

2. Associates, etc.

Not applicable for the previous fiscal period (from September 1, 2015 to February 29, 2016) and current fiscal period (from March 1, 2016 to August 31, 2016).

3. Sister companies, etc.

Previous fiscal period (From September 1, 2015 to February 29, 2016)

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-ku, Tokyo	300	Investment management business	—	—	Entrustment of asset management	Payment of asset management fee	653,202	Accrued expenses	402,241
Subsidiary of DHR's major corporate unitholder	Daiwa Living Co., Ltd.	Koto-ku, Tokyo	100	Asset management business	—	—	Entrustment of rent management	Rent, etc.	1,537,066	Tenant leasehold and security deposits in trust	259,477
								Payment of rent management fee	1,011,274	Operating accounts payable	302,467

Current fiscal period (From March 1, 2016 to August 31, 2016)

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-ku, Tokyo	300	Investment management business	—	—	Entrustment of asset management	Payment of asset management fee	609,840	Accrued expenses	517,841
Subsidiary of DHR's major corporate unitholder	Daiwa Living Co., Ltd.	Koto-ku, Tokyo	100	Asset management business	—	—	Entrustment of rent management	Rent, etc.	1,537,066	Tenant leasehold and security deposits in trust	259,477
								Payment of rent management fee	1,037,261	Operating accounts payable	259,604

(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.

4. Directors and principal individual unitholders

Not applicable for the previous fiscal period (from September 1, 2015 to February 29, 2016) and current fiscal period (from March 1, 2016 to August 31, 2016).

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 29, 2016)	Current fiscal period (As of August 31, 2016)
Deferred tax assets - current		
Allowance for doubtful accounts	620	1,294
Other	19,857	19,486
Subtotal	20,478	20,780
Valuation allowance	20,478	20,780
Total	-	-
Net deferred tax assets - current	-	-
Deferred tax assets - non-current		
Valuation difference from the time of merger (Long-term prepaid expenses, etc.)	1,348	1,096
Valuation difference from the time of merger (Land, Buildings)	1,571,116	1,510,223
Loss carryforward assumed at the time of merger	14,385,714	14,168,921
Asset retirement obligations	135,634	134,133
Allowance for doubtful accounts	-	7,601
Other	43,920	54,803
Subtotal	16,137,734	15,876,779
Deferred tax liabilities - non-current		
Valuation difference from the time of merger (Land, Buildings)	1,752,467	1,698,437
Asset retirement costs (associated with asset retirement obligations)	121,621	118,925
Subtotal	1,874,088	1,817,363
Valuation allowance	14,263,645	14,059,416
Total	-	-
Net deferred tax assets - non-current	-	-

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

	(Unit: %)	
	Previous fiscal period (As of February 29, 2016)	Current fiscal period (As of August 31, 2016)
Statutory effective tax rate	32.31	32.31
(Adjustments)		
Distributions paid included in deductibles	(32.37)	(32.65)
Other	0.08	0.36
Effective tax rate after application of tax effect accounting	0.02	0.02

3. Revisions to the amounts of deferred tax assets and liabilities as a result of a change in the corporate tax rate

Following the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 15 of 2016) in the Diet on March 29, 2016, the statutory effective tax rate used for calculation of deferred tax assets and deferred tax liabilities for temporary differences expected to be reversed in fiscal periods starting September 1, 2016 onward has been changed from 32.31% to 31.74%. However, there will be no

impact from these changes.

Retirement Benefits

Not applicable for the previous fiscal period (as of February 29, 2016) and current fiscal period (as of August 31, 2016), 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 (54-60 years), and uses a 2.1%-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, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Balance at beginning of period	415,079	419,792
Increase due to acquisitions of property, plant and equipment	—	—
Accretion expense	4,712	4,766
Balance at end of period	419,792	424,558

Investment and Rental Properties

DHR holds residential housing for lease and other properties in Tokyo 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, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Balance sheet carrying amount		
Balance at beginning of period	246,411,517	246,376,192
Changes during period	(35,325)	(1,577,691)
Balance at end of period	246,376,192	244,798,501
Fair value at end of period	278,340,000	279,847,000

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

(Note 2) In the changes during period, the increase in the previous fiscal period is mainly due to acquisition of Castalia Kyoto Nishioji (¥1,054,104 thousand), while the decrease is principally attributable to depreciation. In the current fiscal period, the decrease is principally attributable to depreciation.

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

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, 2015 to February 29, 2016)

(1) Information about product and service

Information about product and service 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

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

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenues	Related segment
Daiwa Living Co., Ltd.	1,537,066	Real estate leasing business

Current fiscal period (From March 1, 2016 to August 31, 2016)

(1) Information about product and service

Information about product and service 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

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

ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: Thousands of yen)

Name	Operating revenues	Related segment
Daiwa Living Co., Ltd.	1,537,066	Real estate leasing business

Equity in Earnings or Losses of Equity-method Investments

Not applicable for the previous fiscal period (as of February 29, 2016) and current fiscal period (as of August 31, 2016), since there is no associate.

Per Unit Information

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Net assets per unit	¥148,707	¥148,504
Basic earnings per unit	¥4,248	¥4,297
(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, 2015 to February 29, 2016)	Current fiscal period (From March 1, 2016 to August 31, 2016)
Profit (Thousands of yen)	3,177,139	3,213,554
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	3,177,139	3,213,554
Average number of investment units for the period (Units)	747,740	747,740

Major Subsequent Events

1. The merger between DHR and the former Daiwa House REIT Investment Corporation

As of September 1, 2016, DHR conducted an absorption-type merger (hereinafter referred to as the “Merger”) whereby DHR was the surviving corporation and the former Daiwa House REIT Investment Corporation (hereinafter referred to as the “former DHR”) was the absorbed corporation, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation.

(1) Purpose of the Merger

DHR and the former DHR concluded a merger agreement on April 15, 2016, expecting the following to result from the Merger: (i) enhanced external growth potential and further internal growth opportunities through the shift to a diversified REIT, (ii) improvement of the position in the J-REIT market and asset-management flexibility through scale enhancement, and (iii) acceleration of growth leveraging the value chain of the Daiwa House Group’s integrated capabilities, among other positive effects.

(2) Method of the Merger

The Merger is an absorption-type merger wherein DHR is the surviving corporation and the former DHR has been dissolved.

(3) Merger Ratio

For the Merger, 2.2 units of DHR per unit of the former DHR have been allotted to the unitholders of the former DHR. Since this generated fractions less than one unit for the number of investment units to be delivered, those fractional units less than one unit will be sold through a market transaction in accordance with statutory provisions, and in November 2016 the proceeds from the sale are planned to be paid to the unitholders who hold fractions in proportion to the size of their holdings.

(4) Cash payment upon the Merger

In lieu of cash distributions to the unitholders of the former DHR for the former DHR's fiscal period ended on the day immediately preceding the effective date of the Merger, on November 14, 2016, DHR plans to make a payment of ¥3,281,149,200 upon the merger that will be equivalent to the cash distributions of the former DHR for that fiscal period to the unitholders entered in or recorded on the final unitholders register of the former DHR as of the day immediately preceding the effective date of the Merger.

(5) Performance of the former DHR in the latest fiscal period ended August 31, 2016 (from March 1, 2016 to August 31, 2016)

Business purpose	Management of assets in accordance with the Investment Trusts Act by investing mainly in specified assets
Operating revenues	¥7,142 million
Profit	¥3,280 million
Total assets	¥222,208 million
Total liabilities	¥113,467 million
Total net assets	¥108,740 million

2. Acquisition of assets

DHR acquired the following properties on September 28, 2016.

Asset name	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥7,600,000 thousand
Appraisal value (Note 2)	¥7,630,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd. DO Shin-Toshin Development Tokutei Mokuteki Kaisha
Agreement date	April 15, 2016
Asset name	D Project Hibiki Nada
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,080,000 thousand
Appraisal value (Note 2)	¥2,110,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016
Asset name	D Project Morioka II
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥1,280,000 thousand
Appraisal value (Note 2)	¥1,300,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016
Asset name	Castalia Ningyocho III
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,000,000 thousand
Appraisal value (Note 2)	¥2,180,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016

Asset name	Royal Parks Umejima
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,020,000 thousand
Appraisal value (Note 2)	¥2,150,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016
Asset name	Sports Depo, GOLF5 Kokurahigashi IC Store
Asset type	Trust beneficiary interest in real estate
Acquisition price (Note 1)	¥2,230,000 thousand
Appraisal value (Note 2)	¥2,280,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Agreement date	April 15, 2016

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

(Note 2) The appraisal date is August 31, 2016.

(Note 3) As the seller is a party having a special interest in DHR and/or the Asset Manager, the transaction was executed in accordance with certain procedures prescribed in the internal rule “regulations on transactions with interested parties” of the Asset Manager.

3. Debt financing and repayment

(1) On September 28, 2016, DHR conducted debt financing for acquiring the properties mentioned in “2. Acquisition of assets” above as follows.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; Mizuho Trust & Banking Co., Ltd.; Shinsei Bank, Limited; Shinkin Central Bank; The Bank of Fukuoka	9,000	0.63479% (Fixed interest rate)	September 28, 2016	September 29, 2025	Bullet repayment	Unsecured and non-guaranteed
Development Bank of Japan Inc.	1,000	0.6888% (Fixed interest rate)	September 28, 2016	September 28, 2026	Bullet repayment	Unsecured and non-guaranteed

- (2) DHR repaid a loan of ¥31,800 million that became due on September 30, 2016 and executed the following new loan as refinance funds on the same date.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment due date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; The Norinchukin Bank; The Chiba Bank, Ltd.; Shinsei Bank, Limited	9,900	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.15%	September 30, 2016	March 31, 2020	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Aozora Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; Shinsei Bank, Limited	10,400	0.40617% (Fixed interest rate)	September 30, 2016	March 31, 2023	Bullet repayment	Unsecured and non-guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Aozora Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited; Shinsei Bank, Limited	11,000	0.48305% (Fixed interest rate)	September 30, 2016	March 29, 2024	Bullet repayment	Unsecured and non-guaranteed

4. Amendment of Commitment Line Contracts

DHR executed the amended commitment line contracts as of September 30, 2016. The details are as follows:

Maximum loan amount: ¥10,000 million

Lenders: The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd.

Loan availability period: From October 4, 2016 to November 30, 2016

Individual loan period: Within one year

Collateral and guarantee: Unsecured and non-guaranteed

Use of funds: Acquisition of trust beneficiary interests and real estate (including common area) as well as payment of related expenses, repayment and redemption of the loans (including investment corporation bonds), and repayment of tenant leasehold and security deposits and related expenses

(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, 2016 are as follows:

Due to the Merger becoming effective, the total number of investment units issued increased by 771,540 units as of September 1, 2016. For the details, please refer to "2. Operating Policies and Results, (2) Operating Results, iii) Significant events after balance sheet date, A. The Merger" above.

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
October 4, 2011	Capital increase through public offering	38,000	156,735	15,999	40,002	(Note 1)
November 2, 2011	Capital increase through third-party allotment	3,800	160,535	1,599	41,602	(Note 2)
March 1, 2013	Split of investment units	160,535	321,070	—	41,602	(Note 3)
March 18, 2013	Capital increase through public offering	28,000	349,070	10,455	52,058	(Note 4)
April 17, 2013	Capital increase through third-party allotment	2,800	351,870	1,045	53,104	(Note 5)
October 28, 2013	Capital increase through public offering	20,000	371,870	7,817	60,921	(Note 6)
November 19, 2013	Capital increase through third-party allotment	2,000	373,870	781	61,703	(Note 7)
March 1, 2015	Split of investment units	373,870	747,740	—	61,703	(Note 8)

(Note 1) Investment units were issued by public offering with an issue price of ¥435,337 per unit (issue value: ¥421,049) in order to raise funds for the acquisition of new properties, etc.

(Note 2) Additional investment units were issued with an issue price of ¥421,049 per unit in order to raise funds 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, 2013.

(Note 4) Investment units were issued by public offering with an issue price of ¥386,100 per unit (issue value: ¥373,428) in order to raise funds for the acquisition of new properties, etc.

(Note 5) Additional investment units were issued with an issue price of ¥373,428 per unit in order to raise funds for the acquisition of new properties, etc.

(Note 6) 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 payable for the acquisition of new properties, etc.

(Note 7) Additional investment units were issued with an issue price of ¥390,873 per unit in order to raise funds for repayments of short-term loans payable for the acquisition of new properties, etc.

(Note 8) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2015.

4. Changes in Officers

(1) Changes in DHR's Directors

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

Title and post	Name	Major career summary		Number of investment units held (Units)
Executive Director	<i>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. (current position)	
		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 result report.

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

Title and post	Name	Major career summary		Number of shares held (Shares)
Senior Managing Director	<i>Kenjiro Matsutake</i>	Apr. 1983 Jan. 1994 Oct. 1999 Apr. 2004 Jan. 2005 Nov. 2005 Oct. 2006 May 2009 Aug. 2012 Apr. 2015 Sep. 2016	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. (current position)	0
Managing Director	<i>Masahiko Arima</i>	Apr. 1986 Apr. 2002 Apr. 2006 Apr. 2011 Apr. 2012 Aug. 2016 Sep. 2016	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)	0

Title and post	Name	Major career summary		Number of shares held (Shares)
Managing Director	<i>Isao Mikami</i>	Apr. 1986 Jan. 2000 Apr. 2005 Oct. 2009 Apr. 2012 Apr. 2015	Joined Daiwa House Industry Co., Ltd. Manager, Sales Section, Apartment Sales Office, Kawagoe Branch, Daiwa House Industry Co., Ltd. Manager, Owner Support Group, Apartment Promotion Division, Marketing Headquarters (Tokyo Head Office), Daiwa House Industry Co., Ltd. Sales Office Manager, Asset Stock Sales Office, Apartment Promotion Division, Marketing Headquarters (Tokyo Head Office), Daiwa House Industry Co., Ltd. Sales Office Manager, Asset Stock Sales Office, Apartment Promotion Division, Marketing Department, Marketing Headquarters (Tokyo Head Office), Daiwa House Industry Co., Ltd. Managing Director and General Manager, Investment Department, Daiwa House Asset Management Co., Ltd. (seconded) (current position)	0
Director	<i>Haruto Tsukamoto</i>	Apr. 1983 Aug. 2003 Nov. 2004 Jul. 2006 Jan. 2008 Jul. 2009 Mar. 2011 Apr. 2013 Nov. 2014 Apr. 2016 Sep. 2016	Joined The Mitsui Trust and Banking Company, Limited Branch Manager, Yachiyo Branch, The Chuo Mitsui Trust and Banking Company, Limited General Manager, Sales Department I, Nagoya Branch, and Satellite Office Manager, Kanayamabashi Satellite Office, The Chuo Mitsui Trust and Banking Company, Limited General Manager, Sales Department II, Nagoya Branch, The Chuo Mitsui Trust and Banking Company, Limited Branch Manager, Urawa Branch, The Chuo Mitsui Trust and Banking Company, Limited Chief Operational Auditor, Operational Audit Group, Internal Audit Department, The Chuo Mitsui Trust and Banking Company, Limited Mitsui Memorial Hospital (seconded) Deputy Director General, Internal Audit Department, Sumitomo Mitsui Trust Bank, Limited Director and Executive Manager, Finance Department, Daiwa House REIT Management Co., Ltd. (seconded) Daiwa House REIT Management Co., Ltd. (employment transfer) Director and General Manager, Finance and Corporate Planning Department (CFO), Daiwa House Asset Management Co., Ltd. (current position)	0

Title and post	Name	Major career summary		Number of shares held (Shares)
Corporate Auditor (Part-time)	<i>Hiroshi Tobita</i>	Apr. 1995 Apr. 1997 Apr. 2000 Aug. 2010 Nov. 2010 Jun. 2015 Jun. 2015 Jun. 2015	Legal apprentice Tokyo Bar Association, Joined Saotome Goro Law Office Joined Nishimura & Partners Opened Tobita Hiroshi Law Office Partner, Wisdom Law Office Opened Tobita & Partners Law Offices (current position) Corporate Auditor (part-time), Daiwa House Asset Management Co., Ltd. (current position) Outside Director and Audit and Supervisory Committee Member, Mutoh Holdings Co., Ltd. (current position)	0

(Note) As of the date of this report, we have 61 officers and employees of the Asset Manager. (24 people have been seconded, of whom 23 are from Daiwa House Industry Co., Ltd. and one is from Global Community Co., Ltd.)

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

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

5. Reference Information

“Status of DHR’s investment”

Please refer to the following information.

Status of DHR’s investment

1. Portfolio List

(1) Status of Investment

The status of DHR’s investment as of August 31, 2016 is shown below.

Type of assets	Property type	Area (Note 1)	Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Residential facilities	Area 1	11,466	4.4
		Area 2	13,962	5.4
		Area 3	—	—
		Area 4	23,467	9.1
Trust beneficiary interest in real estate	Residential facilities	Area 1	76,562	29.6
		Area 2	64,815	25.1
		Area 3	32,303	12.5
		Area 4	22,219	8.6
Subtotal			244,798	94.8
Deposits and other assets			13,468	5.2
Total assets			258,266	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)
Total liabilities	147,223	57.0
Total net assets	111,042	43.0

(Note 1) “Area 1” indicated in the Area column means five major wards in Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward). “Area 2” means the wards of Tokyo excluding those in Area 1. “Area 3” means the Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture). “Area 4” means other cities (areas with populations more than approximately 100,000). The same shall apply hereinafter.

(Note 2) “Total amount held” represents the amounts recorded on the balance sheet as of August 31, 2016, which are rounded down to the nearest million yen. For real estate properties and trust beneficiary interest in real estate (may be referred to as “real estate in trust” or “trust beneficiary interest in real estate”), the amounts are their acquisition costs (including expenses associated with the acquisition) less accumulated depreciation.

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

(2) Summary of assets held

- i) The summary of real estate and trust beneficiary interest in real estate (or referred as “real estate in trust”) held by DHR as of August 31, 2016 is shown below.

Type	Area	Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Assessed value at the end of period (Millions of yen) (Note 4)	Acquisition date (Note 5)	Collateral
Residential facilities	Area 1	1001	Qiz Ebisu	7,650	7,294	3.0	8,170	March 22, 2006	Unsecured
		1002	Castalia Azabujuban Shichimenzaka	4,500	4,214	1.7	4,140	March 22, 2006	Unsecured
		1003	Castalia Shibakoen	2,630	2,438	1.0	2,090	March 22, 2006	Unsecured
		1004	Castalia Ginza	2,520	2,376	1.0	2,120	March 22, 2006	Unsecured
		1005	Castalia Hiroo	2,220	2,099	0.9	1,810	March 22, 2006	Unsecured
		1006	Castalia Nihonbashi	1,200	1,088	0.4	1,120	March 22, 2006	Unsecured
		1007	Castalia Hacchobori	2,300	2,138	0.9	2,150	March 7, 2007	Unsecured
		1008	Castalia Azabujuban	2,910	2,813	1.1	2,620	June 21, 2007	Unsecured
		1009	Castalia Azabujuban II	2,690	2,555	1.0	2,450	June 21, 2007	Unsecured
		1010	Castalia Shinjuku Natsumezaka	1,865	1,785	0.7	1,650	June 21, 2007	Unsecured
		1011	Castalia Ginza II	1,800	1,687	0.7	1,640	June 21, 2007	Unsecured
		1012	Castalia Shibuya Sakuragaoka	1,400	1,348	0.6	1,130	June 21, 2007	Unsecured
		1015	Castalia Nishi Azabu Kasumicho	2,143	2,186	0.9	2,150	April 1, 2010	Unsecured
		1016	Castalia Ochanomizu	1,770	1,683	0.7	2,050	April 1, 2010	Unsecured
		1017	Castalia Sangubashi	1,393	1,427	0.6	1,470	April 1, 2010	Unsecured
		1018	Castalia Suitengu	1,279	1,211	0.5	1,330	April 1, 2010	Unsecured
		1019	Castalia Suitengu II	1,138	1,077	0.4	1,190	April 1, 2010	Unsecured
		1020	Castalia Shintomicho	932	883	0.4	981	April 1, 2010	Unsecured
		1021	Castalia Shintomicho II	825	785	0.3	866	April 1, 2010	Unsecured
		1022	Castalia Harajuku	887	864	0.4	888	April 1, 2010	Unsecured
		1023	Castalia Yoyogi Uehara	608	640	0.3	685	April 1, 2010	Unsecured
		1024	Castalia Sendagaya	555	561	0.2	580	April 1, 2010	Unsecured
		1025	Castalia Shinjuku 7 chome	464	444	0.2	503	April 1, 2010	Unsecured
		1027	Castalia Ningyocho	947	875	0.4	1,160	April 1, 2010	Unsecured
		1028	Castalia Ningyocho II	1,070	992	0.4	1,310	April 1, 2010	Unsecured
		1029	Castalia Shin-Ochanomizu	914	866	0.4	1,030	April 1, 2010	Unsecured
		1030	Castalia Higashi Nihonbashi II	1,370	1,278	0.5	1,610	April 1, 2010	Unsecured
		1031	Castalia Jinbocho	1,160	1,093	0.4	1,390	April 1, 2010	Unsecured
		1032	Castalia Shintomicho III	675	623	0.3	728	April 1, 2010	Unsecured
		1033	Castalia Shinjuku Gyoen	2,720	2,645	1.1	2,950	April 1, 2010	Unsecured
		1034	Castalia Takanawadai	860	822	0.3	985	April 1, 2010	Unsecured
		1035	Castalia Higashi Nihonbashi III	666	619	0.3	765	April 1, 2010	Unsecured
		1036	Castalia Shinjuku Gyoen II	486	480	0.2	487	April 1, 2010	Unsecured
		1037	Castalia Shintomicho IV	400	379	0.2	444	April 1, 2010	Unsecured
		1038	Castalia Takanawadai II	1,190	1,171	0.5	1,300	April 1, 2010	Unsecured
		1039	Castalia Minami Azabu	642	615	0.3	671	April 1, 2010	Unsecured
		1040	Castalia Ginza III	2,880	2,753	1.1	2,840	April 1, 2010	Unsecured
		1041	Castalia Kayabacho	2,707	2,547	1.0	2,960	April 1, 2010	Unsecured
		1042	Castalia Takanawa	7,430	7,169	2.9	7,520	April 1, 2010	Unsecured
		1043	Castalia Higashi Nihonbashi	3,520	3,303	1.3	3,960	April 1, 2010	Unsecured
		1045	Castalia Shinjuku	2,950	2,861	1.2	3,280	April 1, 2010	Unsecured
		1046	Castalia Ichigaya	940	892	0.4	1,330	June 29, 2010	Unsecured
		1047	Shibaura Island Bloom Tower	7,580	7,085	2.9	8,540	October 18, 2011	Unsecured
		1048	Castalia Hatsudai	2,030	2,013	0.8	2,240	December 19, 2011	Unsecured
		1049	Castalia Hatsudai II	1,900	1,898	0.8	2,070	September 27, 2013	Unsecured
		1050	Castalia Ebisu	1,420	1,430	0.6	1,600	September 27, 2013	Unsecured
Subtotal				92,136	88,029	36.0	94,953		

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2016

Type	Area	Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Assessed value at the end of period (Millions of yen) (Note 4)	Acquisition date (Note 5)	Collateral
Residential facilities	Area 2	2001	Castalia Meguro Kamurozaka	4,500	4,109	1.7	4,140	December 20, 2005	Unsecured
		2002	Castalia Toritsudaigaku	648	606	0.2	555	March 22, 2006	Unsecured
		2004	Castalia Yukigaya	1,110	1,019	0.4	1,070	March 7, 2007	Unsecured
		2005	Castalia Yutenji	1,450	1,349	0.6	1,240	June 21, 2007	Unsecured
		2006	Castalia Otsuka	1,480	1,352	0.6	1,590	June 21, 2007	Unsecured
		2007	Castalia Kikukawa	817	744	0.3	737	June 21, 2007	Unsecured
		2008	Castalia Meguro	844	851	0.3	932	April 1, 2010	Unsecured
		2009	Castalia Otsuka II	1,040	1,002	0.4	1,200	April 1, 2010	Unsecured
		2010	Castalia Jiyugaoka	1,200	1,170	0.5	1,340	April 1, 2010	Unsecured
		2011	Castalia Mejiro	988	941	0.4	1,050	April 1, 2010	Unsecured
		2012	Castalia Ikebukuro	2,570	2,485	1.0	2,690	April 1, 2010	Unsecured
		2013	Castalia Kaname-cho	1,140	1,076	0.4	1,200	April 1, 2010	Unsecured
		2014	Castalia Tower Shinagawa Seaside	7,380	6,915	2.8	8,370	April 1, 2010	Unsecured
		2015	Castalia Yakumo	857	834	0.3	744	April 1, 2010	Unsecured
		2016	Castalia Togoshiekimae	1,560	1,484	0.6	1,890	April 1, 2010	Unsecured
		2018	Castalia Honjo Azumabashi	996	978	0.4	1,060	April 1, 2010	Unsecured
		2019	Castalia Kitazawa	742	736	0.3	796	April 1, 2010	Unsecured
		2020	Castalia Monzennakacho	503	465	0.2	510	April 1, 2010	Unsecured
		2023	Castalia Kamiikedai	198	184	0.1	212	April 1, 2010	Unsecured
		2024	Castalia Morishita	832	772	0.3	985	April 1, 2010	Unsecured
		2025	Castalia Wakabayashi koen	776	754	0.3	809	April 1, 2010	Unsecured
		2026	Castalia Asakusabashi	792	740	0.3	913	April 1, 2010	Unsecured
		2027	Castalia Iriya	546	510	0.2	641	April 1, 2010	Unsecured
		2028	Castalia Kita Ueno	2,641	2,449	1.0	2,590	April 1, 2010	Unsecured
		2029	Castalia Morishita II	686	631	0.3	771	April 1, 2010	Unsecured
		2030	Castalia Minowa	1,430	1,316	0.5	1,510	April 1, 2010	Unsecured
		2031	Castalia Oyamadai	533	506	0.2	583	April 1, 2010	Unsecured
		2032	Castalia Nakano	1,060	987	0.4	1,200	April 1, 2010	Unsecured
		2033	Castalia Yoga	923	879	0.4	1,110	April 1, 2010	Unsecured
		2034	Castalia Sumiyoshi	948	869	0.4	983	April 1, 2010	Unsecured
		2035	Castalia Monzennakacho II	2,160	2,020	0.8	2,600	April 1, 2010	Unsecured
		2036	Castalia Oshiage	1,100	1,010	0.4	1,100	April 1, 2010	Unsecured
		2037	Castalia Kuramae	1,260	1,166	0.5	1,430	April 1, 2010	Unsecured
		2038	Castalia Nakanobu	1,790	1,697	0.7	2,560	June 29, 2010	Unsecured
		2039	Royal Parks Toyosu	7,360	6,608	2.7	9,190	November 1, 2010	Unsecured
		2040	Castalia Togoshi	1,770	1,639	0.7	2,500	November 1, 2010	Unsecured
		2041	Castalia Ooimachi	1,181	1,186	0.5	1,450	June 30, 2011	Unsecured
		2042	Castalia Omori	1,500	1,472	0.6	1,760	August 2, 2011	Unsecured
		2043	Castalia Mishuku	1,900	1,881	0.8	2,280	October 7, 2011	Unsecured
		2044	Castalia Arakawa	1,660	1,606	0.7	2,100	March 28, 2012	Unsecured
		2045	Castalia Omori II	2,370	2,318	0.9	2,760	March 29, 2012	Unsecured
		2046	Castalia Nakameguro	3,800	3,802	1.6	4,400	November 29, 2012	Unsecured
		2047	Castalia Meguro Chojyamaru	2,030	2,035	0.8	2,300	September 27, 2013	Unsecured
		2048	Castalia Meguro Takaban	1,750	1,773	0.7	1,880	September 27, 2013	Unsecured
		2049	Castalia Omori III	1,520	1,514	0.6	1,690	September 27, 2013	Unsecured
		2050	Morino Tonari	1,020	1,066	0.4	1,170	July 1, 2014	Unsecured
		2051	Castalia Meguro Tairamachi	1,165	1,225	0.5	1,240	September 26, 2014	Unsecured
		2052	Royal Parks SEASIR	4,350	4,462	1.8	4,830	May 1, 2015	Unsecured
		2053	Castalia Honkomagome	1,520	1,558	0.6	1,670	May 1, 2015	Unsecured
		Subtotal		82,396	78,777	32.2	92,331		

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2016

Type	Area	Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Assessed value at the end of period (Millions of yen) (Note 4)	Acquisition date (Note 5)	Collateral
Residential facilities	Area 3	3001	Cosmo Heim Musashikosugi	1,674	1,606	0.7	1,940	March 22, 2006	Unsecured
		3002	Castalia Tsurumi	666	610	0.2	720	June 21, 2007	Unsecured
		3003	Castalia Funabashi	704	693	0.3	770	April 1, 2010	Unsecured
		3006	Castalia Nishi Funabashi	783	763	0.3	887	April 1, 2010	Unsecured
		3007	Castalia Maihama	670	621	0.3	635	April 1, 2010	Unsecured
		3008	Castalia Ichikawamyoden	671	631	0.3	703	April 1, 2010	Unsecured
		3010	Castalia Urayasu	592	577	0.2	614	April 1, 2010	Unsecured
		3011	Castalia Minamigyotoku	543	512	0.2	493	April 1, 2010	Unsecured
		3012	Castalia Minamigyotoku II	385	364	0.1	338	April 1, 2010	Unsecured
		3013	Castalia Nogeeyama	325	304	0.1	317	April 1, 2010	Unsecured
		3017	Castalia Ichikawa	461	419	0.2	513	April 1, 2010	Unsecured
		3018	Royal Parks Hanakoganei	5,300	5,043	2.1	5,900	October 7, 2011	Unsecured
		3019	Castalia Musashikosugi	1,680	1,679	0.7	1,900	September 27, 2013	Unsecured
		3020	Royal Parks Wakabadai	4,360	4,258	1.7	4,750	March 28, 2014	Unsecured
		3021	Pacific Royal Court Minatomirai Urban Tower	9,100	9,314	3.8	10,600	May 1, 2015	Unsecured
		3022	L-Place Shinkoyasu	1,720	1,788	0.7	1,940	May 1, 2015	Unsecured
		3023	Royal Parks Musasikosugi	1,060	1,082	0.4	1,270	May 1, 2015	Unsecured
		Subtotal			30,694	30,272	12.4	34,290	
	Area 4	4001	Castalia Shinsakae	1,920	1,682	0.7	1,580	December 20, 2005	Unsecured
		4008	Aprile Tarumi	1,340	1,203	0.5	1,550	April 1, 2010	Unsecured
		4009	Crest Kusatsu	3,004	2,963	1.2	1,940	April 1, 2010	Unsecured
		4010	Castalia Sakaisuji Honmachi	1,490	1,361	0.6	1,600	April 1, 2010	Unsecured
		4011	Castalia Shin-Umeda	1,376	1,247	0.5	1,420	April 1, 2010	Unsecured
		4012	Castalia Abeno	4,368	4,088	1.7	4,620	April 1, 2010	Unsecured
		4014	Castalia Sakae	1,010	935	0.4	1,190	April 1, 2010	Unsecured
		4015	Castalia Nipponbashi Kouzu	3,570	3,205	1.3	3,740	April 1, 2010	Unsecured
		4016	Castalia Maruyama Urasando	411	374	0.2	494	April 1, 2010	Unsecured
		4017	Castalia Maruyama Omotesando	1,740	1,595	0.7	1,940	April 1, 2010	Unsecured
		4018	Castalia Higashi Hie	960	873	0.4	985	April 1, 2010	Unsecured
		4019	Castalia Tower Nagahoribashi	3,400	3,070	1.3	4,370	April 1, 2010	Unsecured
		4020	Castalia Sannomiya	1,230	1,111	0.5	1,470	April 1, 2010	Unsecured
		4021	Castalia Kotodaikoen	481	429	0.2	536	April 1, 2010	Unsecured
		4022	Castalia Ichibancho	783	713	0.3	915	April 1, 2010	Unsecured
		4023	Castalia Omachi	656	631	0.3	726	April 1, 2010	Unsecured
		4024	Castalia Uemachidai	2,190	2,013	0.8	2,590	April 1, 2010	Unsecured
		4025	Castalia Tower Higobashi	2,670	2,463	1.0	3,490	April 1, 2010	Unsecured
		4026	Big Tower Minami Sanjo	1,740	1,443	0.6	2,490	November 1, 2010	Unsecured
		4027	Castalia Fushimi	2,260	2,078	0.8	2,980	January 14, 2011	Unsecured
		4028	Castalia Meieki Minami	720	690	0.3	897	August 1, 2011	Unsecured
		4029	Castalia Yakuin	930	917	0.4	1,110	September 26, 2011	Unsecured
		4030	Castalia Mibu	1,193	1,157	0.5	1,440	December 22, 2011	Unsecured
		4031	Castalia Tsutsujigaoka	1,208	1,195	0.5	1,690	September 3, 2012	Unsecured
		4032	Castalia Ohori Bay Tower	2,910	2,799	1.1	3,750	March 25, 2013	Unsecured
		4033	Royal Parks Namba	2,830	2,709	1.1	3,080	March 29, 2013	Unsecured
		4034	Castalia Shigahondori	1,730	1,686	0.7	2,140	June 26, 2013	Unsecured
		4035	Castalia Kyoto Nishioji	973	1,044	0.4	1,030	November 2, 2015	Unsecured
		Subtotal			49,093	45,687	18.7	55,763	
	Residential properties Subtotal			254,319	242,767	99.2	277,337		
Residential facilities (housing for the elderly)	Area 3	6001	Urban Living Inage	930	909	0.4	1,260	June 24, 2013	Unsecured
		6002	Aburatsubo Marina HILLS	1,100	1,120	0.5	1,250	September 1, 2014	Unsecured
Subtotal			2,030	2,030	0.8	2,510			
Total			256,349	244,798	100.0	279,847			

- (Note 1) “Acquisition” price does not include expenses incurred in connection with the acquisition, settlement of taxes and public dues, and consumption taxes. The acquisition price of properties previously owned by NCR is the appraisal value as of February 28, 2010, the date of the merger with NCR. The amounts were rounded down to the nearest million yen.
- (Note 2) “Book value” is stated at the amount on the balance sheets as of August 31, 2016, rounded down to the nearest million yen.
- (Note 3) “Percentage to total assets” is the percentage of a book value of each real estate or real estate in trust against a book value of the entire portfolio, rounded to the nearest tenth.
- (Note 4) “Assessed value at the end of period” is the appraisal value as of August 31, 2016 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute and Morii Appraisal & Investment Consulting Inc.) in accordance with the Articles of Incorporation of DHR as well as “Ordinance on Accounting of Investment Corporations”. The amounts were rounded down to the nearest million yen. There is no special interest between DHR and each real estate appraiser.
- (Note 5) “Acquisition date” for properties previously owned by NCR is April 1, 2010, which is the effective date of the merger.

- ii) The leasable area, leased area, leasable units, leased units, occupancy rate and unit type of real estate or real estate in trust held by DHR as of August 31, 2016 are as follows:

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (Note 3)	Leased units (Note 4)	Occupancy rate (%) (Note 5)	Unit type (%) (Note 6)	
							C	F
1001	Qiz Ebisu	5,230.39	5,093.51	96	93	97.4	84	16
1002	Castalia Azabujuban Shichimenzaka	3,492.93	3,273.63	96	89	93.7	100	-
1003	Castalia Shibakoen	2,707.51	2,484.14	75	70	91.7	91	9
1004	Castalia Ginza	2,226.42	2,128.56	67	64	95.6	100	-
1005	Castalia Hiroo	1,621.59	1,621.59	24	24	100.0	95	5
1006	Castalia Nihonbashi	1,458.73	1,458.73	51	51	100.0	100	-
1007	Castalia Hacchobori	2,969.57	2,875.76	59	57	96.8	86	14
1008	Castalia Azabujuban	2,400.00	2,303.00	51	49	96.0	100	-
1009	Castalia Azabujuban II	2,094.58	2,004.51	66	63	95.7	97	3
1010	Castalia Shinjuku Natsumezaka	1,917.62	1,917.62	41	41	100.0	93	8
1011	Castalia Ginza II	1,817.56	1,718.72	61	58	94.6	100	-
1012	Castalia Shibuya Sakuragaoka	1,123.80	1,123.80	30	30	100.0	100	-
1015	Castalia Nishi Azabu Kasumicho	2,779.77	2,672.64	37	36	96.1	24	76
1016	Castalia Ochanomizu	2,559.21	2,443.69	44	42	95.5	66	34
1017	Castalia Sangubashi	1,898.47	1,898.47	26	26	100.0	15	85
1018	Castalia Suitengu	1,940.94	1,874.92	62	60	96.6	100	-
1019	Castalia Suitengu II	1,858.34	1,858.34	55	55	100.0	100	-
1020	Castalia Shintomicho	1,444.52	1,386.67	40	38	96.0	100	-
1021	Castalia Shintomicho II	1,244.54	1,244.54	33	33	100.0	100	-
1022	Castalia Harajuku	1,225.26	1,225.26	21	21	100.0	71	29
1023	Castalia Yoyogi Uehara	811.95	779.67	25	24	96.0	100	-
1024	Castalia Sendagaya	803.03	772.61	21	20	96.2	86	14
1025	Castalia Shinjuku 7 chome	957.60	957.60	23	23	100.0	100	-
1027	Castalia Ningyocho	1,747.90	1,747.90	32	32	100.0	75	25
1028	Castalia Ningyocho II	1,826.80	1,778.99	38	37	97.4	79	21
1029	Castalia Shin-Ochanomizu	1,308.38	1,308.38	32	32	100.0	88	13
1030	Castalia Higashi Nihonbashi II	2,117.46	2,086.79	63	62	98.6	100	-
1031	Castalia Jinbocho	1,628.80	1,548.76	60	57	95.1	100	-
1032	Castalia Shintomicho III	972.51	951.50	41	40	97.8	100	-
1033	Castalia Shinjuku Gyoen	3,594.16	3,594.16	108	108	100.0	99	1
1034	Castalia Takanawadai	1,147.44	1,112.36	32	31	96.9	100	-
1035	Castalia Higashi Nihonbashi III	1,105.20	1,105.20	48	48	100.0	100	-
1036	Castalia Shinjuku Gyoen II	668.79	644.02	27	26	96.3	100	-
1037	Castalia Shintomicho IV	681.00	647.00	20	19	95.0	100	-
1038	Castalia Takanawadai II	1,567.84	1,471.90	40	38	93.9	100	-
1039	Castalia Minami Azabu	882.67	882.67	24	24	100.0	100	-
1040	Castalia Ginza III	3,494.42	3,301.33	96	90	94.5	100	-
1041	Castalia Kayabacho	4,602.95	4,542.21	88	87	98.7	88	13
1042	Castalia Takanawa	10,408.26	10,152.66	169	165	97.5	51	49
1043	Castalia Higashi Nihonbashi	6,442.28	6,000.75	103	96	93.1	45	55
1045	Castalia Shinjuku	3,150.80	3,150.80	122	122	100.0	100	-
1046	Castalia Ichigaya	1,546.34	1,506.33	50	49	97.4	100	-
1047	Shibaura Island Bloom Tower	16,849.50	16,281.76	213	204	96.6	64	36
1048	Castalia Hatsudai	3,077.05	2,945.56	81	78	95.7	100	-
1049	Castalia Hatsudai II	2,339.42	2,185.16	56	53	93.4	89	11
1050	Castalia Ebisu	1,659.71	1,571.16	36	34	94.7	83	17
2001	Castalia Meguro Kamurozaka	4,967.97	4,831.17	125	121	97.2	100	-
2002	Castalia Toritsudaigaku	863.70	836.92	30	29	96.9	100	-
2004	Castalia Yukigaya	1,542.30	1,516.28	52	51	98.3	100	-
2005	Castalia Yutenji	1,380.35	1,246.52	29	26	90.3	100	-
2006	Castalia Otsuka	1,871.70	1,847.90	70	69	98.7	100	-
2007	Castalia Kikukawa	1,168.18	1,168.18	43	43	100.0	100	-
2008	Castalia Meguro	1,414.73	1,307.84	26	24	92.4	96	4
2009	Castalia Otsuka II	1,784.50	1,662.92	54	50	93.2	100	-
2010	Castalia Jiyugaoka	1,472.47	1,296.46	40	35	88.0	100	-
2011	Castalia Mejiro	1,658.90	1,658.90	29	29	100.0	45	55

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Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (Note 3)	Leased units (Note 4)	Occupancy rate (%) (Note 5)	Unit type (%) (Note 6)	
							C	F
2012	Castalia Ikebukuro	3,644.35	3,515.31	87	85	96.5	98	2
2013	Castalia Kaname-cho	1,624.06	1,601.92	73	72	98.6	100	-
2014	Castalia Tower Shinagawa Seaside	12,732.35	12,510.06	208	204	98.3	45	55
2015	Castalia Yakumo	1,276.91	1,276.91	18	18	100.0	17	83
2016	Castalia Togoshiekimae	2,014.12	2,014.12	64	64	100.0	100	-
2018	Castalia Honjo Azumabashi	2,255.88	2,131.36	35	33	94.5	43	57
2019	Castalia Kitazawa	1,220.16	1,220.16	15	15	100.0	-	100
2020	Castalia Monzennakacho	887.94	887.94	31	31	100.0	100	-
2023	Castalia Kamiikedai	414.45	414.45	12	12	100.0	100	-
2024	Castalia Morishita	1,383.90	1,329.06	38	37	96.0	100	-
2025	Castalia Wakabayashi koen	1,425.43	1,304.48	23	21	91.5	39	61
2026	Castalia Asakusabashi	1,537.84	1,537.84	32	32	100.0	100	-
2027	Castalia Iriya	1,415.15	1,230.45	22	19	86.9	50	50
2028	Castalia Kita Ueno	4,197.66	3,837.86	102	94	91.4	100	-
2029	Castalia Morishita II	1,275.60	1,211.82	40	38	95.0	100	-
2030	Castalia Minowa	2,406.41	2,241.88	78	72	93.2	100	-
2031	Castalia Oyamadai	857.32	832.31	28	27	97.1	100	-
2032	Castalia Nakano	1,613.86	1,495.22	42	39	92.6	100	-
2033	Castalia Yoga	1,472.38	1,397.51	45	43	94.9	100	-
2034	Castalia Sumiyoshi	1,362.60	1,315.73	60	58	96.6	100	-
2035	Castalia Monzennakacho II	3,038.98	3,038.98	94	94	100.0	99	1
2036	Castalia Oshiage	1,785.24	1,785.24	60	60	100.0	100	-
2037	Castalia Kuramae	1,994.93	1,994.93	67	67	100.0	100	-
2038	Castalia Nakanobu	2,421.82	2,334.38	83	80	96.4	100	-
2039	Royal Parks Toyosu	18,112.03	18,112.03	276	276	100.0	46	54
2040	Castalia Togoshi	2,629.59	2,518.19	120	115	95.8	100	-
2041	Castalia Ooimachi	1,413.75	1,413.75	65	65	100.0	100	-
2042	Castalia Omori	2,046.36	2,015.07	60	59	98.5	100	-
2043	Castalia Mishuku	2,640.86	2,553.31	54	52	96.7	96	4
2044	Castalia Arakawa	3,797.92	3,555.91	70	66	93.6	60	40
2045	Castalia Omori II	2,818.70	2,674.21	112	105	94.9	100	-
2046	Castalia Nakameguro	3,166.71	2,974.80	101	95	93.9	99	1
2047	Castalia Meguro Chojyamaru	2,123.77	2,031.61	61	59	95.7	100	-
2048	Castalia Meguro Takaban	1,961.52	1,879.78	55	53	95.8	96	4
2049	Castalia Omori III	2,004.80	1,885.78	74	70	94.1	100	-
2050	Morino Tonari	1,668.24	1,569.48	28	26	94.1	46	54
2051	Castalia Meguro Tairamachi	1,278.52	1,203.08	38	36	94.1	97	3
2052	Royal Parks SEASIR	17,269.74	17,269.74	260	260	100.0	29	71
2053	Castalia Honkomagome	2,224.41	2,060.43	67	63	92.6	100	-

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Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (Note 3)	Leased units (Note 4)	Occupancy rate (%) (Note 5)	Unit type (%) (Note 6)	
							C	F
3001	Cosmo Heim Musashikosugi	4,208.83	4,208.83	59	59	100.0	-	100
3002	Castalia Tsurumi	1,452.09	1,408.95	32	31	97.0	97	3
3003	Castalia Funabashi	1,552.01	1,482.41	87	83	95.5	100	-
3006	Castalia Nishi Funabashi	1,597.32	1,498.72	81	76	93.8	100	-
3007	Castalia Maihama	1,287.72	1,203.48	61	57	93.5	100	-
3008	Castalia Ichikawamyoden	1,218.00	1,218.00	58	58	100.0	100	-
3010	Castalia Urayasu	1,074.53	1,074.53	51	51	100.0	100	-
3011	Castalia Minamigyotoku	1,031.81	1,010.78	49	48	98.0	100	-
3012	Castalia Minamigyotoku II	724.63	724.63	35	35	100.0	100	-
3013	Castalia NogeYama	744.90	695.24	30	28	93.3	100	-
3017	Castalia Ichikawa	876.89	876.89	40	40	100.0	100	-
3018	Royal Parks Hanakoganei	18,153.57	18,153.57	279	279	100.0	25	75
3019	Castalia Musashikosugi	2,179.80	2,026.89	85	79	93.0	100	-
3020	Royal Parks Wakabadai	21,367.93	21,367.93	192	192	100.0	5	95
3021	Pacific Royal Court Minatomirai Urban Tower	26,294.49	26,294.49	418	418	100.0	62	38
3022	L-Place Shinkoyasu	3,009.74	3,009.74	115	115	100.0	100	-
3023	Royal Parks Musasikosugi	3,808.97	3,808.97	56	56	100.0	29	71
4001	Castalia Shinsakae	3,548.48	3,277.02	131	120	92.3	100	-
4008	Aprile Tarumi	6,545.25	6,545.25	99	99	100.0	-	100
4009	Crest Kusatsu	13,452.80	10,856.06	540	436	80.7	100	-
4010	Castalia Sakaisuji Honmachi	3,471.39	3,267.90	117	110	94.1	100	-
4011	Castalia Shin-Umeda	3,279.90	3,110.86	108	103	94.8	100	-
4012	Castalia Abeno	10,920.75	9,849.72	154	141	90.2	20	80
4014	Castalia Sakae	2,836.00	2,699.14	73	69	95.2	100	-
4015	Castalia Nipponbashi Kouzu	9,334.47	9,126.94	262	256	97.8	81	19
4016	Castalia Maruyama Urasando	1,522.89	1,438.89	36	34	94.5	100	-
4017	Castalia Maruyama Omotesando	6,100.31	5,389.63	146	130	88.4	100	-
4018	Castalia Higashi Hie	3,061.60	3,061.60	115	115	100.0	100	-
4019	Castalia Tower Nagahoribashi	8,747.40	8,684.20	133	132	99.3	53	47
4020	Castalia Sannomiya	3,071.60	2,959.04	112	108	96.3	100	-
4021	Castalia Kotodaikoen	1,684.10	1,654.41	50	49	98.2	100	-
4022	Castalia Ichibancho	2,800.32	2,665.59	68	65	95.2	100	-
4023	Castalia Omachi	2,149.08	2,089.12	72	70	97.2	100	-
4024	Castalia Uemachidai	5,415.39	5,415.39	69	69	100.0	-	100
4025	Castalia Tower Higobashi	6,230.20	5,993.04	194	187	96.2	99	1
4026	Big Tower Minami Sanjo	8,661.19	8,496.68	179	176	98.1	99	1
4027	Castalia Fushimi	7,022.69	6,655.04	123	115	94.8	70	30
4028	Castalia Meieki Minami	1,822.10	1,822.10	70	70	100.0	100	-
4029	Castalia Yakuin	2,784.83	2,761.41	118	117	99.2	100	-
4030	Castalia Mibu	2,828.39	2,550.79	78	70	90.2	100	-
4031	Castalia Tsutsujigaoka	4,471.11	4,471.11	84	84	100.0	71	29
4032	Castalia Ohori Bay Tower	11,089.75	6,892.42	215	134	62.2	68	32
4033	Royal Parks Namba	10,354.15	10,354.15	162	162	100.0	45	55
4034	Castalia Shigahondori	5,086.69	4,779.16	128	121	94.0	100	-
4035	Castalia Kyoto Nishioji	2,035.37	1,935.99	81	77	95.1	100	-
6001	Urban Living Inage	4,177.52 (Note 7)	4,177.52	1 (Note 8)	1	100.0	-	-
6002	Aburatsubo Marina HILLS	3,901.14 (Note 7)	3,901.14	1 (Note 9)	1	100.0	-	-
Total portfolio		505,935.16	486,130.87	11,426	10,917	96.1	81	19

(Note 1) “Leasable area” is the floor space of each real estate and each real estate in trust which is leasable based on the information as of August 31, 2016.

(Note 2) “Leased area” is the sum of the floor space indicated in lease or sublease agreements with end-tenants as of August 31, 2016. However, in cases where there are obvious errors in the lease agreements, the figures are based on the information obtained from the prior owner (prior beneficiary) and the drawing of the building.

(Note 3) “Leasable units” is the number of leasable units of each real estate and each real estate as of August 31, 2016.

(Note 4) “Leased units” is the number of units for which lease or sublease agreements have been entered into with end-tenants as of August 31, 2016.

(Note 5) “Occupancy rate” is the leased floor space of each real estate and each real estate in trust as of August 31, 2016

expressed as a percentage of leasable floor space, rounded to the nearest tenth.

(Note 6) “Unit type” is the ratio of each residence type, Compact (C) and Family (F), among the total leasable residence-type units belonging to each real estate and each real estate in trust (i.e. excluding such units as shops and other non-residential uses). These ratios are rounded to the nearest whole number. The classification of the two residence types is explained below.

Type	Compact (C)	Family (F)
Overview	Residences aimed mainly at singles and childless couples, and designed for these targets’ lifestyles	Residences aimed mainly at families and designed for their life styles
Location	<ul style="list-style-type: none"> • Proximity to the nearest train station • Strong variety of options available regarding life style (i.e. proximity to business districts, parks, cultural facilities, broad commercial center, amusement areas, etc.) 	<ul style="list-style-type: none"> • Located in quiet residential area • A full array of educational facilities • Convenience of life (proximity to neighboring retail properties, cultural facilities, and sports facilities, etc.)
Dedicated Area	60m ² or less	More than 60m ²
Investment Ratio by the Number of Units	70% or more	30% or less

(Note 7) When rent is charged en bloc to single tenant company, this lease area (including common-use areas) recorded is the area stated in the lease agreement.

(Note 8) There are 100 units in the exclusive area; however, because a single tenant company is renting en bloc, the number of leasable units has been recorded as one.

(Note 9) There are 106 units in the exclusive area; however, because a single tenant company is renting en bloc, the number of leasable units has been recorded as one.

(3) Status of revenues from real estate and real estate in trust

The status of revenues from real estate and real estate in trust including monthly rental fee and revenues from property leasing business 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.
- Acquisition price does not include expenses incurred in connection with the acquisition, settlement of taxes and public dues, and consumption taxes. The acquisition price of the properties previously owned by NCR is the appraisal value as of February 28, 2010, the date of the merger with NCR. The amounts are rounded down to the nearest million yen.
- Monthly rent (including common service fees), leasehold and security deposit, and occupancy rate represent amounts as of August 31, 2016.
- In principle, when the master lease is a pass-through type, monthly rent (including common service fees) represents the total amount of the monthly rent that is presented in each lease agreement, etc. entered into between the master lease company or each owner of the real estate or real estate in trust and the end tenant (including common service fees but excluding usage fees for attached facilities such as parking lot and trunk rooms, and consumption tax, etc.). When the master lease is a rent-guaranteed type, the amount represents the total amount of the monthly guaranteed rent presented in either the lease agreement with lease guarantee concluded between the master lease company and each owner of the real estate or real estate in trust or the sublease agreement with a rent guarantee that is concluded between the master lease company and the sublessor that is bulk leasing from the master lease company (including common service fees but excluding usage fees for attached facilities such as parking lot and trunk rooms, and consumption tax, etc.). However, when the master lease agreement is a different master lease type, the amount will represent the sum total of the pass-through monthly rent and the guaranteed monthly rent.
- In principle, leasehold and security deposit represents the total amount of outstanding leasehold and security deposit that DHR is obliged to return to each end tenant based on the lease agreement concluded between the master lease company or each owner of real estate or real estate in trust and the end tenant when the master lease agreement is a pass-through type. However, 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. Furthermore, when the master lease agreement is a rent-guaranteed type, the amount represents the total amount of outstanding leasehold and security deposit based on the sublease agreement that is concluded between the master lease company and each owner of real estate or real estate in trust or a sublease agreement with a rent guarantee that is concluded between the master lease company and the sublessor that is bulk leasing from the master lease company. However, when the master lease agreement is a different master lease type, the amount will represent the sum total of the pass-through type leasehold and security deposit and lease guaranteed type leasehold and security deposit.
- Lease business revenues - rent includes rent and common service fees.
- Other lease business 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 expenses related to rent business.
- Outsourcing expenses include management outsourcing expenses, PM fee, leasing fee and renewal commissions.
- Repairs includes 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 expenses related to rent business include trust fees and parking lot usage fees.
- Depreciation represents the amount in relation to the number of months in the disclosure period.

Status of revenues from real estate and real estate in trust

(Unit: Thousands of yen, unless otherwise stated)

Property number	1001	1002	1003	1004
Property name	Qiz Ebisu	Castalia Azabujuban Shichimenzaka	Castalia Shibakoen	Castalia Ginza
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	34,656	17,739	10,368	10,111
Lease and guarantee deposits, etc.	177,687	27,640	12,446	11,577
Occupancy rate	97.4	93.7	91.7	95.6
Information on revenues and expenses				
(A) Lease business revenues Subtotal	230,795	117,184	67,802	62,956
Lease business revenues - rent	205,148	108,348	64,963	57,151
Other lease business revenues	25,647	8,835	2,838	5,804
(B) Expenses related to rent business Subtotal	54,668	23,733	15,037	18,758
Taxes and public dues	8,142	4,730	3,399	3,255
Outsourcing expenses	18,185	10,286	6,332	9,373
Repairs and maintenance expenses	13,683	3,662	3,457	3,959
Insurance	140	106	71	67
Utilities expenses	13,247	2,635	501	661
Other expenses related to rent business	1,268	2,312	1,274	1,440
(C) NOI (= A - B)	176,127	93,450	52,764	44,197
(D) Depreciation	31,797	24,017	15,022	13,081
(E) Income (loss) from rent business (= C - D)	144,329	69,432	37,742	31,116
(F) Capital expenditures	17,029	263	271	2,846
(G) NCF (= C - F)	159,097	93,186	52,492	41,351
Acquisition price (Millions of yen)	7,650	4,500	2,630	2,520

Property number	1005	1006	1007	1008
Property name	Castalia Hiroo	Castalia Nihonbashi	Castalia Hacchobori	Castalia Azabujuban
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	7,987	6,236	10,505	11,319
Lease and guarantee deposits, etc.	39,761	10,849	13,140	14,330
Occupancy rate	100.0	100.0	96.8	96.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	50,567	38,113	65,860	69,937
Lease business revenues - rent	47,856	36,630	63,194	67,240
Other lease business revenues	2,710	1,482	2,665	2,696
(B) Expenses related to rent business Subtotal	9,723	9,157	12,826	13,274
Taxes and public dues	2,706	1,809	2,818	2,396
Outsourcing expenses	4,176	4,250	6,372	6,707
Repairs and maintenance expenses	468	1,898	2,022	2,644
Insurance	39	45	75	59
Utilities expenses	1,643	346	401	341
Other expenses related to rent business	689	806	1,136	1,125
(C) NOI (= A - B)	40,844	28,955	53,033	56,662
(D) Depreciation	11,194	8,275	14,403	11,903
(E) Income (loss) from rent business (= C - D)	29,650	20,679	38,629	44,759
(F) Capital expenditures	808	271	—	302
(G) NCF (= C - F)	40,036	28,683	53,033	56,360
Acquisition price (Millions of yen)	2,220	1,200	2,300	2,910

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(Unit: Thousands of yen, unless otherwise stated)

Property number	1009	1010	1011	1012
Property name	Castalia Azabujuban II	Castalia Shinjuku Natsumezaka	Castalia Ginza II	Castalia Shibuya Sakuragaoka
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	10,495	8,040	7,832	5,652
Lease and guarantee deposits, etc.	13,145	35,106	8,806	7,820
Occupancy rate	95.7	100.0	94.6	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	62,170	46,997	49,741	34,518
Lease business revenues - rent	59,122	45,054	47,796	33,313
Other lease business revenues	3,048	1,943	1,944	1,204
(B) Expenses related to rent business Subtotal	19,726	14,139	13,320	7,714
Taxes and public dues	2,831	2,123	2,194	1,780
Outsourcing expenses	10,469	7,024	6,114	3,888
Repairs and maintenance expenses	4,708	3,598	3,636	594
Insurance	62	49	49	35
Utilities expenses	481	262	269	350
Other expenses related to rent business	1,173	1,081	1,055	1,065
(C) NOI (= A - B)	42,443	32,857	36,420	26,803
(D) Depreciation	13,440	7,939	10,678	5,937
(E) Income (loss) from rent business (= C - D)	29,003	24,917	25,742	20,866
(F) Capital expenditures	540	2,049	393	-
(G) NCF (= C - F)	41,902	30,807	36,027	26,803
Acquisition price (Millions of yen)	2,690	1,865	1,800	1,400

Property number	1015	1016	1017	1018
Property name	Castalia Nishi Azabu Kasumicho	Castalia Ochanomizu	Castalia Sangubashi	Castalia Suitengu
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	10,886	9,205	6,711	7,060
Lease and guarantee deposits, etc.	14,929	18,879	8,372	7,007
Occupancy rate	96.1	95.5	100.0	96.6
Information on revenues and expenses				
(A) Lease business revenues Subtotal	65,396	59,679	41,926	45,942
Lease business revenues - rent	59,752	55,854	35,541	42,645
Other lease business revenues	5,644	3,824	6,385	3,297
(B) Expenses related to rent business Subtotal	34,458	11,326	15,071	12,141
Taxes and public dues	4,431	2,870	2,755	2,326
Outsourcing expenses	9,571	4,644	4,461	4,334
Repairs and maintenance expenses	15,022	2,370	6,487	2,622
Insurance	79	63	50	50
Utilities expenses	2,684	373	347	1,703
Other expenses related to rent business	2,671	1,003	970	1,104
(C) NOI (= A - B)	30,938	48,352	26,854	33,800
(D) Depreciation	8,139	8,293	5,217	6,965
(E) Income (loss) from rent business (= C - D)	22,798	40,059	21,637	26,835
(F) Capital expenditures	47,782	2,511	15,990	2,276
(G) NCF (= C - F)	(16,844)	45,841	10,864	31,524
Acquisition price (Millions of yen)	2,143	1,770	1,393	1,279

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(Unit: Thousands of yen, unless otherwise stated)

Property number	1019	1020	1021	1022
Property name	Castalia Suitengu II	Castalia Shintomicho	Castalia Shintomicho II	Castalia Harajuku
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	6,643	5,195	4,670	4,360
Lease and guarantee deposits, etc.	6,002	7,283	6,232	5,267
Occupancy rate	100.0	96.0	100.0	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	40,835	32,195	28,954	26,622
Lease business revenues - rent	38,924	31,603	27,110	25,357
Other lease business revenues	1,910	592	1,844	1,264
(B) Expenses related to rent business Subtotal	10,361	8,439	7,368	8,459
Taxes and public dues	2,464	1,812	1,371	1,472
Outsourcing expenses	3,520	2,747	3,262	2,232
Repairs and maintenance expenses	1,474	2,435	2,196	3,291
Insurance	51	42	36	33
Utilities expenses	1,530	568	355	324
Other expenses related to rent business	1,320	832	146	1,104
(C) NOI (= A - B)	30,473	23,756	21,585	18,162
(D) Depreciation	6,477	5,717	5,518	3,036
(E) Income (loss) from rent business (= C - D)	23,996	18,039	16,066	15,125
(F) Capital expenditures	1,229	4,625	4,488	481
(G) NCF (= C - F)	29,243	19,131	17,097	17,680
Acquisition price (Millions of yen)	1,138	932	825	887

Property number	1023	1024	1025	1027
Property name	Castalia Yoyogi Uehara	Castalia Sendagaya	Castalia Shinjuku 7 chome	Castalia Ningyocho
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	3,458	3,163	3,087	5,981
Lease and guarantee deposits, etc.	5,646	4,008	2,887	8,463
Occupancy rate	96.0	96.2	100.0	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	21,392	18,327	18,954	37,163
Lease business revenues - rent	20,514	17,085	18,323	35,131
Other lease business revenues	878	1,241	630	2,031
(B) Expenses related to rent business Subtotal	5,185	10,128	4,658	8,470
Taxes and public dues	987	1,010	951	1,941
Outsourcing expenses	2,183	3,273	1,820	3,360
Repairs and maintenance expenses	1,183	4,545	863	1,564
Insurance	22	20	26	47
Utilities expenses	172	168	320	434
Other expenses related to rent business	635	1,111	676	1,121
(C) NOI (= A - B)	16,207	8,198	14,295	28,692
(D) Depreciation	2,879	2,323	1,836	6,020
(E) Income (loss) from rent business (= C - D)	13,327	5,875	12,459	22,672
(F) Capital expenditures	2,755	11,004	-	1,305
(G) NCF (= C - F)	13,451	(2,805)	14,295	27,387
Acquisition price (Millions of yen)	608	555	464	947

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(Unit: Thousands of yen, unless otherwise stated)

Property number	1028	1029	1030	1031
Property name	Castalia Ningyocho II	Castalia Shin-Ochanomizu	Castalia Higashi Nihonbashi II	Castalia Jinbocho
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	6,430	5,337	8,031	6,533
Lease and guarantee deposits, etc.	9,470	7,538	11,114	6,845
Occupancy rate	97.4	100.0	98.6	95.1
Information on revenues and expenses				
(A) Lease business revenues Subtotal	40,557	32,532	49,144	41,349
Lease business revenues - rent	39,022	31,134	47,531	39,935
Other lease business revenues	1,535	1,397	1,613	1,414
(B) Expenses related to rent business Subtotal	7,819	8,676	9,971	8,411
Taxes and public dues	1,980	1,750	2,282	1,774
Outsourcing expenses	3,289	3,474	3,798	3,399
Repairs and maintenance expenses	959	2,394	2,438	1,953
Insurance	50	41	75	43
Utilities expenses	489	247	424	459
Other expenses related to rent business	1,049	767	951	780
(C) NOI (= A - B)	32,738	23,855	39,173	32,937
(D) Depreciation	6,714	4,303	7,888	5,553
(E) Income (loss) from rent business (= C - D)	26,023	19,552	31,284	27,384
(F) Capital expenditures	594	1,150	482	463
(G) NCF (= C - F)	32,143	22,704	38,691	32,474
Acquisition price (Millions of yen)	1,070	914	1,370	1,160

Property number	1032	1033	1034	1035
Property name	Castalia Shintomicho III	Castalia Shinjuku Gyoen	Castalia Takanawadai	Castalia Higashi Nihonbashi III
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	3,947	14,000	4,654	4,056
Lease and guarantee deposits, etc.	4,678	19,263	4,427	6,228
Occupancy rate	97.8	100.0	96.9	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	24,749	83,844	29,261	24,370
Lease business revenues - rent	23,481	81,667	28,443	24,336
Other lease business revenues	1,268	2,177	818	34
(B) Expenses related to rent business Subtotal	7,146	13,440	5,482	3,948
Taxes and public dues	1,153	4,108	1,523	1,299
Outsourcing expenses	3,378	5,492	2,303	1,468
Repairs and maintenance expenses	1,484	1,975	539	79
Insurance	33	105	33	33
Utilities expenses	425	546	249	377
Other expenses related to rent business	669	1,213	832	689
(C) NOI (= A - B)	17,603	70,404	23,779	20,422
(D) Depreciation	4,361	12,823	3,707	3,802
(E) Income (loss) from rent business (= C - D)	13,241	57,580	20,071	16,620
(F) Capital expenditures	725	951	409	417
(G) NCF (= C - F)	16,878	69,452	23,369	20,004
Acquisition price (Millions of yen)	675	2,720	860	666

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(Unit: Thousands of yen, unless otherwise stated)

Property number	1036	1037	1038	1039
Property name	Castalia Shinjuku Gyoen II	Castalia Shintomicho IV	Castalia Takanawadai II	Castalia Minami Azabu
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	2,553	2,507	5,969	3,488
Lease and guarantee deposits, etc.	815	3,227	6,821	3,650
Occupancy rate	96.3	95.0	93.9	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	16,153	16,660	36,841	21,414
Lease business revenues - rent	15,488	15,414	36,299	20,523
Other lease business revenues	664	1,245	542	891
(B) Expenses related to rent business Subtotal	13,775	4,944	23,069	5,213
Taxes and public dues	869	807	2,005	1,110
Outsourcing expenses	1,726	2,207	3,937	2,322
Repairs and maintenance expenses	10,524	803	15,796	866
Insurance	22	21	45	22
Utilities expenses	214	290	350	135
Other expenses related to rent business	419	815	933	755
(C) NOI (= A - B)	2,378	11,715	13,772	16,201
(D) Depreciation	2,555	2,319	5,125	2,638
(E) Income (loss) from rent business (= C - D)	(177)	9,396	8,647	13,562
(F) Capital expenditures	23,272	874	24,540	146
(G) NCF (= C - F)	(20,894)	10,841	(10,767)	16,054
Acquisition price (Millions of yen)	486	400	1,190	642

Property number	1040	1041	1042	1043
Property name	Castalia Ginza III	Castalia Kayabacho	Castalia Takanawa	Castalia Higashi Nihonbashi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	13,310	15,015	38,104	20,593
Lease and guarantee deposits, etc.	14,000	20,485	53,214	30,678
Occupancy rate	94.5	98.7	97.5	93.1
Information on revenues and expenses				
(A) Lease business revenues Subtotal	83,047	95,014	240,129	138,316
Lease business revenues - rent	79,381	88,440	220,867	126,484
Other lease business revenues	3,666	6,573	19,262	11,832
(B) Expenses related to rent business Subtotal	18,814	18,554	66,405	33,446
Taxes and public dues	4,524	4,504	14,119	7,622
Outsourcing expenses	7,895	8,268	24,571	15,602
Repairs and maintenance expenses	4,849	4,167	18,262	8,640
Insurance	110	118	285	182
Utilities expenses	812	593	2,300	986
Other expenses related to rent business	621	901	6,864	411
(C) NOI (= A - B)	64,233	76,459	173,723	104,870
(D) Depreciation	13,628	14,587	26,924	20,271
(E) Income (loss) from rent business (= C - D)	50,604	61,872	146,799	84,599
(F) Capital expenditures	2,336	1,847	9,836	3,613
(G) NCF (= C - F)	61,896	74,612	163,886	101,256
Acquisition price (Millions of yen)	2,880	2,707	7,430	3,520

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(Unit: Thousands of yen, unless otherwise stated)

Property number	1045	1046	1047	1048
Property name	Castalia Shinjuku	Castalia Ichigaya	Shibaura Island Bloom Tower	Castalia Hatsudai
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	14,955	6,633	57,807	11,053
Lease and guarantee deposits, etc.	–	6,827	212,534	11,221
Occupancy rate	100.0	97.4	96.6	95.7
Information on revenues and expenses				
(A) Lease business revenues Subtotal	92,554	39,947	374,954	70,572
Lease business revenues - rent	89,731	38,752	340,591	66,534
Other lease business revenues	2,822	1,195	34,363	4,037
(B) Expenses related to rent business Subtotal	10,904	12,324	137,399	16,737
Taxes and public dues	4,896	1,881	18,565	4,096
Outsourcing expenses	4,647	6,824	60,131	8,151
Repairs and maintenance expenses	323	2,494	15,095	3,231
Insurance	93	43	712	93
Utilities expenses	630	284	3,818	631
Other expenses related to rent business	314	794	39,076	532
(C) NOI (= A – B)	81,649	27,623	237,555	53,834
(D) Depreciation	9,699	6,770	88,915	14,829
(E) Income (loss) from rent business (= C – D)	71,949	20,853	148,640	39,005
(F) Capital expenditures	–	370	923	300
(G) NCF (= C - F)	81,649	27,252	236,632	53,534
Acquisition price (Millions of yen)	2,950	940	7,580	2,030

Property number	1049	1050	2001	2002
Property name	Castalia Hatsudai II	Castalia Ebisu	Castalia Meguro Kamurozaka	Castalia Toritsudaigaku
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	9,082	6,897	20,319	3,246
Lease and guarantee deposits, etc.	11,774	9,471	23,924	3,605
Occupancy rate	93.4	94.7	97.2	96.9
Information on revenues and expenses				
(A) Lease business revenues Subtotal	58,243	43,175	125,286	19,194
Lease business revenues - rent	55,085	42,156	119,438	18,653
Other lease business revenues	3,158	1,019	5,847	541
(B) Expenses related to rent business Subtotal	15,873	8,708	32,901	4,575
Taxes and public dues	3,374	2,270	5,809	538
Outsourcing expenses	6,265	4,599	17,873	2,412
Repairs and maintenance expenses	4,805	919	6,561	712
Insurance	69	47	148	28
Utilities expenses	846	332	819	303
Other expenses related to rent business	513	539	1,688	580
(C) NOI (= A – B)	42,370	34,467	92,384	14,618
(D) Depreciation	10,196	7,820	27,285	5,202
(E) Income (loss) from rent business (= C – D)	32,173	26,646	65,099	9,416
(F) Capital expenditures	826	1,128	–	–
(G) NCF (= C - F)	41,544	33,338	92,384	14,618
Acquisition price (Millions of yen)	1,900	1,420	4,500	648

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(Unit: Thousands of yen, unless otherwise stated)

Property number	2004	2005	2006	2007
Property name	Castalia Yukigaya	Castalia Yutenji	Castalia Otsuka	Castalia Kikukawa
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	5,701	5,506	7,540	4,418
Lease and guarantee deposits, etc.	7,644	11,404	9,201	6,408
Occupancy rate	98.3	90.3	98.7	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	36,693	35,323	45,981	28,345
Lease business revenues - rent	34,306	34,761	43,478	26,417
Other lease business revenues	2,387	561	2,503	1,928
(B) Expenses related to rent business Subtotal	7,697	9,791	11,982	8,779
Taxes and public dues	1,886	1,292	2,152	1,448
Outsourcing expenses	3,735	4,077	6,445	2,756
Repairs and maintenance expenses	832	1,872	1,552	3,256
Insurance	46	38	56	40
Utilities expenses	333	149	669	275
Other expenses related to rent business	862	2,361	1,105	1,003
(C) NOI (= A - B)	28,995	25,531	33,998	19,566
(D) Depreciation	8,168	8,572	11,528	6,739
(E) Income (loss) from rent business (= C - D)	20,826	16,958	22,470	12,826
(F) Capital expenditures	-	864	107	-
(G) NCF (= C - F)	28,995	24,666	33,891	19,566
Acquisition price (Millions of yen)	1,110	1,450	1,480	817

Property number	2008	2009	2010	2011
Property name	Castalia Meguro	Castalia Otsuka II	Castalia Jiyugaoka	Castalia Mejiro
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	4,568	5,727	5,667	5,447
Lease and guarantee deposits, etc.	6,061	7,866	8,326	7,012
Occupancy rate	92.4	93.2	88.0	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	28,568	37,067	37,454	34,496
Lease business revenues - rent	27,016	35,321	35,750	32,579
Other lease business revenues	1,552	1,745	1,703	1,916
(B) Expenses related to rent business Subtotal	10,341	8,798	11,758	6,144
Taxes and public dues	1,432	1,782	2,096	1,643
Outsourcing expenses	3,357	3,482	3,480	2,814
Repairs and maintenance expenses	3,815	2,388	5,114	967
Insurance	35	58	39	36
Utilities expenses	204	412	270	220
Other expenses related to rent business	1,496	674	758	460
(C) NOI (= A - B)	18,227	28,268	25,696	28,352
(D) Depreciation	4,819	6,850	4,814	5,219
(E) Income (loss) from rent business (= C - D)	13,407	21,418	20,881	23,132
(F) Capital expenditures	17,601	546	8,773	810
(G) NCF (= C - F)	626	27,722	16,923	27,541
Acquisition price (Millions of yen)	844	1,040	1,200	988

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(Unit: Thousands of yen, unless otherwise stated)

Property number	2012	2013	2014	2015
Property name	Castalia Ikebukuro	Castalia Kaname-cho	Castalia Tower Shinagawa Seaside	Castalia Yakumo
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	13,468	6,328	43,256	4,113
Lease and guarantee deposits, etc.	15,820	9,064	65,347	5,203
Occupancy rate	96.5	98.6	98.3	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	94,439	38,312	276,708	24,872
Lease business revenues - rent	80,717	36,986	256,946	23,305
Other lease business revenues	13,722	1,326	19,761	1,567
(B) Expenses related to rent business Subtotal	30,572	10,491	63,403	8,407
Taxes and public dues	4,100	1,603	15,140	1,695
Outsourcing expenses	8,648	3,759	30,003	3,434
Repairs and maintenance expenses	16,259	4,039	13,650	2,761
Insurance	101	43	388	35
Utilities expenses	764	414	2,806	201
Other expenses related to rent business	697	630	1,413	278
(C) NOI (= A - B)	63,867	27,821	213,304	16,465
(D) Depreciation	12,656	5,550	44,973	3,520
(E) Income (loss) from rent business (= C - D)	51,210	22,271	168,330	12,945
(F) Capital expenditures	59,365	270	3,231	2,654
(G) NCF (= C - F)	4,501	27,551	210,072	13,810
Acquisition price (Millions of yen)	2,570	1,140	7,380	857

Property number	2016	2018	2019	2020
Property name	Castalia Togoshiekimae	Castalia Honjo Azumabashi	Castalia Kitazawa	Castalia Monzennakacho
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	8,361	5,586	4,262	2,790
Lease and guarantee deposits, etc.	10,709	8,092	6,046	—
Occupancy rate	100.0	94.5	100.0	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	50,709	36,082	26,168	16,969
Lease business revenues - rent	50,166	34,011	24,814	16,743
Other lease business revenues	542	2,070	1,354	226
(B) Expenses related to rent business Subtotal	6,539	9,105	6,938	2,982
Taxes and public dues	2,599	2,361	1,705	917
Outsourcing expenses	3,006	3,317	3,051	1,109
Repairs and maintenance expenses	146	2,165	855	92
Insurance	60	55	31	23
Utilities expenses	372	490	604	251
Other expenses related to rent business	352	714	689	587
(C) NOI (= A - B)	44,170	26,976	19,230	13,987
(D) Depreciation	6,279	6,650	4,322	3,280
(E) Income (loss) from rent business (= C - D)	37,890	20,326	14,907	10,706
(F) Capital expenditures	705	4,484	2,185	—
(G) NCF (= C - F)	43,464	22,492	17,044	13,987
Acquisition price (Millions of yen)	1,560	996	742	503

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(Unit: Thousands of yen, unless otherwise stated)

Property number	2023	2024	2025	2026
Property name	Castalia Kamiikedai	Castalia Morishita	Castalia Wakabayashi koen	Castalia Asakusabashi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	1,282	4,994	4,112	5,189
Lease and guarantee deposits, etc.	816	7,181	4,925	7,706
Occupancy rate	100.0	96.0	91.5	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	7,608	32,084	24,932	31,561
Lease business revenues - rent	7,514	29,150	23,975	30,301
Other lease business revenues	94	2,933	956	1,260
(B) Expenses related to rent business Subtotal	2,239	10,231	10,267	7,080
Taxes and public dues	237	1,626	1,881	1,544
Outsourcing expenses	655	5,390	3,310	3,105
Repairs and maintenance expenses	256	2,163	4,304	1,608
Insurance	10	45	40	39
Utilities expenses	31	323	317	259
Other expenses related to rent business	1,047	683	413	524
(C) NOI (= A - B)	5,369	21,852	14,664	24,480
(D) Depreciation	1,124	4,901	3,941	4,828
(E) Income (loss) from rent business (= C - D)	4,244	16,950	10,723	19,652
(F) Capital expenditures	135	-	7,077	2,740
(G) NCF (= C - F)	5,234	21,852	7,587	21,740
Acquisition price (Millions of yen)	198	832	776	792

Property number	2027	2028	2029	2030
Property name	Castalia Iriya	Castalia Kita Ueno	Castalia Morishita II	Castalia Minowa
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	3,310	13,154	4,309	7,628
Lease and guarantee deposits, etc.	5,492	19,343	5,081	7,932
Occupancy rate	86.9	91.4	95.0	93.2
Information on revenues and expenses				
(A) Lease business revenues Subtotal	22,019	87,250	27,098	48,402
Lease business revenues - rent	21,052	79,899	25,707	45,985
Other lease business revenues	966	7,351	1,390	2,416
(B) Expenses related to rent business Subtotal	6,471	25,766	6,993	11,844
Taxes and public dues	1,294	5,343	1,456	2,627
Outsourcing expenses	2,668	10,230	3,020	6,164
Repairs and maintenance expenses	1,811	7,758	1,596	2,316
Insurance	34	118	35	68
Utilities expenses	232	885	258	519
Other expenses related to rent business	430	1,431	625	147
(C) NOI (= A - B)	15,547	61,484	20,105	36,557
(D) Depreciation	3,608	16,287	4,470	9,070
(E) Income (loss) from rent business (= C - D)	11,938	45,197	15,635	27,486
(F) Capital expenditures	3,440	2,209	292	-
(G) NCF (= C - F)	12,107	59,274	19,812	36,557
Acquisition price (Millions of yen)	546	2,641	686	1,430

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(Unit: Thousands of yen, unless otherwise stated)

Property number	2031	2032	2033	2034
Property name	Castalia Oyamada	Castalia Nakano	Castalia Yoga	Castalia Sumiyoshi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	2,934	5,433	5,175	5,130
Lease and guarantee deposits, etc.	2,507	6,327	7,191	6,748
Occupancy rate	97.1	92.6	94.9	96.6
Information on revenues and expenses				
(A) Lease business revenues Subtotal	18,244	35,241	32,736	32,441
Lease business revenues - rent	17,763	33,791	31,021	31,065
Other lease business revenues	481	1,449	1,715	1,376
(B) Expenses related to rent business Subtotal	3,578	8,041	6,649	6,965
Taxes and public dues	1,234	1,875	1,619	1,716
Outsourcing expenses	1,801	3,533	3,205	3,402
Repairs and maintenance expenses	214	1,954	1,325	1,340
Insurance	26	50	40	50
Utilities expenses	180	350	279	305
Other expenses related to rent business	122	275	179	150
(C) NOI (= A - B)	14,666	27,199	26,087	25,475
(D) Depreciation	2,211	6,339	3,645	6,348
(E) Income (loss) from rent business (= C - D)	12,454	20,860	22,441	19,127
(F) Capital expenditures	-	1,850	132	-
(G) NCF (= C - F)	14,666	25,349	25,954	25,475
Acquisition price (Millions of yen)	533	1,060	923	948

Property number	2035	2036	2037	2038
Property name	Castalia Monzenakacho II	Castalia Oshiage	Castalia Kuramae	Castalia Nakanobu
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	11,338	5,908	7,236	11,646
Lease and guarantee deposits, etc.	5,910	9,196	-	23,256
Occupancy rate	100.0	100.0	100.0	96.4
Information on revenues and expenses				
(A) Lease business revenues Subtotal	69,906	35,709	43,807	73,473
Lease business revenues - rent	68,032	35,241	43,416	69,291
Other lease business revenues	1,874	468	391	4,181
(B) Expenses related to rent business Subtotal	9,154	6,409	7,980	14,792
Taxes and public dues	3,741	2,126	2,481	3,332
Outsourcing expenses	4,292	2,457	2,707	7,763
Repairs and maintenance expenses	247	728	2,020	2,145
Insurance	91	59	61	71
Utilities expenses	603	306	442	586
Other expenses related to rent business	177	731	267	893
(C) NOI (= A - B)	60,752	29,299	35,827	58,681
(D) Depreciation	11,093	7,211	7,489	13,302
(E) Income (loss) from rent business (= C - D)	49,658	22,088	28,337	45,378
(F) Capital expenditures	-	-	-	543
(G) NCF (= C - F)	60,752	29,299	35,827	58,137
Acquisition price (Millions of yen)	2,160	1,100	1,260	1,790

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(Unit: Thousands of yen, unless otherwise stated)

Property number	2039	2040	2041	2042
Property name	Royal Parks Toyosu	Castalia Togoshi	Castalia Ooimachi	Castalia Omori
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	52,873	11,999	6,238	8,318
Lease and guarantee deposits, etc.	73,633	17,096	5,913	13,711
Occupancy rate	100.0	95.8	100.0	98.5
Information on revenues and expenses				
(A) Lease business revenues Subtotal	333,904	76,449	43,810	52,674
Lease business revenues - rent	317,602	72,190	37,428	48,657
Other lease business revenues	16,301	4,259	6,382	4,016
(B) Expenses related to rent business Subtotal	99,093	18,875	7,239	9,720
Taxes and public dues	18,398	4,262	1,748	2,358
Outsourcing expenses	16,445	8,922	4,694	5,620
Repairs and maintenance expenses	10,831	3,788	—	806
Insurance	576	91	44	68
Utilities expenses	—	779	229	498
Other expenses related to rent business	52,841	1,030	521	367
(C) NOI (= A - B)	234,811	57,573	36,571	42,953
(D) Depreciation	104,643	15,966	7,946	12,979
(E) Income (loss) from rent business (= C - D)	130,167	41,607	28,624	29,974
(F) Capital expenditures	4,936	—	—	132
(G) NCF (= C - F)	229,874	57,573	36,571	42,821
Acquisition price (Millions of yen)	7,360	1,770	1,181	1,500

Property number	2043	2044	2045	2046
Property name	Castalia Mishuku	Castalia Arakawa	Castalia Omori II	Castalia Nakameguro
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	10,838	9,963	12,210	17,568
Lease and guarantee deposits, etc.	19,597	13,529	27,989	47,293
Occupancy rate	96.7	93.6	94.9	93.9
Information on revenues and expenses				
(A) Lease business revenues Subtotal	67,669	63,354	80,200	113,080
Lease business revenues - rent	64,698	59,409	74,636	104,785
Other lease business revenues	2,970	3,944	5,563	8,294
(B) Expenses related to rent business Subtotal	12,109	18,180	15,392	21,161
Taxes and public dues	3,419	3,714	3,647	4,353
Outsourcing expenses	6,167	6,988	6,697	10,294
Repairs and maintenance expenses	1,473	6,352	2,324	3,850
Insurance	90	105	98	79
Utilities expenses	595	746	1,599	2,119
Other expenses related to rent business	362	274	1,026	464
(C) NOI (= A - B)	55,560	45,173	64,807	91,918
(D) Depreciation	13,337	17,084	13,578	12,355
(E) Income (loss) from rent business (= C - D)	42,222	28,088	51,229	79,563
(F) Capital expenditures	658	2,509	—	2,332
(G) NCF (= C - F)	54,902	42,664	64,807	89,585
Acquisition price (Millions of yen)	1,900	1,660	2,370	3,800

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(Unit: Thousands of yen, unless otherwise stated)

Property number	2047	2048	2049	2050
Property name	Castalia Meguro Chojyamaru	Castalia Meguro Takaban	Castalia Omori III	Morino Tonari
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	10,130	8,391	7,654	4,790
Lease and guarantee deposits, etc.	10,745	10,212	10,684	9,107
Occupancy rate	95.7	95.8	94.1	94.1
Information on revenues and expenses				
(A) Lease business revenues Subtotal	61,221	53,949	48,870	30,334
Lease business revenues - rent	59,029	49,433	45,744	28,715
Other lease business revenues	2,191	4,515	3,125	1,618
(B) Expenses related to rent business Subtotal	13,775	10,621	12,836	9,929
Taxes and public dues	3,757	1,666	2,504	1,632
Outsourcing expenses	6,923	5,915	6,227	2,926
Repairs and maintenance expenses	1,884	2,115	2,906	5,057
Insurance	64	53	55	39
Utilities expenses	611	321	396	108
Other expenses related to rent business	534	548	745	165
(C) NOI (= A - B)	47,445	43,327	36,033	20,404
(D) Depreciation	9,199	6,620	10,019	5,441
(E) Income (loss) from rent business (= C - D)	38,246	36,707	26,014	14,963
(F) Capital expenditures	-	693	538	1,071
(G) NCF (= C - F)	47,445	42,634	35,495	19,333
Acquisition price (Millions of yen)	2,030	1,750	1,520	1,020

Property number	2051	2052	2053	3001
Property name	Castalia Meguro Tairamachi	Royal Parks SEASIR	Castalia Honkomagome	Cosmo Heim Musashikosugi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	4,943	37,869	7,786	8,912
Lease and guarantee deposits, etc.	7,570	41,235	10,605	85,460
Occupancy rate	94.1	100.0	92.6	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	33,408	243,647	51,013	56,761
Lease business revenues - rent	29,213	227,217	47,028	53,473
Other lease business revenues	4,194	16,429	3,984	3,288
(B) Expenses related to rent business Subtotal	7,837	86,046	13,311	5,792
Taxes and public dues	1,576	14,743	2,895	3,647
Outsourcing expenses	4,909	7,499	7,226	851
Repairs and maintenance expenses	829	3,522	2,448	687
Insurance	39	513	69	86
Utilities expenses	161	-	318	2
Other expenses related to rent business	321	59,768	354	517
(C) NOI (= A - B)	25,571	157,600	37,701	50,969
(D) Depreciation	4,881	76,230	8,732	5,358
(E) Income (loss) from rent business (= C - D)	20,689	81,370	28,969	45,610
(F) Capital expenditures	-	1,620	772	-
(G) NCF (= C - F)	25,571	155,979	36,929	50,969
Acquisition price (Millions of yen)	1,165	4,350	1,520	1,674

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(Unit: Thousands of yen, unless otherwise stated)

Property number	3002	3003	3006	3007
Property name	Castalia Tsurumi	Castalia Funabashi	Castalia Nishi Funabashi	Castalia Maihama
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	4,135	4,812	5,045	3,619
Lease and guarantee deposits, etc.	7,000	7,030	7,306	4,111
Occupancy rate	97.0	95.5	93.8	93.5
Information on revenues and expenses				
(A) Lease business revenues Subtotal	27,242	30,104	32,961	23,937
Lease business revenues - rent	25,067	27,860	31,095	22,217
Other lease business revenues	2,174	2,244	1,865	1,719
(B) Expenses related to rent business Subtotal	6,605	12,608	8,363	9,435
Taxes and public dues	1,398	1,476	1,431	1,078
Outsourcing expenses	2,705	4,058	3,233	3,343
Repairs and maintenance expenses	681	4,725	2,505	4,075
Insurance	36	35	40	34
Utilities expenses	264	1,692	420	340
Other expenses related to rent business	1,519	619	732	562
(C) NOI (= A - B)	20,637	17,496	24,598	14,501
(D) Depreciation	5,124	5,709	4,897	4,018
(E) Income (loss) from rent business (= C - D)	15,513	11,786	19,700	10,483
(F) Capital expenditures	-	4,210	514	99
(G) NCF (= C - F)	20,637	13,285	24,083	14,402
Acquisition price (Millions of yen)	666	704	783	670

Property number	3008	3010	3011	3012
Property name	Castalia Ichikawamyoden	Castalia Urayasu	Castalia Minamigyotoku	Castalia Minamigyotoku II
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	4,466	3,570	3,016	2,218
Lease and guarantee deposits, etc.	8,352	7,140	4,386	3,038
Occupancy rate	100.0	100.0	98.0	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	26,864	21,471	19,224	13,605
Lease business revenues - rent	26,796	21,264	18,071	12,836
Other lease business revenues	68	206	1,153	768
(B) Expenses related to rent business Subtotal	3,416	7,233	9,894	6,496
Taxes and public dues	1,070	929	891	664
Outsourcing expenses	1,399	1,472	2,048	1,826
Repairs and maintenance expenses	138	4,048	5,920	3,232
Insurance	26	27	27	22
Utilities expenses	200	204	241	198
Other expenses related to rent business	579	550	765	552
(C) NOI (= A - B)	23,447	14,237	9,330	7,108
(D) Depreciation	3,389	3,239	3,117	2,231
(E) Income (loss) from rent business (= C - D)	20,058	10,998	6,213	4,877
(F) Capital expenditures	404	19,698	456	99
(G) NCF (= C - F)	23,043	(5,461)	8,874	7,008
Acquisition price (Millions of yen)	671	592	543	385

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(Unit: Thousands of yen, unless otherwise stated)

Property number	3013	3017	3018	3019
Property name	Castalia Nozeyama	Castalia Ichikawa	Royal Parks Hanakoganei	Castalia Musashikosugi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	2,040	3,280	38,195	8,602
Lease and guarantee deposits, etc.	2,107	7,044	41,411	11,884
Occupancy rate	93.3	100.0	100.0	93.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	13,328	22,579	245,049	57,132
Lease business revenues - rent	12,677	19,680	229,174	52,492
Other lease business revenues	651	2,899	15,874	4,639
(B) Expenses related to rent business Subtotal	3,777	4,431	62,201	13,691
Taxes and public dues	733	881	13,869	2,641
Outsourcing expenses	1,410	2,907	2,498	6,530
Repairs and maintenance expenses	402	25	8,674	3,302
Insurance	21	26	448	63
Utilities expenses	314	201	—	378
Other expenses related to rent business	894	388	36,709	774
(C) NOI (= A - B)	9,551	18,148	182,848	43,440
(D) Depreciation	1,687	3,362	73,701	10,924
(E) Income (loss) from rent business (= C - D)	7,864	14,785	109,146	32,516
(F) Capital expenditures	105	105	1,506	299
(G) NCF (= C - F)	9,446	18,042	181,341	43,140
Acquisition price (Millions of yen)	325	461	5,300	1,680

Property number	3020	3021	3022	3023
Property name	Royal Parks Wakabadai	Pacific Royal Court Minatomirai Urban Tower	L-Place Shinkoyasu	Royal Parks Musasikosugi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	40,678	81,980	9,319	10,826
Lease and guarantee deposits, etc.	124,904	95,465	26,639	24,266
Occupancy rate	100.0	100.0	100.0	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	257,425	519,925	56,853	67,831
Lease business revenues - rent	244,068	491,885	55,918	64,958
Other lease business revenues	13,357	28,040	935	2,872
(B) Expenses related to rent business Subtotal	99,150	207,034	5,486	29,970
Taxes and public dues	18,959	35,905	3,984	3,409
Outsourcing expenses	1,093	42,146	1,136	2,624
Repairs and maintenance expenses	6,059	13,686	—	897
Insurance	473	1,076	99	109
Utilities expenses	—	—	—	—
Other expenses related to rent business	72,563	114,219	266	22,929
(C) NOI (= A - B)	158,274	312,891	51,367	37,860
(D) Depreciation	72,733	179,535	17,724	18,269
(E) Income (loss) from rent business (= C - D)	85,541	133,355	33,642	19,591
(F) Capital expenditures	15,714	535	—	—
(G) NCF (= C - F)	142,560	312,356	51,367	37,860
Acquisition price (Millions of yen)	4,360	9,100	1,720	1,060

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(Unit: Thousands of yen, unless otherwise stated)

Property number	4001	4008	4009	4010
Property name	Castalia Shinsakae	Aprile Tarumi	Crest Kusatsu	Castalia Sakaisuji Honmachi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	8,671	9,322	17,085	9,500
Lease and guarantee deposits, etc.	13,828	27,966	29,605	4,510
Occupancy rate	92.3	100.0	80.7	94.1
Information on revenues and expenses				
(A) Lease business revenues Subtotal	58,486	55,937	107,660	59,520
Lease business revenues - rent	50,600	55,933	94,516	56,254
Other lease business revenues	7,886	4	13,144	3,266
(B) Expenses related to rent business Subtotal	17,760	5,827	81,709	18,245
Taxes and public dues	3,629	5,089	9,152	3,325
Outsourcing expenses	6,461	195	56,255	7,122
Repairs and maintenance expenses	6,305	–	3,430	4,612
Insurance	107	100	315	92
Utilities expenses	656	–	10,092	2,117
Other expenses related to rent business	600	443	2,463	975
(C) NOI (= A – B)	40,726	50,109	25,950	41,275
(D) Depreciation	18,713	9,550	40,825	11,182
(E) Income (loss) from rent business (= C – D)	22,012	40,558	(14,874)	30,093
(F) Capital expenditures	–	–	1,135	–
(G) NCF (= C - F)	40,726	50,109	24,815	41,275
Acquisition price (Millions of yen)	1,920	1,340	3,004	1,490

Property number	4011	4012	4014	4015
Property name	Castalia Shin-Umeda	Castalia Abeno	Castalia Sakae	Castalia Nipponbashi Kouzu
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	8,620	25,157	7,000	25,191
Lease and guarantee deposits, etc.	6,364	19,615	12,640	11,102
Occupancy rate	94.8	90.2	95.2	97.8
Information on revenues and expenses				
(A) Lease business revenues Subtotal	54,340	165,665	44,746	155,643
Lease business revenues - rent	51,219	150,066	41,714	149,190
Other lease business revenues	3,121	15,599	3,031	6,453
(B) Expenses related to rent business Subtotal	22,826	47,442	11,464	44,792
Taxes and public dues	3,289	11,028	3,187	10,032
Outsourcing expenses	6,315	17,415	4,968	22,068
Repairs and maintenance expenses	11,171	14,026	2,425	10,125
Insurance	90	251	81	275
Utilities expenses	1,499	4,039	435	1,819
Other expenses related to rent business	460	682	366	471
(C) NOI (= A – B)	31,514	118,223	33,282	110,850
(D) Depreciation	10,647	28,016	7,491	30,923
(E) Income (loss) from rent business (= C – D)	20,866	90,206	25,791	79,927
(F) Capital expenditures	2,406	9,661	1,078	3,371
(G) NCF (= C - F)	29,108	108,561	32,203	107,478
Acquisition price (Millions of yen)	1,376	4,368	1,010	3,570

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(Unit: Thousands of yen, unless otherwise stated)

Property number	4016	4017	4018	4019
Property name	Castalia Maruyama Urasando	Castalia Maruyama Omotesando	Castalia Higashi Hie	Castalia Tower Nagahoribashi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	3,098	11,029	6,966	25,768
Lease and guarantee deposits, etc.	3,302	12,414	6,818	14,183
Occupancy rate	94.5	88.4	100.0	99.3
Operating income (loss)				
(A) Lease business revenues Subtotal	21,068	78,199	44,079	153,688
Lease business revenues - rent	18,545	67,901	40,543	142,499
Other lease business revenues	2,523	10,298	3,536	11,188
(B) Expenses related to rent business Subtotal	5,977	25,467	10,852	56,589
Taxes and public dues	1,667	7,145	3,244	11,228
Outsourcing expenses	2,203	9,835	4,558	29,390
Repairs and maintenance expenses	1,127	5,713	2,134	11,031
Insurance	34	128	69	252
Utilities expenses	689	1,947	362	4,000
Other expenses related to rent business	254	696	483	685
(C) NOI (= A - B)	15,091	52,732	33,227	97,098
(D) Depreciation	3,050	12,199	8,081	28,638
(E) Income (loss) from rent business (= C - D)	12,040	40,532	25,146	68,460
(F) Capital expenditures	-	-	-	6,516
(G) NCF (= C - F)	15,091	52,732	33,227	90,582
Acquisition price (Millions of yen)	411	1,740	960	3,400

Property number	4020	4021	4022	4023
Property name	Castalia Sannomiya	Castalia Kotodaikoen	Castalia Ichibancho	Castalia Omachi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	8,474	3,848	5,847	5,162
Lease and guarantee deposits, etc.	4,433	3,969	4,365	6,890
Occupancy rate	96.3	98.2	95.2	97.2
Information on revenues and expenses				
(A) Lease business revenues Subtotal	53,789	23,900	38,803	33,388
Lease business revenues - rent	50,973	23,279	36,232	30,990
Other lease business revenues	2,816	620	2,570	2,397
(B) Expenses related to rent business Subtotal	10,555	5,145	8,338	19,850
Taxes and public dues	3,087	1,702	2,842	2,049
Outsourcing expenses	4,401	2,089	3,517	3,333
Repairs and maintenance expenses	1,918	774	1,329	14,028
Insurance	78	48	76	60
Utilities expenses	852	430	425	277
Other expenses related to rent business	216	100	147	100
(C) NOI (= A - B)	43,234	18,754	30,465	13,537
(D) Depreciation	9,727	4,196	5,791	6,002
(E) Income (loss) from rent business (= C - D)	33,506	14,557	24,674	7,535
(F) Capital expenditures	-	-	-	48,239
(G) NCF (= C - F)	43,234	18,754	30,465	(34,702)
Acquisition price (Millions of yen)	1,230	481	783	656

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(Unit: Thousands of yen, unless otherwise stated)

Property number	4024	4025	4026	4027
Property name	Castalia Uemachidai	Castalia Tower Higobashi	Big Tower Minami Sanjo	Castalia Fushimi
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	13,947	20,427	16,817	16,215
Lease and guarantee deposits, etc.	9,514	12,828	14,642	17,307
Occupancy rate	100.0	96.2	98.1	94.8
Information on revenues and expenses				
(A) Lease business revenues Subtotal	87,287	131,635	113,062	105,316
Lease business revenues - rent	79,558	122,739	98,047	94,991
Other lease business revenues	7,729	8,896	15,014	10,325
(B) Expenses related to rent business Subtotal	22,620	35,963	33,343	30,684
Taxes and public dues	5,563	7,413	9,362	6,128
Outsourcing expenses	8,153	16,045	12,755	12,846
Repairs and maintenance expenses	6,883	7,350	8,179	8,478
Insurance	135	165	305	180
Utilities expenses	927	3,398	1,966	1,286
Other expenses related to rent business	955	1,590	774	1,765
(C) NOI (= A - B)	64,667	95,671	79,718	74,631
(D) Depreciation	14,167	19,742	33,317	25,187
(E) Income (loss) from rent business (= C - D)	50,499	75,928	46,401	49,443
(F) Capital expenditures	226	2,842	284	3,848
(G) NCF (= C - F)	64,440	92,829	79,433	70,783
Acquisition price (Millions of yen)	2,190	2,670	1,740	2,260

Property number	4028	4029	4030	4031
Property name	Castalia Meieki Minami	Castalia Yakuin	Castalia Mibu	Castalia Tsutsujigaoka
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	5,213	6,681	6,811	9,239
Lease and guarantee deposits, etc.	7,144	10,252	6,089	20,462
Occupancy rate	100.0	99.2	90.2	100.0
Information on revenues and expenses				
(A) Lease business revenues Subtotal	31,514	41,464	50,152	60,852
Lease business revenues - rent	28,325	38,732	41,298	54,763
Other lease business revenues	3,188	2,732	8,853	6,089
(B) Expenses related to rent business Subtotal	10,406	11,586	15,150	11,636
Taxes and public dues	1,874	3,019	2,831	3,762
Outsourcing expenses	4,408	4,882	5,723	5,001
Repairs and maintenance expenses	2,764	2,821	4,942	1,439
Insurance	46	75	72	106
Utilities expenses	326	512	1,169	407
Other expenses related to rent business	986	275	410	919
(C) NOI (= A - B)	21,107	29,877	35,002	49,215
(D) Depreciation	6,642	10,596	12,048	14,455
(E) Income (loss) from rent business (= C - D)	14,465	19,280	22,953	34,759
(F) Capital expenditures	—	300	1,205	227
(G) NCF (= C - F)	21,107	29,577	33,796	48,987
Acquisition price (Millions of yen)	720	930	1,193	1,208

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Financial Results for the Fiscal Period Ended August 31, 2016

(Unit: Thousands of yen, unless otherwise stated)

Property number	4032	4033	4034	4035
Property name	Castalia Ohori Bay Tower	Royal Parks Namba	Castalia Shigahondori	Castalia Kyoto Nishioji
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	15,290	21,394	11,490	5,068
Lease and guarantee deposits, etc.	14,157	24,975	24,407	1,680
Occupancy rate	62.2	100.0	94.0	95.1
Information on revenues and expenses				
(A) Lease business revenues Subtotal	147,869	135,698	74,270	32,330
Lease business revenues - rent	97,195	128,364	68,619	29,518
Other lease business revenues	50,673	7,333	5,651	2,811
(B) Expenses related to rent business Subtotal	32,866	34,193	19,620	8,088
Taxes and public dues	12,637	9,667	4,338	1,809
Outsourcing expenses	10,924	4,655	6,286	3,403
Repairs and maintenance expenses	1,345	7,383	6,976	1,386
Insurance	349	254	107	64
Utilities expenses	6,144	106	629	1,108
Other expenses related to rent business	1,465	12,125	1,281	316
(C) NOI (= A - B)	115,002	101,505	54,649	24,242
(D) Depreciation	42,405	42,012	20,155	7,992
(E) Income (loss) from rent business (= C - D)	72,596	59,492	34,494	16,249
(F) Capital expenditures	—	643	422	364
(G) NCF (= C - F)	115,002	100,862	54,227	23,877
Acquisition price (Millions of yen)	2,910	2,830	1,730	973

Property number	6001	6002	Total
Property name	Urban Living Inage	Aburatsubo Marina HILLS	
Period for asset management	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016	From March 1, 2016 to August 31, 2016
Monthly rent (including common service fees)	6,510	7,291	—
Lease and guarantee deposits, etc.	41,937	53,900	—
Occupancy rate	100.0	100.0	—
Information on revenues and expenses			
(A) Lease business revenues Subtotal	39,060	43,749	9,691,138
Lease business revenues - rent	39,060	43,749	9,020,350
Other lease business revenues	—	—	670,787
(B) Expenses related to rent business Subtotal	3,976	3,950	2,713,558
Taxes and public dues	2,494	2,465	552,179
Outsourcing expenses	—	150	956,941
Repairs and maintenance expenses	1,131	980	549,306
Insurance	77	131	14,511
Utilities expenses	—	—	121,597
Other expenses related to rent business	273	222	519,021
(C) NOI (= A - B)	35,083	39,798	6,977,579
(D) Depreciation	12,457	14,892	2,033,025
(E) Income (loss) from rent business (= C - D)	22,625	24,906	4,944,553
(F) Capital expenditures	728	144	457,127
(G) NCF (= C - F)	34,354	39,654	6,520,452
Acquisition price (Millions of yen)	930	1,100	256,349

2. Summary of major tenants

(1) List of major tenants

Property name, leased area and ratio of leased area of a tenant to the total leased area of each major tenant for real estate and real estate in trust are as follows. A major tenant is a tenant for which leased area accounts for 10% or more of the total of leased areas in the entire portfolio.

(As of August 31, 2016)

Tenant	Business	Property name	Annual rent (Thousands of yen) (Note 1)	Leasehold and security deposit (Thousands of yen) (Note 2)	Leased area (m ²) (Note 3)	Ratio of leased area of a tenant to the total leased area (%) (Note 4)
Daiwa Living Management Co., Ltd.	Rent business	Castalia Nishi Azabu Kasumicho and others Total: 88	9,062,070	903,995	228,060.69	46.9
Daiwa Living Co., Ltd.	Asset management business	Royal Parks Toyosu and others Total: 9	3,419,037	422,881	114,164.59	23.5
MORIMOTO QUALITY Co., Ltd.	Asset management business	Qiz Ebisu and others Total: 28	3,271,113	599,113	58,912.53	12.1
Total of major tenants			15,752,221	1,925,989	401,137.81	82.5
Total of all portfolio			18,177,328	2,479,401	486,130.87	100.0

(Note 1) “Annual rent” represents the amount calculated by multiplying the total monthly rent that is presented in each lease agreement entered into with the tenant (including common service fees, but excluding usage fees for attached facilities such as parking lot and trunk rooms, and consumption tax, etc.) by 12, rounded down to the nearest thousand yen. However, in the case where the tenant is a master lease company and the master lease agreement is a pass-through type, the annual rent represents the amount calculated by multiplying the total monthly rent that is presented in the lease agreement, etc. entered into between the master lease company as the tenant and each end-tenant (including common service fees, but excluding usage fees for attached facilities such as parking lot and trunk rooms, and consumption tax, etc.) by 12, rounded down to the nearest thousand yen.

(Note 2) “Leasehold and security deposit” represents the total amount of outstanding leasehold and security deposit that DHR is obliged to return to the tenant based on the lease agreement (including master lease agreement) conclude between the tenant (however, 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 after subtracting these deductions is shown), rounded down to the nearest thousand yen.

(Note 3) “Leased area” is the sum of the floor space indicated in lease or sublease agreements with end-tenants as of August 31, 2016.

(Note 4) Figures are rounded to the nearest tenth.

(2) Lease terms for major tenants

DHR's lease terms expiration date and contract renewal method of each real estate or real estate in trust for major tenants are as follows:

(As of August 31, 2016)

Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
1001	Qiz Ebisu	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1002	Castalia Azabujuban Shichimenzaka	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1003	Castalia Shibakoen	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1004	Castalia Ginza	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1005	Castalia Hiroo	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1006	Castalia Nihonbashi	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1007	Castalia Hacchobori	March 6, 2017	The contract may be extended upon consultation.	M
1008	Castalia Azabujuban	May 31, 2017	The contract may be extended upon consultation.	M
1009	Castalia Azabujuban II	May 31, 2017	The contract may be extended upon consultation.	M
1010	Castalia Shinjuku Natsumezaka	May 31, 2017	The contract may be extended upon consultation.	M
1012	Castalia Shibuya Sakuragaoka	May 31, 2017	The contract may be extended upon consultation.	M
1015	Castalia Nishi Azabu Kasumicho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1016	Castalia Ochanomizu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1017	Castalia Sangubashi	July 31, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1018	Castalia Suitengu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1019	Castalia Suitengu II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1020	Castalia Shintomicho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1021	Castalia Shintomicho II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
1022	Castalia Harajuku	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1023	Castalia Yoyogi Uehara	July 31, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1024	Castalia Sendagaya	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1025	Castalia Shinjuku 7 chome	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1027	Castalia Ningyocho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1028	Castalia Ningyocho II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1029	Castalia Shin-Ochanomizu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1030	Castalia Higashi Nihonbashi II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1031	Castalia Jinbocho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1032	Castalia Shintomicho III	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1033	Castalia Shinjuku Gyoen	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1034	Castalia Takanawadai	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1035	Castalia Higashi Nihonbashi III	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1036	Castalia Shinjuku Gyoen II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1037	Castalia Shintomicho IV	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
1038	Castalia Takanawadai II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1039	Castalia Minami Azabu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1040	Castalia Ginza III	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1041	Castalia Kayabacho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1042	Castalia Takanawa	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1043	Castalia Higashi Nihonbashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1045	Castalia Shinjuku	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1046	Castalia Ichigaya	March 31, 2018	The contract shall be extended in accordance with the length of extension of the trust contract.	M
1048	Castalia Hatsudai	December 31, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
1049	Castalia Hatsudai II	September 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
1050	Castalia Ebisu	September 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2001	Castalia Meguro Kamurozaka	November 30, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
2002	Castalia Toritsudaigaku	February 28, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
2004	Castalia Yukigaya	March 6, 2017	The contract may be extended upon consultation.	M
2005	Castalia Yutenji	May 31, 2017	The contract may be extended upon consultation.	M
2006	Castalia Otsuka	May 31, 2017	The contract may be extended upon consultation.	M
2007	Castalia Kikukawa	May 31, 2017	The contract may be extended upon consultation.	M
2008	Castalia Meguro	July 31, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M

Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
2009	Castalia Otsuka II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2010	Castalia Jiyugaoka	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2011	Castalia Mejiro	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2012	Castalia Ikebukuro	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2013	Castalia Kaname-cho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2014	Castalia Tower Shinagawa Seaside	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2015	Castalia Yakumo	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2016	Castalia Togoshiekimae	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2018	Castalia Honjo Azumabashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2019	Castalia Kitazawa	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2020	Castalia Monzennakacho	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2023	Castalia Kamiikedai	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2024	Castalia Morishita	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2025	Castalia Wakabayashi koen	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

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Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
2026	Castalia Asakusabashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2027	Castalia Iriya	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2028	Castalia Kita Ueno	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2029	Castalia Morishita II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2030	Castalia Minowa	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2031	Castalia Oyamadai	July 31, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
2032	Castalia Nakano	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2033	Castalia Yoga	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2034	Castalia Sumiyoshi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2035	Castalia Monzennakacho II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2036	Castalia Oshiage	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2037	Castalia Kuramae	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2038	Castalia Nakanobu	March 31, 2018	The contract shall be extended in accordance with the length of extension of the trust contract.	M
2039	Royal Parks Toyosu	February 28, 2043	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
2040	Castalia Togoshi	October 31, 2020	The contract shall be extended in accordance with the length of extension of the trust contract.	M
2041	Castalia Ooimachi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

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Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
2042	Castalia Omori	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2043	Castalia Mishuku	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2044	Castalia Arakawa	March 31, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	L
2045	Castalia Omori II	March 31, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
2046	Castalia Nakameguro	November 30, 2017	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	M
2047	Castalia Meguro Chojyamaru	September 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2048	Castalia Meguro Takaban	September 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2049	Castalia Omori III	September 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2050	Morino Tonari	June 30, 2018	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2051	Castalia Meguro Tairamachi	September 25, 2018	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
2052	Royal Parks SEASIR	December 31, 2021	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
2053	Castalia Honkomagome	May 31, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3001	Cosmo Heim Musashikosugi	January 31, 2018	The contract shall be automatically renewed for an additional one year under the same terms unless either the lessor or lessee provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	L
3002	Castalia Tsurumi	May 31, 2017	The contract may be extended upon consultation.	M
3003	Castalia Funabashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3006	Castalia Nishi Funabashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
3007	Castalia Maihama	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3008	Castalia Ichikawamyoden	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3010	Castalia Urayasu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3011	Castalia Minamigyotoku	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3012	Castalia Minamigyotoku II	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3013	Castalia Nogeyama	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3017	Castalia Ichikawa	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3018	Royal Parks Hanakoganei	March 17, 2021	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
3019	Castalia Musashikosugi	September 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3020	Royal Parks Wakabadai (Residential) (Note 2)	March 31, 2022	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
3021	Pacific Royal Court Minatomirai Urban Tower	December 31, 2021	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
3022	L-Place Shinkoyasu	May 31, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
3023	Royal Parks Musasikosugi	December 31, 2021	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
4001	Castalia Shinsakae	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4009	Crest Kusatsu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4010	Castalia Sakaisuji Honmachi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

Property number	Property name	Expiration date	Contract renewal method	Tenant name (Note 1)
4011	Castalia Shin-Umeda	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4012	Castalia Abeno	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4014	Castalia Sakae	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4015	Castalia Nipponbashi Kouzu	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4019	Castalia Tower Nagahoribashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4020	Castalia Sannomiya	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4024	Castalia Uemachidai	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4025	Castalia Tower Higobashi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4027	Castalia Fushimi	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4028	Castalia Meieki Minami	March 31, 2019	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D
4033	Royal Parks Namba	March 24, 2021	The contract shall be terminated without renewal. However, new contract can be entered into effective from the next day of the contract expiry date if both the lessor and the lessee agree.	L
4034	Castalia Shigahondori	June 30, 2017	The contract shall be automatically renewed for an additional two years under the same terms unless the lessor, lessee or asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter.	D

(Note 1) In “Tenant name,” “M” represents “MORIMOTO QUALITY Co., Ltd.,” “D” represents “Daiwa Living Management Co., Ltd.,” and “L” represents “Daiwa Living Co., Ltd.”

(Note 2) Only the residential portion of Royal Parks Wakabada (Residential) excluding the store portion is tenanted by Daiwa Living Co., Ltd.

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 Morii Appraisal & Investment Consulting, Inc. 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, 2016.

The appraisal value does not provide any guarantees or promises that the relevant real state or real state 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 value (Millions of yen) (Note 1)	Estimated value information						Appraisal agency (Note 4)
			Value based on income method (Note 2)					Value based on cost method (Millions of yen) (Note 3)	
			Direct capitalization method		DCF method				
			Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)		
1001	Qiz Ebisu	8,170	8,360	4.1	8,090	4.3	4.3	5,560	T
1002	Castalia Azabujuban Shichimenzaka	4,140	4,200	4.3	4,140	4.1	4.5	3,010	C
1003	Castalia Shibakoen	2,090	2,120	4.5	2,080	4.6	4.7	1,680	T
1004	Castalia Ginza	2,120	2,150	4.4	2,100	4.5	4.6	2,630	T
1005	Castalia Hiroo	1,810	1,870	4.3	1,790	4.4	4.5	1,520	T
1006	Castalia Nihonbashi	1,120	1,130	4.5	1,110	4.6	4.7	952	T
1007	Castalia Hacchobori	2,150	2,180	4.5	2,130	4.6	4.7	1,240	T
1008	Castalia Azabujuban	2,620	2,690	4.3	2,620	4.1	4.5	1,540	C
1009	Castalia Azabujuban II	2,450	2,520	4.2	2,450	4.0	4.4	1,380	C
1010	Castalia Shinjuku Natsumezaka	1,650	1,700	4.4	1,650	4.2	4.6	1,360	C
1011	Castalia Ginza II	1,640	1,660	4.4	1,630	4.5	4.6	1,090	T
1012	Castalia Shibuya Sakuragaoka	1,130	1,160	4.2	1,120	4.4	4.4	1,240	T
1015	Castalia Nishi Azabu Kasumicho	2,150	2,180	4.4	2,140	4.5	4.6	3,450	T
1016	Castalia Ochanomizu	2,050	2,080	4.4	2,020	4.2	4.6	1,480	F
1017	Castalia Sangubashi	1,470	1,490	4.4	1,460	4.6	4.6	1,910	T
1018	Castalia Suitengu	1,330	1,340	4.6	1,320	4.6	4.8	818	T
1019	Castalia Suitengu II	1,190	1,200	4.5	1,180	4.6	4.7	805	T
1020	Castalia Shintomicho	981	988	4.6	978	4.6	4.8	621	T
1021	Castalia Shintomicho II	866	872	4.6	864	4.6	4.8	488	T
1022	Castalia Harajuku	888	901	4.3	874	4.1	4.5	884	F
1023	Castalia Yoyogi Uehara	685	694	4.4	676	4.2	4.6	626	F
1024	Castalia Sendagaya	580	589	4.4	570	4.2	4.6	534	F
1025	Castalia Shinjuku 7 chome	503	509	4.7	496	4.5	4.9	492	F
1027	Castalia Ningyocho	1,160	1,180	4.4	1,140	4.2	4.6	710	F
1028	Castalia Ningyocho II	1,310	1,320	4.4	1,290	4.2	4.6	776	F
1029	Castalia Shin-Ochanomizu	1,030	1,040	4.4	1,020	4.2	4.6	851	F
1030	Castalia Higashi Nihonbashi II	1,610	1,630	4.4	1,590	4.2	4.6	1,060	F
1031	Castalia Jinbocho	1,390	1,400	4.4	1,370	4.2	4.6	1,020	F
1032	Castalia Shintomicho III	728	739	4.5	716	4.2	4.8	509	F
1033	Castalia Shinjuku Gyoen	2,950	3,010	4.5	2,930	(Note 5)	4.7	1,970	T
1034	Castalia Takanawadai	985	999	4.3	970	4.1	4.5	856	F
1035	Castalia Higashi Nihonbashi III	765	772	4.4	762	4.2	4.6	551	D
1036	Castalia Shinjuku Gyoen II	487	500	4.5	481	4.7	4.7	339	T
1037	Castalia Shintomicho IV	444	449	4.4	442	4.2	4.6	314	D
1038	Castalia Takanawadai II	1,300	1,320	4.3	1,280	4.1	4.5	1,110	F
1039	Castalia Minami Azabu	671	680	4.3	661	4.1	4.5	664	F
1040	Castalia Ginza III	2,840	2,880	4.4	2,820	4.5	4.6	2,330	T
1041	Castalia Kayabacho	2,960	2,970	4.6	2,950	4.6	4.8	1,850	T
1042	Castalia Takanawa	7,520	7,720	4.5	7,440	4.8	4.7	9,570	T
1043	Castalia Higashi Nihonbashi	3,960	3,880	4.6	3,960	4.4	4.8	3,490	C
1045	Castalia Shinjuku	3,280	3,350	4.4	3,250	4.6	4.6	2,540	T

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Property number	Property name	Appraisal value (Millions of yen) (Note 1)	Estimated value information						Appraisal agency (Note 4)
			Value based on income method (Note 2)					Value based on cost method (Millions of yen) (Note 3)	
			Direct capitalization method		DCF method				
			Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)		
1046	Castalia Ichigaya	1,330	1,350	4.4	1,330	4.2	4.6	900	C
1047	Shibaura Island Bloom Tower	8,540	—	—	8,540	4.1	6.2	6,560	F
1048	Castalia Hatsudai	2,240	2,270	4.4	2,230	4.2	4.6	1,880	D
1049	Castalia Hatsudai II	2,070	2,100	4.2	2,030	4.0	4.4	1,530	M
1050	Castalia Ebisu	1,600	1,620	4.1	1,570	3.9	4.3	1,140	M
2001	Castalia Meguro Kamurozaka	4,140	4,200	4.3	4,110	4.1	4.5	2,850	D
2002	Castalia Toritsudaigaku	555	567	5.2	555	5.0	5.5	325	C
2004	Castalia Yukigaya	1,070	1,090	4.6	1,060	4.7	4.8	767	T
2005	Castalia Yutenji	1,240	1,280	4.3	1,240	4.1	4.5	664	C
2006	Castalia Otsuka	1,590	1,600	4.4	1,590	4.2	4.6	849	C
2007	Castalia Kikukawa	737	741	4.7	735	4.8	4.9	515	T
2008	Castalia Meguro	932	941	4.6	923	4.3	4.8	860	F
2009	Castalia Otsuka II	1,200	1,220	4.5	1,180	4.3	4.7	815	F
2010	Castalia Jiyugaoka	1,340	1,360	4.3	1,320	4.1	4.5	1,220	F
2011	Castalia Mejiro	1,050	1,070	4.7	1,050	4.5	4.9	624	C
2012	Castalia Ikebukuro	2,690	2,720	4.4	2,680	4.2	4.6	1,730	D
2013	Castalia Kaname-cho	1,200	1,210	4.6	1,190	4.8	4.8	665	T
2014	Castalia Tower Shinagawa Seaside	8,370	8,410	4.6	8,350	4.6	4.8	6,460	T
2015	Castalia Yakumo	744	757	4.5	738	4.7	4.7	831	T
2016	Castalia Togoshiekimae	1,890	1,910	4.5	1,860	4.3	4.7	1,480	F
2018	Castalia Honjo Azumabashi	1,060	1,070	4.8	1,050	4.9	5.0	708	T
2019	Castalia Kitazawa	796	807	4.4	785	4.2	4.6	762	F
2020	Castalia Monzennakacho	510	517	4.9	507	5.0	5.1	259	T
2023	Castalia Kamiikedai	212	213	5.1	210	4.7	5.3	155	F
2024	Castalia Morishita	985	997	4.5	973	4.3	4.7	674	F
2025	Castalia Wakabayashi koen	809	820	4.4	804	4.2	4.6	824	D
2026	Castalia Asakusabashi	913	911	4.6	913	4.4	4.8	555	C
2027	Castalia Iriya	641	646	5.0	641	4.8	5.2	429	C
2028	Castalia Kita Ueno	2,590	2,620	4.7	2,580	4.8	4.9	1,610	T
2029	Castalia Morishita II	771	776	4.6	769	4.7	4.8	515	T
2030	Castalia Minowa	1,510	1,530	4.6	1,500	4.7	4.8	910	T
2031	Castalia Oyamadai	583	587	4.5	581	4.6	4.7	639	T
2032	Castalia Nakano	1,200	1,210	4.4	1,180	4.2	4.6	961	F
2033	Castalia Yoga	1,110	1,130	4.4	1,100	4.6	4.6	849	T
2034	Castalia Sumiyoshi	983	993	4.6	978	4.7	4.8	601	T
2035	Castalia Monzennakacho II	2,600	2,630	4.4	2,560	4.2	4.6	1,770	F
2036	Castalia Oshiage	1,100	1,100	4.7	1,100	(Note 6)	4.9	761	T
2037	Castalia Kuramae	1,430	1,450	4.6	1,420	(Note 7)	4.8	782	T
2038	Castalia Nakanobu	2,560	2,580	4.4	2,560	4.2	4.6	1,330	C
2039	Royal Parks Toyosu	9,190	9,350	4.8	9,190	4.5	5.1	6,470	C
2040	Castalia Togoshi	2,500	2,530	4.5	2,500	4.3	4.7	1,500	C
2041	Castalia Ooimachi	1,450	1,460	4.2	1,440	4.1	4.4	647	M
2042	Castalia Omori	1,760	1,790	4.5	1,760	4.3	4.7	921	C
2043	Castalia Mishuku	2,280	2,320	4.5	2,280	4.3	4.7	1,690	C
2044	Castalia Arakawa	2,100	2,130	4.7	2,100	4.5	4.9	1,390	C
2045	Castalia Omori II	2,760	2,800	4.3	2,720	4.1	4.5	1,470	M
2046	Castalia Nakameguro	4,400	4,460	4.1	4,330	3.9	4.3	2,910	M
2047	Castalia Meguro Chojyamaru	2,300	2,340	4.1	2,260	3.9	4.3	2,110	M
2048	Castalia Meguro Takaban	1,880	1,910	4.4	1,850	4.2	4.6	1,530	M
2049	Castalia Omori III	1,690	1,720	4.3	1,660	4.1	4.5	906	M
2050	Morino Tonari	1,170	1,180	4.3	1,150	4.1	4.5	1,090	F
2051	Castalia Meguro Tairamachi	1,240	1,270	4.1	1,210	3.9	4.3	1,360	M
2052	Royal Parks SEASIR	4,830	4,920	5.6	4,830	(Note 8)	—	4,190	M

Property number	Property name	Appraisal value (Millions of yen) (Note 1)	Estimated value information						Appraisal agency (Note 4)
			Value based on income method (Note 2)					Value based on cost method (Millions of yen) (Note 3)	
			Direct capitalization method		DCF method				
			Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)		
2053	Castalia Honkomagome	1,670	1,690	4.5	1,640	4.3	4.7	1,940	M
3001	Cosmo Heim Musashikosugi	1,940	2,000	5.0	1,940	4.8	5.2	2,020	C
3002	Castalia Tsurumi	720	725	5.3	720	5.1	5.5	443	C
3003	Castalia Funabashi	770	771	5.2	770	(Note 9)	5.4	354	T
3006	Castalia Nishi Funabashi	887	896	5.4	878	5.2	5.6	634	F
3007	Castalia Maihama	635	645	5.4	630	5.4	5.6	405	T
3008	Castalia Ichikawamyoden	703	619	5.3	739	5.5	5.6	384	T
3010	Castalia Urayasu	614	565	5.3	635	5.3	5.6	324	T
3011	Castalia Minamigyotoku	493	496	5.2	491	5.2	5.4	326	T
3012	Castalia Minamigyotoku II	338	338	5.2	338	5.2	5.4	241	T
3013	Castalia Nogeyama	317	320	5.4	313	5.2	5.6	293	F
3017	Castalia Ichikawa	513	515	5.4	510	5.2	5.6	410	F
3018	Royal Parks Hanakoganei	5,900	5,860	5.3	5,920	(Note 10)	—	3,740	D
3019	Castalia Musashikosugi	1,900	1,920	4.6	1,870	4.4	4.8	1,220	M
3020	Royal Parks Wakabadai	4,750	4,690	5.4	4,770	(Note 11)	—	4,730	D
3021	Pacific Royal Court Minatomirai Urban Tower	10,600	10,800	5.1	10,600	(Note 12)	—	7,900	M
3022	L-Place Shinkoyasu	1,940	1,960	5.2	1,920	5.0	5.4	1,640	F
3023	Royal Parks Musasikosugi	1,270	1,290	5.1	1,270	(Note 13)	—	1,100	M
4001	Castalia Shinsakae	1,580	1,580	5.1	1,580	4.9	5.3	1,320	C
4008	Aprile Tarumi	1,550	1,560	5.7	1,530	5.5	5.9	1,530	F
4009	Crest Kusatsu	1,940	1,990	7.1	1,920	7.2	7.3	1,900	T
4010	Castalia Sakaisuji Honmachi	1,600	1,610	5.1	1,600	5.2	5.3	1,120	T
4011	Castalia Shin-Umeda	1,420	1,430	5.2	1,420	5.3	5.4	1,050	T
4012	Castalia Abeno	4,620	4,680	5.1	4,600	5.2	5.3	4,230	T
4014	Castalia Sakae	1,190	1,180	5.0	1,190	4.8	5.2	1,110	C
4015	Castalia Nipponbashi Kouzu	3,740	3,740	5.2	3,740	5.3	5.4	2,810	T
4016	Castalia Maruyama Urasando	494	494	5.3	494	5.3	5.5	474	T
4017	Castalia Maruyama Omotesando	1,940	1,940	5.3	1,940	5.3	5.5	1,920	T
4018	Castalia Higashi Hie	985	989	5.2	983	5.4	5.4	846	T
4019	Castalia Tower Nagahoribashi	4,370	4,410	4.9	4,370	4.7	5.1	3,450	C
4020	Castalia Sannomiya	1,470	1,480	5.2	1,460	5.0	5.4	909	D
4021	Castalia Kotodaikoen	536	535	5.5	536	5.5	5.7	596	D
4022	Castalia Ichibancho	915	922	5.5	912	5.5	5.7	955	D
4023	Castalia Omachi	726	723	5.5	727	5.5	5.7	686	D
4024	Castalia Uemachidai	2,590	2,620	4.9	2,570	4.7	5.1	2,250	D
4025	Castalia Tower Higobashi	3,490	3,520	4.9	3,490	4.7	5.1	2,480	C
4026	Big Tower Minami Sanjo	2,490	2,490	5.4	2,490	5.2	5.6	2,950	D
4027	Castalia Fushimi	2,980	3,010	5.0	2,950	4.8	5.2	2,740	F
4028	Castalia Meieki Minami	897	910	4.7	884	4.5	4.9	601	M
4029	Castalia Yakuin	1,110	1,120	4.8	1,090	4.6	5.0	942	M
4030	Castalia Mibu	1,440	1,460	5.0	1,420	4.8	5.2	1,030	F
4031	Castalia Tsutsujigaoka	1,690	1,700	5.1	1,670	4.9	5.3	1,150	M
4032	Castalia Ohori Bay Tower	3,750	3,830	5.3	3,660	5.1	5.5	3,080	M
4033	Royal Parks Namba	3,080	3,080	5.7	3,080	(Note 14)	—	1,860	D
4034	Castalia Shigahondori	2,140	2,160	5.2	2,120	5.0	5.4	1,420	F
4035	Castalia Kyoto Nishioji	1,030	1,040	4.9	1,010	4.7	5.1	649	M
6001	Urban Living Inage	1,260	1,270	5.4	1,250	5.2	5.6	702	D
6002	Aburatsubo Marina HILLS	1,250	1,260	6.2	1,240	6.0	6.4	899	F

(Note 1) “Appraisal value” represents the appraisal value with the appraisal date of August 31, 2016.

(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 calculated by discounting net cash flow for consecutive periods and terminal value depending on the period to which each belongs.

- (Note 3) “Value based on cost method” is value calculated by a technique (the cost method) focusing on expenses for replacement of real estate, where a replacement cost for real estate as of the date of the value estimate is evaluated and the replacement cost is depreciated to calculate the estimated value of the real estate.
- (Note 4) 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 Morii Appraisal & Investment Consulting, Inc.
- (Note 5) 4.7% (1st to 10th year from appraisal date)/ 4.7% (11th year from appraisal date)
- (Note 6) 5.0% (1st to 10th year from appraisal date)/4.8% (11th year from appraisal date)
- (Note 7) 4.8% (1st to 10th year from appraisal date)/4.7% (11th year from appraisal date)
- (Note 8) 5.4% (1st to 10th year from appraisal date)/5.8% (11th year from appraisal date to expiration of the land leasehold agreement)
- (Note 9) 5.2% (1st to 3rd year from appraisal date)/5.0% (4th to 11th year from appraisal date)
- (Note 10) 5.1% (1st to 10th year from appraisal date)/5.5% (11th year from appraisal date to expiration of the land leasehold agreement)
- (Note 11) 5.2% (1st to 10th year from appraisal date)/5.6% (11th year from appraisal date to expiration of the land leasehold agreement)
- (Note 12) 4.9% (1st to 10th year from appraisal date)/5.3% (11th year from appraisal date to expiration of the land leasehold agreement)
- (Note 13) 4.9% (1st to 10th year from appraisal date)/5.3% (11th year from appraisal date to expiration of the land leasehold agreement)
- (Note 14) 5.6% (1st to 10th year from appraisal date)/6.0% (11th year from appraisal date to expiration of the land leasehold agreement)

4. Summary of report on earthquake risk analysis

A summary of the report on earthquake risk analysis obtained for each real estate or real estate in trust, which was owned by DHR as of August 31, 2016, is as follows:

Property number	Property name	Probable maximum loss (%) (Note)	Appraisal agency of probable maximum loss
1001	Qiz Ebisu	3.4	Tokio Marine & Nichido Risk Consulting Co., Ltd.
1002	Castalia Azabujuban Shichimenzaka	2.3	
1003	Castalia Shibakoen	3.9	
1004	Castalia Ginza	2.8	
1005	Castalia Hiroo	6.0	
1006	Castalia Nihonbashi	2.7	
1007	Castalia Hacchobori	5.2	
1008	Castalia Azabujuban	3.8	
1009	Castalia Azabujuban II	3.8	
1010	Castalia Shinjuku Natsumezaka	5.1	
1011	Castalia Ginza II	2.5	
1012	Castalia Shibuya Sakuragaoka	7.6	
1015	Castalia Nishi Azabu Kasumicho	5.0	
1016	Castalia Ochanomizu	6.8	
1017	Castalia Sangubashi	4.2	
1018	Castalia Suitengu	6.6	
1019	Castalia Suitengu II	6.9	
1020	Castalia Shintomicho	5.4	
1021	Castalia Shintomicho II	3.6	
1022	Castalia Harajuku	9.6	
1023	Castalia Yoyogi Uehara	9.1	
1024	Castalia Sendagaya	10.3	
1025	Castalia Shinjuku 7 chome	4.9	
1027	Castalia Ningyocho	4.9	
1028	Castalia Ningyocho II	5.4	
1029	Castalia Shin-Ochanomizu	5.7	
1030	Castalia Higashi Nihonbashi II	4.8	
1031	Castalia Jinbocho	5.6	
1032	Castalia Shintomicho III	3.2	
1033	Castalia Shinjuku Gyoen	2.9	
1034	Castalia Takanawadai	6.9	

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Property number	Property name	Probable maximum loss (%) (Note)	Appraisal agency of probable maximum loss
1035	Castalia Higashi Nihonbashi III	4.6	Tokio Marine & Nichido Risk Consulting Co., Ltd.
1036	Castalia Shinjuku Gyoen II	4.8	
1037	Castalia Shintomicho IV	5.8	
1038	Castalia Takanawadai II	10.0	
1039	Castalia Minami Azabu	5.0	
1040	Castalia Ginza III	2.7	
1041	Castalia Kayabacho	5.0	
1042	Castalia Takanawa	4.0	
1043	Castalia Higashi Nihonbashi	2.2	
1045	Castalia Shinjuku	4.3	
1046	Castalia Ichigaya	7.5	
1047	Shibaura Island Bloom Tower	2.0	
1048	Castalia Hatsudai	3.9	
1049	Castalia Hatsudai II	4.9	
1050	Castalia Ebisu	3.4	
2001	Castalia Meguro Kamurozaka	2.6	
2002	Castalia Toritsudaigaku	5.9	
2004	Castalia Yukigaya	2.5	
2005	Castalia Yutenji	8.5	
2006	Castalia Otsuka	4.3	
2007	Castalia Kikukawa	7.6	
2008	Castalia Meguro	4.2	
2009	Castalia Otsuka II	3.8	
2010	Castalia Jiyugaoka	9.3	
2011	Castalia Mejiro	5.3	
2012	Castalia Ikebukuro	2.8	
2013	Castalia Kaname-cho	2.3	
2014	Castalia Tower Shinagawa Seaside	3.1	
2015	Castalia Yakumo	9.1	
2016	Castalia Togoshiekimae	5.6	
2018	Castalia Honjo Azumabashi	4.5	
2019	Castalia Kitazawa	4.4	
2020	Castalia Monzennakacho	8.1	
2023	Castalia Kamiikedai	11.2	
2024	Castalia Morishita	6.7	
2025	Castalia Wakabayashi koen	3.4	
2026	Castalia Asakusabashi	2.8	
2027	Castalia Iriya	5.4	
2028	Castalia Kita Ueno	3.3	
2029	Castalia Morishita II	6.7	
2030	Castalia Minowa	5.4	
2031	Castalia Oyamadai	8.7	
2032	Castalia Nakano	3.9	
2033	Castalia Yoga	5.6	
2034	Castalia Sumiyoshi	6.8	
2035	Castalia Monzennakacho II	7.3	
2036	Castalia Oshiage	6.5	
2037	Castalia Kuramae	4.1	
2038	Castalia Nakanobu	2.8	
2039	Royal Parks Toyosu	7.2	
2040	Castalia Togoshi	3.8	
2041	Castalia Ooimachi	3.9	
2042	Castalia Omori	3.7	
2043	Castalia Mishuku	5.9	
2044	Castalia Arakawa	4.5	
2045	Castalia Omori II	4.0	
2046	Castalia Nakameguro	3.6	
2047	Castalia Meguro Chojyamaru	3.1	
2048	Castalia Meguro Takaban	7.0	
2049	Castalia Omori III	3.7	

Property number	Property name	Probable maximum loss (%) (Note)	Appraisal agency of probable maximum loss
2050	Morino Tonari	4.6	Tokio Marine & Nichido Risk Consulting Co., Ltd.
2051	Castalia Meguro Tairamachi	6.2	
2052	Royal Parks SEASIR	3.6	
2053	Castalia Honkomagome	6.6	
3001	Cosmo Heim Musashikosugi	9.1	
3002	Castalia Tsurumi	9.0	
3003	Castalia Funabashi	3.0	
3006	Castalia Nishi Funabashi	3.6	
3007	Castalia Maihama	6.5	
3008	Castalia Ichikawamyoden	4.2	
3010	Castalia Urayasu	7.0	
3011	Castalia Minamigyotoku	5.6	
3012	Castalia Minamigyotoku II	7.8	
3013	Castalia Nozeyama	5.3	
3017	Castalia Ichikawa	2.7	
3018	Royal Parks Hanakoganei	4.5	
3019	Castalia Musashikosugi	6.4	
3020	Frespo Wakabadai EAST (Retail)	6.2	
	Royal Parks Wakabadai (Residential)	4.4	
3021	Pacific Royal Court Minatomirai Urban Tower	3.9	
3022	L-Place Shinkoyasu	3.0	
3023	Royal Parks Musasikosugi	6.2	
4001	Castalia Shinsakae	2.4	
4008	Aprile Tarumi	5.4	
4009	Crest Kusatsu	13.6	
4010	Castalia Sakaisuji Honmachi	6.1	
4011	Castalia Shin-Umeda	8.3	
4012	Castalia Abeno	10.1	
4014	Castalia Sakae	4.2	
4015	Castalia Nipponbashi Kouzu	8.0	
4016	Castalia Maruyama Urasando	1.3	
4017	Castalia Maruyama Omotesando	1.1	
4018	Castalia Higashi Hie	2.6	
4019	Castalia Tower Nagahoribashi	4.6	
4020	Castalia Sannomiya	5.3	
4021	Castalia Kotodaikoen	3.4	
4022	Castalia Ichibancho	2.9	
4023	Castalia Omachi	2.6	
4024	Castalia Uemachidai	5.9	
4025	Castalia Tower Higobashi	5.8	
4026	Big Tower Minami Sanjo	0.9	
4027	Castalia Fushimi	3.1	
4028	Castalia Meieki Minami	4.6	
4029	Castalia Yakuin	5.6	
4030	Castalia Mibu	9.4	
4031	Castalia Tsutsujigaoka	2.7	
4032	Castalia Ohori Bay Tower	1.9	
4033	Royal Parks Namba	7.8	
4034	Castalia Shigahondori	2.3	
4035	Castalia Kyoto Nishioji	9.3	
6001	Urban Living Inage	3.5	
6002	Aburatsubo Marina HILLS	8.8	
Portfolio Total		2.4	

(Note) “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 the above pieces of real estate or real estate in trust.

5. Status of portfolio diversification (As of August 31, 2016)

(1) Investment ratio by area (Residential facilities)

Area (Note 1)	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%) (Note 2)
Area 1	46	92,136	36.2
Area 2	49	82,396	32.4
Area 3	17	30,694	12.1
Area 4	28	49,093	19.3
Total	140	254,319	100.0

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

(Note 2) “Investment ratio” is calculated based on the acquisition price. The same applies hereinafter.

(Note 3) Ratios are rounded to the nearest tenth. The same applies hereinafter.

(Note 4) “Diversification by area” does not include housing for the elderly.

(2) Investment ratio by property type

Property type	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Residential facilities	140	254,319	99.2
Residential facilities (housing for the elderly)	2	2,030	0.8
Total	142	256,349	100.0

(3) Diversification by age of property

Residential facilities

Age of property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 1 year	—	—	—
1 year or more but less than 5 years	3	4,405	1.7
5 years or more but less than 10 years	52	105,623	41.5
10 years or more	85	144,291	56.7
Total	140	254,319	100.0

Residential facilities (housing for the elderly)

Age of property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 1 year	—	—	—
1 year or more but less than 5 years	—	—	—
5 years or more but less than 10 years	2	2,030	100.0
10 years or more	—	—	—
Total	2	2,030	100.0

(4) Average age of property by property type

Property type	Average age (year)
Residential facilities	10.8
Residential facilities (housing for the elderly)	8.0
Total	10.8

(Note) “Average age” is the weighted average age of owned properties as of August 31, 2016 based on the acquisition price, rounded to the nearest tenth.

(5) Diversification by type (Residential facilities)

Type (Note 1)	Number of unit	Ratio (%)
Compact (C)	9,114	80.5
Family (F)	2,202	19.5
Total	11,316	100.0

(Note 1) For details of “Type,” please refer to “1. Portfolio List, (2) Summary of assets held, ii) (Note 6)” above.

(Note 2) “Diversification by type” does not include housing for the elderly.

(6) Investment ratio by walking time

Residential facilities

Walking time (Note 1)	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
1 minute or more but less than 3 minutes	33	71,251	28.0
3 minutes or more but less than 5 minutes	31	53,526	21.0
5 minutes or more but less than 8 minutes	37	73,041	28.7
8 minutes or more but less than 10 minutes	23	37,365	14.7
10 minutes or more	16	19,136	7.5
Total	140	254,319	100.0

Residential facilities (housing for the elderly)

Walking time (Note 1)	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
1 minute or more but less than 3 minutes	—	—	—
3 minutes or more but less than 5 minutes	—	—	—
5 minutes or more but less than 8 minutes	—	—	—
8 minutes or more but less than 10 minutes	—	—	—
10 minutes or more	2	2,030	100.0
Total	2	2,030	100.0

(Note) “Walking time” represents the time required for walking the distance to the nearest station, which the Asset Manager calculated by converting 80 meters (road distance) into one minute and rounding up the time less than one minute.