

April 19, 2017

Financial Results for the Fiscal Period Ended February 28, 2017 (September 1, 2016 - February 28, 2017)

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

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Scheduled date of submitting Securities Report: May 26, 2017

Scheduled date of starting distribution payments: May 15, 2017

Supplementary materials for the financial results provided: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Financial results for the fiscal period ended February 28, 2017 (September 1, 2016 - February 28, 2017)

(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 February 28, 2017	17,531	80.9	5,567	40.6	4,474	39.2	4,393	36.7
Fiscal period ended August 31, 2016	9,691	0.3	3,959	0.3	3,214	1.1	3,213	1.1

	Basic earnings per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended February 28, 2017	2,891	2.0	1.0	25.5
Fiscal period ended August 31, 2016	4,297	2.9	1.2	33.2

(Note) Please refer to “Per Unit Information” on page 47 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 February 28, 2017	4,800	7,292	0	0	166.0	2.6
Fiscal period ended August 31, 2016	4,537	3,392	0	0	105.6	3.1

(Note 1) For the fiscal period ended February 28, 2017, the funds from which distributions are paid out are the amount including the reversal of reserve for distribution of ¥2,920 million, and differ from “profit.”

(Note 2) For the fiscal period ended August 31, 2016, the funds from which distributions are paid out are the amount including the reversal of reserve for distribution of ¥178 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 February 28, 2017	604,142	330,304	54.7	217,408
As of August 31, 2016	258,266	111,042	43.0	148,504

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended February 28, 2017	8,786	(23,007)	2,781	20,527
Fiscal period ended August 31, 2016	5,439	(686)	(3,361)	9,388

2. Forecasts of operating results for the fiscal period from March 1, 2017 to August 31, 2017 and for the fiscal period from September 1, 2017 to February 28, 2018

(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 August 31, 2017	19,341	10.3	7,670	37.8	6,146	37.4	6,129	39.5	4,800	0
Fiscal period ending February 28, 2018	19,650	1.6	7,876	2.7	6,569	6.9	6,552	6.9	5,050	0

(Reference) Forecasted basic earnings per unit

For the fiscal period ending August 31, 2017: ¥3,627

For the fiscal period ending February 28, 2018: ¥3,877

(Note 1) 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 for temporary difference adjustment of ¥1,982 million, and differ from “profit.”

(Note 2) For the fiscal period ending February 28, 2018, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,982 million, and differ from “profit.”

*** Other**

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

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

(2) Total number of investment units issued

- a. Total number of investment units issued at the end of the period (including treasury investment units)

As of February 28, 2017	1,519,280 units
As of August 31, 2016	747,740 units
- b. Number of treasury investment units at the end of the period

As of February 28, 2017	0 units
As of August 31, 2016	0 units

(Note) Please refer to “Per Unit Information” on page 47 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**

1. The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available to Daiwa House REIT Investment Corporation (hereinafter referred to as “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 August 31, 2017 and February 28, 2018” on pages 17 and 18 for information on assumptions for the forecasts of operating results.
2. At the board of directors meetings held on March 1, 2017 and March 13, 2017, it was decided to issue new investment units through public offering and through third-party allotment. The payment for the issuance of new investment units through public offering was completed on March 21, 2017, while the payment for the issuance of new investment units through third-party allotment was completed on April 14, 2017.
The above figures in “2. Forecasts of operating results for the fiscal period from March 1, 2017 to August 31, 2017 and for the fiscal period from September 1, 2017 to February 28, 2018,” are based on DHR’s assumption of the number of investment units issued of 1,690,000 units, which is the total of 1,519,280 investment units issued as of February 28, 2017 and 170,720 new investment units issued as described above (public offering: 156,720 units, third-party allotment: 14,000 units).

Disclaimer:

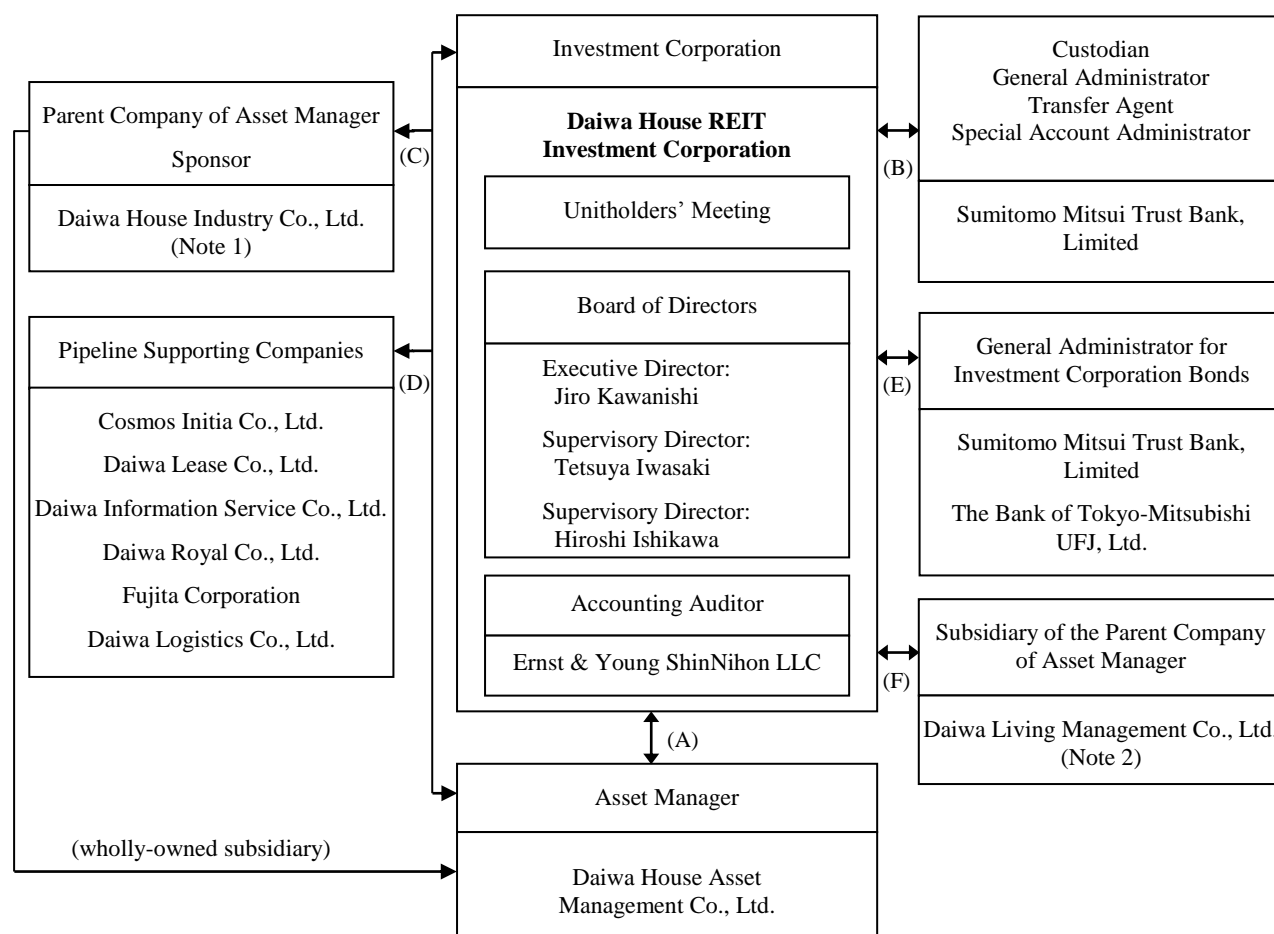
This English translation has been prepared for general reference purposes only. DHR shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on April 19, 2017.

1. The Investment Corporation and Related Corporations

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

In the current fiscal period (ended February 28, 2017), as of December 14, 2016, DHR entered into fiscal agent agreements with Sumitomo Mitsui Trust Bank, Limited (hereinafter referred to as “SMTB”), pertaining to the 5th Unsecured Investment Corporation Bonds and the 6th Unsecured Investment Corporation Bonds. With respect to the 5th Unsecured Investment Corporation Bonds and the 6th Unsecured Investment Corporation Bonds, SMTB handles the following operations: (1) issuance agent services, (2) payment agent services, (3) administration related to retirement by purchase (4) administration related to furnishing notification regarding significant matters, etc. to Japan Securities Depository Center, Incorporated or other such entity, and (5) preparation of the investment corporation bonds registry and duplicates thereof, as well as management and maintenance of the investment corporation bonds registry; requests for exercise of the rights of investment corporation creditors, and otherwise; issuance and administration during a fiscal period with respect to matters such as administration relating to acceptance of offers from investment corporation creditors.

Also after the current fiscal period (ended February 28, 2017), as of March 9, 2017, DHR redeemed at maturity the 1st Unsecured Investment Corporation Bonds of Daiwa House Residential Investment Corporation, and concluded a fiscal agent agreement pertaining to the investment corporation bonds of Daiwa House Residential Investment Corporation with SMTB.



- (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 1) Daiwa House Industry Co., Ltd. is the parent company of Daiwa House Asset Management Co., Ltd. (hereinafter referred to as 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 (hereinafter referred to as the “Specified Affiliated Corporation”) 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).
- (Note 2) Daiwa Living Management Co., Ltd. is a subsidiary of the parent company of the Asset Manager (subsidiary company set forth in Article 8, paragraph 3 of the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.; the same shall apply hereinafter), and is also the Specified Affiliated Corporation. For further details regarding transactions with Daiwa Living Management Co., Ltd., please refer to “5. Reference Information, (2) Summary of major tenants,” later in this document.

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes with respect to the “Investment Policy,” “Investment Properties,” and “Distribution Policy” from such content provided in the Securities Report submitted on November 25, 2016 (prepared in Japanese only), such disclosure has been omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

A. Transition of the Investment Corporation

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

DHR was listed on the Real Estate Investment Trust (REIT) Market of the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) on March 22, 2006, and then later merged with New City Residence Investment Corporation (hereinafter referred to as “NCR”) on April 1, 2010 (hereinafter referred to as “the merger with NCR”). Subsequently on December 1, 2011, the corporate name was changed to Daiwa House Residential Investment Corporation (the corporation prior to change of corporate name to “Daiwa House REIT Investment Corporation” is hereinafter referred to as the “former DHI”), and accordingly changed its investment targets to residential properties. DHR continued to receive sponsor support from the Daiwa House Group^(Note 1) (which began serving as the main sponsor on December 17, 2008) and steadily made acquisitions of properties on the basis of ample information on properties gained from third parties, while also using its retained earnings to update its property portfolio. Consequently, after approximately ten years since having listed on the Tokyo Stock Exchange, DHR grew into an investment corporation that had 142 properties, with asset value^(Note 2) exceeding ¥250 billion and more than 11,400 leasable units.

The former Daiwa House REIT Investment Corporation (the Daiwa House REIT Investment Corporation which was dissolved upon having merged with DHR as of September 1, 2016, is hereinafter referred to as the “former DHR”) was established on September 14, 2007, whose asset manager was Daiwa House REIT Management Co., Ltd., a wholly owned subsidiary of Daiwa House. The former DHR was listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on November 28, 2012, as a REIT that targets investment in logistics and retail properties. From then until within approximately three years since having listed on the Tokyo Stock Exchange, it set about acquiring logistics and retail properties drawing on robust pipeline support from the Daiwa House Group, and consequently managed to expand its portfolio to include 41 properties at a total acquisition price of ¥206.3 billion^(Note 4).

Accordingly, leveraging their individual strengths and drawing on sponsor support of the Daiwa House Group, both DHR and the former DHR (hereinafter collectively referred to as the “Investment Corporations”) accumulated asset management results geared to securing stable income over the medium to long term and steadily growing their assets. However, as of September 1, 2016, DHR conducted an absorption-type merger (hereinafter referred to as the “Merger”) whereby the former DHI was the surviving corporation and the former DHR was the absorbed corporation, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation with the aim of sustainably increasing unitholder value going forward.

(Note 1) The Daiwa House Group comprises Daiwa House, 149 consolidated subsidiaries including Daiwa Living Co., Ltd. that primarily engages in rental housing management, 1 non-consolidated subsidiary, 28 equity-method affiliates and 2 non-equity-method affiliates as of December 31, 2016. The Asset Manager is a member of the group. The same shall apply hereinafter.

(Note 2) “Asset value” is the aggregate total of the acquisition prices^(Note 3) of respective assets held by DHR at respective points in time, except as otherwise noted. The same shall apply hereinafter.

(Note 3) “Acquisition prices” are the purchase prices stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and duties, consumption taxes, and leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, the date of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, the date of the merger with the former DHR. The “total acquisition price” has been rounded down to the nearest unit. The same shall apply hereinafter.

(Note 4) “Acquisition prices” presented herein are the purchase prices stipulated in the respective purchase agreements concluded upon acquisition of the properties by the former DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and duties, or consumption taxes, etc.), and accordingly the acquisition prices differ from the appraisal values as of August 31, 2016, the date of the merger with the former DHR.

B. Performance for the current fiscal period

As a result of the Merger, DHR shifted to a diversified REIT portfolio that targets investment in new asset classes such as hotel and office properties, in addition to those that the Investment Corporations had targeted for investment in the past. On September 28, 2016, subsequent to the Merger, DHR acquired a total of six properties from the Daiwa House Group at a total acquisition price amounting to ¥17.2 billion, for properties that include logistics, residential and retail properties, as well as a multi-use complex consisting of offices, hotel rooms and retail stores. Consequently, the portfolio’s asset value reached the ¥500 billion threshold, thereby coming to consist of 189 properties at an asset value of ¥508.5 billion. Subsequently, DHR acquired Hiratsuka Retail Property (Land) for ¥5.6 billion on January 31, 2017, and sold Castalia Minamigyotoku II for ¥0.3 billion on February 23, 2017. As a result, as of February 28, 2017, the portfolio consists of 189 properties with an asset value of ¥513.7 billion and a leasable area of 1,605,625.31 billion m².

Concerning actual performance of owned assets in the current fiscal period, in addition to acquiring new properties, DHR’s occupancy rate at the end of the fiscal period rose to 99.0% and a high level of rental business revenues was maintained. As a result, operating revenues amounted to ¥17,531 million, ¥171 million higher than the forecast of results disclosed in the financial results report for the fiscal period ended August 31, 2016 (referred as the “forecast of results” in “B. Performance for the current fiscal period”).

Regarding rental expenses, on the other hand, DHR brought forward part of the repairs and maintenance expenses 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 ¥5,567 million, up ¥213 million from the forecast of results.

In addition, as a result of recording extraordinary losses of ¥80 million for a provision for loss on litigation which is explained below in “E. Impact on Current Fiscal Period of Case Brought against DHR concerning Claims to Confirm Rent Reduction of D Project Shin-Misato,” profit was ¥4,393 million, up ¥174 million from the forecast of results.

C. Overview of financing

As a result of the Merger concluded on September 1, 2016, DHR took on the former DHR’s loans of ¥100,000 million and its investment corporation bonds of ¥2,000 million. DHR arranged new loans amounting to ¥10,000 million, for the purpose of partially covering the acquisition costs of trust beneficiary interests in real estate and related expenses on September 28, 2016, and conducted debt financing of ¥31,300 million for the fund to refinance loans of ¥31,800 million due on September 30, 2016. DHR also arranged refinancing for the full amount of ¥15,000 million in loans due on November 29, 2016. In addition, on December 20, 2016, DHR issued its 5th Unsecured Investment Corporation Bonds and 6th Unsecured Investment Corporation Bonds each at a total issue amount of ¥4,000 million, the proceeds of which are being applied to early repayment of ¥8,000 million in short-term loans.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥253,163 million (loan balance: ¥234,163 million, investment corporation bond balance: ¥19,000 million), which is an increase of ¥111,500 million in comparison with the previous fiscal

period. As of the end of the current fiscal period, its LTV (including goodwill)^(Note 1) was 41.9%, and its LTV (excluding goodwill)^(Note 2) was 48.1%.

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

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

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

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

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- 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 ¥547,376 million, and the amount of unrealized gain ^(Note) on the portfolio, which is the difference compared to the book value was ¥47,179 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 (excluding construction in progress and construction in progress in trust). (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. Impact on Current Fiscal Period of Case Brought against DHR concerning Claims to Confirm Rent Reduction of D Project Shin-Misato

A case was brought against DHR regarding D Project Shin-Misato by Asahi Security Co., Ltd., the tenant of that property, through Mitsubishi UFJ Trust and Banking Corporation, the trustee of the property, concerning claims to confirm rent reduction of an amount 16% less than the current rate from May 2014 onward (hereinafter referred to as the “Case”). The Case was heard at the Tokyo District Court on June 27, 2014 and at present, the Case is still pending.

DHR has decided to record a provision for loss on litigation for the current fiscal period. The estimated loss of ¥80 million was calculated by DHR based on rent judged most likely as of the end of the current fiscal period after giving comprehensive consideration to how the Case has unfolded, etc. (The amount includes the reduction portion of rent for the current fiscal period and prior years and statutory interest rate applicable to the reduction portion of rent.)

F. Overview of financial results

As a result of the abovementioned investment management activities, in the current fiscal period, DHR posted operating revenues of ¥17,531 million, operating income of ¥5,567 million, ordinary income of ¥4,474 million, and profit of ¥4,393 million (basic earnings per investment unit of ¥2,891).

Following the Merger, DHR changed part of its distribution policy from the current fiscal period. Instead of a policy of reversing the amount equivalent to 10% of the depreciation from retained earnings to distribute distributions, DHR will reverse the amount equivalent to amortization of goodwill from retained earnings (reserve for distribution) to top up profit. In accordance with its distribution policy, DHR topped up profit with ¥1,980 million (¥1,303 per investment unit) reversed as the equivalent to amortization of goodwill and ¥939 million (¥618 per investment unit), the amount equivalent to merger fees for the Merger, while at the same time, recorded ¥21 million as refunded consumption taxes relating to properties that DHR acquired in prior years (¥14 per investment unit) recorded as reserve for distribution. As a result, total distributions amounted to ¥7,292 million (¥4,800 per investment unit).

ii) Outlook for next fiscal period

A. Investment environment

In the Japanese economy during the current fiscal period, corporate earnings appear firm with the Financial Statements Statistics of Corporations by Industry for October to December 2016 indicating that both revenues and profit increased for two consecutive quarters. Capital expenditure overall was being underpinned by investment in rationalization and energy saving against the backdrop of labor shortages, and it continued on a gradual trend of recovery. According to the GDP growth rate for October to December 2016 (the 2nd preliminary), real GDP was 0.3% (1.2% annualized), which was positive growth for four consecutive quarters, indicating that business activity is firm. Consumer spending is generally lacking strength but consumption is on rise on account of steady improvements in the employment and personal income environments, and it is expected to recover gently in the future. Looking to the future, however, there are calls for 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 fourth quarter of 2016 (October 1, 2016 to January 1, 2017) released by the Ministry of Land, Infrastructure, Transport and Tourism in February 2017, among the 100 intensively used districts of major cities, land value rose in 84 districts (compared with 82 districts in the third quarter of 2016), stayed flat in 16 districts (compared with 18 districts in the third quarter of 2016), and dropped in 0 districts (compared with 0 districts in the third quarter of 2016). Therefore, the districts maintaining rising prices were roughly 80%. 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 rebounded and began trending upwards in reaction to the introduction of negative interest rates by the Bank of Japan in January 2016. However since then, the UK has voted to depart the EU in June and a new President was elected in the United States in November, and both events caused significant market fluctuation. At the end of 2016, the Tokyo Stock Exchange REIT Index was 1,855.83 points, a year on year rise of 6.2% (rise of 108.29 points).

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 while making use of the Daiwa House Group's integrated capabilities, and real estate development knowhow.

B. Future operating policies and issues to be addressed

(a) Growth strategy

DHR now targets a broader range of investments due to its shift to a diversified REIT portfolio as a result of the Merger (thereby enhancing external growth potential). Consequently, DHR has achieved swift external growth, having acquired 22 properties over the roughly eight months since the Merger (at a total acquisition price of ¥90,741 million). Also, DHR made acquisitions of a multi-use complex consisting of hotel and offices, in addition to existing built-to-suit (BTS) logistics properties^(Note 1), residential properties, and retail properties since the Merger, and subsequently also acquired its first multi-tenant logistics property^(Note 2) as of April 11, 2017. DHR believes that acquiring various types of assets will enable it to diversify its portfolio and generate income more consistently.

Moreover, DHR's asset holdings now include properties such as logistics and retail properties as a result of the Merger, in addition to its previous holdings of residential properties. As such, DHR reckons that its portfolio of asset holdings as of the date of this financial results report promises

high occupancy rates across all asset classes, which in turn is likely to generate stable rent income going forward. Accordingly, DHR also deems that it will be able to diversify the portfolio by investing in an extensive range of asset classes featuring varying risk-return profiles, and also that it will be able to boost portfolio income and generate more consistent cash flows as a result of diversifying the portfolio and mitigating risk of excessive reliance on a limited number of tenants by increasing the asset value of the portfolio.

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

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

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

(b) Distribution policy

As of the end of the current fiscal period, DHR had a total of ¥45,031 million in tax loss carryforwards^(Note 1) and ¥17,705 million in reserve for distribution (before reversal for the current fiscal period; the amount after reversal is ¥14,806 million).

As a result of partial revisions to the "Ordinance on Accountings of Investment Corporations" and The Investment Trusts Association, Japan's "Rules on Real Estate Investment Trusts and Real Estate Investment Corporations," DHR intends for ¥14,748 million, itemized as gains on negative goodwill in the above amount, to be reserved in retained earnings for temporary difference adjustment in the financial statements related to cash distributions for the current fiscal period, and from the fiscal period ending August 31, 2017 onward, for any amount exceeding each fiscal-period's fifty-year-averaged amount inside the scope of said reserve to be reversed and distributed.

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 reserve for distribution by utilizing tax loss carryforwards.

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

Following the Merger, DHR changed part of its distribution policy from the current fiscal period and will reverse the amount equivalent to amortization of goodwill from the reserve for distribution (retained earnings for temporary difference adjustment from the fiscal period ending August 31, 2017 onward) and use this to top up profit.

In case profit falls below the initially expected amount due to extraordinary losses such as loss on sale 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 plans to reverse the retained earnings for temporary difference adjustment^(Note 2).

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

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

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

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

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

C. Financial strategy

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

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

D. Forecasts of operating results for the fiscal periods ending August 31, 2017 and February 28, 2018

	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 August 31, 2017	19,341	7,670	6,146	6,129	4,800	0
Fiscal period ending February 28, 2018	19,650	7,876	6,569	6,552	5,050	0

(Note 1) 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 for temporary difference adjustment of ¥1,982 million, and differ from "profit."

(Note 2) For the fiscal period ending February 28, 2018, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,982 million, and differ from "profit."

For the assumptions for the forecasts above, please refer to "Assumptions for Forecasts of Operating Results for the Fiscal Period Ending August 31, 2017 and February 28, 2018" on pages 17 and 18. 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. Issuance of new investment units

At the board of directors meetings held on March 1, 2017, and on March 13, 2017, it was resolved to issue new investment units, as follows. The payment for the new investment units issued through public offering was completed on March 21, 2017, while the payment for the new investment units issued through third-party allotment was completed on April 14, 2017.

As a result, unitholders' capital amounts to ¥108,136 million, and the total number of investment units issued is 1,690,000 units.

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

Number of new investment units issued:	156,720 units
	(Japan: 94,672 units; Overseas: 62,048 units)
Issue price:	¥280,868 per unit
Total issue price:	¥44,017,632,960
Amount paid in (issue value):	¥271,983 per unit
Total amount paid in (issue value):	¥42,625,175,760
Payment date:	March 21, 2017

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

Number of new investment units issued:	14,000 units
Amount paid in (issue value):	¥271,983 per unit
Total amount paid in (issue value):	¥3,807,762,000
Payment date:	April 14, 2017
Allottee:	Nomura Securities Co., Ltd.

B. Acquisition of assets

DHR acquired the following properties on April 11, 2017.

Asset name	DPL Misato (Note 1)
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥16,831,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kawagoe III
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥7,200,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kazo
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,300,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Urayasu III
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥8,500,000 thousand
Seller (Note 3)	DH Fund Four Godo Kaisha
Asset name	D Project Tomisato
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥5,000,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kyotanabe
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,520,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Sendai Izumi
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,510,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Oyama
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥2,000,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Sano
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,780,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.

Asset name	D Project Tatebayashi
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,100,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kakegawa
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥6,000,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Hiroshima Seifu
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,820,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Tosu II
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,700,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	Castalia Shinsakae II
Asset type	Trust beneficiary interest in real estate
Asset class	Residential properties
Acquisition price (Note 2)	¥1,800,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	Sharp Hiroshima Building
Asset type	Trust beneficiary interest in real estate
Asset class	Other assets
Acquisition price (Note 2)	¥1,850,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.

(Note 1) Daiwa House, the seller, is performing repair work involving certain facilities within the property from March 25, 2017 to May 15, 2017, and accordingly as of the date of this financial results report, the repair work is in progress with respect to such facilities, which are included in assets in trust. As such, a financial amount equivalent to the value of such facilities upon having been repaired has been deducted from the purchase price paid by DHR to Daiwa House. On the condition that the repair work is completed within the planned period, Daiwa House will transfer the repaired facilities to the trustee of the property on May 15, 2017, or on another date as mutually agreed upon by Daiwa House and DHR, and in turn DHR will make payment to Daiwa House of the amount equivalent to the value of such facilities after such repair. Upon their transfer, the facilities after such repair will be added to, and become a component of, the assets in trust. Details on acquisition price have been presented herein on the basis of the assets in trust assuming delivery of the repaired facilities.

(Note 2) This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and duties, consumption taxes, etc.

(Note 3) Daiwa House, which is the seller of all of the assets acquired except for D Project Urayasu III, is classified as an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trusts Act”). As such, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its voluntary rules based on the Asset Manager’s regulations on transactions with interested parties.

DH Fund Four Godo Kaisha, which is the seller of D Project Urayasu III, is not an interested party, etc. under the Investment Trusts Act, but is a special purpose company (Tokutei Mokuteki Kaisha) set up with the aim of acquiring, holding and disposing of trust beneficiary interests in real estate partially invested in by Daiwa House, which is the parent company of the Asset Manager, and is accordingly classified as an interested party as stipulated in the Asset Manager’s regulations on transactions with interested parties. As such, the Asset Manager has gone through the necessary discussion and resolution procedures.

C. Debt financing and repayment

- (a) DHR conducted debt financing as follows, to provide for ¥3,000 million in redemptions of Investment corporation bonds maturing on March 9, 2017.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Mitsui Sumitomo Insurance Company, Limited	1,000	0.54625% (Fixed interest rate)	March 9, 2017	March 29, 2024	Bullet repayment	Unsecured and non-guaranteed
Development Bank of Japan Inc.	2,000	0.85000% (Fixed interest rate)	March 9, 2017	March 31, 2027	Bullet repayment	Unsecured and non-guaranteed

- (b) DHR conducted debt financing as follows, to provide for repayment of ¥15,095 million in long-term loans that became due on March 31, 2017, and to provide for partial early repayment of ¥6,000 million in short-term loans becoming due on April 28, 2017.

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Mizuho Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Trust & Banking Co., Ltd.	10,000	0.56813% (Fixed interest rate)	March 31, 2017	September 29, 2023	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Aozora Bank, Ltd.; Shinkin Central Bank; Mitsubishi UFJ Trust and Banking Corporation; Resona Bank, Limited	11,000	0.70332% (Fixed interest rate)	March 31, 2017	March 31, 2025	Bullet repayment	Unsecured and non-guaranteed

- (c) DHR conducted debt financing for acquiring the properties mentioned in “B. 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.; The Norinchukin Bank; Nippon Life Insurance Company	9,500	0.39628% (Fixed interest rate)	April 11, 2017	April 30, 2021	Bullet repayment	Unsecured and non-guaranteed

Lender	Borrowing amount (Millions of yen)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Resona Bank, Limited; Mitsubishi UFJ Trust and Banking Corporation; Mizuho Trust & Banking Co., Ltd.; Shinsei Bank, Limited; The Bank of Fukuoka, Ltd.	10,000	0.75620% (Fixed interest rate)	April 11, 2017	April 30, 2026	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Mizuho Trust & Banking Co., Ltd.	10,000	1.02357% (Fixed interest rate)	April 11, 2017	April 28, 2028	Bullet repayment	Unsecured and non-guaranteed

(3) Investment Risk

As there have been no significant changes in the “Investment Risk” as described in the Securities Registration Statement submitted on March 1, 2017 (prepared in Japanese only), the disclosure is omitted.

Assumptions for Forecasts of Operating Results for the Fiscal Period Ending August 31, 2017 and February 28, 2018

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending August 31, 2017: (184 days from March 1, 2017 to August 31, 2017) Fiscal period ending February 28, 2018: (181 days from September 1, 2017 to February 28, 2018)
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 February 28, 2018 in 204 properties (hereinafter referred to as the “composition of the portfolio”), which are real estate and trust beneficiary interests in real estate held by DHR as of the date of this financial results report. Changes in the composition of the portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> Operating revenues include revenues from rent, common area charges, parking lot usage fees, incidental revenues, utilities charge reimbursements and key money, etc. Each of these items is calculated based on past records and future estimate. DHR has assumed no delinquencies or non-payment of rents by tenants.
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> Operating expenses mainly comprise rental expenses. Those expenses, excluding depreciation of the current properties, are calculated based on past performance, making certain adjustments as appropriate considering factors causing changes in expenses. DHR has assumed that DHR will incur depreciation expenses of ¥3,713 million for the fiscal period ending August 31, 2017 and ¥3,788 million for the fiscal period ending February 28, 2018. 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 ¥1,226 million for the fiscal period ending August 31, 2017 and ¥1,226 million for the fiscal period ending February 28, 2018. 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. Property tax and city planning tax etc. of Hiratsuka Retail Property (Land) acquired on January 31, 2017 and 15 properties acquired on April 11, 2017 will be expensed starting from the fiscal period ending August 31, 2018. DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from DHR’s forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by unforeseeable factors, (ii) generally, there is a substantial difference in expenses incurred between each fiscal period, and (iii) expenses are not incurred based on a regular schedule. Selling, general and administrative expenses are estimated based on the actual values or rates, etc., of each item individually.
Amortization of goodwill	<ul style="list-style-type: none"> The amount recorded as goodwill due to the Merger was ¥79,289 million. In this calculation, the total amount of assets received from the former DHR, the acquiree under the Accounting Standard for Business Combinations, was ¥258,479 million, total amount of liabilities was assumed at ¥118,343 million, and acquisition cost for the Merger was ¥219,425 million. Amortization of goodwill is estimated at ¥1,982 million for the fiscal period ending August 31, 2017 and ¥1,982 million for the fiscal period ending February 28, 2018.
Non-operating expenses	<ul style="list-style-type: none"> DHR has assumed one-time costs of ¥254 million for the fiscal period ending August 31, 2017 as expenses related to issuance of new investment units and related matters. DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥1,272 million for the fiscal period ending August 31, 2017 and ¥1,309 million for the fiscal period ending February 28, 2018.

Item	Assumptions
Extraordinary losses	<ul style="list-style-type: none"> The Case was brought against DHR regarding D Project Shin-Misato by Asahi Security Co., Ltd., the tenant of that property and heard at the Tokyo District Court on June 27, 2014, and at present, the Case is still pending. DHR has calculated provision for loss on litigation of ¥15 million for the fiscal period ending August 31, 2017 and ¥16 million for the fiscal period ending February 28, 2018 based on rent judged most likely as of the date of this financial results report after giving comprehensive consideration to how the Case has unfolded. (The amounts include the reduction portion of rent for the two operating periods and the statutory interest rate applicable to the reduction portion of rent, including that of prior years.)
Interest-bearing debt	<ul style="list-style-type: none"> The balance of outstanding interest-bearing debt was ¥253,163 million as of March 1, 2017. DHR redeemed investment corporation bonds of ¥3,000 million and borrowed long-term loans of ¥3,000 million on March 9, 2017, repaid long-term loans of ¥15,095 million, made early repayment of short-term loans of ¥6,000 million. In addition, it borrowed long-term loans of ¥21,000 million on March 31, 2017, and borrowed long-term loans of ¥29,500 million as part of funds acquired on April 11, 2017. As of the date of this financial results report, the balance of interest-bearing debt was ¥282,568 million. DHR has assumed long-term loans of ¥12,400 million that become due by August 31, 2017 will be fully refinanced. DHR has assumed long-term loans of ¥16,000 million that become due by February 28, 2018 will be fully refinanced. Other than the above, DHR has assumed the balance of outstanding interest-bearing debt will be unchanged until February 28, 2018.
Investment units	<ul style="list-style-type: none"> The total number of investment units is based on DHR's assumption of 1,690,000 units, which is the number of investment units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until February 28, 2018.
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, retained earnings for temporary difference adjustment, apart from profit, are partially reversed and used as funds for payment, and that retained earnings for temporary difference adjustment of ¥1,982 million (¥1,172 per investment unit) and ¥1,982 million (¥1,172 per investment unit) are reversed and used as funds for payment in the fiscal period ending August 31, 2017 and the fiscal period ending February 28, 2018, 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 August 31, 2016)	Current fiscal period (As of February 28, 2017)
Assets		
Current assets		
Cash and deposits	4,960,930	11,110,819
Cash and deposits in trust	4,427,398	9,416,246
Operating accounts receivable	110,856	169,018
Prepaid expenses	255,842	447,439
Consumption taxes receivable	—	487,928
Other	3,034	4,946
Allowance for doubtful accounts	(4,078)	(5,521)
Total current assets	9,753,983	21,630,877
Non-current assets		
Property, plant and equipment		
Buildings	29,078,053	29,131,670
Accumulated depreciation	(3,631,226)	(3,931,676)
Buildings, net	25,446,827	25,199,993
Structures	256,102	256,404
Accumulated depreciation	(33,784)	(36,735)
Structures, net	222,317	219,669
Machinery and equipment	488,215	503,802
Accumulated depreciation	(103,860)	(114,476)
Machinery and equipment, net	384,354	389,326
Tools, furniture and fixtures	684,485	691,711
Accumulated depreciation	(294,769)	(316,003)
Tools, furniture and fixtures, net	389,715	375,707
Land	22,453,490	22,453,490
Buildings in trust	119,200,580	232,734,347
Accumulated depreciation	(15,971,610)	(18,729,575)
Buildings in trust, net	103,228,969	214,004,771
Structures in trust	1,009,608	3,640,534
Accumulated depreciation	(178,054)	(251,420)
Structures in trust, net	831,554	3,389,114
Machinery and equipment in trust	1,935,110	2,431,487
Accumulated depreciation	(716,432)	(800,272)
Machinery and equipment in trust, net	1,218,678	1,631,215
Tools, furniture and fixtures in trust	575,122	640,082
Accumulated depreciation	(234,833)	(270,571)
Tools, furniture and fixtures in trust, net	340,288	369,510
Land in trust	85,002,219	226,663,386
Construction in progress in trust	380	5,022
Total property, plant and equipment	239,518,795	494,701,208
Intangible assets		
Goodwill	—	77,306,836
Leasehold rights in trust	5,279,705	5,500,051
Software	1,740	1,448
Trademark rights	3,092	2,825
Total intangible assets	5,284,538	82,811,162

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2016)	Current fiscal period (As of February 28, 2017)
Investments and other assets		
Investment securities	—	*3 9,291
Long-term prepaid expenses	396,454	1,453,688
Guarantee deposits	10,261	10,261
Lease and guarantee deposits in trust	3,250,134	3,414,720
Other	42,488	42,488
Allowance for doubtful accounts	(24,058)	(24,058)
Total investments and other assets	3,675,279	4,906,390
Total non-current assets	248,478,614	582,418,762
Deferred assets		
Investment corporation bond issuance costs	33,930	92,831
Total deferred assets	33,930	92,831
Total assets	258,266,528	604,142,471
Liabilities		
Current liabilities		
Operating accounts payable	789,782	1,210,266
Short-term loans	10,000,000	6,000,000
Current portion of investment corporation bonds	3,000,000	3,000,000
Current portion of long-term loans	59,295,000	43,495,000
Accounts payable - other	99,151	75,311
Accrued expenses	638,221	1,089,119
Income taxes payable	605	605
Consumption taxes payable	22,971	—
Advances received	901,603	1,935,780
Unearned revenue	—	221,735
Deposits received	334,234	356,801
Other	—	43,852
Total current liabilities	75,081,569	57,428,471
Non-current liabilities		
Investment corporation bonds	6,000,000	16,000,000
Long-term loans	63,368,000	184,668,000
Long-term unearned revenue	—	1,262,357
Tenant leasehold and security deposits	277,602	288,912
Tenant leasehold and security deposits in trust	2,072,139	12,515,805
Provision for loss on litigation	—	80,147
Asset retirement obligations	424,558	429,379
Derivatives liabilities	—	1,164,700
Total non-current liabilities	72,142,301	216,409,303
Total liabilities	147,223,870	273,837,775
Net assets		
Unitholders' equity		
Unitholders' capital	61,703,224	61,703,224
Surplus		
Capital surplus	28,241,587	247,667,563
Voluntary retained earnings		
Reserve for distribution	17,884,290	17,705,349
Total voluntary retained earnings	17,884,290	17,705,349
Unappropriated retained earnings (undisposed loss)	3,213,554	4,393,259
Total surplus	49,339,433	269,766,172
Total unitholders' equity	111,042,657	331,469,396

(Unit: Thousands of yen)					
		Previous fiscal period (As of August 31, 2016)		Current fiscal period (As of February 28, 2017)	
Valuation and translation adjustments					
Deferred gains or losses on hedges		—		(1,164,700)	
Total valuation and translation adjustments		—		(1,164,700)	
Total net assets		*2	111,042,657	*2	330,304,696
Total liabilities and net assets		258,266,528		604,142,471	

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Operating revenues		
Rental business revenues	*1 9,020,350	*1 16,606,592
Other rental business revenues	*1 670,787	*1 924,550
Total operating revenues	9,691,138	17,531,143
Operating expenses		
Expenses related to rent business	*1 4,746,584	*1 7,493,903
Loss on sale of real estate properties	—	*3 4,207
Asset management fees	609,840	983,471
Asset custody fees	23,083	26,204
Administrative service fees	65,557	72,780
Directors' remuneration	6,600	6,600
Merger expenses	—	1,042,059
Amortization of goodwill	—	1,982,226
Provision of allowance for doubtful accounts	373	1,974
Other operating expenses	279,286	350,360
Total operating expenses	5,731,326	11,963,787
Operating income	3,959,811	5,567,356
Non-operating income		
Interest income	43	109
Gain on forfeiture of unclaimed distributions	4,046	5,180
Refunded consumption taxes	—	21,388
Gain on adjustment of liabilities	6,853	8
Gain on donation of non-current assets	—	5,433
Other	3	19
Total non-operating income	10,947	32,138
Non-operating expenses		
Interest expenses	539,652	827,814
Interest expenses on investment corporation bonds	32,451	45,953
Amortization of investment corporation bond issuance costs	5,025	7,898
Borrowing related expenses	153,724	241,696
Provision of allowance for doubtful accounts	24,058	—
Other	1,686	2,119
Total non-operating expenses	756,599	1,125,483
Ordinary income	3,214,159	4,474,011
Extraordinary losses		
Provision for loss on litigation	—	80,147
Total extraordinary losses	—	80,147
Profit before income taxes	3,214,159	4,393,864
Income taxes - current	605	605
Total income taxes	605	605
Profit	3,213,554	4,393,259
Unappropriated retained earnings (undisposed loss)	3,213,554	4,393,259

(3) Statements of Unitholders' Equity

Previous 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 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 from retained earnings					(3,365,577)	(3,365,577)	(3,365,577)	(3,365,577)
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 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

Current fiscal period (From September 1, 2016 to February 28, 2017)

(Unit: Thousands of yen)

(Unit: Thousands of yen)

	Unitholders' equity						
	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 period	61,703,224	28,241,587	17,884,290	17,884,290	3,213,554	49,339,433	111,042,657
Changes of items during period							
Increase by merger		219,425,976				219,425,976	219,425,976
Reversal of reserve for distribution			(202,816)	(202,816)	202,816	—	—
Distributions from retained earnings					(3,392,496)	(3,392,496)	(3,392,496)
Reserve for distribution			23,874	23,874	(23,874)	—	—
Profit					4,393,259	4,393,259	4,393,259
Net changes of items other than unitholders' equity							
Total changes of items during period	—	219,425,976	(178,941)	(178,941)	1,179,704	220,426,738	220,426,738
Balance at end of period	* 61,703,224	247,667,563	17,705,349	17,705,349	4,393,259	269,766,172	331,469,396

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	–	–	111,042,657
Changes of items during period			
Increase by merger			219,425,976
Reversal of reserve for distribution			–
Distributions from retained earnings			(3,392,496)
Reserve for distribution			–
Profit			4,393,259
Net changes of items other than unitholders' equity	(1,164,700)	(1,164,700)	(1,164,700)
Total changes of items during period	(1,164,700)	(1,164,700)	219,262,038
Balance at end of period	(1,164,700)	(1,164,700)	330,304,696

(4) Statements of Cash Distributions

Item	Fiscal period ended August 31, 2016	Fiscal period ended February 28, 2017
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	3,213,554,837	4,393,259,342
II Reversal of voluntary retained earnings		
Reversal of reserve for distribution	202,816,078	17,669,020,696
III Distributions	3,392,496,380	7,292,544,000
[Distributions per investment unit]	[4,537]	[4,800]
IV Voluntary retained earnings		
Retention of reserve for distribution	23,874,535	21,388,890
Retention of retained earnings for temporary difference adjustment	—	* 14,748,347,148
V Retained earnings carried forward	—	—

Calculation method for distributions	<p>Based on the cash distribution policy set forth in Article 37, paragraph 1, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>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 retention 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 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.</p> <p>Furthermore, in accordance with the cash distribution policy set forth in the Articles of Incorporation, DHR will make a distribution by reversing the amount equivalent to amortization of goodwill from reserve for distribution to top up unappropriated retained earnings.</p> <p>Based on the above policy, for the current fiscal period, DHR will subtract a retention of reserve for distribution of ¥21,388,890 from unappropriated retained earnings of ¥4,393,259,342 and reverse a total of the amount equivalent to amortization of goodwill and the amount equivalent to merger fees of ¥2,920,673,548 from reserve for distribution to distribute ¥7,292,544,000 as cash distributions (¥4,800 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 2 of the Articles of Incorporation of DHR.</p>
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Cash flows from operating activities		
Profit before income taxes	3,214,159	4,393,864
Depreciation	2,033,025	3,361,190
Amortization of goodwill	—	1,982,226
Amortization of investment corporation bond issuance costs	5,025	7,898
Amortization of trademark rights	292	266
Amortization of software	292	292
Loss on retirement of non-current assets	4,914	696
Increase (decrease) in Provision for loss on litigation	—	80,147
Interest income	(43)	(109)
Interest expenses	572,104	873,768
Decrease (increase) in operating accounts receivable	(13,972)	32,235
Decrease (increase) in accounts receivable	—	(1,749)
Decrease (increase) in consumption taxes receivable	—	(652,741)
Decrease (increase) in prepaid expenses	64,128	(23,819)
Increase (decrease) in operating accounts payable	22,106	(51,248)
Increase (decrease) in accounts payable - other	(12,368)	(43,059)
Increase (decrease) in accrued consumption taxes payable	(17,294)	—
Increase (decrease) in accrued expenses	115,575	(32,303)
Increase (decrease) in deposits received	(1,772)	17,806
Increase (decrease) in advances received	5,871	167,033
Decrease (increase) in long-term prepaid expenses	57,248	(432,032)
Increase (decrease) in allowance for doubtful accounts	24,216	1,442
Decrease in tangible fixed assets in trust due to sales	—	362,247
Proceeds from lease and guarantee deposits in trust (increase)	—	(164,586)
Other, net	(63,400)	(49,955)
Subtotal	6,010,109	9,829,511
Interest income received	43	109
Interest expenses paid	(570,403)	(1,041,808)
Income taxes paid	(532)	(1,219)
Net cash provided by (used in) operating activities	5,439,217	8,786,591
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,314)	(100,896)
Purchase of property, plant and equipment in trust	(688,821)	(23,535,744)
Purchase of intangible assets in trust	—	(260,480)
Proceeds from tenant leasehold and security deposits	36,236	29,876
Repayments of lease and guarantee deposits	(23,214)	(16,286)
Proceeds from tenant leasehold and security deposits in trust	156,489	1,072,097
Repayments of tenant leasehold and security deposits in trust	(106,588)	(196,132)
Net cash provided by (used in) investing activities	(686,214)	(23,007,565)

(Unit: Thousands of yen)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Cash flows from financing activities		
Decrease in short-term loans	—	(8,000,000)
Proceeds from long-term loans	7,600,000	56,300,000
Repayments of long-term loans	(7,600,000)	(46,800,000)
Proceeds from issuance of investment corporation bonds	—	7,950,599
Dividends paid	(3,361,868)	(6,669,582)
Net cash provided by (used in) financing activities	(3,361,868)	2,781,017
Net increase (decrease) in cash and cash equivalents	1,391,134	(11,439,956)
Cash and cash equivalents at beginning of period	7,997,194	9,388,328
Increase in cash and cash equivalents resulting from merger	—	22,578,692
Cash and cash equivalents at end of period	*1 9,388,328	*1 20,527,065

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Valuation basis and accounting methods for assets	Securities Held-to-maturity bonds The amortized cost method (straight-line method) is used.												
2. Method of depreciation of 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> <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 lives of major intangible assets are listed below.</p> <table> <tr> <td>Goodwill</td><td>20 years</td></tr> <tr> <td>Software</td><td>5 years</td></tr> </table> <p>Leasehold rights (fixed-term land lease rights in general) are amortized on a straight-line basis over the life of each contract.</p>	Buildings	2 to 69 years	Structures	6 to 63 years	Machinery and equipment	7 to 29 years	Tools, furniture and fixtures	2 to 28 years	Goodwill	20 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												
Goodwill	20 years												
Software	5 years												
3. Accounting method for deferred assets	Investment corporation bonds issuance costs Costs are amortized by the straight-line method over the redemption period.												
4. Recognition of allowance	<p>(1) 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> <p>(2) Provision for loss on litigation To provide for loss that may arise in the future in association with ongoing litigation proceedings, the estimated amount of loss as of the end of the current fiscal period is recorded.</p> <p>(Additional Information) A case was brought against DHR regarding D Project Shin-Misato by Asahi Security Co., Ltd., the tenant of that property, through Mitsubishi UFJ Trust and Banking Corporation, the trustee of the property, concerning claims to confirm rent reduction of an amount 16% less than the current rate from May 2014 onward (hereinafter referred to as the "Case"). The Case was heard at the Tokyo District Court on June 27, 2014 and at present, the Case is still pending. DHR has decided to record a provision for loss on litigation for the current fiscal period. The estimated loss of ¥80 million was calculated by DHR based on rent judged most likely as of the end of the current fiscal period after giving comprehensive consideration to how the Case has unfolded, etc. (The amount includes the reduction portion of rent for the current fiscal period and prior years and statutory interest rate applicable to the reduction portion of rent.)</p>												

5. Recognition of revenues and expenses	<p>Property-related taxes</p> <p>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>
6. Method of hedge accounting	<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 Assessment of hedging effectiveness is omitted when changes in cash flows of hedged items can be expected to be offset in full at the commencement of a hedge and continuously thereafter. Also, the assessment of hedging effectiveness is omitted for interest rate swaps to which special treatment is applied.</p>
7. Scope of cash in the statements of cash flows (cash and cash equivalents)	<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>
8. Other significant matters forming the basis of preparing the non-consolidated financial statements	<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 August 31, 2016)	Current fiscal period (As of February 28, 2017)
Total amount specified in commitment line contracts	10,000,000	20,000,000
Loans executed and outstanding	—	—
Unused credit lines	10,000,000	20,000,000

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

	(Unit: Thousands of yen)	
	Previous fiscal period (As of August 31, 2016)	Current fiscal period (As of February 28, 2017)
	50,000	50,000

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

	(Unit: Thousands of yen)	
	Previous fiscal period (As of August 31, 2016)	Current fiscal period (As of February 28, 2017)
Investment securities	—	9,291

Notes to Statements of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From March 1, 2016 to August 31, 2016)		Current fiscal period (From September 1, 2016 to February 28, 2017)	
A. Real estate rental revenues				
Rental revenues				
Rent	8,711,310		16,184,156	
Common area charges	309,039	9,020,350	422,436	16,606,592
Other rental revenues				
Facility charges	287,364		338,545	
Incidental revenues	56,177		253,928	
Other	327,245	670,787	332,076	924,550
Total real estate rental revenues		9,691,138		17,531,143
B. Real estate rental expenses				
Rental expenses				
Management fees	956,941		1,233,882	
Utilities	121,597		285,590	
Taxes and public dues	552,179		1,175,602	
Repairs and maintenance expenses	251,273		569,404	
Restoration costs	298,033		293,588	
Insurance	14,511		25,089	
Custodian fees	43,667		61,639	
Depreciation	2,033,025		3,361,190	
Other operating expenses	475,353	4,746,584	487,914	7,493,903
Total real estate rental expenses		4,746,584		7,493,903
C. Profit (loss) from real estate rental business (A – B)		4,944,553		10,037,240

2. Volume of transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Volume of operating transactions		
Operating revenues	82,809	324,511
Operating expenses	–	103,018
Volume of non-operating transactions		
Purchase of trust beneficiary interests in real estate	–	9,686,000

*3. Breakdown of loss on sale of properties

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

Not applicable.

Current fiscal period (From September 1, 2016 to February 28, 2017)

(Unit: Thousands of yen)

Castalia Minamigyotoku II	
Proceeds from sale of properties	370,000
Cost of properties sold	362,247
Other sales expenses	11,960
Loss on sale of properties	4,207

Notes to Statements of Unitholders' Equity

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

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Total number of authorized investment units	4,000,000 units	8,000,000 units
Total number of investment units issued	747,740 units	1,519,280 units

Notes to Statements of Cash Distributions

* Retained earnings for temporary difference adjustment

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Not applicable		DHR has applied the transitional measures of Supplementary Provision, paragraph 3 of the "Ordinance on Accountings of Investment Corporations" (Cabinet Office Ordinance No. 27 of 2015) and prepared retained earnings for temporary difference adjustment of ¥14,748,347,148, which is the balance of the portion of the amount recorded on the statements of cash distributions corresponding to gain on negative goodwill recorded in prior years. Reversal of this fund shall have the equivalent of 1% of the 50-year uniform amount measured from the year following the period in which it was accrued as the minimum amount. However, DHR intends to perform a reversal from retained earnings for temporary difference adjustment, for the amount equivalent to amortization of goodwill, and allocate this as part of distribution.

Notes to Statements of Cash Flows

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Cash and deposits	4,960,930	11,110,819
Cash and deposits in trust	4,427,398	9,416,246
Cash and cash equivalents	9,388,328	20,527,065

2. Breakdown of significant non-monetary transactions

The breakdown of assets acquired and liabilities assumed from the former DHR, which was merged into DHR in the current fiscal period is as follows. The increase in capital surplus from the Merger is ¥219,425,976 thousand.

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Current assets	—	22,836,921
Non-current assets	—	235,625,998
Deferred assets	—	17,042
Total assets	—	258,479,962
Current liabilities	—	24,127,537
Non-current liabilities	—	94,215,512
Total liabilities	—	118,343,050

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of August 31, 2016)	Current fiscal period (As of February 28, 2017)
Due within one year	678,868	12,030,811
Due after one year	406,963	74,018,272
Total	1,085,831	86,049,084

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

Previous fiscal period (As of 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) Investment securities Held-to-maturity bonds	—	—	—
Total assets	9,388,328	9,388,328	—
(4) Short-term loans	10,000,000	10,000,000	—
(5) Current portion of investment corporation bonds	3,000,000	3,006,657	6,657
(6) Current portion of long-term loans	59,295,000	59,358,565	63,565
(7) Investment corporation bonds	6,000,000	6,114,946	114,946
(8) Long-term loans	63,368,000	64,247,410	879,410
(9) Tenant leasehold and security deposits in trust	—	—	—
Total liabilities	141,663,000	142,727,580	1,064,580
(10) Derivative transactions	—	—	—
Total derivative transactions	—	—	—

Current fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	11,110,819	11,110,819	—
(2) Cash and deposits in trust	9,416,246	9,416,246	—
(3) Investment securities Held-to-maturity bonds	9,291	8,724	(567)
Total assets	20,536,356	20,535,789	(567)
(4) Short-term loans	6,000,000	6,000,000	—
(5) Current portion of investment corporation bonds	3,000,000	3,000,000	—
(6) Current portion of long-term loans	43,495,000	43,554,967	59,967
(7) Investment corporation bonds	16,000,000	16,100,255	100,255
(8) Long-term loans	184,668,000	187,385,535	2,717,535
(9) Tenant leasehold and security deposits in trust	226,073	226,111	38
Total liabilities	253,389,073	256,266,870	2,877,796

(10) Derivative transactions	[1,164,700]	[1,164,700]	—
Total derivative transactions	[1,164,700]	[1,164,700]	—

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

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

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

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

(3) Investment securities

The fair value is based on reference bond trading statistics.

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

(4) Short-term loans

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.

(5) Current portion of investment corporation bonds, (7) Investment corporation bond

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. In the case of the current fiscal period’s current portion of investment corporation bonds, as the market value approximates the book value due to the extremely short remaining period until redemption, the measurement is based on their book values.

(6) Current portion of long-term loans, (8) Long-term loans

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

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

(9) Tenant leasehold and security deposits in trust

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

(10) Derivative transactions

Please refer to “Derivative Transactions” described later.

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

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2016)	Current fiscal period (As of February 28, 2017)
Tenant leasehold and security deposits	277,602	288,912
Tenant leasehold and security deposits in trust	2,072,139	12,289,732

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

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

Previous fiscal period (As of 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	—	—	—	—	—

Current fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	11,110,819	—	—	—	—	—
Cash and deposits in trust	9,416,246	—	—	—	—	—
Investment securities	—	—	—	—	—	10,000
Total	20,527,065	—	—	—	—	10,000

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

Previous 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	10,000,000	—	—	—	—	—
Investment corporation bonds (* 1)	3,000,000	—	—	—	3,000,000	3,000,000
Long-term loans (* 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

Current fiscal period (As of February 28, 2017)

(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	6,000,000	—	—	—	—	—
Investment corporation bonds (* 1)	3,000,000	—	—	3,000,000	4,000,000	9,000,000
Long-term loans (* 2)	43,495,000	—	40,510,000	14,400,000	16,858,000	112,900,000
Total	52,495,000	—	40,510,000	17,400,000	20,858,000	121,900,000

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

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

Securities

Previous fiscal period (As of August 31, 2016)

Not applicable.

Current fiscal period (As of February 28, 2017)

Held-to-maturity bonds

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	—	—	—	—
Bonds with fair value not exceeding the balance sheet carrying amount	Government bonds	9,291	8,724	(567)
Total		9,291	8,724	(567)

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of August 31, 2016) and current fiscal period (as of February 28, 2017).

2. Derivative transactions applying hedge accounting

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

Previous fiscal period (As of August 31, 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	106,468,000	48,268,000	(Note 2)	—
Total			106,468,000	48,268,000	—	—

Current fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Principle method	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	47,500,000	47,500,000	(1,164,700)	(Note 1)
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	74,668,000	48,268,000	(Note 2)	—
Total			122,168,000	95,768,000	(1,164,700)	—

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

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

Notes on Business Combinations

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

Not applicable.

Current fiscal period (From September 1, 2016 to February 28, 2017)

Business combination through acquisition

1. Outline of the business combination

(1) Name and description of business of the acquiree

Name of the acquiree	Description of business
Daiwa House REIT Investment Corporation (hereinafter referred to as the “former DHR”)	Real estate investment trust

(2) Major reason for the business combination

DHR concluded a merger agreement on April 15, 2016, which took effect on September 1, 2016, expecting the following results: (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. (Hereinafter referred to as the “the Merger”.)

(3) Date of the business combination

September 1, 2016

(4) Legal form of the business combination

An absorption-type merger wherein DHR is the surviving corporation and the former DHR was the absorbed corporation.

(5) Name of investment corporation after the business combination

Daiwa House REIT Investment Corporation (its corporate name has been changed from Daiwa House Residential Investment Corporation (hereinafter referred to as the “former DHI”) as of September 1, 2016.)

(6) Major grounds for determining the acquirer

The former DHI was determined as the acquirer by comprehensively considering the factors stated in the accounting standard relating to business combinations.

2. Period of performance of the acquiree included in the statements of income for the current fiscal period

From September 1, 2016 to February 28, 2017

3. Acquisition cost for the acquiree and the breakdown thereof

Consideration for the acquisition

Fair value of DHR investment units allotted on
the business combination date

¥219,425,976 thousand

Acquisition cost

¥219,425,976 thousand

4. Exchange ratio, calculation method and number of investment units allotted as the consideration for the acquisition

(1) Exchange ratio of investment units

2.2 units of DHR per unit of the former DHR were allotted to the unitholders of the former DHR.

(2) Calculation method

In order to ensure fairness of calculations of the merger ratio to be used for the Merger, the former DHI and the former DHR appointed Nomura Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., respectively as financial advisors for the Merger (hereinafter referred to as the “FA”) to perform the calculation of the merger ratio. After careful discussions and negotiations as well as comprehensive consideration of various factors, including the financial results, the assets, liabilities and future business prospects of the former DHI and the former DHR, the benefits of the Merger, and the financial analysis performed by the FAs, both parties ultimately determined that the above merger ratio was appropriate.

(3) Number of investment units allotted

771,540 units

5. Details and amounts of major expenses related to the acquisition

Description of expense	Amount
FA remuneration (former DHR)	¥61,244 thousand
Merger fees	¥939,912 thousand

6. Amount of goodwill that occurred and the cause of its occurrence

(1) Amount of goodwill

¥79,289,063 thousand

(2) Cause for occurrence of goodwill

The goodwill occurred since the acquisition cost of ¥219,425,976 thousand exceeded ¥140,136,912 thousand, the fair value of the net assets of the former DHR at the business combination date.

(3) Method and period for amortization of goodwill

The goodwill is amortized evenly over 20 years.

7. Amount and main components of assets acquired and liabilities assumed at the date of the business combination

(Unit: Thousands of yen)	
Current assets	22,836,921
Non-current assets	235,625,998
Deferred assets	17,042
Total assets	258,479,962
Current liabilities	24,127,537
Non-current liabilities	94,215,512
Total liabilities	118,343,050

8. Estimated amount of influence that would be exerted on the statements of income for the current fiscal period if the business combination were to have been completed on the date of commencement of the current fiscal period.

There would be no impact as the date of the business combination and the date of commencement of the current fiscal period is the same.

Related Party Transactions

1. Parent company and major corporate unitholders

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

Not applicable.

Current fiscal period (From September 1, 2016 to February 28, 2017)

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				
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Osaka-shi, Osaka	161,699	Construction business	11.16	—	Granting of preferential negotiation rights relating to real estate for investment	Purchase of trust beneficiary interests in real estate	9,686,000	—	—

(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.

(Note 3) As for purchase of trust beneficiary interests in real estate, the acquisition price is determined based on third party institution's appraisal value.

2. Associates, etc.

Not applicable for the previous fiscal period (from March 1, 2016 to August 31, 2016) and current fiscal period (from September 1, 2016 to February 28, 2017).

3. Sister companies, etc.

Previous 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 fees	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 fees	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.

Current fiscal period (From September 1, 2016 to February 28, 2017)

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 fees	1,997,950	Accrued expenses	923,067

(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 March 1, 2016 to August 31, 2016) and current fiscal period (from September 1, 2016 to February 28, 2017).

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of August 31, 2016)	Current fiscal period (As of February 28, 2017)
Deferred tax assets		
Allowance for doubtful accounts	8,895	9,353
Deferred interest income	–	469,361
Valuation difference from the time of merger (Long-term prepaid expenses, etc.)	1,096	847
Valuation difference from the time of merger (Land, Buildings)	1,510,223	3,184,522
Loss carryforward assumed at the time of merger	14,168,921	14,291,342
Asset retirement obligations	134,133	135,656
Provision for loss on litigation	–	25,321
Deferred gains or losses on hedges	–	367,972
Depreciation of fixed-term land lease rights	54,771	67,451
Other	19,518	987
Subtotal	15,897,560	18,552,816
Valuation allowance	(15,897,560)	(18,552,816)
Total	–	–
Deferred tax liabilities		
Valuation difference from the time of merger (Investment securities)	–	(820)
Valuation difference from the time of merger (Land, Buildings)	(1,698,437)	(14,869,216)
Asset retirement costs (associated with asset retirement obligations)	(118,925)	(118,925)
Subtotal	(1,817,363)	(14,988,961)
Valuation allowance	1,817,363	14,988,961
Total	–	–
Net deferred tax assets	–	–

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

(Changes in Presentation Methods)

In the previous fiscal period, each of the items of deferred tax assets and deferred tax liabilities were presented separately for current and non-current categories. However, from the current fiscal period, the presentation method has changed to presenting the totals of both current and non-current items, and revision of the presentation of valuation allowance has also been carried out as part of this. This change in presentation was conducted as a result of a review conducted at the time of the merger with the former DHR to improve transparency. In addition “depreciation of fixed-term land lease rights,” which was presented as part of “other” in deferred tax assets (non-current) is reported as a separate item from the current fiscal period due to the increased materiality of its amount. The financial statements of the previous fiscal period have been reclassified to reflect this change in presentation.

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 August 31, 2016)	Current fiscal period (As of February 28, 2017)
Statutory effective tax rate	32.31	31.74
(Adjustments)		
Distributions paid included in deductibles	(32.65)	(44.89)
Amortization of goodwill	-	14.32
Change in valuation allowance	-	(1.17)
Other	0.36	0.01
Effective tax rate after application of tax effect accounting	0.02	0.01

Retirement Benefits

Not applicable for the previous fiscal period (as of August 31, 2016) and current fiscal period (as of February 28, 2017), 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 March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Balance at beginning of period	419,792	424,558
Increase due to acquisitions of property, plant and equipment	-	-
Accretion expense	4,766	4,820
Balance at end of period	424,558	429,379

Investment and Rental Properties

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Balance sheet carrying amount		
Balance at beginning of period	246,376,192	244,798,501
Changes during period	(1,577,691)	255,402,759
Balance at end of period	244,798,501	500,201,260
Fair value at end of period	279,847,000	547,376,000

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

(Note 2) In changes during period, the decrease in the previous fiscal period is mainly due to depreciation. In the current fiscal period, the increase is mainly due to acquisitions of 41 properties previously owned by the former DHR due to the Merger (¥234,978,000 thousand), six properties including Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi) (¥17,443,437 thousand), and Hiratsuka Retail Property (Land) (¥5,857,669 thousand), while the decrease is principally attributable to the sale of Castalia Minamigyotoku II (¥362,247 thousand) and 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 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 rental business

Current fiscal period (From September 1, 2016 to February 28, 2017)

(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

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

Equity in Earnings or Losses of Equity-method Investments

Not applicable for the previous fiscal period (as of August 31, 2016) and current fiscal period (as of February 28, 2017), since there is no associate.

Per Unit Information

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Net assets per unit	¥148,504	¥217,408
Basic earnings per unit	¥4,297	¥2,891

(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 March 1, 2016 to August 31, 2016)	Current fiscal period (From September 1, 2016 to February 28, 2017)
Profit (Thousands of yen)	3,213,554	4,393,259
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	3,213,554	4,393,259
Average number of investment units for the period (Units)	747,740	1,519,280

Major Subsequent Events

1. Issuance of new investment units

At the board of directors meetings held on March 1, 2017 and March 13, 2017, a resolution on the issuance of new investment units was passed as follows. The payment for the new investment units issued through public offering was completed on March 21, 2017, while the payment for the new investment units issued through third-party allotment was completed on April 14, 2017.

Consequently, the total amount of unitholders' equity came to ¥108,136 million and the number of investment units issued amounted to 1,690,000 units.

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

Number of new investment units issued:	156,720 units (Japan: 94,672 units; Overseas: 62,048 units)
Issue price:	¥280,868 per unit
Total issue price:	¥44,017,632,960
Amount paid in (issue value):	¥271,983 per unit
Total amount paid in (issue value):	¥42,625,175,760
Payment date:	March 21, 2017

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

Number of new investment units issued:	14,000 units
Amount paid in (issue value):	¥271,983 per unit
Total amount paid in (issue value):	¥3,807,762,000
Payment date:	April 14, 2017
Allottee:	Nomura Securities Co., Ltd.

2. Acquisition of assets

DHR acquired the following properties on April 11, 2017.

Asset name	DPL Misato (Note 1)
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥16,831,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kawagoe III
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥7,200,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kazo
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,300,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Urayasu III
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥8,500,000 thousand
Seller (Note 3)	DH Fund Four Godo Kaisha
Asset name	D Project Tomisato
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥5,000,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kyotanabe
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,520,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Sendai Izumi
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,510,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Oyama
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥2,000,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Sano
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,780,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.

Asset name	D Project Tatebayashi
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,100,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Kakegawa
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥6,000,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Hiroshima Seifu
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥3,820,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	D Project Tosu II
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,700,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	Castalia Shinsakae II
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 2)	¥1,800,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Asset name	Sharp Hiroshima Building
Asset type	Trust beneficiary interest in real estate
Asset class	Other assets
Acquisition price (Note 2)	¥1,850,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.

(Note 1) Daiwa House, the seller, is performing repair work involving certain facilities within the property from March 25, 2017 to May 15, 2017, and accordingly as of the date of this financial results report, the repair work is in progress with respect to such facilities, are included in assets in trust. As such, a financial amount equivalent to the value of such facilities upon having been repaired has been deducted from the purchase price paid by DHR to Daiwa House. On the condition that the repair work is completed within the planned period, Daiwa House will transfer the repaired facilities to the trustee of the property on May 15, 2017, or on another date as mutually agreed upon by Daiwa House and DHR, and in turn DHR will make payment to Daiwa House of the amount equivalent to the value of such facilities after such repair. Upon their transfer, the facilities after such repair will be added to, and become a component of, the assets in trust. Details on acquisition price have been presented herein on the basis of the assets in trust assuming delivery of the repaired facilities.

(Note 2) Acquisition price does not include expenses pertaining to acquisitions, settlement money such as taxes and duties, consumption taxes, etc.

(Note 3) Daiwa House, the seller of the assets acquired except for D Project Urayasu III, is classified as an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the "Investment Trusts Act"). As such, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its voluntary rules based on the Asset Manager's regulations on transactions with interested parties.
DH Fund Four Godo Kaisha, the seller of D Project Urayasu III, is not an interested party, etc. under the Investment Trusts Act, but is a special purpose company (Tokutei Mokuteki Kaisha) set up with the aim of acquiring, holding and disposing of trust beneficiary interests in real estate partially invested in by Daiwa House, which is the parent company of the Asset Manager, and is accordingly classified as an interested party as stipulated in the Asset Manager's regulations on transactions with interested parties. As such, the Asset Manager has gone through the necessary discussion and resolution procedures.

3. Debt financing and repayment

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 date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; The Norinchukin Bank; Nippon Life Insurance Company	9,500	0.39628% (Fixed interest rate)	April 11, 2017	April 30, 2021	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Resona Bank, Limited; Mitsubishi UFJ Trust and Banking Corporation; Mizuho Trust & Banking Co., Ltd.; Shinsei Bank, Limited; The Bank of Fukuoka, Ltd.	10,000	0.75620% (Fixed interest rate)	April 11, 2017	April 30, 2026	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Mizuho Trust & Banking Co., Ltd.	10,000	1.02357% (Fixed interest rate)	April 11, 2017	April 28, 2028	Bullet repayment	Unsecured and non-guaranteed

(9) Changes in Number of Investment Units Issued

Due to the Merger becoming effective, the total number of investment units issued increased by 771,540 units as of September 1, 2016. DHR's total number of investment units issued and changes in unitholders' capital for the most recent five years until February 28, 2017 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
March 1, 2013	Split of investment units	160,535	321,070	–	41,602	(Note 1)
March 18, 2013	Capital increase through public offering	28,000	349,070	10,455	52,058	(Note 2)
April 17, 2013	Capital increase through third-party allotment	2,800	351,870	1,045	53,104	(Note 3)
October 28, 2013	Capital increase through public offering	20,000	371,870	7,817	60,921	(Note 4)
November 19, 2013	Capital increase through third-party allotment	2,000	373,870	781	61,703	(Note 5)
March 1, 2015	Split of investment units	373,870	747,740	–	61,703	(Note 6)
September 1, 2016	Delivery by allotment due to merger	771,540	1,519,280	–	61,703	(Note 7)

(Note 1) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2013.

(Note 2) 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 3) Additional investment units were issued with an issue value of ¥373,428 per unit in order to raise funds for the acquisition of new properties, etc.

(Note 4) Investment units were issued by public offering with an issue price of ¥404,137 per unit (issue value: ¥390,873) in order to raise funds for repayments of short-term loans for the acquisition of new properties, etc.

(Note 5) Additional investment units were issued with an issue value of ¥390,873 per unit in order to raise funds for repayments of short-term loans for the acquisition of new properties, etc.

(Note 6) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2015.

(Note 7) At the time of the Merger, which had the effective date of September 1, 2016, DHR allotted 2.2 units of DHR per unit of the former DHR, and as a result, 771,540 new investment units were issued.

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. General 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. (seconded) (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 Apr. 2017	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) Managing Director and Deputy Head of Investment Management Division, Daiwa House Asset Management Co., Ltd. (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

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

(1) Portfolio List

i) Status of Investment

The status of DHR's investment as of February 28, 2017 is shown below.

Type of assets	Asset class	Area (Note 1)		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	25,316	4.2
			Greater Nagoya area	931	0.2
			Greater Osaka area	16,891	2.8
		Other		5,498	0.9
	Subtotal			48,638	8.1
Trust beneficiary interest in real estate	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	138,378	22.9
			Greater Nagoya area	13,647	2.3
			Greater Osaka area	16,195	2.7
		Other		26,814	4.4
	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	174,511	28.9
			Greater Nagoya area	6,090	1.0
			Greater Osaka area	10,534	1.7
		Other		5,354	0.9
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	23,282	3.9
			Greater Nagoya area	2,390	0.4
			Greater Osaka area	4,552	0.8
		Other		20,221	3.3
	Other	Three major metropolitan areas of Japan	Greater Tokyo area	2,004	0.3
			Other		7,586
		Subtotal			451,563
Deposits and other assets				103,941	17.2
Total assets				604,142	100.0

	Total amount held (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	273,837	45.3
Total net assets	330,304	54.7

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

(Note 2) "Total amount held" represents the amounts recorded on the balance sheet as of February 28, 2017, 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.

ii) Major investment securities

The status of investment securities held by DHR as of February 28, 2017 is shown below.

(Unit: Thousands of yen)

Type	Issue name	Total face value	Book value	Interest rate	Maturity	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Investment ratio	Remark
Government bonds	30-year principalstripped government bonds (Series 27)	10,000	9,291	—	September 20, 2037	—	—	8,724	(567)	0.0%	Deposited as business security deposit
Total		10,000	9,291	—	—	—	—	8,724	(567)	0.0%	

iii) Summary of assets held

A. The summary of real estate and trust beneficiary interest in real estate (or referred as “real estate in trust”) held by DHR as of February 28, 2017 is shown below.

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Logistics properties	LB-001	D Project Machida	Machida City, Tokyo	September 1, 2016	9,200	1.8	9,246	9,410
	LB-002	D Project Hachioji	Hachioji City, Tokyo	September 1, 2016	15,400	3.0	15,318	15,700
	LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	September 1, 2016	3,390	0.7	3,377	3,430
	LB-004	D Project Shin-Misato	Misato City, Saitama	September 1, 2016	5,710	1.1	5,689	5,760
	LB-005	D Project Urayasu I	Urayasu City, Chiba	September 1, 2016	9,280	1.8	9,255	9,460
	LB-006	D Project Urayasu II	Urayasu City, Chiba	September 1, 2016	26,000	5.1	25,914	26,200
	LB-007	D Project Akanehama	Narashino City, Chiba	September 1, 2016	2,950	0.6	2,940	2,980
	LB-008	D Project Noda	Noda City, Chiba	September 1, 2016	6,210	1.2	6,175	6,340
	LB-009	D Project Inuyama	Inuyama City, Aichi	September 1, 2016	8,690	1.7	8,636	8,820
	LB-010	D Project Gifu	Anpachi District, Gifu	September 1, 2016	1,100	0.2	1,092	1,110
	LB-011	D Project Neyagawa	Neyagawa City, Osaka	September 1, 2016	5,980	1.2	5,956	6,080
	LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	September 1, 2016	818	0.2	810	838
	LB-013	D Project Morioka	Takizawa City, Iwate	September 1, 2016	1,200	0.2	1,190	1,220
	LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	September 1, 2016	1,530	0.3	1,517	1,550
	LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	September 1, 2016	3,390	0.7	3,365	3,430
	LB-016	D Project Gotenba	Gotenba City, Shizuoka	September 1, 2016	1,140	0.2	1,133	1,160
	LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	September 1, 2016	1,210	0.2	1,204	1,220
	LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	September 1, 2016	4,240	0.8	4,214	4,300
	LB-019	D Project Tosu	Tosu City, Saga	September 1, 2016	5,740	1.1	5,694	5,800
	LB-020	D Project Kuki I	Kuki City, Saitama	September 1, 2016	3,900	0.8	3,879	4,020
	LB-021	D Project Kuki II	Kuki City, Saitama	September 1, 2016	8,120	1.6	8,063	8,400
	LB-022	D Project Kawagoe I	Kawagoe City, Saitama	September 1, 2016	3,530	0.7	3,513	3,640
	LB-023	D Project Kawagoe II	Kawagoe City, Saitama	September 1, 2016	4,850	0.9	4,827	5,070
	LB-024	DPL Inuyama	Inuyama City, Aichi	September 1, 2016	3,940	0.8	3,918	3,970
	LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	September 1, 2016	4,340	0.8	4,316	4,430
	LB-026	D Project Kuki III	Kuki City, Saitama	September 1, 2016	7,630	1.5	7,585	7,890
	LB-027	D Project Kuki IV	Kuki City, Saitama	September 1, 2016	5,520	1.1	5,485	5,690
	LB-028	D Project Kuki V	Kuki City, Saitama	September 1, 2016	8,280	1.6	8,289	8,610
	LB-029	D Project Kuki VI	Kuki City, Saitama	September 1, 2016	5,140	1.0	5,104	5,300
	LB-030	D Project Yashio	Yashio City, Saitama	September 1, 2016	6,400	1.2	6,365	6,480
	LB-031	D Project Nishiyodogawa	Osaka City, Osaka	September 1, 2016	10,300	2.0	10,239	10,500
	LB-032	D Project Matsudo	Matsudo City, Chiba	September 1, 2016	7,370	1.4	7,339	7,460
	LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	September 28, 2016	2,080	0.4	2,083	2,150
	LB-034	D Project Morioka II	Takizawa City, Iwate	September 28, 2016	1,280	0.2	1,283	1,320
Total of 34 Logistics properties					195,858	38.1	195,030	199,738

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Residential properties	RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	March 22, 2006	7,650	1.5	7,263	8,290
	RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	March 22, 2006	4,500	0.9	4,193	4,210
	RE-003	Castalia Shibakoen	Minato Ward, Tokyo	March 22, 2006	2,630	0.5	2,423	2,140
	RE-004	Castalia Ginza	Chuo Ward, Tokyo	March 22, 2006	2,520	0.5	2,364	2,170
	RE-005	Castalia Hiroo	Minato Ward, Tokyo	March 22, 2006	2,220	0.4	2,089	1,800
	RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	March 22, 2006	1,200	0.2	1,080	1,140
	RE-007	Castalia Hacchobori	Chuo Ward, Tokyo	March 7, 2007	2,300	0.4	2,127	2,190
	RE-008	Castalia Azabujuban	Minato Ward, Tokyo	June 21, 2007	2,910	0.6	2,803	2,650
	RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	June 21, 2007	2,690	0.5	2,542	2,490
	RE-010	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	June 21, 2007	1,865	0.4	1,777	1,670
	RE-011	Castalia Ginza II	Chuo Ward, Tokyo	June 21, 2007	1,800	0.4	1,676	1,670
	RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	June 21, 2007	1,400	0.3	1,343	1,080
	RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	April 1, 2010	2,143	0.4	2,307	2,210
	RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	April 1, 2010	1,770	0.3	1,712	2,050
	RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	April 1, 2010	1,393	0.3	1,475	1,520
	RE-016	Castalia Suitengu	Chuo Ward, Tokyo	April 1, 2010	1,279	0.2	1,205	1,360
	RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	April 1, 2010	1,138	0.2	1,071	1,220
	RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	April 1, 2010	932	0.2	885	998
	RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	April 1, 2010	825	0.2	781	882
	RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	April 1, 2010	887	0.2	861	910
	RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	April 1, 2010	608	0.1	642	695
	RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	April 1, 2010	555	0.1	560	596
	RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	April 1, 2010	464	0.1	442	518
	RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	April 1, 2010	947	0.2	870	1,190
	RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	April 1, 2010	1,070	0.2	986	1,330
	RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	April 1, 2010	914	0.2	862	1,060
	RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	April 1, 2010	1,370	0.3	1,271	1,660
	RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	April 1, 2010	1,160	0.2	1,089	1,420
	RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	April 1, 2010	675	0.1	620	739
	RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	April 1, 2010	2,720	0.5	2,633	3,030
	RE-031	Castalia Takanawadai	Minato Ward, Tokyo	April 1, 2010	860	0.2	819	1,010
	RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	April 1, 2010	666	0.1	616	791
	RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	April 1, 2010	486	0.1	478	499
	RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	April 1, 2010	400	0.1	378	459
	RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	April 1, 2010	1,190	0.2	1,166	1,320
	RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	April 1, 2010	642	0.1	614	680
	RE-037	Castalia Ginza III	Chuo Ward, Tokyo	April 1, 2010	2,880	0.6	2,746	2,900
	RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	April 1, 2010	2,707	0.5	2,534	3,030
	RE-039	Castalia Takanawa	Minato Ward, Tokyo	April 1, 2010	7,430	1.4	7,166	7,610
	RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	April 1, 2010	3,520	0.7	3,286	4,000
	RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	April 1, 2010	2,950	0.6	2,858	3,370
	RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	June 29, 2010	940	0.2	886	1,330
	RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	October 18, 2011	7,580	1.5	6,999	8,760
	RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	December 19, 2011	2,030	0.4	1,999	2,300
	RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	September 27, 2013	1,900	0.4	1,892	2,070
	RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	September 27, 2013	1,420	0.3	1,424	1,600
	RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	December 20, 2005	4,500	0.9	4,086	4,230
	RE-048	Castalia Toritsudaigaku	Meguro Ward, Tokyo	March 22, 2006	648	0.1	601	558
	RE-049	Castalia Yukigaya	Ota Ward, Tokyo	March 7, 2007	1,110	0.2	1,013	1,090
	RE-050	Castalia Yutenji	Meguro Ward, Tokyo	June 21, 2007	1,450	0.3	1,341	1,260
	RE-051	Castalia Otsuka	Toshima Ward, Tokyo	June 21, 2007	1,480	0.3	1,344	1,620
	RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	June 21, 2007	817	0.2	738	755
	RE-053	Castalia Meguro	Meguro Ward, Tokyo	April 1, 2010	844	0.2	850	972

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Residential properties	RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	April 1, 2010	1,040	0.2	997	1,230
	RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	April 1, 2010	1,200	0.2	1,171	1,370
	RE-056	Castalia Mejiro	Toshima Ward, Tokyo	April 1, 2010	988	0.2	936	1,070
	RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	April 1, 2010	2,570	0.5	2,473	2,750
	RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	April 1, 2010	1,140	0.2	1,071	1,220
	RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	April 1, 2010	7,380	1.4	6,876	8,540
	RE-060	Castalia Yakumo	Meguro Ward, Tokyo	April 1, 2010	857	0.2	835	761
	RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	April 1, 2010	1,560	0.3	1,478	1,890
	RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	April 1, 2010	996	0.2	987	1,090
	RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	April 1, 2010	742	0.1	764	797
	RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	April 1, 2010	503	0.1	462	525
	RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	April 1, 2010	198	0.0	183	212
	RE-066	Castalia Morishita	Koto Ward, Tokyo	April 1, 2010	832	0.2	810	998
	RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	April 1, 2010	776	0.2	751	830
	RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	April 1, 2010	792	0.2	740	932
	RE-069	Castalia Iriya	Taito Ward, Tokyo	April 1, 2010	546	0.1	508	653
	RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	April 1, 2010	2,641	0.5	2,434	2,670
	RE-071	Castalia Morishita II	Koto Ward, Tokyo	April 1, 2010	686	0.1	627	774
	RE-072	Castalia Minowa	Taito Ward, Tokyo	April 1, 2010	1,430	0.3	1,309	1,510
	RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	April 1, 2010	533	0.1	504	583
	RE-074	Castalia Nakano	Nakano Ward, Tokyo	April 1, 2010	1,060	0.2	983	1,200
	RE-075	Castalia Yoga	Setagaya Ward, Tokyo	April 1, 2010	923	0.2	875	1,110
	RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	April 1, 2010	948	0.2	863	1,010
	RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	April 1, 2010	2,160	0.4	2,010	2,610
	RE-078	Castalia Oshiage	Sumida Ward, Tokyo	April 1, 2010	1,100	0.2	1,003	1,100
	RE-079	Castalia Kuramae	Taito Ward, Tokyo	April 1, 2010	1,260	0.2	1,158	1,460
	RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	June 29, 2010	1,790	0.3	1,686	2,580
	RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	November 1, 2010	7,360	1.4	6,506	9,710
	RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	November 1, 2010	1,770	0.3	1,632	2,510
	RE-083	Castalia Ooimachi	Shinagawa Ward, Tokyo	June 30, 2011	1,181	0.2	1,178	1,450
	RE-084	Castalia Omori	Ota Ward, Tokyo	August 2, 2011	1,500	0.3	1,459	1,780
	RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	October 7, 2011	1,900	0.4	1,867	2,290
	RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	March 28, 2012	1,660	0.3	1,590	2,140
	RE-087	Castalia Omori II	Ota Ward, Tokyo	March 29, 2012	2,370	0.5	2,306	2,760
	RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	November 29, 2012	3,800	0.7	3,797	4,270
	RE-089	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	September 27, 2013	2,030	0.4	2,027	2,300
	RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	September 27, 2013	1,750	0.3	1,767	1,880
	RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	September 27, 2013	1,520	0.3	1,504	1,690
	RE-092	Morino Tonari	Shinagawa Ward, Tokyo	July 1, 2014	1,020	0.2	1,061	1,170
	RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	September 26, 2014	1,165	0.2	1,220	1,240
	RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	May 1, 2015	4,350	0.8	4,387	4,880
	RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	May 1, 2015	1,520	0.3	1,549	1,670
	RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	March 22, 2006	1,674	0.3	1,609	1,970
	RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	June 21, 2007	666	0.1	605	730
	RE-098	Castalia Funabashi	Funabashi City, Chiba	April 1, 2010	704	0.1	689	775
	RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	April 1, 2010	783	0.2	758	888
	RE-100	Castalia Maihama	Urayasu City, Chiba	April 1, 2010	670	0.1	617	645
	RE-101	Castalia Ichikawamyoden	Ichikawa City, Chiba	April 1, 2010	671	0.1	628	715
	RE-102	Castalia Urayasu	Ichikawa City, Chiba	April 1, 2010	592	0.1	574	623
	RE-103	Castalia Minamigyotoku	Ichikawa City, Chiba	April 1, 2010	543	0.1	509	503
	RE-105	Castalia Nogeyama	Yokohama City, Kanagawa	April 1, 2010	325	0.1	302	318
	RE-106	Castalia Ichikawa	Ichikawa City, Chiba	April 1, 2010	461	0.1	415	521
	RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	October 7, 2011	5,300	1.0	4,971	6,070
	RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	September 27, 2013	1,680	0.3	1,673	1,900
	RE-109	Royal Parks Wakabadaai	Inagi City, Tokyo	March 28, 2014	4,360	0.8	4,185	4,910

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Residential properties	RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	May 1, 2015	9,100	1.8	9,145	10,700
	RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	May 1, 2015	1,720	0.3	1,770	1,970
	RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	May 1, 2015	1,060	0.2	1,064	1,270
	RE-113	Castalia Shinsakae	Nagoya City, Aichi	December 20, 2005	1,920	0.4	1,683	1,580
	RE-114	Aprile Tarumi	Kobe City, Hyogo	April 1, 2010	1,340	0.3	1,209	1,570
	RE-115	Crest Kusatsu	Kusatsu City, Shiga	April 1, 2010	3,004	0.6	2,922	1,960
	RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	April 1, 2010	1,490	0.3	1,350	1,670
	RE-117	Castalia Shin-Umeda	Osaka City, Osaka	April 1, 2010	1,376	0.3	1,236	1,490
	RE-118	Castalia Abeno	Osaka City, Osaka	April 1, 2010	4,368	0.9	4,085	4,810
	RE-119	Castalia Sakae	Nagoya City, Aichi	April 1, 2010	1,010	0.2	931	1,210
	RE-120	Castalia Nipponbashi Kouzu	Osaka City, Osaka	April 1, 2010	3,570	0.7	3,180	3,890
	RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	April 1, 2010	411	0.1	372	499
	RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	April 1, 2010	1,740	0.3	1,583	2,020
	RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	April 1, 2010	960	0.2	865	1,000
	RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	April 1, 2010	3,400	0.7	3,041	4,450
	RE-125	Castalia Sannomiya	Kobe City, Hyogo	April 1, 2010	1,230	0.2	1,102	1,490
	RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	April 1, 2010	481	0.1	428	546
	RE-127	Castalia Ichibancho	Sendai City, Miyagi	April 1, 2010	783	0.2	711	932
	RE-128	Castalia Omachi	Sendai City, Miyagi	April 1, 2010	656	0.1	625	739
	RE-129	Castalia Uemachidai	Osaka City, Osaka	April 1, 2010	2,190	0.4	2,000	2,630
	RE-130	Castalia Tower Higobashi	Osaka City, Osaka	April 1, 2010	2,670	0.5	2,443	3,530
	RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	November 1, 2010	1,740	0.3	1,410	2,570
	RE-132	Castalia Fushimi	Nagoya City, Aichi	January 14, 2011	2,260	0.4	2,055	3,010
	RE-133	Castalia Meieki Minami	Nagoya City, Aichi	August 1, 2011	720	0.1	684	897
	RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	September 26, 2011	930	0.2	910	1,120
	RE-135	Castalia Mibu	Kyoto City, Kyoto	December 22, 2011	1,193	0.2	1,147	1,440
	RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	September 3, 2012	1,208	0.2	1,187	1,660
	RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	March 25, 2013	2,910	0.6	2,756	3,750
	RE-138	Royal Parks Namba	Osaka City, Osaka	March 29, 2013	2,830	0.6	2,667	2,930
	RE-139	Castalia Shigahondori	Nagoya City, Aichi	June 26, 2013	1,730	0.3	1,667	2,070
	RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	November 2, 2015	973	0.2	1,037	1,040
	RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	September 28, 2016	2,000	0.4	2,042	2,250
	RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	September 28, 2016	2,020	0.4	2,084	2,160
Total of 141 Residential properties					257,954	50.2	245,129	285,738
Retail properties	RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	September 1, 2016	7,770	1.5	7,716	7,810
	RM-002	FOLEO Hirakata	Hirakata City, Osaka	September 1, 2016	4,580	0.9	4,552	4,580
	RM-003	QiZ GATE URAWA	Saitama City, Saitama	September 1, 2016	4,270	0.8	4,300	4,270
	RM-004	UNICUS Takasaki	Takasaki City, Gunma	September 1, 2016	3,000	0.6	2,989	3,020
	RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	September 1, 2016	3,740	0.7	3,740	3,800
	RM-006	DREAM TOWN ALi	Aomori City, Aomori	September 1, 2016	8,100	1.6	8,061	8,100
	RR-001	LIFE Sagami-hara Wakamatsu	Sagami-hara City, Kanagawa	September 1, 2016	1,670	0.3	1,667	1,690
	RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	September 1, 2016	6,960	1.4	6,938	7,040
	RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	September 1, 2016	2,390	0.5	2,390	2,410
	RR-004	Sports Depo and GOLF5 Kokuraghashi IC Store	Kitakyushu City, Fukuoka	September 28, 2016	2,230	0.4	2,231	2,300
	RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	January 31, 2017	5,620	1.1	5,857	6,630
Total of 11 Retail properties					50,330	9.8	50,445	51,650

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Other assets	OT-001	Urban Living Inage	Chiba City, Chiba	June 24, 2013	930	0.2	897	1,280
	OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	September 1, 2014	1,100	0.2	1,106	1,260
	OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	September 28, 2016	7,600	1.5	7,586	7,710
Total of 3 Other assets					9,630	1.9	9,590	10,250
Portfolio Total of 189 Properties					513,772	100.0	500,196	547,376

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

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

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

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

(Note 5) “Book value” is stated at the amount on the balance sheets as of February 28, 2017, rounded down to the nearest million yen.

(Note 6) “Assessed value at the end of period” is the appraisal value as of February 28, 2017 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 Accountings of Investment Corporations” (Cabinet Office Ordinance No. 47 of 2006, including subsequent revisions). The amounts were rounded down to the nearest million yen.

B. The leasable area, leased area, occupancy rate, number of tenants and annual rent of real estate or real estate in trust held by DHR as of February 28, 2017 are as follows:

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
LB-001	D Project Machida	Machida City, Tokyo	50,490.39	50,490.39	100.0	1	(Note 6)
LB-002	D Project Hachioji	Hachioji City, Tokyo	62,394.17	62,394.17	100.0	2	(Note 6)
LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	14,240.84	14,240.84	100.0	1	(Note 6)
LB-004	D Project Shin-Misato	Misato City, Saitama	11,289.91	11,289.91	100.0	1	(Note 6)
LB-005	D Project Urayasu I	Urayasu City, Chiba	36,515.81	36,515.81	100.0	1	(Note 6)
LB-006	D Project Urayasu II	Urayasu City, Chiba	72,320.01	72,320.01	100.0	1	(Note 6)
LB-007	D Project Akanehama	Narashino City, Chiba	11,663.39	11,663.39	100.0	1	(Note 6)
LB-008	D Project Noda	Noda City, Chiba	29,232.53	29,232.53	100.0	1	(Note 6)
LB-009	D Project Inuyama	Inuyama City, Aichi	43,723.70	43,723.70	100.0	1	(Note 6)
LB-010	D Project Gifu	Anpachi District, Gifu	7,669.91	7,669.91	100.0	1	(Note 6)
LB-011	D Project Neyagawa	Neyagawa City, Osaka	11,151.51	11,151.51	100.0	1	(Note 6)
LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	6,749.10	6,749.10	100.0	1	(Note 6)
LB-013	D Project Morioka	Takizawa City, Iwate	9,558.32	9,558.32	100.0	1	(Note 6)
LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	11,052.27	11,052.27	100.0	1	(Note 6)
LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	17,448.86	17,448.86	100.0	1	(Note 6)
LB-016	D Project Gotenba	Gotenba City, Shizuoka	6,737.53	6,737.53	100.0	1	(Note 6)
LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	5,093.51	5,093.51	100.0	2	(Note 6)
LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	24,729.56	24,729.56	100.0	4	251
LB-019	D Project Tosu	Tosu City, Saga	17,858.01	17,858.01	100.0	1	(Note 6)
LB-020	D Project Kuki I	Kuki City, Saitama	22,708.72	22,708.72	100.0	1	(Note 6)
LB-021	D Project Kuki II	Kuki City, Saitama	50,490.00	50,490.00	100.0	1	(Note 6)
LB-022	D Project Kawagoe I	Kawagoe City, Saitama	16,150.88	16,150.88	100.0	1	205
LB-023	D Project Kawagoe II	Kawagoe City, Saitama	19,872.00	19,872.00	100.0	1	281
LB-024	DPL Inuyama	Inuyama City, Aichi	21,628.50	21,628.50	100.0	1	(Note 6)
LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	34,710.80	34,710.80	100.0	1	(Note 6)
LB-026	D Project Kuki III	Kuki City, Saitama	26,937.41	26,937.41	100.0	1	(Note 6)
LB-027	D Project Kuki IV	Kuki City, Saitama	26,460.00	26,460.00	100.0	1	(Note 6)
LB-028	D Project Kuki V	Kuki City, Saitama	47,320.89	47,320.89	100.0	1	(Note 6)
LB-029	D Project Kuki VI	Kuki City, Saitama	29,244.66	29,244.66	100.0	1	(Note 6)
LB-030	D Project Yashio	Yashio City, Saitama	21,965.04	21,965.04	100.0	2	(Note 6)
LB-031	D Project Nishiyodogawa	Osaka City, Osaka	39,584.80	39,584.80	100.0	1	(Note 6)
LB-032	D Project Matsudo	Matsudo City, Chiba	26,776.67	26,776.67	100.0	1	(Note 6)
LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	23,933.75	23,933.75	100.0	1	(Note 6)
LB-034	D Project Morioka II	Takizawa City, Iwate	4,481.00	4,481.00	100.0	1	(Note 6)
Total of 34 Logistics properties			862,184.45	862,184.45	100.0	40	11,017
RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	5,230.39	5,165.95	98.8	1	421
RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	3,492.93	3,325.53	95.2	1	216
RE-003	Castalia Shibakoen	Minato Ward, Tokyo	2,707.51	2,638.88	97.5	1	132
RE-004	Castalia Ginza	Chuo Ward, Tokyo	2,226.42	2,087.05	93.7	1	118
RE-005	Castalia Hiroo	Minato Ward, Tokyo	1,621.59	1,621.59	100.0	1	95
RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	1,458.73	1,458.73	100.0	1	74
RE-007	Castalia Hacchobori	Chuo Ward, Tokyo	2,969.57	2,876.35	96.9	1	126
RE-008	Castalia Azabujuban	Minato Ward, Tokyo	2,400.00	2,320.94	96.7	1	136
RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	2,094.58	1,985.28	94.8	1	124
RE-010	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	1,917.62	1,522.40	79.4	1	73
RE-011	Castalia Ginza II	Chuo Ward, Tokyo	1,817.56	1,744.73	96.0	1	95
RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	1,123.80	1,090.94	97.1	1	65
RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	2,779.77	2,537.43	91.3	1	125
RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	2,559.21	2,559.21	100.0	1	115
RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	1,898.47	1,898.47	100.0	1	79
RE-016	Castalia Suitengu	Chuo Ward, Tokyo	1,940.94	1,940.94	100.0	1	87
RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	1,858.34	1,858.34	100.0	1	79
RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	1,444.52	1,408.85	97.5	1	63
RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	1,244.54	1,208.95	97.1	1	54

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Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	1,225.26	1,225.26	100.0	1	52
RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	811.95	756.84	93.2	1	39
RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	803.03	803.03	100.0	1	39
RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	957.60	957.60	100.0	1	37
RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	1,747.90	1,747.90	100.0	1	71
RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	1,826.80	1,778.99	97.4	1	77
RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	1,308.38	1,308.38	100.0	1	64
RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	2,117.46	2,117.46	100.0	1	98
RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	1,628.80	1,602.12	98.4	1	81
RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	972.51	951.50	97.8	1	47
RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	3,594.16	3,594.16	100.0	1	163
RE-031	Castalia Takanawadai	Minato Ward, Tokyo	1,147.44	1,079.13	94.0	1	54
RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	1,105.20	1,105.20	100.0	1	48
RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	668.79	668.79	100.0	1	31
RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	681.00	681.00	100.0	1	31
RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	1,567.84	1,567.84	100.0	1	76
RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	882.67	882.67	100.0	1	41
RE-037	Castalia Ginza III	Chuo Ward, Tokyo	3,494.42	3,387.52	96.9	1	163
RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	4,602.95	4,602.95	100.0	1	182
RE-039	Castalia Takanawa	Minato Ward, Tokyo	10,408.26	10,095.88	97.0	1	449
RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	6,442.28	6,387.23	99.1	1	263
RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	3,150.80	3,150.80	100.0	1	179
RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	1,546.34	1,485.54	96.1	1	78
RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	16,849.50	16,486.26	97.8	2	712
RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	3,077.05	3,031.28	98.5	1	136
RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	2,339.42	2,314.01	98.9	1	115
RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	1,659.71	1,577.87	95.1	1	82
RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	4,967.97	4,705.81	94.7	1	237
RE-048	Castalia Toritsudaigaku	Meguro Ward, Tokyo	863.70	841.03	97.4	1	38
RE-049	Castalia Yukigaya	Ota Ward, Tokyo	1,542.30	1,542.30	100.0	1	69
RE-050	Castalia Yutenji	Meguro Ward, Tokyo	1,380.35	1,349.47	97.8	1	71
RE-051	Castalia Otsuka	Toshima Ward, Tokyo	1,871.70	1,839.63	98.3	1	90
RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	1,168.18	1,145.16	98.0	1	52
RE-053	Castalia Meguro	Meguro Ward, Tokyo	1,414.73	1,414.73	100.0	1	59
RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	1,784.50	1,693.99	94.9	1	69
RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	1,472.47	1,382.47	93.9	1	72
RE-056	Castalia Mejiro	Toshima Ward, Tokyo	1,658.90	1,530.46	92.3	1	60
RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	3,644.35	3,599.47	98.8	1	165
RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	1,624.06	1,601.76	98.6	1	75
RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	12,732.35	12,467.98	97.9	1	518
RE-060	Castalia Yakumo	Meguro Ward, Tokyo	1,276.91	1,276.91	100.0	1	49
RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	2,014.12	2,014.12	100.0	1	100
RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	2,255.88	2,130.05	94.4	1	67
RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	1,220.16	1,140.17	93.4	1	47
RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	887.94	887.94	100.0	1	33
RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	414.45	385.12	92.9	1	14
RE-066	Castalia Morishita	Koto Ward, Tokyo	1,383.90	1,383.90	100.0	1	62
RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	1,425.43	1,425.43	100.0	1	53
RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	1,537.84	1,507.76	98.0	1	61
RE-069	Castalia Iriya	Taito Ward, Tokyo	1,415.15	1,303.05	92.1	1	42
RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	4,197.66	4,105.50	97.8	1	168
RE-071	Castalia Morishita II	Koto Ward, Tokyo	1,275.60	1,275.60	100.0	1	54
RE-072	Castalia Minowa	Taito Ward, Tokyo	2,406.41	2,281.83	94.8	1	93
RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	857.32	832.31	97.1	1	35
RE-074	Castalia Nakano	Nakano Ward, Tokyo	1,613.86	1,576.62	97.7	1	68
RE-075	Castalia Yoga	Setagaya Ward, Tokyo	1,472.38	1,397.27	94.9	1	62
RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	1,362.60	1,336.99	98.1	1	62

Daiwa House REIT Investment Corporation (8984)
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Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	3,038.98	3,038.98	100.0	1	136
RE-078	Castalia Oshiage	Sumida Ward, Tokyo	1,785.24	1,734.25	97.1	1	68
RE-079	Castalia Kuramae	Taito Ward, Tokyo	1,994.93	1,994.93	100.0	1	86
RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	2,421.82	2,393.11	98.8	1	142
RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	18,112.03	18,112.03	100.0	1	634
RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	2,629.59	2,543.67	96.7	1	145
RE-083	Castalia Oomachi	Shinagawa Ward, Tokyo	1,413.75	1,413.75	100.0	1	74
RE-084	Castalia Omori	Ota Ward, Tokyo	2,046.36	2,046.36	100.0	1	101
RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	2,640.86	2,552.49	96.7	1	130
RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	3,797.92	3,797.92	100.0	1	127
RE-087	Castalia Omori II	Ota Ward, Tokyo	2,818.70	2,715.18	96.3	1	148
RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	3,166.71	2,983.73	94.2	1	212
RE-089	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	2,123.77	1,966.26	92.6	1	116
RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	1,961.52	1,803.33	91.9	1	96
RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	2,004.80	2,004.80	100.0	1	97
RE-092	Morino Tonari	Shinagawa Ward, Tokyo	1,668.24	1,668.24	100.0	1	61
RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	1,278.52	1,236.19	96.7	1	61
RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	17,269.74	17,269.74	100.0	1	454
RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	2,224.41	2,049.15	92.1	1	93
RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	4,208.83	4,208.83	100.0	1	106
RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	1,452.09	1,452.09	100.0	1	51
RE-098	Castalia Funabashi	Funabashi City, Chiba	1,552.01	1,499.81	96.6	1	57
RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	1,597.32	1,577.60	98.8	1	63
RE-100	Castalia Maihama	Urayasu City, Chiba	1,287.72	1,287.72	100.0	1	46
RE-101	Castalia Ichikawamyoden	Ichikawa City, Chiba	1,218.00	1,218.00	100.0	1	53
RE-102	Castalia Urayasu	Ichikawa City, Chiba	1,074.53	1,074.53	100.0	1	42
RE-103	Castalia Minamigyotoku	Ichikawa City, Chiba	1,031.81	926.65	89.8	1	33
RE-105	Castalia Nogeyama	Yokohama City, Kanagawa	744.90	744.90	100.0	1	26
RE-106	Castalia Ichikawa	Ichikawa City, Chiba	876.89	876.89	100.0	1	39
RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	18,153.57	18,153.57	100.0	1	458
RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	2,179.80	2,179.80	100.0	1	110
RE-109	Royal Parks Wakabadae	Inagi City, Tokyo	21,367.93	21,367.93	100.0	2	488
RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	26,294.49	26,294.49	100.0	1	983
RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	3,009.74	3,009.74	100.0	1	111
RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	3,808.97	3,808.97	100.0	1	129
RE-113	Castalia Shinsakae	Nagoya City, Aichi	3,548.48	3,476.18	98.0	1	107
RE-114	Aprile Tarumi	Kobe City, Hyogo	6,545.25	6,545.25	100.0	1	111
RE-115	Crest Kusatsu	Kusatsu City, Shiga	13,452.80	11,549.65	85.9	1	211
RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	3,471.39	3,326.51	95.8	1	116
RE-117	Castalia Shin-Umeda	Osaka City, Osaka	3,279.90	3,188.56	97.2	1	106
RE-118	Castalia Abeno	Osaka City, Osaka	10,920.75	10,693.68	97.9	1	325
RE-119	Castalia Sakae	Nagoya City, Aichi	2,836.00	2,680.63	94.5	1	83
RE-120	Castalia Nipponbashi Kouzu	Osaka City, Osaka	9,334.47	8,938.42	95.8	1	295
RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	1,522.89	1,522.89	100.0	1	39
RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	6,100.31	6,100.31	100.0	1	148
RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	3,061.60	3,011.30	98.4	1	82
RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	8,747.40	8,573.34	98.0	1	304
RE-125	Castalia Sannomiya	Kobe City, Hyogo	3,071.60	2,991.47	97.4	1	102
RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	1,684.10	1,684.10	100.0	1	47
RE-127	Castalia Ichibancho	Sendai City, Miyagi	2,800.32	2,710.50	96.8	1	71
RE-128	Castalia Omachi	Sendai City, Miyagi	2,149.08	2,119.25	98.6	1	63
RE-129	Castalia Uemachidai	Osaka City, Osaka	5,415.39	5,415.39	100.0	1	166
RE-130	Castalia Tower Higobashi	Osaka City, Osaka	6,230.20	6,045.85	97.0	1	247
RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	8,661.19	8,516.84	98.3	1	200
RE-132	Castalia Fushimi	Nagoya City, Aichi	7,022.69	6,610.41	94.1	1	192
RE-133	Castalia Meieki Minami	Nagoya City, Aichi	1,822.10	1,772.80	97.3	1	60
RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	2,784.83	2,691.70	96.7	1	78

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-135	Castalia Mibu	Kyoto City, Kyoto	2,828.39	2,673.99	94.5	1	85
RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	4,471.11	4,378.27	97.9	1	108
RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	11,089.75	6,629.42	59.8	1	174
RE-138	Royal Parks Namba	Osaka City, Osaka	10,354.15	10,354.15	100.0	1	256
RE-139	Castalia Shigahondori	Nagoya City, Aichi	5,086.69	4,991.92	98.1	1	143
RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	2,035.37	1,912.60	94.0	1	60
RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	2,897.06	2,897.06	100.0	1	133
RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	6,828.78	6,828.78	100.0	1	193
Total of 141 Residential properties			506,857.71	491,809.45	97.0	143	18,482
RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	41,742.84	41,742.84	100.0	1	551
RM-002	FOLEO Hirakata	Hirakata City, Osaka	16,380.78	15,840.63	96.7	1	356
RM-003	QIZ GATE URAWA	Saitama City, Saitama	9,705.31	9,421.33	97.1	8	332
RM-004	UNICUS Takasaki	Takasaki City, Gunma	9,277.08	9,277.08	100.0	1	259
RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	24,018.00	24,018.00	100.0	1	188
RM-006	DREAM TOWN ALi	Aomori City, Aomori	22,196.81	21,835.77	98.4	1	584
RR-001	LIFE Sagamihara Wakamatsu	Sagamihara City, Kanagawa	2,973.44	2,973.44	100.0	1	(Note 6)
RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	19,845.72	19,845.72	100.0	1	477
RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	31,981.70	31,981.70	100.0	1	139
RR-004	Sports Depo and GOLF5 Kokuurahigashi IC Store	Kitakyushu City, Fukuoka	8,899.89	8,899.87	100.0	1	(Note 6)
RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	28,002.92	28,002.92	100.0	1	(Note 6)
Total of 11 Retail properties			215,024.49	213,839.30	99.4	18	3,417
OT-001	Urban Living Inage	Chiba City, Chiba	4,177.52	4,177.52	100.0	1	78
OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	3,901.14	3,901.14	100.0	1	87
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	13,480.00	13,369.78	99.2	1	533
Total of 3 Other assets			21,558.66	21,448.44	99.5	3	699
Portfolio Total of 189 Properties			1,605,625.31	1,589,281.64	99.0	204	33,617

(Note 1) “Leasable area” means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building in relation to each real estate or each real estate in trust as of February 28, 2017. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.

(Note 2) “Leased area” represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2017. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants, as indicated in the sublease agreement for each real estate or each real estate in trust as of February 28, 2017, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.

(Note 3) “Occupancy rate” represents the percentage of the total leasable area of each real estate or each real estate in trust as of February 28, 2017, and it is rounded to the nearest tenth.

(Note 4) “Number of tenants” is equal to the number of tenants per property based upon the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2017. However, the number of tenants is indicated as 1 (one) in the case of a property subject to a master lease agreement with the master lease company.

(Note 5) “Annual rent” represents the amount calculated by multiplying the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2017 by 12 (as to real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). Annual rent for residential properties includes common area charges. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the annual rent represents the amount calculated by multiplying the monthly rent indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of February 28, 2017 by 12 (as to real estate or each real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such lease agreements). For revenue-based rent, a monthly amount linked to sales in February 2017 is used. Therefore, the sums of the “Annual rent” of each real estate may not add up to the total for the portfolio. Furthermore, in the cases of each co-owned real estate or quasi co-owned trust

beneficiary interests, the annual rent of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.

(Note 6) Undisclosed as consent for disclosure has not been obtained from lessees.

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

The status of revenues from each real estate and each real estate in trust including 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, consumption taxes, and leasehold guarantee deposits, etc. The acquisition price of the properties previously owned by NCR is the appraisal value as of February 28, 2010, which was the price received at the time of the merger with NCR. The acquisition price of the properties previously owned by the former DHR is the appraisal value as of August 31, 2016, which was the price received at the time of the merger with the former DHR. The amounts are rounded down to the nearest million yen.
- Monthly rent, leasehold and security deposit, and occupancy rate represent amounts as of February 28, 2017.
- Monthly rent represents the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust (or the sublease agreement in relation to each property held as of February 28, 2017 in the case of a pass-through type master lease agreement entered into with the master lease company). The monthly rent for residential properties includes common area charges; provided, however, that in the case of a sublease type master lease agreement entered into with the master lease company, the monthly rent for the master lease adjusted proportionally by each area of residences is provided as the monthly rent for each residence.
- Leasehold and security deposit represents the total amount of outstanding leasehold and security deposit as indicated in the lease agreement in relation to each real estate or each real estate in trust (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). However, in case of a pass-through type master lease agreement entered into with the master lease company, the total scheduled outstanding amount of leasehold and security deposit, as indicated in the sublease agreement concluded between the master lease company and end-tenants in relation to each real estate or each real estate in trust as of February 28, 2017 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), is provided. When there are portions that do not need to be repaid due to special agreements concerning non-refundable deposits or written-off deposits, the amount represents the amount after subtracting these deductions.
- Rental revenues include rent and common area charges.
- Other rental revenues include revenues from parking lot usage fees, signboard usage fees, utilities expenses, vending machines, key money, renewal commissions, restoration and early termination penalty.
- In principle, property taxes and city planning taxes, which are included in taxes and public dues, are imposed on the owner as of January 1 of each year. The amount of adjustment equivalent to prepaid property taxes and city planning taxes with the former owner (prior beneficiary) at the acquisition are included in the acquisition cost of real estate, etc. as part of incidental expenses, and are not recorded in rental expenses.
- Outsourcing expenses include management outsourcing expenses, PM fee, leasing fee and renewal commissions.
- Repairs and maintenance expenses include repairs and restoration costs.

- Since repairs and maintenance expenses, and capital expenditures significantly fluctuate from year to year and do not arise regularly, the repairs and maintenance expenses and capital expenditures in the fiscal period may differ substantially from the amount of such expenses and capital expenditures incurred when DHR continues to hold the acquired asset for a long term.
- Insurance represents the amount calculated based on premiums paid in relation to the relevant term.
- Other rental expenses include custodian fees and parking lot usage fees.
- Depreciation represents the amount in relation to the number of months in the disclosure period.

Status of revenues from real estate and real estate in trust

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-001	LB-002	LB-003	LB-004
Property name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	199,644	357,444	79,584	151,494
(D) Depreciation	41,182	81,472	12,458	20,942
(E) Income (loss) from rental business (= C - D)	158,462	275,971	67,125	130,551
(F) Capital expenditures	87,250	-	-	-
(G) NCF (= C - F)	112,393	357,444	79,584	151,494
Acquisition price (Millions of yen)	9,200	15,400	3,390	5,710

Property number	LB-005	LB-006	LB-007	LB-008
Property name	D Project Urayasu I	D Project Urayasu II	D Project Akanehama	D Project Noda
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	191,895	553,209	71,212	154,241
(D) Depreciation	32,307	85,318	13,098	34,078
(E) Income (loss) from rental business (= C - D)	159,588	467,891	58,113	120,162
(F) Capital expenditures	8,283	-	3,823	-
(G) NCF (= C - F)	183,611	553,209	67,388	154,241
Acquisition price (Millions of yen)	9,280	26,000	2,950	6,210

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

Property number	LB-009	LB-010	LB-011	LB-012
Property name	D Project Inuyama	D Project Gifu	D Project Neyagawa	D Project Sapporo Minami
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	227,457	31,120	143,419	25,475
(D) Depreciation	53,145	7,757	24,375	7,147
(E) Income (loss) from rental business (= C - D)	174,312	23,363	119,043	18,327
(F) Capital expenditures	—	—	899	—
(G) NCF (= C - F)	227,457	31,120	142,520	25,475
Acquisition price (Millions of yen)	8,690	1,100	5,980	818

Property number	LB-013	LB-014	LB-015	LB-016
Property name	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura	D Project Gotenba
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	36,894	39,378	99,344	33,212
(D) Depreciation	9,160	12,430	24,878	6,812
(E) Income (loss) from rental business (= C - D)	27,734	26,948	74,465	26,400
(F) Capital expenditures	—	—	800	—
(G) NCF (= C - F)	36,894	39,378	98,544	33,212
Acquisition price (Millions of yen)	1,200	1,530	3,390	1,140

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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-017	LB-018	LB-019	LB-020
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	20,981	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	176,336	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	127,869	(Note 1)	(Note 1)
Rental revenues	(Note 1)	126,624	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	1,245	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	15,644	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	9,164	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	3,192	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	2,531	(Note 1)	(Note 1)
Insurance	(Note 1)	233	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	–	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	523	(Note 1)	(Note 1)
(C) NOI (= A – B)	38,509	112,225	157,859	101,963
(D) Depreciation	6,085	25,491	45,436	20,468
(E) Income (loss) from rental business (= C – D)	32,424	86,733	112,422	81,494
(F) Capital expenditures	307	–	–	–
(G) NCF (= C - F)	38,202	112,225	157,859	101,963
Acquisition price (Millions of yen)	1,210	4,240	5,740	3,900

Property number	LB-021	LB-022	LB-023	LB-024
Property name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	17,127	23,420	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	173,500	140,148	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	102,762	140,520	(Note 1)
Rental revenues	(Note 1)	102,762	140,520	(Note 1)
Other rental revenues	(Note 1)	–	–	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	11,693	16,875	(Note 1)
Taxes and public dues	(Note 1)	9,333	11,799	(Note 1)
Outsourcing expenses	(Note 1)	1,800	1,920	(Note 1)
Repairs and maintenance expenses	(Note 1)	165	2,727	(Note 1)
Insurance	(Note 1)	126	159	(Note 1)
Utilities expenses	(Note 1)	–	–	(Note 1)
Other rental expenses	(Note 1)	268	269	(Note 1)
(C) NOI (= A – B)	216,785	91,068	123,644	100,625
(D) Depreciation	56,245	16,366	22,879	21,893
(E) Income (loss) from rental business (= C – D)	160,540	74,702	100,764	78,732
(F) Capital expenditures	–	–	–	–
(G) NCF (= C - F)	216,785	91,068	123,644	100,625
Acquisition price (Millions of yen)	8,120	3,530	4,850	3,940

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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-025	LB-026	LB-027	LB-028
Property name	D Project Fukuoka Hakozaiki	D Project Kuki III	D Project Kuki IV	D Project Kuki V
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	111,891	199,687	157,352	217,164
(D) Depreciation	23,597	44,913	34,271	49,861
(E) Income (loss) from rental business (= C - D)	88,294	154,773	123,081	167,302
(F) Capital expenditures	—	—	—	59,454
(G) NCF (= C - F)	111,891	199,687	157,352	157,710
Acquisition price (Millions of yen)	4,340	7,630	5,520	8,280

Property number	LB-029	LB-030	LB-031	LB-032
Property name	D Project Kuki VI	D Project Yashio	D Project Nishiyodogawa	D Project Matsudo
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	133,843	154,573	259,871	176,364
(D) Depreciation	35,353	34,063	60,936	30,492
(E) Income (loss) from rental business (= C - D)	98,490	120,509	198,935	145,871
(F) Capital expenditures	—	—	—	—
(G) NCF (= C - F)	133,843	154,573	259,871	176,364
Acquisition price (Millions of yen)	5,140	6,400	10,300	7,370

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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-033	LB-034	Subtotal of Logistics properties
Property name	D Project Hibiki Nada	D Project Morioka II	
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	
Monthly rent	(Note 1)	(Note 1)	—
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	—
Occupancy rate	100.0%	100.0%	—
Information on revenues and expenses			
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	5,552,480
Rental revenues	(Note 1)	(Note 1)	5,514,681
Other rental revenues	(Note 1)	(Note 1)	37,799
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	702,361
Taxes and public dues	(Note 1)	(Note 1)	484,670
Outsourcing expenses	(Note 1)	(Note 1)	106,332
Repairs and maintenance expenses	(Note 1)	(Note 1)	87,831
Insurance	(Note 1)	(Note 1)	8,496
Utilities expenses	(Note 1)	(Note 1)	—
Other rental expenses	(Note 1)	(Note 1)	15,030
(C) NOI (= A - B)	64,709	36,950	4,850,119
(D) Depreciation	19,629	8,527	1,023,081
(E) Income (loss) from rental business (= C - D)	45,079	28,422	3,827,037
(F) Capital expenditures	—	—	160,818
(G) NCF (= C - F)	64,709	36,950	4,689,300
Acquisition price (Millions of yen)	2,080	1,280	195,858

Property number	RE-001	RE-002	RE-003	RE-004
Property name	Qiz Ebisu	Castalia Azabujuban Shichimenzaka	Castalia Shibakoen	Castalia Ginza
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	35,112	18,027	11,000	9,907
Leasehold and security deposits, etc.	178,125	27,931	12,785	11,064
Occupancy rate	98.8%	95.2%	97.5%	93.7%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	231,580	118,322	66,962	65,482
Rental revenues	208,945	107,196	64,133	59,948
Other rental revenues	22,634	11,125	2,829	5,534
(B) Real estate rental expenses subtotal	45,295	28,494	20,477	14,376
Taxes and public dues	8,126	4,733	3,407	3,251
Outsourcing expenses	18,549	13,804	8,547	7,008
Repairs and maintenance expenses	4,093	4,677	6,587	1,962
Insurance	138	104	70	66
Utilities expenses	13,098	2,594	513	588
Other rental expenses	1,288	2,580	1,351	1,497
(C) NOI (= A - B)	186,285	89,827	46,484	51,106
(D) Depreciation	31,999	24,079	15,040	13,199
(E) Income (loss) from rental business (= C - D)	154,285	65,747	31,444	37,906
(F) Capital expenditures	956	2,540	154	1,100
(G) NCF (= C - F)	185,329	87,287	46,330	50,005
Acquisition price (Millions of yen)	7,650	4,500	2,630	2,520

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-005	RE-006	RE-007	RE-008
Property name	Castalia Hiroo	Castalia Nihonbashi	Castalia Hacchobori	Castalia Azabujuban
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	7,993	6,232	10,514	11,411
Leasehold and security deposits, etc.	39,767	11,184	13,138	14,399
Occupancy rate	100.0%	100.0%	96.9%	96.7%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	51,862	38,171	64,891	72,439
Rental revenues	47,014	36,349	62,526	68,344
Other rental revenues	4,847	1,822	2,365	4,094
(B) Real estate rental expenses subtotal	10,607	12,389	16,966	11,910
Taxes and public dues	2,706	1,809	2,818	2,409
Outsourcing expenses	4,802	4,917	6,896	6,411
Repairs and maintenance expenses	688	4,458	5,637	1,559
Insurance	38	45	73	58
Utilities expenses	1,690	341	400	350
Other rental expenses	680	816	1,139	1,120
(C) NOI (= A - B)	41,255	25,782	47,925	60,529
(D) Depreciation	11,261	8,287	14,419	11,977
(E) Income (loss) from rental business (= C - D)	29,993	17,494	33,506	48,552
(F) Capital expenditures	974	750	2,855	2,001
(G) NCF (= C - F)	40,280	25,032	45,070	58,528
Acquisition price (Millions of yen)	2,220	1,200	2,300	2,910

Property number	RE-009	RE-010	RE-011	RE-012
Property name	Castalia Azabujuban II	Castalia Shinjuku Natsumezaka	Castalia Ginza II	Castalia Shibuya Sakuragaoka
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	10,409	6,147	7,951	5,488
Leasehold and security deposits, etc.	12,808	7,135	8,562	6,940
Occupancy rate	94.8%	79.4%	96.0%	97.1%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	64,342	47,892	50,311	33,686
Rental revenues	62,737	47,476	47,030	32,616
Other rental revenues	1,605	416	3,281	1,070
(B) Real estate rental expenses subtotal	13,937	10,851	14,594	10,466
Taxes and public dues	2,831	2,123	2,194	1,780
Outsourcing expenses	7,709	4,048	8,504	3,798
Repairs and maintenance expenses	1,529	3,293	2,515	3,429
Insurance	61	48	48	35
Utilities expenses	488	254	275	327
Other rental expenses	1,316	1,082	1,056	1,094
(C) NOI (= A - B)	50,405	37,041	35,716	23,220
(D) Depreciation	13,461	8,015	10,696	5,947
(E) Income (loss) from rental business (= C - D)	36,944	29,025	25,020	17,273
(F) Capital expenditures	489	—	423	1,275
(G) NCF (= C - F)	49,916	37,041	35,292	21,944
Acquisition price (Millions of yen)	2,690	1,865	1,800	1,400

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-013	RE-014	RE-015	RE-016
Property name	Castalia Nishi Azabu Kasumicho	Castalia Ochanomizu	Castalia Sangubashi	Castalia Suitengu
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	10,464	9,600	6,713	7,323
Leasehold and security deposits, etc.	15,645	18,916	10,100	7,380
Occupancy rate	91.3%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	63,992	58,648	45,339	45,398
Rental revenues	61,209	55,729	38,766	43,471
Other rental revenues	2,782	2,918	6,572	1,927
(B) Real estate rental expenses subtotal	56,713	25,417	24,249	15,149
Taxes and public dues	4,452	2,880	2,761	2,326
Outsourcing expenses	8,596	5,071	4,200	3,815
Repairs and maintenance expenses	39,925	16,062	16,040	6,266
Insurance	77	62	49	49
Utilities expenses	2,563	366	379	1,575
Other rental expenses	1,097	974	818	1,116
(C) NOI (= A - B)	7,279	33,230	21,089	30,249
(D) Depreciation	9,041	8,523	5,560	7,060
(E) Income (loss) from rental business (= C - D)	(1,762)	24,706	15,529	23,189
(F) Capital expenditures	129,662	38,310	53,807	1,334
(G) NCF (= C - F)	(122,383)	(5,080)	(32,718)	28,915
Acquisition price (Millions of yen)	2,143	1,770	1,393	1,279

Property number	RE-017	RE-018	RE-019	RE-020
Property name	Castalia Suitengu II	Castalia Shintomicho	Castalia Shintomicho II	Castalia Harajuku
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	6,644	5,332	4,544	4,360
Leasehold and security deposits, etc.	6,106	7,940	5,971	5,267
Occupancy rate	100.0%	97.5%	97.1%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	41,568	31,740	28,538	28,155
Rental revenues	39,105	30,296	27,510	26,164
Other rental revenues	2,462	1,444	1,027	1,991
(B) Real estate rental expenses subtotal	10,692	12,578	8,328	7,437
Taxes and public dues	2,451	1,806	1,371	1,472
Outsourcing expenses	3,684	3,643	2,417	2,683
Repairs and maintenance expenses	2,080	5,761	3,886	1,954
Insurance	50	41	36	33
Utilities expenses	1,358	499	423	303
Other rental expenses	1,067	825	193	990
(C) NOI (= A - B)	30,875	19,162	20,210	20,718
(D) Depreciation	6,478	5,943	5,638	2,974
(E) Income (loss) from rental business (= C - D)	24,397	13,218	14,571	17,743
(F) Capital expenditures	386	8,464	2,480	178
(G) NCF (= C - F)	30,489	10,697	17,730	20,540
Acquisition price (Millions of yen)	1,138	932	825	887

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-021	RE-022	RE-023	RE-024
Property name	Castalia Yoyogi Uehara	Castalia Sendagaya	Castalia Shinjuku 7 chome	Castalia Ningyocho
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	3,340	3,310	3,091	5,995
Leasehold and security deposits, etc.	5,381	4,027	2,718	8,293
Occupancy rate	93.2%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	22,214	19,681	18,624	36,540
Rental revenues	20,743	19,023	18,196	35,282
Other rental revenues	1,471	658	428	1,258
(B) Real estate rental expenses subtotal	5,713	6,993	5,361	11,378
Taxes and public dues	987	1,010	951	1,938
Outsourcing expenses	2,095	2,675	1,820	3,021
Repairs and maintenance expenses	1,801	2,471	1,566	5,112
Insurance	22	19	26	46
Utilities expenses	168	187	311	423
Other rental expenses	638	629	686	835
(C) NOI (= A - B)	16,500	12,688	13,263	25,162
(D) Depreciation	2,859	2,439	1,825	6,092
(E) Income (loss) from rental business (= C - D)	13,640	10,248	11,437	19,070
(F) Capital expenditures	5,116	2,056	—	1,302
(G) NCF (= C - F)	11,383	10,631	13,263	23,860
Acquisition price (Millions of yen)	608	555	464	947

Property number	RE-025	RE-026	RE-027	RE-028
Property name	Castalia Ningyocho II	Castalia Shin-Ochanomizu	Castalia Higashi Nihonbashi II	Castalia Jinbocho
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	6,435	5,340	8,178	6,788
Leasehold and security deposits, etc.	9,229	7,689	11,294	7,095
Occupancy rate	97.4%	100.0%	100.0%	98.4%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	39,809	33,446	49,977	42,313
Rental revenues	38,254	31,735	47,426	40,393
Other rental revenues	1,555	1,710	2,550	1,920
(B) Real estate rental expenses subtotal	9,807	6,656	11,736	11,852
Taxes and public dues	1,980	1,750	2,282	1,774
Outsourcing expenses	3,734	3,099	4,772	4,484
Repairs and maintenance expenses	2,576	781	3,383	4,328
Insurance	50	41	74	43
Utilities expenses	482	249	404	440
Other rental expenses	984	734	819	780
(C) NOI (= A - B)	30,001	26,790	38,240	30,460
(D) Depreciation	6,747	4,326	7,940	5,604
(E) Income (loss) from rental business (= C - D)	23,254	22,464	30,300	24,856
(F) Capital expenditures	689	244	974	2,248
(G) NCF (= C - F)	29,311	26,546	37,265	28,211
Acquisition price (Millions of yen)	1,070	914	1,370	1,160

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-029	RE-030	RE-031	RE-032
Property name	Castalia Shintomicho III	Castalia Shinjuku Gyoen	Castalia Takanawadai	Castalia Higashi Nihonbashi III
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	3,939	14,000	4,520	4,056
Leasehold and security deposits, etc.	5,024	19,382	4,182	6,228
Occupancy rate	97.8%	100.0%	94.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	25,146	83,844	30,601	24,336
Rental revenues	23,706	81,667	28,032	24,336
Other rental revenues	1,439	2,177	2,569	–
(B) Real estate rental expenses subtotal	9,415	15,113	8,039	5,699
Taxes and public dues	1,153	4,108	1,523	1,299
Outsourcing expenses	2,947	6,059	3,347	1,499
Repairs and maintenance expenses	4,206	2,610	2,014	1,856
Insurance	33	103	33	32
Utilities expenses	401	535	248	364
Other rental expenses	672	1,696	871	647
(C) NOI (= A – B)	15,730	68,731	22,562	18,636
(D) Depreciation	4,376	12,870	3,722	3,832
(E) Income (loss) from rental business (= C – D)	11,354	55,861	18,839	14,804
(F) Capital expenditures	1,258	779	630	216
(G) NCF (= C - F)	14,472	67,952	21,931	18,420
Acquisition price (Millions of yen)	675	2,720	860	666

Property number	RE-033	RE-034	RE-035	RE-036
Property name	Castalia Shinjuku Gyoen II	Castalia Shintomicho IV	Castalia Takanawadai II	Castalia Minami Azabu
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	2,662	2,645	6,381	3,483
Leasehold and security deposits, etc.	916	3,488	7,017	3,965
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	16,025	15,580	38,178	20,469
Rental revenues	15,869	14,930	37,126	20,007
Other rental revenues	155	650	1,052	462
(B) Real estate rental expenses subtotal	3,800	6,279	9,927	8,933
Taxes and public dues	869	807	2,005	1,110
Outsourcing expenses	1,443	2,564	4,326	2,773
Repairs and maintenance expenses	824	1,778	2,341	4,233
Insurance	22	20	45	22
Utilities expenses	215	291	365	127
Other rental expenses	425	817	843	664
(C) NOI (= A – B)	12,225	9,301	28,251	11,536
(D) Depreciation	2,732	2,325	5,316	2,662
(E) Income (loss) from rental business (= C – D)	9,493	6,976	22,934	8,873
(F) Capital expenditures	395	393	–	1,130
(G) NCF (= C - F)	11,830	8,908	28,251	10,405
Acquisition price (Millions of yen)	486	400	1,190	642

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-037	RE-038	RE-039	RE-040
Property name	Castalia Ginza III	Castalia Kayabacho	Castalia Takanawa	Castalia Higashi Nihonbashi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	13,679	15,227	37,966	21,967
Leasehold and security deposits, etc.	14,435	20,567	53,561	33,277
Occupancy rate	96.9%	100.0%	97.0%	99.1%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	85,614	96,988	244,089	138,716
Rental revenues	80,715	90,209	225,026	128,577
Other rental revenues	4,899	6,779	19,063	10,138
(B) Real estate rental expenses subtotal	25,485	21,187	57,274	37,779
Taxes and public dues	4,523	4,503	14,119	7,619
Outsourcing expenses	10,314	7,375	22,720	16,537
Repairs and maintenance expenses	9,005	7,749	13,226	12,008
Insurance	108	116	281	179
Utilities expenses	833	624	2,274	1,005
Other rental expenses	700	818	4,650	428
(C) NOI (= A - B)	60,129	75,801	186,815	100,937
(D) Depreciation	13,735	14,676	27,164	20,384
(E) Income (loss) from rental business (= C - D)	46,393	61,124	159,651	80,553
(F) Capital expenditures	7,240	790	23,487	3,450
(G) NCF (= C - F)	52,888	75,011	163,328	97,486
Acquisition price (Millions of yen)	2,880	2,707	7,430	3,520

Property number	RE-041	RE-042	RE-043	RE-044
Property name	Castalia Shinjuku	Castalia Ichigaya	Shibaura Island Bloom Tower	Castalia Hatsudai
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	14,955	6,550	59,398	11,354
Leasehold and security deposits, etc.	—	6,519	215,868	11,419
Occupancy rate	100.0%	96.1%	97.8%	98.5%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	92,554	41,338	378,077	69,721
Rental revenues	89,731	39,821	340,244	64,339
Other rental revenues	2,822	1,516	37,833	5,382
(B) Real estate rental expenses subtotal	17,262	14,729	142,184	21,651
Taxes and public dues	4,892	1,881	18,277	4,096
Outsourcing expenses	5,341	5,936	62,117	9,532
Repairs and maintenance expenses	5,831	5,776	17,991	6,746
Insurance	92	42	663	91
Utilities expenses	638	289	3,828	638
Other rental expenses	465	802	39,306	544
(C) NOI (= A - B)	75,292	26,608	235,892	48,070
(D) Depreciation	9,720	6,782	89,001	14,896
(E) Income (loss) from rental business (= C - D)	65,571	19,825	146,891	33,174
(F) Capital expenditures	5,917	769	2,515	1,026
(G) NCF (= C - F)	69,374	25,839	233,377	47,043
Acquisition price (Millions of yen)	2,950	940	7,580	2,030

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-045	RE-046	RE-047	RE-048
Property name	Castalia Hatsudai II	Castalia Ebisu	Castalia Meguro Kamurozaka	Castalia Toritsudaigaku
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	9,613	6,859	19,814	3,246
Leasehold and security deposits, etc.	12,721	8,662	23,657	3,383
Occupancy rate	98.9%	95.1%	94.7%	97.4%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	59,514	42,752	127,208	19,536
Rental revenues	54,731	40,593	120,090	18,965
Other rental revenues	4,782	2,158	7,118	571
(B) Real estate rental expenses subtotal	20,139	14,236	26,040	4,017
Taxes and public dues	3,371	2,263	5,809	538
Outsourcing expenses	10,560	7,874	14,281	2,173
Repairs and maintenance expenses	5,011	3,193	3,314	383
Insurance	68	47	146	27
Utilities expenses	607	314	796	304
Other rental expenses	521	542	1,691	590
(C) NOI (= A - B)	39,374	28,516	101,168	15,519
(D) Depreciation	10,254	7,928	27,348	5,215
(E) Income (loss) from rental business (= C - D)	29,120	20,588	73,819	10,303
(F) Capital expenditures	4,220	2,347	4,163	172
(G) NCF (= C - F)	35,154	26,168	97,005	15,346
Acquisition price (Millions of yen)	1,900	1,420	4,500	648

Property number	RE-049	RE-050	RE-051	RE-052
Property name	Castalia Yukigaya	Castalia Yutenji	Castalia Otsuka	Castalia Kikukawa
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	5,784	5,944	7,521	4,336
Leasehold and security deposits, etc.	10,751	12,214	9,203	6,244
Occupancy rate	100.0%	97.8%	98.3%	98.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	36,255	35,332	46,613	27,141
Rental revenues	34,219	34,627	43,936	26,502
Other rental revenues	2,035	704	2,676	639
(B) Real estate rental expenses subtotal	12,102	9,211	11,828	5,507
Taxes and public dues	1,886	1,292	2,152	1,448
Outsourcing expenses	5,239	3,739	5,533	2,156
Repairs and maintenance expenses	3,743	1,612	2,298	743
Insurance	45	37	55	39
Utilities expenses	317	151	674	261
Other rental expenses	868	2,377	1,113	858
(C) NOI (= A - B)	24,153	26,120	34,784	21,633
(D) Depreciation	8,183	8,627	11,547	6,743
(E) Income (loss) from rental business (= C - D)	15,969	17,493	23,236	14,889
(F) Capital expenditures	2,035	795	3,168	501
(G) NCF (= C - F)	22,117	25,325	31,616	21,132
Acquisition price (Millions of yen)	1,110	1,450	1,480	817

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-053	RE-054	RE-055	RE-056
Property name	Castalia Meguro	Castalia Otsuka II	Castalia Jiyugaoka	Castalia Mejiro
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	4,973	5,837	6,081	5,041
Leasehold and security deposits, etc.	6,450	7,956	8,642	6,315
Occupancy rate	100.0%	94.9%	93.9%	92.3%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	30,106	37,246	36,991	32,996
Rental revenues	29,499	34,926	35,173	31,333
Other rental revenues	607	2,319	1,818	1,662
(B) Real estate rental expenses subtotal	8,483	8,349	13,954	9,623
Taxes and public dues	1,432	1,782	2,094	1,643
Outsourcing expenses	2,600	3,960	4,396	3,725
Repairs and maintenance expenses	3,133	1,546	6,395	3,550
Insurance	34	57	38	35
Utilities expenses	226	399	272	214
Other rental expenses	1,054	604	758	453
(C) NOI (= A - B)	21,623	28,896	23,037	23,372
(D) Depreciation	5,097	6,874	5,117	5,230
(E) Income (loss) from rental business (= C - D)	16,526	22,021	17,919	18,142
(F) Capital expenditures	4,879	1,524	6,163	780
(G) NCF (= C - F)	16,743	27,372	16,873	22,592
Acquisition price (Millions of yen)	844	1,040	1,200	988

Property number	RE-057	RE-058	RE-059	RE-060
Property name	Castalia Ikebukuro	Castalia Kaname-cho	Castalia Tower Shinagawa Seaside	Castalia Yakumo
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	13,773	6,331	43,207	4,121
Leasehold and security deposits, etc.	16,617	9,302	66,408	4,974
Occupancy rate	98.8%	98.6%	97.9%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	84,917	38,120	273,467	25,022
Rental revenues	78,793	37,170	255,711	23,834
Other rental revenues	6,123	949	17,756	1,188
(B) Real estate rental expenses subtotal	20,997	11,575	63,974	8,742
Taxes and public dues	4,099	1,603	15,130	1,690
Outsourcing expenses	8,454	3,215	28,956	2,952
Repairs and maintenance expenses	7,065	5,716	14,847	3,588
Insurance	99	42	388	34
Utilities expenses	710	370	3,192	201
Other rental expenses	568	626	1,458	275
(C) NOI (= A - B)	63,919	26,545	209,493	16,280
(D) Depreciation	13,112	5,562	45,141	3,671
(E) Income (loss) from rental business (= C - D)	50,806	20,983	164,352	12,608
(F) Capital expenditures	1,292	115	6,036	4,936
(G) NCF (= C - F)	62,627	26,429	203,456	11,343
Acquisition price (Millions of yen)	2,570	1,140	7,380	857

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-061	RE-062	RE-063	RE-064
Property name	Castalia Togoshiekimae	Castalia Honjo Azumabashi	Castalia Kitazawa	Castalia Monzennakacho
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	8,361	5,635	3,972	2,790
Leasehold and security deposits, etc.	10,709	8,249	5,486	—
Occupancy rate	100.0%	94.4%	93.4%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	50,762	35,062	27,418	17,017
Rental revenues	50,166	32,430	25,281	16,743
Other rental revenues	596	2,632	2,136	274
(B) Real estate rental expenses subtotal	6,459	14,439	18,566	8,168
Taxes and public dues	2,596	2,364	1,705	917
Outsourcing expenses	2,860	3,938	2,427	1,252
Repairs and maintenance expenses	258	6,769	13,115	5,145
Insurance	59	54	31	23
Utilities expenses	333	476	596	239
Other rental expenses	351	835	689	588
(C) NOI (= A - B)	44,303	20,622	8,852	8,849
(D) Depreciation	6,306	6,918	4,412	3,282
(E) Income (loss) from rental business (= C - D)	37,996	13,704	4,440	5,567
(F) Capital expenditures	—	16,018	31,700	119
(G) NCF (= C - F)	44,303	4,604	(22,848)	8,729
Acquisition price (Millions of yen)	1,560	996	742	503

Property number	RE-065	RE-066	RE-067	RE-068
Property name	Castalia Kamiikedai	Castalia Morishita	Castalia Wakabayashikoen	Castalia Asakusabashi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	1,182	5,215	4,484	5,094
Leasehold and security deposits, etc.	721	7,541	5,624	7,508
Occupancy rate	92.9%	100.0%	100.0%	98.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	7,876	32,273	26,407	31,954
Rental revenues	7,683	30,707	25,101	29,913
Other rental revenues	193	1,566	1,305	2,041
(B) Real estate rental expenses subtotal	2,065	21,324	7,437	7,437
Taxes and public dues	237	1,626	1,881	1,544
Outsourcing expenses	535	3,376	3,559	3,146
Repairs and maintenance expenses	205	15,262	1,230	2,012
Insurance	10	44	39	38
Utilities expenses	29	332	312	265
Other rental expenses	1,046	682	413	429
(C) NOI (= A - B)	5,810	10,949	18,969	24,517
(D) Depreciation	1,112	4,962	4,136	4,804
(E) Income (loss) from rental business (= C - D)	4,697	5,986	14,833	19,712
(F) Capital expenditures	108	42,972	1,254	4,603
(G) NCF (= C - F)	5,702	(32,023)	17,714	19,914
Acquisition price (Millions of yen)	198	832	776	792

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-069	RE-070	RE-071	RE-072
Property name	Castalia Iriya	Castalia Kita Ueno	Castalia Morishita II	Castalia Minowa
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	3,501	14,056	4,532	7,767
Leasehold and security deposits, etc.	5,001	20,739	5,507	8,265
Occupancy rate	92.1%	97.8%	100.0%	94.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	21,742	89,201	27,749	47,302
Rental revenues	20,363	83,222	26,106	45,452
Other rental revenues	1,378	5,979	1,642	1,849
(B) Real estate rental expenses subtotal	8,252	20,067	6,471	15,317
Taxes and public dues	1,294	5,342	1,456	2,625
Outsourcing expenses	4,011	9,366	3,451	5,187
Repairs and maintenance expenses	2,244	3,478	660	6,747
Insurance	33	116	34	67
Utilities expenses	236	878	263	543
Other rental expenses	432	884	605	146
(C) NOI (= A - B)	13,489	69,134	21,277	31,984
(D) Depreciation	3,659	16,316	4,504	9,091
(E) Income (loss) from rental business (= C - D)	9,829	52,817	16,773	22,893
(F) Capital expenditures	1,772	766	302	1,825
(G) NCF (= C - F)	11,717	68,368	20,975	30,158
Acquisition price (Millions of yen)	546	2,641	686	1,430

Property number	RE-073	RE-074	RE-075	RE-076
Property name	Castalia Oyamadai	Castalia Nakano	Castalia Yoga	Castalia Sumiyoshi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	2,925	5,747	5,183	5,223
Leasehold and security deposits, etc.	2,498	6,463	7,035	6,644
Occupancy rate	97.1%	97.7%	94.9%	98.1%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	18,159	34,189	32,157	33,711
Rental revenues	17,729	32,621	30,391	31,224
Other rental revenues	429	1,568	1,766	2,487
(B) Real estate rental expenses subtotal	3,329	10,671	9,815	8,860
Taxes and public dues	1,230	1,872	1,615	1,715
Outsourcing expenses	1,631	4,388	4,085	4,800
Repairs and maintenance expenses	141	3,766	3,617	1,886
Insurance	26	49	39	49
Utilities expenses	175	369	278	269
Other rental expenses	123	225	178	137
(C) NOI (= A - B)	14,830	23,518	22,342	24,851
(D) Depreciation	2,211	6,378	3,657	6,348
(E) Income (loss) from rental business (= C - D)	12,618	17,140	18,684	18,502
(F) Capital expenditures	-	1,758	218	-
(G) NCF (= C - F)	14,830	21,759	22,124	24,851
Acquisition price (Millions of yen)	533	1,060	923	948

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-077	RE-078	RE-079	RE-080
Property name	Castalia Monzennakacho II	Castalia Oshiage	Castalia Kuramae	Castalia Nakanobu
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	11,338	5,730	7,236	11,905
Leasehold and security deposits, etc.	5,910	9,093	–	23,489
Occupancy rate	100.0%	97.1%	100.0%	98.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	69,654	35,724	43,839	73,423
Rental revenues	68,032	34,737	43,416	70,624
Other rental revenues	1,622	986	423	2,799
(B) Real estate rental expenses subtotal	10,719	8,012	5,987	13,517
Taxes and public dues	3,740	2,122	2,478	3,332
Outsourcing expenses	4,691	3,401	2,682	6,757
Repairs and maintenance expenses	1,227	1,755	227	1,958
Insurance	90	58	60	70
Utilities expenses	596	311	439	494
Other rental expenses	373	362	97	903
(C) NOI (= A – B)	58,934	27,711	37,852	59,905
(D) Depreciation	11,063	7,218	7,489	13,348
(E) Income (loss) from rental business (= C – D)	47,871	20,492	30,362	46,557
(F) Capital expenditures	982	199	–	2,713
(G) NCF (= C - F)	57,952	27,511	37,852	57,192
Acquisition price (Millions of yen)	2,160	1,100	1,260	1,790

Property number	RE-081	RE-082	RE-083	RE-084
Property name	Royal Parks Toyosu	Castalia Togoshi	Castalia Ooimachi	Castalia Otori
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	52,873	12,125	6,238	8,446
Leasehold and security deposits, etc.	73,633	16,780	5,913	13,571
Occupancy rate	100.0%	96.7%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	333,847	74,492	37,886	52,731
Rental revenues	316,882	70,029	37,428	49,851
Other rental revenues	16,964	4,462	458	2,880
(B) Real estate rental expenses subtotal	96,382	22,780	4,672	9,112
Taxes and public dues	18,398	4,262	1,746	2,358
Outsourcing expenses	15,176	8,358	1,622	4,500
Repairs and maintenance expenses	9,380	8,234	613	1,320
Insurance	567	90	43	67
Utilities expenses	–	784	230	496
Other rental expenses	52,859	1,050	415	367
(C) NOI (= A – B)	237,464	51,711	33,213	43,619
(D) Depreciation	104,731	16,041	7,946	12,989
(E) Income (loss) from rental business (= C – D)	132,732	35,669	25,266	30,629
(F) Capital expenditures	2,327	9,374	–	133
(G) NCF (= C - F)	235,136	42,336	33,213	43,485
Acquisition price (Millions of yen)	7,360	1,770	1,181	1,500

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-085	RE-086	RE-087	RE-088
Property name	Castalia Mishuku	Castalia Arakawa	Castalia Omori II	Castalia Nakameguro
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	10,848	10,623	12,389	17,666
Leasehold and security deposits, etc.	19,073	14,741	27,763	45,753
Occupancy rate	96.7%	100.0%	96.3%	94.2%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	68,568	67,254	78,992	115,683
Rental revenues	65,420	62,459	73,955	104,647
Other rental revenues	3,148	4,794	5,037	11,036
(B) Real estate rental expenses subtotal	14,630	13,800	20,684	34,715
Taxes and public dues	3,419	3,714	3,646	4,353
Outsourcing expenses	5,778	6,421	7,481	14,612
Repairs and maintenance expenses	4,389	2,703	6,842	13,065
Insurance	89	104	96	78
Utilities expenses	593	583	1,578	2,140
Other rental expenses	359	274	1,038	464
(C) NOI (= A - B)	53,937	53,453	58,308	80,968
(D) Depreciation	13,353	17,159	13,593	12,480
(E) Income (loss) from rental business (= C - D)	40,584	36,293	44,715	68,488
(F) Capital expenditures	—	1,700	1,941	6,638
(G) NCF (= C - F)	53,937	51,752	56,367	74,329
Acquisition price (Millions of yen)	1,900	1,660	2,370	3,800

Property number	RE-089	RE-090	RE-091	RE-092
Property name	Castalia Meguro Chojyamaru	Castalia Meguro Takaban	Castalia Omori III	Morino Tonari
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	9,744	8,001	8,099	5,114
Leasehold and security deposits, etc.	10,399	9,839	12,018	9,735
Occupancy rate	92.6%	91.9%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	61,535	53,479	48,470	31,830
Rental revenues	59,069	49,276	46,349	29,775
Other rental revenues	2,465	4,203	2,121	2,055
(B) Real estate rental expenses subtotal	15,519	10,337	11,586	6,834
Taxes and public dues	3,757	1,666	2,504	1,629
Outsourcing expenses	6,634	5,951	6,083	3,413
Repairs and maintenance expenses	3,966	1,835	1,977	1,482
Insurance	63	52	54	38
Utilities expenses	596	318	397	108
Other rental expenses	500	513	568	162
(C) NOI (= A - B)	46,016	43,142	36,884	24,995
(D) Depreciation	9,267	6,672	10,041	5,456
(E) Income (loss) from rental business (= C - D)	36,748	36,470	26,842	19,539
(F) Capital expenditures	1,467	742	—	—
(G) NCF (= C - F)	44,548	42,399	36,884	24,995
Acquisition price (Millions of yen)	2,030	1,750	1,520	1,020

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Property number	RE-093	RE-094	RE-095	RE-096
Property name	Castalia Meguro Tairamachi	Royal Parks SEASIR	Castalia Honkomagome	Cosmo Heim Musashikosugi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	5,111	37,869	7,759	8,912
Leasehold and security deposits, etc.	7,878	41,235	10,578	85,460
Occupancy rate	96.7%	100.0%	92.1%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	32,178	244,323	47,870	56,713
Rental revenues	31,218	227,217	45,755	53,473
Other rental revenues	959	17,106	2,114	3,240
(B) Real estate rental expenses subtotal	5,231	88,831	11,451	11,799
Taxes and public dues	1,576	14,742	2,895	3,647
Outsourcing expenses	2,942	7,313	6,463	929
Repairs and maintenance expenses	232	6,444	1,371	6,625
Insurance	38	505	68	85
Utilities expenses	177	—	299	2
Other rental expenses	264	59,825	354	509
(C) NOI (= A - B)	26,947	155,492	36,418	44,913
(D) Depreciation	4,881	76,258	8,746	5,460
(E) Income (loss) from rental business (= C - D)	22,065	79,233	27,671	39,453
(F) Capital expenditures	—	626	—	7,930
(G) NCF (= C - F)	26,947	154,865	36,418	36,983
Acquisition price (Millions of yen)	1,165	4,350	1,520	1,674

Property number	RE-097	RE-098	RE-099	RE-100
Property name	Castalia Tsurumi	Castalia Funabashi	Castalia Nishi Funabashi	Castalia Maihama
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	4,315	4,816	5,312	3,902
Leasehold and security deposits, etc.	7,329	6,612	7,512	4,316
Occupancy rate	100.0%	96.6%	98.8%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	27,262	29,623	32,779	23,429
Rental revenues	24,992	26,832	30,859	22,228
Other rental revenues	2,269	2,791	1,920	1,200
(B) Real estate rental expenses subtotal	10,086	15,417	8,101	5,583
Taxes and public dues	1,398	1,476	1,431	1,078
Outsourcing expenses	3,175	3,973	3,931	2,823
Repairs and maintenance expenses	3,744	7,453	1,555	884
Insurance	36	35	39	33
Utilities expenses	209	1,854	407	197
Other rental expenses	1,522	624	735	565
(C) NOI (= A - B)	17,176	14,206	24,678	17,846
(D) Depreciation	5,124	5,730	4,726	4,023
(E) Income (loss) from rental business (= C - D)	12,051	8,475	19,951	13,823
(F) Capital expenditures	—	1,616	401	—
(G) NCF (= C - F)	17,176	12,589	24,276	17,846
Acquisition price (Millions of yen)	666	704	783	670

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-101	RE-102	RE-103	RE-104 (Note 2)
Property name	Castalia Ichikawamyoden	Castalia Urayasu	Castalia Minamigyotoku	Castalia Minamigyotoku II
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	4,466	3,570	2,762	—
Leasehold and security deposits, etc.	8,352	7,140	3,956	—
Occupancy rate	100.0%	100.0%	89.8%	—
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	26,796	21,408	18,301	13,407
Rental revenues	26,796	21,264	17,935	12,617
Other rental revenues	—	144	365	789
(B) Real estate rental expenses subtotal	4,753	3,449	5,116	4,506
Taxes and public dues	1,070	929	891	990
Outsourcing expenses	1,496	1,188	1,867	1,403
Repairs and maintenance expenses	1,452	579	1,587	1,407
Insurance	26	26	26	19
Utilities expenses	164	186	183	146
Other rental expenses	542	539	560	538
(C) NOI (= A - B)	22,042	17,958	13,184	8,900
(D) Depreciation	3,409	3,386	3,126	2,237
(E) Income (loss) from rental business (= C - D)	18,633	14,572	10,058	6,663
(F) Capital expenditures	210	—	—	—
(G) NCF (= C - F)	21,832	17,958	13,184	8,900
Acquisition price (Millions of yen)	671	592	543	385

Property number	RE-105	RE-106	RE-107	RE-108
Property name	Castalia Nogeeyama	Castalia Ichikawa	Royal Parks Hanakoganei	Castalia Musashikosugi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	2,188	3,280	38,195	9,203
Leasehold and security deposits, etc.	2,312	7,044	41,411	12,832
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	13,759	19,681	245,413	56,605
Rental revenues	12,941	19,680	229,174	51,741
Other rental revenues	817	1	16,238	4,864
(B) Real estate rental expenses subtotal	6,949	4,503	64,266	15,152
Taxes and public dues	733	881	13,866	2,641
Outsourcing expenses	2,005	1,512	1,498	7,695
Repairs and maintenance expenses	3,268	1,515	11,691	3,797
Insurance	21	26	441	62
Utilities expenses	313	181	—	372
Other rental expenses	607	388	36,769	582
(C) NOI (= A - B)	6,810	15,177	181,147	41,453
(D) Depreciation	1,692	3,366	73,803	10,958
(E) Income (loss) from rental business (= C - D)	5,117	11,811	107,343	30,494
(F) Capital expenditures	—	—	2,740	4,545
(G) NCF (= C - F)	6,810	15,177	178,406	36,907
Acquisition price (Millions of yen)	325	461	5,300	1,680

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-109	RE-110	RE-111	RE-112
Property name	Royal Parks Wakabadai	Pacific Royal Court Minatomirai Urban Tower	L-Place Shinkoyasu	Royal Parks Musashikosugi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	40,678	81,980	9,320	10,826
Leasehold and security 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) Real estate rental revenues subtotal	257,441	521,398	56,673	68,176
Rental revenues	244,068	491,885	55,919	64,958
Other rental revenues	13,373	29,513	754	3,218
(B) Real estate rental expenses subtotal	97,420	205,088	5,433	30,490
Taxes and public dues	18,958	35,905	3,983	3,408
Outsourcing expenses	1,152	41,083	1,133	2,785
Repairs and maintenance expenses	4,278	12,820	–	1,247
Insurance	465	1,059	97	107
Utilities expenses	–	–	–	–
Other rental expenses	72,564	114,219	217	22,941
(C) NOI (= A – B)	160,021	316,310	51,240	37,685
(D) Depreciation	73,316	179,611	17,724	18,306
(E) Income (loss) from rental business (= C – D)	86,704	136,698	33,515	19,379
(F) Capital expenditures	282	10,039	–	540
(G) NCF (= C - F)	159,739	306,271	51,240	37,145
Acquisition price (Millions of yen)	4,360	9,100	1,720	1,060

Property number	RE-113	RE-114	RE-115	RE-116
Property name	Castalia Shinsakae	Aprile Tarumi	Crest Kusatsu	Castalia Sakaisuji Honmachi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	9,063	9,322	17,613	9,694
Leasehold and security deposits, etc.	13,553	27,966	30,576	4,312
Occupancy rate	98.0%	100.0%	85.9%	95.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	57,273	55,933	119,371	59,500
Rental revenues	52,339	55,933	105,514	55,673
Other rental revenues	4,934	–	13,856	3,827
(B) Real estate rental expenses subtotal	20,205	14,510	75,259	22,342
Taxes and public dues	3,629	5,088	9,152	3,322
Outsourcing expenses	7,422	1,208	26,808	8,617
Repairs and maintenance expenses	7,794	7,670	27,281	6,822
Insurance	105	98	310	90
Utilities expenses	653	–	8,746	2,060
Other rental expenses	599	444	2,959	1,428
(C) NOI (= A – B)	37,068	41,422	44,112	37,158
(D) Depreciation	18,824	9,633	40,825	11,182
(E) Income (loss) from rental business (= C – D)	18,243	31,789	3,286	25,976
(F) Capital expenditures	19,549	15,250	–	–
(G) NCF (= C - F)	17,518	26,172	44,112	37,158
Acquisition price (Millions of yen)	1,920	1,340	3,004	1,490

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-117	RE-118	RE-119	RE-120
Property name	Castalia Shin-Umeda	Castalia Abeno	Castalia Sakae	Castalia Nipponbashi Kouzu
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	8,867	27,152	6,983	24,661
Leasehold and security deposits, etc.	6,589	18,986	12,947	10,142
Occupancy rate	97.2%	97.9%	94.5%	95.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	56,154	161,731	44,729	150,753
Rental revenues	52,516	147,838	41,331	143,061
Other rental revenues	3,637	13,892	3,397	7,691
(B) Real estate rental expenses subtotal	14,791	65,053	12,363	59,581
Taxes and public dues	3,289	11,018	3,182	10,031
Outsourcing expenses	5,642	22,113	5,256	23,886
Repairs and maintenance expenses	3,855	26,660	2,982	22,806
Insurance	88	253	81	271
Utilities expenses	1,450	3,971	450	1,896
Other rental expenses	463	1,035	410	689
(C) NOI (= A - B)	41,363	96,678	32,365	91,171
(D) Depreciation	10,697	28,189	7,542	31,113
(E) Income (loss) from rental business (= C - D)	30,666	68,488	24,823	60,057
(F) Capital expenditures	137	24,825	3,737	6,170
(G) NCF (= C - F)	41,226	71,853	28,628	85,000
Acquisition price (Millions of yen)	1,376	4,368	1,010	3,570

Property number	RE-121	RE-122	RE-123	RE-124
Property name	Castalia Maruyama Urasando	Castalia Maruyama Omotesando	Castalia Higashi Hie	Castalia Tower Nagahoribashi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	3,279	12,431	6,850	25,468
Leasehold and security deposits, etc.	3,559	13,934	6,659	13,996
Occupancy rate	100.0%	100.0%	98.4%	98.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	20,346	77,961	43,594	162,791
Rental revenues	18,614	69,386	41,188	152,595
Other rental revenues	1,732	8,575	2,405	10,196
(B) Real estate rental expenses subtotal	5,073	19,777	14,200	38,589
Taxes and public dues	1,666	7,141	3,236	11,220
Outsourcing expenses	2,078	8,724	4,504	16,639
Repairs and maintenance expenses	363	1,306	5,742	5,702
Insurance	34	126	68	248
Utilities expenses	672	1,781	370	4,105
Other rental expenses	257	697	278	673
(C) NOI (= A - B)	15,273	58,184	29,394	124,202
(D) Depreciation	3,029	12,195	8,058	28,872
(E) Income (loss) from rental business (= C - D)	12,243	45,988	21,336	95,329
(F) Capital expenditures	1,348	320	—	—
(G) NCF (= C - F)	13,924	57,864	29,394	124,202
Acquisition price (Millions of yen)	411	1,740	960	3,400

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-125	RE-126	RE-127	RE-128
Property name	Castalia Sannomiya	Castalia Kotodaikoen	Castalia Ichibancho	Castalia Omachi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	8,553	3,926	5,952	5,268
Leasehold and security deposits, etc.	6,244	4,115	4,731	6,781
Occupancy rate	97.4%	100.0%	96.8%	98.6%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	53,207	24,056	37,133	32,310
Rental revenues	50,741	23,498	35,113	30,144
Other rental revenues	2,466	558	2,019	2,166
(B) Real estate rental expenses subtotal	9,972	11,778	13,335	7,799
Taxes and public dues	3,086	1,701	2,840	2,048
Outsourcing expenses	4,318	1,984	3,463	2,943
Repairs and maintenance expenses	1,405	7,504	6,379	2,354
Insurance	76	47	75	59
Utilities expenses	842	444	430	294
Other rental expenses	243	96	146	100
(C) NOI (= A - B)	43,235	12,278	23,797	24,511
(D) Depreciation	9,745	4,200	5,850	6,339
(E) Income (loss) from rental business (= C - D)	33,489	8,078	17,947	18,171
(F) Capital expenditures	1,429	2,746	3,934	645
(G) NCF (= C - F)	41,805	9,531	19,862	23,865
Acquisition price (Millions of yen)	1,230	481	783	656

Property number	RE-129	RE-130	RE-131	RE-132
Property name	Castalia Uemachidai	Castalia Tower Higobashi	Big Tower Minami Sanjo	Castalia Fushimi
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	13,952	20,634	16,865	16,117
Leasehold and security deposits, etc.	9,511	13,025	15,366	17,184
Occupancy rate	100.0%	97.0%	98.3%	94.1%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	87,175	132,556	111,494	106,374
Rental revenues	80,305	121,436	97,234	95,974
Other rental revenues	6,869	11,120	14,259	10,400
(B) Real estate rental expenses subtotal	21,359	41,918	29,060	32,898
Taxes and public dues	5,563	7,408	9,362	6,128
Outsourcing expenses	8,073	18,247	11,932	11,863
Repairs and maintenance expenses	5,476	10,741	4,990	11,825
Insurance	134	162	300	181
Utilities expenses	1,118	3,283	1,763	1,248
Other rental expenses	992	2,074	709	1,651
(C) NOI (= A - B)	65,816	90,637	82,434	73,476
(D) Depreciation	14,181	19,815	33,328	25,356
(E) Income (loss) from rental business (= C - D)	51,635	70,822	49,106	48,119
(F) Capital expenditures	1,242	-	-	2,582
(G) NCF (= C - F)	64,574	90,637	82,434	70,894
Acquisition price (Millions of yen)	2,190	2,670	1,740	2,260

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-133	RE-134	RE-135	RE-136
Property name	Castalia Meieki Minami	Castalia Yakuin	Castalia Mibu	Castalia Tsutsujigaoka
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	5,072	6,528	7,144	9,063
Leasehold and security deposits, etc.	7,742	9,726	6,590	20,231
Occupancy rate	97.3%	96.7%	94.5%	97.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	32,555	41,191	48,920	60,308
Rental revenues	30,851	39,103	41,548	53,709
Other rental revenues	1,703	2,087	7,371	6,599
(B) Real estate rental expenses subtotal	8,407	16,311	13,293	15,867
Taxes and public dues	1,870	3,018	2,831	3,760
Outsourcing expenses	2,285	4,858	6,307	5,409
Repairs and maintenance expenses	2,913	7,567	2,617	5,406
Insurance	45	74	70	104
Utilities expenses	251	548	1,152	391
Other rental expenses	1,041	245	314	793
(C) NOI (= A - B)	24,147	24,879	35,626	44,440
(D) Depreciation	6,642	10,636	12,125	14,489
(E) Income (loss) from rental business (= C - D)	17,505	14,243	23,500	29,951
(F) Capital expenditures	—	4,180	1,318	6,696
(G) NCF (= C - F)	24,147	20,699	34,308	37,744
Acquisition price (Millions of yen)	720	930	1,193	1,208

Property number	RE-137	RE-138	RE-139	RE-140
Property name	Castalia Ohori Bay Tower	Royal Parks Namba	Castalia Shigahondori	Castalia Kyoto Nishioji
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	14,609	21,394	11,933	5,022
Leasehold and security deposits, etc.	13,620	24,975	25,806	2,193
Occupancy rate	59.8%	100.0%	98.1%	94.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	147,129	135,772	75,859	32,887
Rental revenues	89,795	128,364	70,608	30,203
Other rental revenues	57,334	7,408	5,251	2,684
(B) Real estate rental expenses subtotal	38,113	38,285	20,915	10,046
Taxes and public dues	12,593	9,665	4,336	1,808
Outsourcing expenses	13,105	5,433	6,643	3,451
Repairs and maintenance expenses	4,258	10,683	8,874	3,490
Insurance	344	250	109	62
Utilities expenses	6,045	187	628	1,007
Other rental expenses	1,764	12,065	322	225
(C) NOI (= A - B)	109,016	97,487	54,944	22,841
(D) Depreciation	42,405	42,036	20,168	8,045
(E) Income (loss) from rental business (= C - D)	66,610	55,450	34,776	14,796
(F) Capital expenditures	—	216	1,651	1,233
(G) NCF (= C - F)	109,016	97,271	53,293	21,608
Acquisition price (Millions of yen)	2,910	2,830	1,730	973

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-141	RE-142	Residential properties subtotal
Property name	Castalia Ningyocho III	Royal Parks Umejima	
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	
Monthly rent	11,090	16,153	—
Leasehold and security deposits, etc.	14,736	29,631	—
Occupancy rate	100.0%	100.0%	—
Information on revenues and expenses			
(A) Real estate rental revenues subtotal	64,117	87,932	9,781,221
Rental revenues	54,055	81,108	9,110,530
Other rental revenues	10,062	6,824	670,691
(B) Real estate rental expenses subtotal	12,020	24,355	2,893,077
Taxes and public dues	—	—	547,086
Outsourcing expenses	9,830	7,415	947,916
Repairs and maintenance expenses	688	2,221	736,653
Insurance	89	198	14,342
Utilities expenses	344	486	119,357
Other rental expenses	1,067	14,032	527,721
(C) NOI (= A - B)	52,097	63,577	6,888,143
(D) Depreciation	11,262	26,205	2,053,148
(E) Income (loss) from rental business (= C - D)	40,835	37,372	4,834,995
(F) Capital expenditures	604	—	614,311
(G) NCF (= C - F)	51,493	63,577	6,273,832
Acquisition price (Millions of yen)	2,000	2,020	(Note 3) 257,954

Property number	RM-001	RM-002	RM-003	RM-004
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	45,950	29,696	27,724	21,645
Leasehold and security deposits, etc.	551,400	415,973	319,687	151,515
Occupancy rate	100.0%	96.7%	97.1%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	276,087	273,805	216,252	130,181
Rental revenues	275,700	226,147	196,069	129,870
Other rental revenues	387	47,657	20,183	311
(B) Real estate rental expenses subtotal	42,804	129,958	78,482	32,018
Taxes and public dues	25,616	23,104	13,902	9,962
Outsourcing expenses	8,553	47,175	40,240	20,250
Repairs and maintenance expenses	7,659	7,348	6,165	1,179
Insurance	454	330	157	104
Utilities expenses	—	50,248	17,108	—
Other rental expenses	522	1,751	908	522
(C) NOI (= A - B)	233,282	143,846	137,770	98,162
(D) Depreciation	53,869	34,708	26,636	11,923
(E) Income (loss) from rental business (= C - D)	179,413	109,138	111,133	86,239
(F) Capital expenditures	430	6,970	57,515	1,317
(G) NCF (= C - F)	232,852	136,875	80,255	96,845
Acquisition price (Millions of yen)	7,770	4,580	4,270	3,000

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RM-005	RM-006	RR-001	RR-002
Property name	ACROSSPLAZA Miyoshi (Land)	DREAM TOWN ALi	LIFE Sagami-hara Wakamatsu	FOLEO Sendai Miyanomori
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017
Monthly rent	15,714	48,712	(Note 1)	39,750
Leasehold and security deposits, etc.	188,568	473,079	(Note 1)	238,500
Occupancy rate	100.0%	98.4%	100.0	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	94,284	397,978	(Note 1)	238,653
Rental revenues	94,284	292,658	(Note 1)	238,500
Other rental revenues	—	105,320	(Note 1)	153
(B) Real estate rental expenses subtotal	9,751	142,596	(Note 1)	30,017
Taxes and public dues	9,534	22,999	(Note 1)	22,796
Outsourcing expenses	—	34,456	(Note 1)	3,680
Repairs and maintenance expenses	—	10,598	(Note 1)	2,787
Insurance	—	312	(Note 1)	231
Utilities expenses	—	73,558	(Note 1)	—
Other rental expenses	217	671	(Note 1)	522
(C) NOI (= A - B)	84,532	255,382	43,829	208,636
(D) Depreciation	—	38,285	2,925	21,091
(E) Income (loss) from rental business (= C - D)	84,532	217,096	40,903	187,545
(F) Capital expenditures	—	—	—	—
(G) NCF (= C - F)	84,532	255,382	43,829	208,636
Acquisition price (Millions of yen)	3,740	8,100	1,670	6,960

Property number	RR-003	RR-004	RR-005	
Property name	ACROSSPLAZA Inazawa (Land)	Sports Depo and GOLF5 Kokurahigashi IC Store	Hiratsuka Retail Property (Land)	Retail properties subtotal
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	
Monthly rent	11,610	(Note 1)	(Note 1)	—
Leasehold and security deposits, etc.	139,320	(Note 1)	(Note 1)	—
Occupancy rate	100.0%	100.0%	100.0%	—
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	69,660	(Note 1)	(Note 1)	1,842,714
Rental revenues	69,660	(Note 1)	(Note 1)	1,668,701
Other rental revenues	—	(Note 1)	(Note 1)	174,013
(B) Real estate rental expenses subtotal	7,371	(Note 1)	(Note 1)	481,068
Taxes and public dues	7,154	(Note 1)	(Note 1)	138,889
Outsourcing expenses	—	(Note 1)	(Note 1)	157,685
Repairs and maintenance expenses	—	(Note 1)	(Note 1)	35,737
Insurance	—	(Note 1)	(Note 1)	1,691
Utilities expenses	—	(Note 1)	(Note 1)	140,915
Other rental expenses	217	(Note 1)	(Note 1)	6,149
(C) NOI (= A - B)	62,288	72,084	21,829	1,361,645
(D) Depreciation	—	12,840	—	202,279
(E) Income (loss) from rental business (= C - D)	62,288	59,244	21,829	1,159,366
(F) Capital expenditures	—	—	—	66,233
(G) NCF (= C - F)	62,288	72,084	21,829	1,295,412
Acquisition price (Millions of yen)	2,390	2,230	5,620	50,330

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(Unit: Thousands of yen, unless otherwise stated)

Property number	OT-001	OT-002	OT-003	Other assets subtotal
Property name	Urban Living Inage	Aburatsubo Marina HILLS	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	
Period for asset management	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	From September 1, 2016 to February 28, 2017	
Monthly rent	6,510	7,291	44,452	—
Leasehold and security deposits, etc.	41,937	53,900	465,792	—
Occupancy rate	100.0	100.0	99.2%	—
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	39,060	43,749	271,917	354,726
Rental revenues	39,060	43,749	229,871	312,680
Other rental revenues	—	—	42,046	42,046
(B) Real estate rental expenses subtotal	4,767	3,611	47,826	56,205
Taxes and public dues	2,493	2,462	—	4,955
Outsourcing expenses	282	302	21,361	21,947
Repairs and maintenance expenses	1,642	496	631	2,770
Insurance	76	129	353	559
Utilities expenses	—	—	25,317	25,317
Other rental expenses	272	220	160	653
(C) NOI (= A - B)	34,292	40,137	224,091	298,521
(D) Depreciation	12,459	14,901	55,320	82,680
(E) Income (loss) from rental business (= C - D)	21,832	25,236	168,771	215,840
(F) Capital expenditures	0	854	927	1,781
(G) NCF (= C - F)	34,292	39,283	223,164	296,740
Acquisition price (Millions of yen)	930	1,100	7,600	9,630

Property number	Total
Property name	
Period for asset management	
Monthly rent	—
Leasehold and security deposits, etc.	—
Occupancy rate	—
Information on revenues and expenses	
(A) Real estate rental revenues subtotal	17,531,143
Rental revenues	16,606,592
Other rental revenues	924,550
(B) Real estate rental expenses subtotal	4,132,712
Taxes and public dues	1,175,602
Outsourcing expenses	1,233,882
Repairs and maintenance expenses	862,993
Insurance	25,089
Utilities expenses	285,590
Other rental expenses	549,554
(C) NOI (= A - B)	13,398,430
(D) Depreciation	3,361,190
(E) Income (loss) from rental business (= C - D)	10,037,240
(F) Capital expenditures	843,144
(G) NCF (= C - F)	12,555,286
Acquisition price (Millions of yen)	(Note 3) 513,772

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

(Note 2) Sold as of February 23, 2017.

(Note 3) Properties sold in the current fiscal period have been omitted.

(2) Summary of major tenants

i) 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 February 28, 2017)

Tenant	Business	Property name	Annual rent (Millions of yen) (Note 1)	Leasehold and security deposit (Millions 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.	Rental business	Castalia Nishi Azabu Kasumicho and others Total: 88	9,292	923	233,861.64	14.7
Total of all portfolio			33,617	13,376	1,589,281.64	100.0

(Note 1) “Annual rent” represents the amount calculated by multiplying the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2017 by 12 (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements).

Annual rent for residential properties includes common area charges. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the annual rent represents the amount calculated by multiplying the monthly rent indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of February 28, 2017 by 12 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such lease agreements). For revenue-based rent, a monthly amount linked to sales in February 2017 is used. Therefore, the sums of the “Annual rent” of each real estate may not add up to the total for the portfolio.

(Note 2) “Leasehold and security deposit” represents the total amount of outstanding leasehold and security deposit as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2017 (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). However, in case of a pass-through type master lease agreement entered into with the master lease company, the total scheduled outstanding amount of leasehold and security deposit, as indicated in the sublease agreement concluded between the master lease company and end-tenants in relation to each real estate or each real estate in trust as of February 28, 2017 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), is provided. When there are portions that do not need to be repaid due to special agreements concerning non-refundable deposits or written-off deposits, the amount represents the amount after subtracting these deductions.

(Note 3) “Leased area” represents the leased area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2017. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants, as indicated in the sublease agreement for each real estate or each real estate in trust as of February 28, 2017, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area.

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

ii) Lease terms for major tenants

The major tenant in relation to the assets that DHR owned as of February 28, 2017 was Daiwa Living Management Co., Ltd., and DHR concluded lease agreements in relation to each real estate or each real estate in trust as in the table below. In all the lease agreements, the contract shall be automatically renewed for an additional two years under the same terms unless the lessor, the lessee or the 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. DHR's lease terms expiration date of each real estate or each real estate in trust as of February 28, 2017 is as follows:

Property number	Property name	Expiration date	Property number	Property name	Expiration date
RE-013	Castalia Nishi Azabu Kasumicho	March 31, 2019	RE-069	Castalia Iriya	March 31, 2019
RE-014	Castalia Ochanomizu	March 31, 2019	RE-070	Castalia Kita Ueno	March 31, 2019
RE-016	Castalia Suitengu	March 31, 2019	RE-071	Castalia Morishita II	March 31, 2019
RE-017	Castalia Suitengu II	March 31, 2019	RE-072	Castalia Minowa	March 31, 2019
RE-018	Castalia Shintomicho	March 31, 2019	RE-074	Castalia Nakano	March 31, 2019
RE-019	Castalia Shintomicho II	March 31, 2019	RE-075	Castalia Yoga	March 31, 2019
RE-020	Castalia Harajuku	March 31, 2019	RE-076	Castalia Sumiyoshi	March 31, 2019
RE-022	Castalia Sendagaya	March 31, 2019	RE-077	Castalia Monzennakacho II	March 31, 2019
RE-023	Castalia Shinjuku 7 chome	March 31, 2019	RE-078	Castalia Oshiage	March 31, 2019
RE-024	Castalia Ningyocho	March 31, 2019	RE-079	Castalia Kuramae	March 31, 2019
RE-025	Castalia Ningyocho II	March 31, 2019	RE-083	Castalia Ooimachi	March 31, 2019
RE-026	Castalia Shin-Ochanomizu	March 31, 2019	RE-084	Castalia Omori	March 31, 2019
RE-027	Castalia Higashi Nihonbashi II	March 31, 2019	RE-085	Castalia Mishuku	March 31, 2019
RE-028	Castalia Jinbocho	March 31, 2019	RE-089	Castalia Meguro Chojyamaru	September 30, 2017
RE-029	Castalia Shintomicho III	March 31, 2019	RE-090	Castalia Meguro Takaban	September 30, 2017
RE-030	Castalia Shinjuku Gyoen	March 31, 2019	RE-091	Castalia Omori III	September 30, 2017
RE-031	Castalia Takanawadai	March 31, 2019	RE-092	Morino Tonari	June 30, 2018
RE-032	Castalia Higashi Nihonbashi III	March 31, 2019	RE-093	Castalia Meguro Tairamachi	September 25, 2018
RE-033	Castalia Shinjuku Gyoen II	March 31, 2019	RE-095	Castalia Honkomagome	May 31, 2019
RE-034	Castalia Shintomicho IV	March 31, 2019	RE-098	Castalia Funabashi	March 31, 2019
RE-035	Castalia Takanawadai II	March 31, 2019	RE-099	Castalia Nishi Funabashi	March 31, 2019
RE-036	Castalia Minami Azabu	March 31, 2019	RE-100	Castalia Maihama	March 31, 2019
RE-037	Castalia Ginza III	March 31, 2019	RE-101	Castalia Ichikawamyoden	March 31, 2019
RE-038	Castalia Kayabacho	March 31, 2019	RE-102	Castalia Urayasu	March 31, 2019
RE-039	Castalia Takanawa	March 31, 2019	RE-103	Castalia Minamigyotoku	March 31, 2019
RE-040	Castalia Higashi Nihonbashi	March 31, 2019	RE-105	Castalia Nogeyama	March 31, 2019
RE-041	Castalia Shinjuku	March 31, 2019	RE-106	Castalia Ichikawa	March 31, 2019
RE-045	Castalia Hatsudai II	September 30, 2017	RE-108	Castalia Musashikosugi	September 30, 2017
RE-046	Castalia Ebisu	September 30, 2017	RE-111	L-Place Shinkoyasu	May 31, 2019
RE-054	Castalia Otsuka II	March 31, 2019	RE-113	Castalia Shinsakae	March 31, 2019
RE-055	Castalia Jiyugaoka	March 31, 2019	RE-115	Crest Kusatsu (Note)	March 31, 2019
RE-056	Castalia Mejiro	March 31, 2019	RE-116	Castalia Sakaisuji Honmachi	March 31, 2019
RE-057	Castalia Ikebukuro	March 31, 2019	RE-117	Castalia Shin-Umeda	March 31, 2019
RE-058	Castalia Kaname-cho	March 31, 2019	RE-118	Castalia Abeno	March 31, 2019
RE-059	Castalia Tower Shinagawa Seaside	March 31, 2019	RE-119	Castalia Sakae	March 31, 2019
RE-060	Castalia Yakumo	March 31, 2019	RE-120	Castalia Nipponbashi Kouzu	March 31, 2019
RE-061	Castalia Togoshiekimae	March 31, 2019	RE-124	Castalia Tower Nagahoribashi	March 31, 2019
RE-062	Castalia Honjo Azumabashi	March 31, 2019	RE-125	Castalia Sannomiya	March 31, 2019
RE-063	Castalia Kitazawa	March 31, 2019	RE-129	Castalia Uemachidai	March 31, 2019
RE-064	Castalia Monzennakacho	March 31, 2019	RE-130	Castalia Tower Higobashi	March 31, 2019
RE-065	Castalia Kamiikedai	March 31, 2019	RE-132	Castalia Fushimi	March 31, 2019
RE-066	Castalia Morishita	March 31, 2019	RE-133	Castalia Meieki Minami	March 31, 2019
RE-067	Castalia Wakabayashikoen	March 31, 2019	RE-139	Castalia Shigahondori	June 30, 2019
RE-068	Castalia Asakusabashi	March 31, 2019	RE-141	Castalia Ningyocho III	September 30, 2018

(Note) DHR has changed the master lease company to Sigma Japan Co., Ltd. effective April 1, 2017.

(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 February 28, 2017.

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

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-001	D Project Machida	T	February 28, 2017	9,410	9,610	4.6	9,330	1st to 10th year 4.5 11th year 4.6	4.8
LB-002	D Project Hachioji	T	February 28, 2017	15,700	15,500	4.5	15,800	1st to 2nd year 4.4 3rd to 10th year 4.5	4.7
LB-003	D Project Aikawa-Machi	T	February 28, 2017	3,430	3,470	4.7	3,410	4.7	4.9
LB-004	D Project Shin-Misato	T	February 28, 2017	5,760	5,840	5.2	5,730	5.2	5.4
LB-005	D Project Urayasu I	T	February 28, 2017	9,460	9,690	4.2	9,360	4.3	4.4
LB-006	D Project Urayasu II	T	February 28, 2017	26,200	26,500	4.1	26,100	1st to 10th year 4.1 11th year 4.2	4.3
LB-007	D Project Akanehama	T	February 28, 2017	2,980	3,010	4.6	2,960	4.7	4.8
LB-008	D Project Noda	T	February 28, 2017	6,340	6,330	4.8	6,350	4.7	5.0
LB-009	D Project Inuyama	T	February 28, 2017	8,820	8,710	5.0	8,860	1st to 8th year 4.9 9th year and later 5.0	5.2
LB-010	D Project Gifu	T	February 28, 2017	1,110	1,100	5.6	1,110	1st to 7th year 5.5 8th year and later 5.6	5.8
LB-011	D Project Neyagawa	T	February 28, 2017	6,080	6,060	4.7	6,090	4.7	4.9
LB-012	D Project Sapporo Minami	T	February 28, 2017	838	825	6.1	843	1st year 5.9 2nd to 10th year 6.0	6.3
LB-013	D Project Morioka	T	February 28, 2017	1,220	1,210	6.0	1,230	5.9	6.2
LB-014	D Project Sendai Minami	T	February 28, 2017	1,550	1,540	5.3	1,560	1st to 4th year 5.1 5th to 10th year 5.2	5.5
LB-015	D Project Tsuchiura	T	February 28, 2017	3,430	3,320	5.3	3,480	5.2	5.5
LB-016	D Project Gotenba	T	February 28, 2017	1,160	1,130	5.5	1,170	5.4	5.7

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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-017	D Project Nishi-Hiroshima	T	February 28, 2017	1,220	1,180	5.5	1,230	Building A 1st to 6th year 5.5 7th to 10th year 5.6 Building B 5.5	5.7
LB-018	D Project Fukuoka Umi	T	February 28, 2017	4,300	4,270	5.2	4,310	Building A 1st to 4th year 5.0 5th year and later 5.1 Building B 1st to 5th year 4.9 6th year and later 5.1 Building C 5.1 Building D 1st to 4th year 5.0 5th year and later 5.1	5.4
LB-019	D Project Tosu	T	February 28, 2017	5,800	5,900	5.2	5,750	1st to 7th year 5.2 8th year and later 5.3	5.4
LB-020	D Project Kuki I	T	February 28, 2017	4,020	4,040	4.9	4,010	1st to 8th year 4.9 9th year and later 5.0	5.1
LB-021	D Project Kuki II	T	February 28, 2017	8,400	8,460	4.9	8,370	1st to 6th year 4.9 7th year and later 5.0	5.1
LB-022	D Project Kawagoe I	T	February 28, 2017	3,640	3,670	4.9	3,630	1st to 9th year 4.9 10th to 11th year 5.0	5.1
LB-023	D Project Kawagoe II	T	February 28, 2017	5,070	5,090	4.9	5,060	4.9	5.1
LB-024	DPL Inuyama	T	February 28, 2017	3,970	3,980	5.0	3,970	4.9	5.2
LB-025	D Project Fukuoka Hakozaki	T	February 28, 2017	4,430	4,440	4.9	4,420	4.8	5.1
LB-026	D Project Kuki III	T	February 28, 2017	7,890	8,070	4.9	7,810	1st to 6th year 4.9 7th year and later 5.0	5.1
LB-027	D Project Kuki IV	T	February 28, 2017	5,690	5,650	4.9	5,710	1st to 7th year 4.9 8th to 10th year 5.0	5.1
LB-028	D Project Kuki V	T	February 28, 2017	8,610	8,630	4.9	8,600	1st to 5th year 4.9 6th to 10th year 5.0	5.1
LB-029	D Project Kuki VI	T	February 28, 2017	5,300	5,350	4.9	5,280	1st to 7th year 4.9 8th to 10th year 5.0	5.1
LB-030	D Project Yashio	F	February 28, 2017	6,480	6,520	4.7	6,440	4.2	5.0

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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-031	D Project Nishiyodogawa	F	February 28, 2017	10,500	10,500	4.9	10,400	4.6	5.1
LB-032	D Project Matsudo	F	February 28, 2017	7,460	7,470	4.7	7,440	4.4	4.8
LB-033	D Project Hibiki Nada	T	February 28, 2017	2,150	2,140	5.9	2,150	1st to 5th year 5.8 6th year and later 6.0	6.1
LB-034	D Project Morioka II	T	February 28, 2017	1,320	1,330	6.0	1,320	1st to 9th year 5.7 10th year and later 5.8	6.2
RE-001	Qiz Ebisu	T	February 28, 2017	8,290	8,520	4.0	8,190	4.2	4.2
RE-002	Castalia Azabujuban Shichimenzaka	C	February 28, 2017	4,210	4,280	4.2	4,210	4.0	4.4
RE-003	Castalia Shibakoen	T	February 28, 2017	2,140	2,170	4.4	2,130	4.5	4.6
RE-004	Castalia Ginza	T	February 28, 2017	2,170	2,200	4.3	2,150	4.4	4.5
RE-005	Castalia Hiroo	T	February 28, 2017	1,800	1,860	4.2	1,770	4.3	4.4
RE-006	Castalia Nihonbashi	T	February 28, 2017	1,140	1,150	4.4	1,130	4.5	4.6
RE-007	Castalia Hacchobori	T	February 28, 2017	2,190	2,220	4.4	2,180	4.5	4.6
RE-008	Castalia Azabujuban	C	February 28, 2017	2,650	2,740	4.2	2,650	4.0	4.4
RE-009	Castalia Azabujuban II	C	February 28, 2017	2,490	2,570	4.1	2,490	3.9	4.3
RE-010	Castalia Shinjuku Natsumezaka	C	February 28, 2017	1,670	1,720	4.3	1,670	4.1	4.5
RE-011	Castalia Ginza II	T	February 28, 2017	1,670	1,690	4.3	1,660	4.4	4.5
RE-012	Castalia Shibuya Sakuragaoka	T	February 28, 2017	1,080	1,100	4.2	1,070	4.4	4.4
RE-013	Castalia Nishi Azabu Kasumicho	T	February 28, 2017	2,210	2,240	4.3	2,190	4.4	4.5
RE-014	Castalia Ochanomizu	F	February 28, 2017	2,050	2,080	4.4	2,020	4.2	4.6
RE-015	Castalia Sangubashi	T	February 28, 2017	1,520	1,540	4.3	1,510	4.5	4.5
RE-016	Castalia Suitengu	T	February 28, 2017	1,360	1,370	4.5	1,360	4.5	4.7
RE-017	Castalia Suitengu II	T	February 28, 2017	1,220	1,240	4.4	1,210	4.5	4.6
RE-018	Castalia Shintomicho	T	February 28, 2017	998	1,010	4.5	993	4.5	4.7
RE-019	Castalia Shintomicho II	T	February 28, 2017	882	890	4.5	878	4.5	4.7
RE-020	Castalia Harajuku	F	February 28, 2017	910	924	4.2	896	4.0	4.4
RE-021	Castalia Yoyogi Uehara	F	February 28, 2017	695	704	4.3	685	4.1	4.5
RE-022	Castalia Sendagaya	F	February 28, 2017	596	604	4.3	587	4.1	4.5
RE-023	Castalia Shinjuku 7 chome	F	February 28, 2017	518	524	4.6	511	4.4	4.8
RE-024	Castalia Ningyocho	F	February 28, 2017	1,190	1,210	4.3	1,170	4.1	4.5

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Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-025	Castalia Ningyocho II	F	February 28, 2017	1,330	1,350	4.3	1,310	4.1	4.5
RE-026	Castalia Shin-Ochanomizu	F	February 28, 2017	1,060	1,070	4.3	1,040	4.1	4.5
RE-027	Castalia Higashi Nihonbashi II	F	February 28, 2017	1,660	1,680	4.3	1,630	4.1	4.5
RE-028	Castalia Jinbocho	F	February 28, 2017	1,420	1,430	4.3	1,400	4.1	4.5
RE-029	Castalia Shintomicho III	F	February 28, 2017	739	751	4.4	726	4.1	4.7
RE-030	Castalia Shinjuku Gyoen	T	February 28, 2017	3,030	3,090	4.4	3,010	1st to 10th year 4.6 11th year 4.6	4.6
RE-031	Castalia Takanawadai	F	February 28, 2017	1,010	1,030	4.2	999	4.0	4.4
RE-032	Castalia Higashi Nihonbashi III	D	February 28, 2017	791	799	4.3	787	4.1	4.5
RE-033	Castalia Shinjuku Gyoen II	T	February 28, 2017	499	511	4.4	494	4.6	4.6
RE-034	Castalia Shintomicho IV	D	February 28, 2017	459	464	4.3	457	4.1	4.5
RE-035	Castalia Takanawadai II	F	February 28, 2017	1,320	1,340	4.2	1,300	4.0	4.4
RE-036	Castalia Minami Azabu	F	February 28, 2017	680	690	4.2	669	4.0	4.4
RE-037	Castalia Ginza III	T	February 28, 2017	2,900	2,940	4.3	2,880	4.4	4.5
RE-038	Castalia Kayabacho	T	February 28, 2017	3,030	3,040	4.5	3,020	4.5	4.7
RE-039	Castalia Takanawa	T	February 28, 2017	7,610	7,810	4.4	7,520	4.7	4.6
RE-040	Castalia Higashi Nihonbashi	C	February 28, 2017	4,000	3,900	4.5	4,000	4.3	4.7
RE-041	Castalia Shinjuku	T	February 28, 2017	3,370	3,420	4.3	3,350	4.5	4.5
RE-042	Castalia Ichigaya	C	February 28, 2017	1,330	1,350	4.4	1,330	4.2	4.6
RE-043	Shibaura Island Bloom Tower	F	February 28, 2017	8,760	— (Note 3)	— (Note 3)	8,756	4.0	6.1
RE-044	Castalia Hatsudai	D	February 28, 2017	2,300	2,330	4.3	2,280	4.1	4.5
RE-045	Castalia Hatsudai II	M	February 28, 2017	2,070	2,100	4.2	2,040	4.0	4.4
RE-046	Castalia Ebisu	M	February 28, 2017	1,600	1,620	4.1	1,570	3.9	4.3
RE-047	Castalia Meguro Kamurozaka	D	February 28, 2017	4,230	4,290	4.2	4,210	4.0	4.4
RE-048	Castalia Toritsudaigaku	C	February 28, 2017	558	568	5.1	558	4.9	5.4
RE-049	Castalia Yukigaya	T	February 28, 2017	1,090	1,100	4.5	1,080	4.6	4.7
RE-050	Castalia Yutenji	C	February 28, 2017	1,260	1,300	4.2	1,260	4.0	4.4
RE-051	Castalia Otsuka	C	February 28, 2017	1,620	1,640	4.3	1,620	4.1	4.5
RE-052	Castalia Kikukawa	T	February 28, 2017	755	764	4.6	751	4.7	4.8
RE-053	Castalia Meguro	F	February 28, 2017	972	981	4.5	963	4.2	4.7

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 28, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-054	Castalia Otsuka II	F	February 28, 2017	1,230	1,240	4.4	1,210	4.2	4.6
RE-055	Castalia Jiyugaoka	F	February 28, 2017	1,370	1,390	4.2	1,350	4.0	4.4
RE-056	Castalia Mejiro	C	February 28, 2017	1,070	1,090	4.6	1,070	4.4	4.8
RE-057	Castalia Ikebukuro	D	February 28, 2017	2,750	2,780	4.3	2,740	4.1	4.5
RE-058	Castalia Kaname-cho	T	February 28, 2017	1,220	1,240	4.5	1,210	4.7	4.7
RE-059	Castalia Tower Shinagawa Seaside	T	February 28, 2017	8,540	8,580	4.5	8,520	4.5	4.7
RE-060	Castalia Yakumo	T	February 28, 2017	761	774	4.4	756	4.6	4.6
RE-061	Castalia Togoshiekimae	F	February 28, 2017	1,890	1,910	4.5	1,860	4.3	4.7
RE-062	Castalia Honjo Azumabashi	T	February 28, 2017	1,090	1,100	4.7	1,090	4.8	4.9
RE-063	Castalia Kitazawa	F	February 28, 2017	797	807	4.4	787	4.2	4.6
RE-064	Castalia Monzennakacho	T	February 28, 2017	525	531	4.8	522	4.9	5.0
RE-065	Castalia Kamiikedai	F	February 28, 2017	212	213	5.1	211	4.7	5.3
RE-066	Castalia Morishita	F	February 28, 2017	998	1,010	4.4	986	4.2	4.6
RE-067	Castalia Wakabayashikoen	D	February 28, 2017	830	840	4.3	825	4.1	4.5
RE-068	Castalia Asakusabashi	C	February 28, 2017	932	931	4.5	932	4.3	4.7
RE-069	Castalia Iriya	C	February 28, 2017	653	658	4.9	653	4.7	5.1
RE-070	Castalia Kita Ueno	T	February 28, 2017	2,670	2,700	4.6	2,660	4.7	4.8
RE-071	Castalia Morishita II	T	February 28, 2017	774	775	4.6	773	4.7	4.8
RE-072	Castalia Minowa	T	February 28, 2017	1,510	1,530	4.6	1,500	4.7	4.8
RE-073	Castalia Oyamadai	T	February 28, 2017	583	589	4.5	581	4.6	4.7
RE-074	Castalia Nakano	F	February 28, 2017	1,200	1,220	4.4	1,180	4.2	4.6
RE-075	Castalia Yoga	T	February 28, 2017	1,110	1,130	4.4	1,100	4.6	4.6
RE-076	Castalia Sumiyoshi	T	February 28, 2017	1,010	1,020	4.5	1,000	4.6	4.7
RE-077	Castalia Monzennakacho II	F	February 28, 2017	2,610	2,640	4.4	2,570	4.2	4.6
RE-078	Castalia Oshiage	T	February 28, 2017	1,100	1,110	4.7	1,090	1st to 10th year 5.0 11th year 4.8	4.9
RE-079	Castalia Kuramae	T	February 28, 2017	1,460	1,490	4.5	1,450	1st to 10th year 4.7 11th year 4.6	4.7
RE-080	Castalia Nakanobu	C	February 28, 2017	2,580	2,600	4.3	2,580	4.1	4.5
RE-081	Royal Parks Toyosu	C	February 28, 2017	9,710	9,910	4.7	9,710	4.4	5.0

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 28, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-082	Castalia Togoshi	C	February 28, 2017	2,510	2,530	4.4	2,510	4.2	4.6
RE-083	Castalia Oomachi	M	February 28, 2017	1,450	1,460	4.2	1,430	4.1	4.4
RE-084	Castalia Omori	C	February 28, 2017	1,780	1,810	4.4	1,780	4.2	4.6
RE-085	Castalia Mishuku	C	February 28, 2017	2,290	2,330	4.4	2,290	4.2	4.6
RE-086	Castalia Arakawa	C	February 28, 2017	2,140	2,180	4.6	2,140	4.4	4.8
RE-087	Castalia Omori II	M	February 28, 2017	2,760	2,790	4.3	2,720	4.1	4.5
RE-088	Castalia Nakameguro	M	February 28, 2017	4,270	4,330	4.1	4,210	3.9	4.3
RE-089	Castalia Meguro Chojyamaru	M	February 28, 2017	2,300	2,330	4.1	2,260	3.9	4.3
RE-090	Castalia Meguro Takaban	M	February 28, 2017	1,880	1,910	4.4	1,850	4.2	4.6
RE-091	Castalia Omori III	M	February 28, 2017	1,690	1,720	4.3	1,660	4.1	4.5
RE-092	Morino Tonari	F	February 28, 2017	1,170	1,180	4.3	1,150	4.1	4.5
RE-093	Castalia Meguro Tairamachi	M	February 28, 2017	1,240	1,260	4.1	1,210	3.9	4.3
RE-094	Royal Parks SEASIR	M	February 28, 2017	4,880	4,960	5.6 (Note 4)	4,880	1st to 10th year 5.4 11th year to end of land leasing period 5.8	— (Note 4)
RE-095	Castalia Honkomagome	M	February 28, 2017	1,670	1,690	4.5	1,640	4.3	4.7
RE-096	Cosmo Heim Musashikosugi	C	February 28, 2017	1,970	2,070	4.9	1,970	4.7	5.1
RE-097	Castalia Tsurumi	C	February 28, 2017	730	733	5.2	730	5.0	5.4
RE-098	Castalia Funabashi	T	February 28, 2017	775	775	5.1	775	1st to 2nd year 5.1 3rd to 11th year 4.9	5.3
RE-099	Castalia Nishi Funabashi	F	February 28, 2017	888	896	5.4	879	5.2	5.6
RE-100	Castalia Maihama	T	February 28, 2017	645	652	5.3	642	5.3	5.5
RE-101	Castalia Ichikawamyoden	T	February 28, 2017	715	621	5.2	755	5.4	5.5
RE-102	Castalia Urayasu	T	February 28, 2017	623	568	5.2	647	5.2	5.5
RE-103	Castalia Minamigyotoku	T	February 28, 2017	503	505	5.1	502	5.1	5.3
RE-105	Castalia Nozeyama	F	February 28, 2017	318	321	5.3	315	5.1	5.5
RE-106	Castalia Ichikawa	F	February 28, 2017	521	524	5.3	518	5.1	5.5
RE-107	Royal Parks Hanakoganei	D	February 28, 2017	6,070	6,020	5.2 (Note 4)	6,090	1st to 10th year 5.0 11th year to end of land leasing period 5.4	— (Note 4)
RE-108	Castalia Musashikosugi	M	February 28, 2017	1,900	1,920	4.6	1,870	4.4	4.8

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 28, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-109	Royal Parks Wakabadai	D	February 28, 2017	4,910	4,830	5.3 (Note 4)	4,940	1st to 10th year 5.1 11th year to end of land leasing period 5.5	— (Note 4)
RE-110	Pacific Royal Court Minatomirai Urban Tower	M	February 28, 2017	10,700	10,900	5.1 (Note 4)	10,700	1st to 10th year 4.9 11th year to end of land leasing period 5.3	— (Note 4)
RE-111	L-Place Shinkoyasu	F	February 28, 2017	1,970	1,990	5.1	1,950	4.9	5.3
RE-112	Royal Parks Musashikosugi	M	February 28, 2017	1,270	1,290	5.1 (Note 4)	1,270	1st to 10th year 4.9 11th year to end of land leasing period 5.3	— (Note 4)
RE-113	Castalia Shinsakae	C	February 28, 2017	1,580	1,580	5.0	1,580	4.8	5.2
RE-114	Aprile Tarumi	F	February 28, 2017	1,570	1,580	5.6	1,560	5.4	5.8
RE-115	Crest Kusatsu	T	February 28, 2017	1,960	2,010	7.0	1,940	7.1	7.2
RE-116	Castalia Sakaisuji Honmachi	T	February 28, 2017	1,670	1,680	4.9	1,660	5.0	5.1
RE-117	Castalia Shin-Umeda	T	February 28, 2017	1,490	1,490	5.0	1,490	5.1	5.2
RE-118	Castalia Abeno	T	February 28, 2017	4,810	4,860	4.9	4,790	5.0	5.1
RE-119	Castalia Sakae	C	February 28, 2017	1,210	1,200	4.9	1,210	4.7	5.1
RE-120	Castalia Nipponbashi Kouzu	T	February 28, 2017	3,890	3,890	5.0	3,890	5.1	5.2
RE-121	Castalia Maruyama Urasando	T	February 28, 2017	499	500	5.2	499	5.2	5.4
RE-122	Castalia Maruyama Omotesando	T	February 28, 2017	2,020	2,010	5.1	2,020	5.1	5.3
RE-123	Castalia Higashi Hie	T	February 28, 2017	1,000	1,010	5.1	1,000	5.3	5.3
RE-124	Castalia Tower Nagahoribashi	C	February 28, 2017	4,450	4,500	4.8	4,450	4.6	5.0
RE-125	Castalia Sannomiya	D	February 28, 2017	1,490	1,500	5.1	1,490	4.9	5.3
RE-126	Castalia Kotodaikoen	D	February 28, 2017	546	544	5.4	547	5.4	5.6
RE-127	Castalia Ichibancho	D	February 28, 2017	932	938	5.4	929	5.4	5.6
RE-128	Castalia Omachi	D	February 28, 2017	739	736	5.4	740	5.4	5.6
RE-129	Castalia Uemachidai	D	February 28, 2017	2,630	2,660	4.8	2,620	4.6	5.0
RE-130	Castalia Tower Higobashi	C	February 28, 2017	3,530	3,550	4.8	3,530	4.6	5.0
RE-131	Big Tower Minami Sanjo	D	February 28, 2017	2,570	2,560	5.3	2,570	5.1	5.5
RE-132	Castalia Fushimi	F	February 28, 2017	3,010	3,040	4.9	2,980	4.7	5.1
RE-133	Castalia Meieki Minami	M	February 28, 2017	897	909	4.7	884	4.5	4.9
RE-134	Castalia Yakuin	M	February 28, 2017	1,120	1,140	4.8	1,100	4.6	5.0

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 28, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-135	Castalia Mibu	F	February 28, 2017	1,440	1,450	5.0	1,420	4.8	5.2
RE-136	Castalia Tsutsujigaoka	M	February 28, 2017	1,660	1,680	5.1	1,640	4.9	5.3
RE-137	Castalia Ohori Bay Tower	M	February 28, 2017	3,750	3,830	5.3	3,670	5.1	5.5
RE-138	Royal Parks Namba	D	February 28, 2017	2,930	2,920	5.6 (Note 4)	2,940	1st to 10th year 5.5 11th year to end of land leasing period 5.9	– (Note 4)
RE-139	Castalia Shigahondori	F	February 28, 2017	2,070	2,090	5.1	2,050	4.9	5.3
RE-140	Castalia Kyoto Nishioji	M	February 28, 2017	1,040	1,050	4.8	1,020	4.6	5.0
RE-141	Castalia Ningyocho III	F	February 28, 2017	2,250	2,270	4.3	2,220	4.1	4.5
RE-142	Royal Parks Umejima	M	February 28, 2017	2,160	2,200	5.6 (Note 4)	2,160	1st to 10th year 5.4 11th year and later 5.8	– (Note 4)
RM-001	ACROSSMALL Shinkamagaya	F	February 28, 2017	7,810	7,830	5.9	7,780	5.6	6.1
RM-002	FOLEO Hirakata	F	February 28, 2017	4,580	4,610	6.2	4,540	5.7	6.3
RM-003	QiZ GATE URAWA	F	February 28, 2017	4,270	4,280	5.5	4,250	5.1	5.6
RM-004	UNICUS Takasaki	F	February 28, 2017	3,020	3,030	6.4	3,010	6.1	6.6
RM-005	ACROSSPLAZA Miyoshi (Land)	T	February 28, 2017	3,800	– (Note 3)	– (Note 3)	3,800	4.5	– (Note 4)
RM-006	DREAM TOWN ALi	F	February 28, 2017	8,100	8,200	5.9	8,000	5.7	6.2
RR-001	LIFE Sagamihara Wakamatsu	F	February 28, 2017	1,690	1,700	5.1	1,670	4.7	5.2
RR-002	FOLEO Sendai Miyanomori	F	February 28, 2017	7,040	7,070	5.9	7,000	5.6	6.1
RR-003	ACROSSPLAZA Inazawa (Land)	F	February 28, 2017	2,410	– (Note 3)	– (Note 3)	2,410	5.4	– (Note 4)
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	T	February 28, 2017	2,300	2,300	6.3	2,300	1st year 6.3 2nd year and later 6.4	6.5
RR-005	Hiratsuka Retail Property (Land)	T	February 28, 2017	6,630	– (Note 3)	– (Note 3)	6,630	4.0	– (Note 4)
OT-001	Urban Living Inage	D	February 28, 2017	1,280	1,290	5.3	1,270	5.1	5.5
OT-002	Aburatsubo Marina HILLS	F	February 28, 2017	1,260	1,270	6.1	1,250	5.9	6.3
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	D	February 28, 2017	7,710	7,680	5.7	7,720	5.5	5.9

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

(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) In this appraisal, because the contractual terms prescribe the restoration of land to its original state at the expiry of the agreement and the direct capitalization method where net cash flow over a period of time is capitalized at the capitalization rate is not suitable, the price based on the direct capitalization method was not calculated.
- (Note 4) The capitalization rate states the discount rate used in the direct capitalization method (inwood method). Since the capitalization method was not applied in the calculation of price of selling the vacant lot, the terminal capitalization rate was not presented.

(4) Summary on engineering report

DHR obtains building condition reports and detailed earthquake risk analysis reports concerning building inspections, building evaluations, compliance with relevant laws and regulations, evaluations of repairs and maintenance expenses, environmental assessments, and earthquake risk analyses (collectively termed “Engineering Reports”) from Takenaka Corporation, SHIMIZU CORPORATION, Land Solution Inc., HI International Consultant Inc., Engineering and Risk Services Corporation, Tokio Marine & Nichido Risk Consulting Co., Ltd. and Sampo Risk Management & Health Care Inc. (former corporate name: Sampo Japan Risk Management Inc.) for each real estate or each real estate in trust owned by DHR. The summary of the Engineering Reports for each real estate or each real estate in trust as of February 28, 2017, is as follows:

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
LB-001	D Project Machida	0	0	75,450	2.7	September 2012
LB-002	D Project Hachioji	0	0	39,500	6.0	September 2012
LB-003	D Project Aikawa-Machi	0	0	7,200	5.5	September 2012
LB-004	D Project Shin-Misato	0	0	0	0.8	September 2012
LB-005	D Project Urayasu I	0	0	65,866	3.5	September 2012
LB-006	D Project Urayasu II	0	0	46,200	2.1	September 2012
LB-007	D Project Akanehama	0	0	5,159	1.7	September 2012
LB-008	D Project Noda	0	0	16,100	1.7	September 2012
LB-009	D Project Inuyama	0	0	30,300	3.4	September 2012
LB-010	D Project Gifu	0	0	0	4.1	September 2012
LB-011	D Project Neyagawa	0	0	0	2.7	September 2012
LB-012	D Project Sapporo Minami	0	0	4,250	1.9	September 2012
LB-013	D Project Morioka	0	0	31,600	8.1	September 2012
LB-014	D Project Sendai Minami	0	0	7,610	1.5	September 2012
LB-015	D Project Tsuchiura	0	0	0	1.6	September 2012
LB-016	D Project Gotenba	0	0	650	7.0	September 2012
LB-017	D Project Nishi-Hiroshima	0	0	9,941	2.3	September 2012
LB-018	D Project Fukuoka Umi	0	0	37,850	1.3	September 2012
LB-019	D Project Tosu	0	0	0	5.2	September 2012 (Existing Building) June 2016 (Extended Building)
LB-020	D Project Kuki I	0	0	5,837	0.5	February 2014
LB-021	D Project Kuki II	0	0	10,249	3.4	February 2014
LB-022	D Project Kawagoe I	0	0	7,046	7.6	February 2014
LB-023	D Project Kawagoe II	0	0	5,231	3.2	February 2014
LB-024	DPL Inuyama	0	0	4,837	7.0	February 2014
LB-025	D Project Fukuoka Hakozaki	0	0	40,626	10.9	February 2014
LB-026	D Project Kuki III	0	0	42,950	0.1	February 2015
LB-027	D Project Kuki IV	0	0	11,712	1.7	February 2015
LB-028	D Project Kuki V	0	0	59,385	2.8	February 2015
LB-029	D Project Kuki VI	0	0	41,380	2.0	February 2015
LB-030	D Project Yashio	0	0	69,618	1.6	February 2015
LB-031	D Project Nishiyodogawa	0	0	20,912	7.3	February 2015
LB-032	D Project Matsudo	0	0	20,868	3.1	February 2015
LB-033	D Project Hibiki Nada	0	0	77,619	1.3	April 2016
LB-034	D Project Morioka II	0	0	20,721	14.5	March 2016
RE-001	Qiz Ebisu	0	0	192,351	3.4	January 2015
RE-002	Castalia Azabujuban Shichimenzaka	0	0	133,227	2.3	January 2015
RE-003	Castalia Shibakoen	0	0	99,313	3.9	July 2014
RE-004	Castalia Ginza	0	0	99,817	2.8	July 2014
RE-005	Castalia Hiroo	0	0	50,386	6.0	February 2017
RE-006	Castalia Nihonbashi	0	0	58,455	2.7	January 2015
RE-007	Castalia Hacchobori	0	0	72,397	5.2	July 2015
RE-008	Castalia Azabujuban	0	0	75,318	3.8	February 2016
RE-009	Castalia Azabujuban II	0	0	87,409	3.8	February 2016
RE-010	Castalia Shinjuku Natsumezaka	0	0	53,396	5.1	August 2016
RE-011	Castalia Ginza II	0	0	40,586	2.5	August 2016
RE-012	Castalia Shibuya Sakuragaoka	0	0	55,552	7.6	January 2017
RE-013	Castalia Nishi Azabu Kasumicho	0	0	64,960	5.0	January 2014
RE-014	Castalia Ochanomizu	0	0	50,299	6.8	January 2014
RE-015	Castalia Sangubashi	0	0	42,741	4.2	January 2014
RE-016	Castalia Suitengu	0	0	63,138	6.6	July 2014
RE-017	Castalia Suitengu II	0	0	70,359	6.9	July 2014
RE-018	Castalia Shintomicho	0	0	65,432	5.4	July 2014

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RE-019	Castalia Shintomicho II	0	0	56,783	3.6	July 2014
RE-020	Castalia Harajuku	0	0	44,793	9.6	January 2014
RE-021	Castalia Yoyogi Uehara	0	0	35,304	9.1	January 2014
RE-022	Castalia Sendagaya	0	0	45,018	10.3	January 2014
RE-023	Castalia Shinjuku 7 chome	0	0	44,301	4.9	January 2014
RE-024	Castalia Ningyocho	0	0	60,991	4.9	January 2015
RE-025	Castalia Ningyocho II	0	0	53,988	5.4	January 2015
RE-026	Castalia Shin-Ochanomizu	0	0	46,036	5.7	January 2015
RE-027	Castalia Higashi Nihonbashi II	0	0	71,364	4.8	January 2015
RE-028	Castalia Jinbocho	0	0	56,108	5.6	January 2015
RE-029	Castalia Shintomicho III	0	0	40,393	3.2	January 2015
RE-030	Castalia Shinjuku Gyoen	0	0	95,550	2.9	July 2014
RE-031	Castalia Takanawadai	0	0	50,018	6.9	July 2014
RE-032	Castalia Higashi Nihonbashi III	0	0	45,446	4.6	July 2014
RE-033	Castalia Shinjuku Gyoen II	0	0	39,667	4.8	July 2014
RE-034	Castalia Shintomicho IV	0	0	31,244	5.8	July 2014
RE-035	Castalia Takanawadai II	0	0	45,602	10.0	January 2015
RE-036	Castalia Minami Azabu	0	0	28,944	5.0	January 2015
RE-037	Castalia Ginza III	0	0	95,256	2.7	July 2015
RE-038	Castalia Kayabacho	0	0	95,974	5.0	July 2015
RE-039	Castalia Takanawa	0	0	266,139	4.0	July 2015
RE-040	Castalia Higashi Nihonbashi	0	0	116,722	2.2	July 2015
RE-041	Castalia Shinjuku	0	0	32,453	4.3	July 2015
RE-042	Castalia Ichigaya	0	0	34,073	7.5	July 2015
RE-043	Shibaura Island Bloom Tower	0	0	418,923	2.0	August 2016
RE-044	Castalia Hatsudai	0	0	101,851	3.9	August 2016
RE-045	Castalia Hatsudai II	0	0	31,133	4.9	September 2013
RE-046	Castalia Ebisu	0	0	21,038	3.4	September 2013
RE-047	Castalia Meguro Kamurozaka	0	0	167,646	2.6	January 2015
RE-048	Castalia Toritsudaigaku	0	0	33,696	5.9	January 2014
RE-049	Castalia Yukigaya	0	0	69,120	2.5	February 2016
RE-050	Castalia Yutenji	0	0	43,828	8.5	February 2016
RE-051	Castalia Otsuka	0	0	57,326	4.3	August 2016
RE-052	Castalia Kikukawa	0	0	53,076	7.6	August 2016
RE-053	Castalia Meguro	0	0	45,492	4.2	January 2014
RE-054	Castalia Otsuka II	0	0	52,914	3.8	January 2015
RE-055	Castalia Jiyugaoka	0	0	55,037	9.3	January 2015
RE-056	Castalia Mejiro	0	0	45,570	5.3	July 2015
RE-057	Castalia Ikebukuro	0	0	111,774	2.8	January 2015
RE-058	Castalia Kaname-cho	0	0	51,382	2.3	July 2015
RE-059	Castalia Tower Shinagawa Seaside	0	0	274,548	3.1	July 2015
RE-060	Castalia Yakumo	0	0	43,824	9.1	July 2015
RE-061	Castalia Togoshiekimae	0	0	31,373	5.6	July 2015
RE-062	Castalia Honjo Azumabashi	0	0	60,033	4.5	July 2014
RE-063	Castalia Kitazawa	0	0	38,126	4.4	January 2014
RE-064	Castalia Monzennakacho	0	0	35,177	8.1	January 2014
RE-065	Castalia Kamiikedai	0	0	10,359	11.2	January 2014
RE-066	Castalia Morishita	0	0	46,009	6.7	January 2015
RE-067	Castalia Wakabayashikoen	0	0	47,061	3.4	July 2014
RE-068	Castalia Asakusabashi	0	0	67,431	2.8	January 2015
RE-069	Castalia Iriya	600	0	35,393	5.4	July 2015
RE-070	Castalia Kita Ueno	0	0	151,816	3.3	January 2015
RE-071	Castalia Morishita II	0	0	36,974	6.7	January 2015
RE-072	Castalia Minowa	0	0	61,432	5.4	January 2015
RE-073	Castalia Oyamadai	0	0	14,148	8.7	July 2015
RE-074	Castalia Nakano	0	0	33,418	3.9	July 2015
RE-075	Castalia Yoga	0	0	26,900	5.6	July 2015
RE-076	Castalia Sumiyoshi	0	0	28,681	6.8	July 2015
RE-077	Castalia Monzennakacho II	0	0	59,539	7.3	January 2015
RE-078	Castalia Oshiage	0	0	50,805	6.5	January 2015
RE-079	Castalia Kuramae	0	0	50,815	4.1	January 2015
RE-080	Castalia Nakanobu	0	0	53,877	2.8	July 2015
RE-081	Royal Parks Toyosu	0	0	265,862	7.2	July 2015
RE-082	Castalia Togoshi	0	0	59,537	3.8	July 2015
RE-083	Castalia Ooimachi	0	0	43,161	3.9	February 2016
RE-084	Castalia Omori	0	0	79,460	3.7	February 2016
RE-085	Castalia Mishuku	0	0	108,838	5.9	February 2016
RE-086	Castalia Arakawa	0	0	98,574	4.5	February 2016

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RE-087	Castalia Omori II	0	0	42,630	4.0	August 2016
RE-088	Castalia Nakameguro	0	0	107,342	3.6	February 2017
RE-089	Castalia Meguro Chojyamaru	0	0	28,417	3.1	September 2013
RE-090	Castalia Meguro Takaban	0	0	37,088	7.0	September 2013
RE-091	Castalia Omori III	0	0	24,125	3.7	September 2013
RE-092	Morino Tonari	0	0	17,778	4.6	June 2014
RE-093	Castalia Meguro Tairamachi	0	0	9,010	6.2	June 2014
RE-094	Royal Parks SEASIR	0	0	222,002	3.6	February 2015
RE-095	Castalia Honkomagome	0	0	15,112	6.6	February 2015
RE-096	Cosmo Heim Musashikosugi	0	0	92,197	9.1	January 2014
RE-097	Castalia Tsurumi	0	0	32,193	9.0	August 2016
RE-098	Castalia Funabashi	0	0	52,885	3.0	January 2014
RE-099	Castalia Nishi Funabashi	0	0	56,800	3.6	January 2014
RE-100	Castalia Maihama	0	0	51,470	6.5	January 2014
RE-101	Castalia Ichikawamyoden	0	0	48,888	4.2	January 2014
RE-102	Castalia Urayasu	0	0	37,105	7.0	January 2014
RE-103	Castalia Minamigyotoku	0	0	38,511	5.6	January 2014
RE-105	Castalia Nogeyama	0	0	37,694	5.3	January 2014
RE-106	Castalia Ichikawa	0	0	36,179	2.7	July 2014
RE-107	Royal Parks Hanakoganei	0	0	430,325	4.5	February 2016
RE-108	Castalia Musashikosugi	0	0	27,150	6.4	September 2013
RE-109	Frespo Wakabadai EAST (Retail)	0	0	89,353	6.2	March 2014
	Royal Parks Wakabadai (Residential)	0	0	153,646	4.4	March 2014
RE-110	Pacific Royal Court Minatomirai Urban Tower	0	0	438,587	3.9	February 2015
RE-111	L-Place Shinkoyasu	0	0	20,575	3.0	February 2015
RE-112	Royal Parks Musashikosugi	0	0	56,442	6.2	January 2015
RE-113	Castalia Shinsakae	0	0	100,255	2.4	February 2016
RE-114	Aprile Tarumi	0	0	154,272	5.4	January 2014
RE-115	Crest Kusatsu	0	0	427,937	13.6	January 2014
RE-116	Castalia Sakaisuji Honmachi	0	0	101,788	6.1	January 2015
RE-117	Castalia Shin-Umeda	0	0	103,797	8.3	January 2015
RE-118	Castalia Abeno	0	0	301,752	10.1	July 2015
RE-119	Castalia Sakae	0	0	82,362	4.2	July 2014
RE-120	Castalia Nipponbashi Kouzu	0	0	367,368	8.0	January 2015
RE-121	Castalia Maruyama Urasando	0	0	43,623	1.3	July 2014
RE-122	Castalia Maruyama Omotesando	0	0	159,250	1.1	July 2014
RE-123	Castalia Higashi Hie	0	0	136,557	2.6	February 2016
RE-124	Castalia Tower Nagahoribashi	0	0	189,010	4.6	January 2015
RE-125	Castalia Sannomiya	0	0	76,520	5.3	January 2014
RE-126	Castalia Kotodaikoen	0	0	62,657	3.4	July 2014
RE-127	Castalia Ichibancho	0	0	49,342	2.9	July 2014
RE-128	Castalia Omachi	0	0	80,272	2.6	July 2014
RE-129	Castalia Uemachidai	0	0	67,675	5.9	July 2015
RE-130	Castalia Tower Higobashi	0	0	95,723	5.8	July 2015
RE-131	Big Tower Minami Sanjo	0	0	174,218	0.9	July 2014
RE-132	Castalia Fushimi	0	0	131,108	3.1	July 2014
RE-133	Castalia Meieki Minami	0	0	60,447	4.6	February 2016
RE-134	Castalia Yakuin	0	0	102,156	5.6	February 2016
RE-135	Castalia Mibu	0	0	54,217	9.4	August 2016
RE-136	Castalia Tsutsujigaoka	0	0	78,747	2.7	January 2017
RE-137	Castalia Ohori Bay Tower	0	0	224,239	1.9	January 2013
RE-138	Royal Parks Namba	0	0	293,019	7.8	January 2017
RE-139	Castalia Shigahondori	0	0	135,510	2.3	January 2017
RE-140	Castalia Kyoto Nishioji	0	0	39,962	9.3	September 2015
RE-141	Castalia Ningyocho III	0	0	19,732	3.6	April 2016
RE-142	Royal Parks Umejima	0	0	91,236	4.1	April 2016
RM-001	ACROSSMALL Shinkamagaya	0	0	299,297	2.4	September 2012
RM-002	FOLEO Hirakata	0	0	245,654	13.3	September 2012
RM-003	QiZ GATE URAWA	0	0	129,306	1.8	September 2012
RM-004	UNICUS Takasaki	0	0	77,378	1.0	March 2013
RM-005	ACROSSPLAZA Miyoshi (Land)	—	—	—	—(Note 3)	—
RM-006	DREAM TOWN ALi	0	0	219,367	1.8	September 2015
RR-001	LIFE Sagamihara Wakamatsu	0	0	33,213	11.0	September 2012
RR-002	FOLEO Sendai Miyanomori	0	0	16,646	2.8	September 2012
RR-003	ACROSSPLAZA Inazawa (Land)	—	—	—	—(Note 3)	—
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	0	0	160,912	0.5	April 2016
RR-005	Hiratsuka Retail Property (Land)	—	—	—	—(Note 3)	—

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
OT-001	Urban Living Inage	0	0	41,907	3.5	January 2017
OT-002	Aburatsubo Marina HILLS	0	0	29,198	8.8	August 2014
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	0	0	597,524	1.2	April 2016
Portfolio Total (Note 4)		—	—	—	1.8	—

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

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

(Note 3) For ACROSSPLAZA Miyoshi (Land), ACROSSPLAZA Inazawa (Land), and Hiratsuka Retail Property (Land), PML figures were not presented because only the land was acquired and the building was not acquired.

(Note 4) Repairs and maintenance expenses are represented by “—” in the “Portfolio Total” column because the dates of preparation for the building condition reports vary. In addition, “PML” is a numerical value obtained in the same way for the aggregate of the 186 properties (portfolio PML) as for an individual property, excluding ACROSSPLAZA Miyoshi (Land), ACROSSPLAZA Inazawa (Land), and Hiratsuka Retail Property (Land), for which only the land was acquired, based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd.

(5) Status of portfolio diversification (As of February 28, 2017)

i) Investment ratio by area

Area (Note 1)		Number of properties	Acquisition price (Millions of yen)	Investment ratio (%) (Note 2)	
Three major metropolitan areas of Japan	Greater Tokyo area	138	372,841	72.6	87.0
	Greater Nagoya area	9	23,760	4.6	
	Greater Osaka area	16	50,494	9.8	
Other		26	66,677	13.0	
Total		189	513,772	100.0	

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

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

ii) Investment ratio by asset class

Asset class		Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)	
Core assets	Logistics properties	34	195,858	38.1	98.1
	Residential properties	141	257,954	50.2	
	Retail properties	11	50,330	9.8	
	Hotel properties	—	—	—	
Other assets		3	9,630	1.9	
Total		189	513,772	100.0	

iii) Diversification by age of property

Age of property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 5 years	12	49,985	10.0
5 years or more but less than 10 years	68	235,340	46.9
10 years or more	106	216,697	43.2
Total	186	502,022	100.0

iv) Average age of property by asset class

Asset class	Average age (year)
Logistics properties	7.5
Residential properties	11.2
Retail properties	9.2
Hotel properties	—
Other assets	6.2
Total	9.5

(Note) “Average age” is the weighted average age of owned properties as of February 28, 2017 based on the acquisition price, rounded to the nearest tenth.

(6) Capital expenditures for properties held

i) Schedule of capital expenditures

The following table shows major scheduled capital expenditures for planned renovation work, etc. for owned properties (real estate, real estate in trust, etc.) as of February 28, 2017. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Thousands of yen)		
			Total amount	Payment during the period	Total amount paid
Castalia Suitengu II (Chuo Ward, Tokyo)	Large-scale renovations	From May 2017 to September 2017	63,396	—	—
Castalia Shintomicho (Chuo Ward, Tokyo)	Large-scale renovations	From April 2017 to August 2017	44,500	—	—
Castalia Shintomicho II (Chuo Ward, Tokyo)	Large-scale renovations	From May 2017 to September 2017	59,724	—	—
D Project Aikawa-Machi (Aiko District, Kanagawa)	Installment of LED lights (Note)	From February 2017 to March 2017	15,062	4,650	4,650

(Note) The renovation work is completed in March 2017.

ii) Capital expenditures during the period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows. Capital expenditures during the current fiscal period were ¥843,144 thousand together with ¥569,404 thousand in repairs and maintenance expenses and ¥293,588 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥1,706,137 thousand in construction work.

Property name (Location)	Purpose	Period	Construction (Thousands of yen)
Castalia Nishi Azabu Kasumicho (Minato Ward, Tokyo)	Large-scale renovations	From August 2016 to February 2017	68,994
Castalia Nishi Azabu Kasumicho (Minato Ward, Tokyo)	Partial renewal	From October 2016 to February 2017	26,810
Castalia Ochanomizu (Chiyoda Ward, Tokyo)	Large-scale renovations	From October 2016 to February 2017	30,512
Castalia Sangubashi (Shibuya Ward, Tokyo)	Large-scale renovations	From October 2016 to February 2017	24,817
Castalia Sangubashi (Shibuya Ward, Tokyo)	Remodeling of the entrance	From October 2016 to February 2017	28,598
Castalia Kitazawa (Setagaya Ward, Tokyo)	Large-scale renovations	From October 2016 to February 2017	30,805
Castalia Morishita (Koto Ward, Tokyo)	Large-scale renovations	From October 2016 to February 2017	42,846
D Project Machida (Machida City, Tokyo)	Installment of LED lights	From October 2016 to November 2016	87,250
D Project Kuki V (Kuki City, Saitama)	Installment of LED lights	From December 2016 to January 2017	57,774
QiZ GATE URAWA (Saitama City, Saitama)	Remodeling of the windbreak room, etc.	From December 2016 to February 2017	56,278

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

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

(Unit: Thousands of yen)

Operating period	18th period From September 1, 2014 to February 28, 2015	19th period From March 1, 2015 to August 31, 2015	20th period From September 1, 2015 to February 29, 2016	21st period From March 1, 2016 to August 31, 2016	22nd period From September 1, 2016 to February 28, 2017
Balance of reserves at beginning of period	533,200	547,280	561,360	575,440	589,520
Amount of reserves during period	14,080	14,080	14,080	14,080	708,974
Amount of reversal of reserves during period	—	—	—	—	—
Reserves carried forward	547,280	561,360	575,440	589,520	1,298,495