

Presentation Material for the 13th Fiscal Period
(March 1, 2012 — August 31, 2012)

(Asset Management Company)

DAIWA HOUSE
ASSET MANAGEMENT Co., Ltd.

Financial Instruments Dealer, Kanto Financial Bureau
Director (Kin-sho) No. 409
Member of The Investment Trusts Association, Japan





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*) All photos used in this material are photos of properties managed by Daiwa House Residential Investment Corporation ("DHI") except for the property photos on pages 28 and 31.





Overview of DHI

- ① Mainly invest in **residential properties** with stable rent and occupancy rates.
- ② DHI closely works in cooperation with our sponsor, **Daiwa House Group** to secure stable revenue in the medium to long-term and steadily increase our assets under management.
- ③ The **merger** with New City Residence Investment Corporation in April 2010 and expanding asset size enabled DHI to **stabilize distributions by utilizing retained earnings**.
- ④ **Capital increase (¥17.6 billion) through a public offering** on October 2011, DHI is realizing steady external growth.

End of 13th Fiscal Period
(as of August 31, 2012)

Fiscal Periods	6 months through February and August
Number of Owned Properties	123 [(2 properties)] (121 residential, 2 retail)
Total Assets	218,295 million yen [(3,408 million yen)]
Portfolio Size *1	211,035 million yen [753 million yen]
Net Assets	91,928 million yen [48 million yen]
Number of Units	160,535 [—]
Net Assets per Unit (NAV)	572 thousand yen [0.3 thousand yen]
LTV *2	55.8% [(0.7%)]
Listing Date	March 22, 2006
Sponsor	Daiwa House Industry

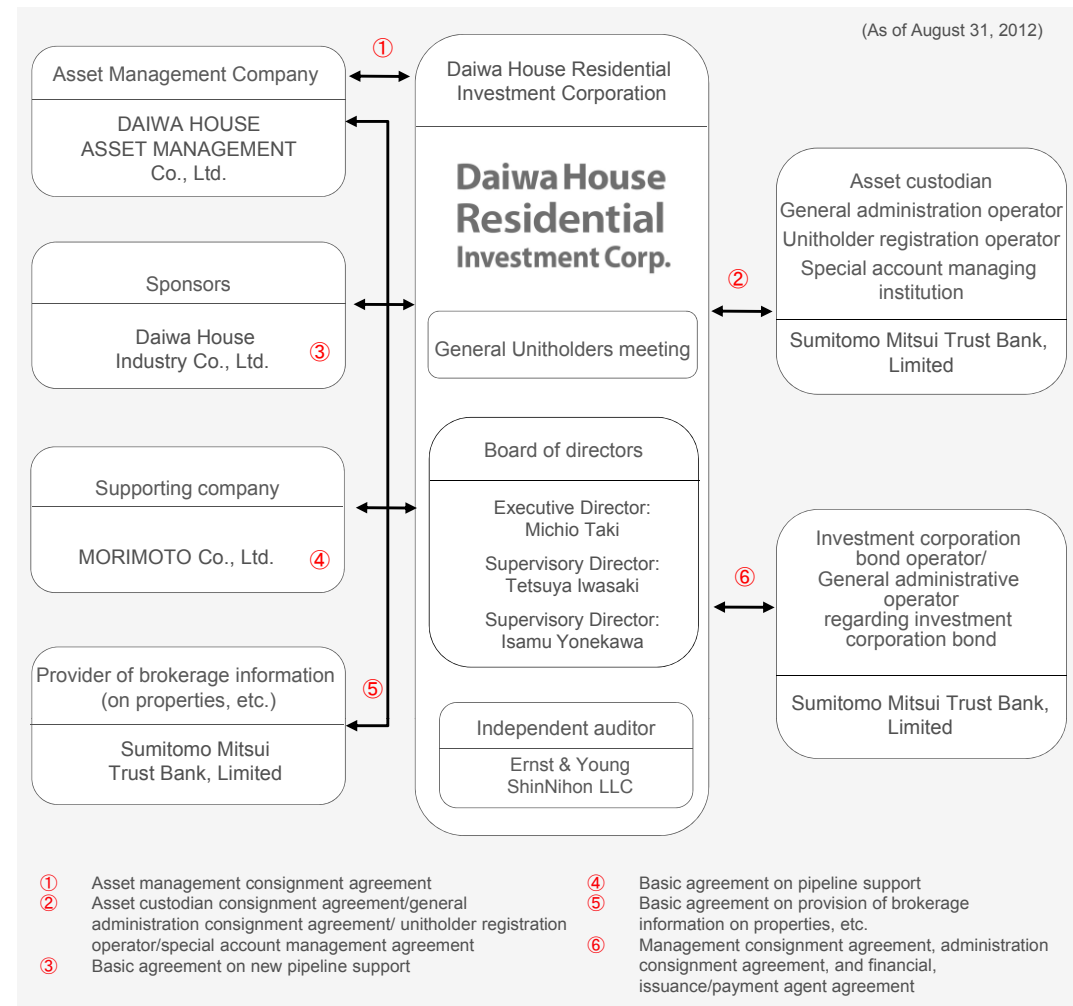
*1) Purchase price basis

*2) LTV (total interest-bearing liability ratio) = interest-bearing liabilities at end of fiscal period / total assets at end of fiscal period × 100

*3) The figures in [parentheses] show changes from the end of the previous fiscal period.

Ratings

Rating Agency	Type	Rating	Announcement Date
Rating and Investment Information, Inc. (R&I)	Issuer rating	A+ (Stable)	October 25, 2011
Japan Credit Rating Agency, Ltd. (JCR)	Long-Term Senior Debt Ratin	AA- (Stable)	December 12, 2011





Thirteenth Fiscal Period (ended August 2012) Results Highlights

Realized sustainable external growth leveraging comprehensive strengths of the Daiwa House Group, and stable distributions utilizing retained earnings

Early Achievement of Target Distribution

- Early achievement of target distribution
Although occupancy rates trended as expected, income from non-refundable deposits and contract renewal income increased, while DHI could reduce real estate commissions and other costs because occupancy rates were generally high. As a result, DHI achieved its target distribution of ¥16,100 per unit for the fiscal period ending February 2013 six months earlier than expected

The details are on page 20

■ Occupancy rate

Although the average occupancy rate in the fiscal period was down 0.3% term on term, the initial forecast of 96% was achieved

Occupancy rate at end-Feb. 2012 (Average)	Occupancy rate at end-Aug. 2012 (Average)
97.2% (96.4%)	96.1% (96.1%)

The details are on page 11

Asset Replacement and Review of Investment Guideline

■ Asset replacement

In the 13th fiscal period, 2 properties were acquired with a total value of ¥4,030 million (acquisition price basis), while 4 older properties were disposed with a total value of ¥3,324 million (disposition price basis), achieving external growth and enhanced portfolio quality

	Age of Property	NOI yield
2 properties acquired	3.9	5.9%
4 properties disposed	15.5	4.9%

The details are on pages 7-8

■ Review of investment guideline

DHI reviewed its area strategy in accordance with market conditions and simplified its investment strategy by type
DHI also newly established its acquisition policy and criteria regarding housing for elderly people, for which the market is expected to grow

The details are on pages 24-25

Enhancement in Financial Stability

- In March and April 2012, DHI purchased and redeemed a total of ¥22,266 million in rehabilitation obligations (obligations succeeded from NCR in the merger), leading to reduction in interest expenses; since the merger, DHI has purchased and redeemed a total of ¥33,098 million in rehabilitation obligations and incurred total gains on redemption of ¥569 million
- In March 2012, new bonds of ¥3 billion were issued, achieving diversified funding sources
- Refinancing totaling ¥12,400 million in July 2012 led to a shift to longer loan terms, a reduction in interest expenses, and a shift to loans with fixed rates

The details are on pages 17-18

- Total assets LTV ratio was down 0.7% term on term to 55.8%

Retained earnings from ¥5 million in gain from disposition of properties were secured by utilizing tax-loss carry forwards

	12th Fiscal Period Actual (A) (ended Feb. 2012)	13th Fiscal Period Forecast (B) (ended Aug. 2012)	13th Fiscal Period Actual (C) (ended Aug. 2012)	Difference (C) - (A)	Difference (C) - (B)
Net income per unit	¥13,917	¥15,661	¥16,301	¥2,384	¥640
Net income per unit excluding gain from disposition of properties	¥15,075	¥15,227	¥16,264	¥1,189	¥1,037
Distribution per unit	¥16,000	¥16,100	¥16,264	¥264	¥164

- Target distribution of ¥16,100 per unit for the fiscal period ending February 2013 was achieved in the fiscal period ended August 2012. Distribution forecast for the fiscal period ending August 2013 has been set at ¥16,500 (target distribution), and ¥16,500 is also forecasted for the fiscal period ending February 2013 due to reversal of a portion of retained earnings



Thirteenth and Twelfth Fiscal Period Results

(unit: million yen)

	12th Fiscal Period Actual (ended Feb. 2012)	13th Fiscal Period Forecast (ended Aug. 2012)	13th Fiscal Period Actual (ended Aug. 2012)	Differences between 13th Fiscal Period and 12th Fiscal Period	
Management Period	182 days	184 days	184 days	—	
Operating Revenue (a)	7,421	7,653	7,746	324	4.4% increase
Lease business revenue (b)	7,421	7,582	7,633	211	2.9% increase
Lease business revenue	6,951	7,167	7,131	179	Properties acquired in 12th and 13th fiscal periods: +322, Properties disposed in 12th and 13th fiscal periods: (123)
Other Lease business revenue	469	415	502	32	Income from non-refundable deposits: +16, contract renewal income: +37, contract termination fees: (33)
Gain from disposition of properties	—	71	112	112	Increase from disposition of properties (Otsuka, Ichigaya Sanaicho, Todoroki), etc.
Operating Expenses (c)	3,986	4,138	4,054	67	
Expenses related to rent business (d)	3,923	4,138	4,054	130	
Expenses related to rent business	3,167	3,326	3,270	103	Depreciation and amortization :+48, tax and public charges: +37, restoration cost: +25, contract renewal fees: +16, real estate commissions: (20), repair expenses: (30)
Other expenses related to rent business	756	812	783	27	
Loss from disposition of properties	63	—	—	(63)	
Operating Income excl. gain and loss from disposition of properties (b)-(d)	3,497	3,443	3,578	80	2.3% increase
Operating Income (a)-(c)	3,434	3,514	3,691	257	7.5% increase
Non-operating income	2	—	7	4	
Non-operating expenses	1,079	999	974	(105)	
Interest expenses	825	792	786	(38)	Decrease from refinancing
Borrowing related expenses	191	200	178	(13)	As above
Other non-operating expenses	62	6	9	(53)	Decrease in public offering costs, etc.
Ordinary Income	2,357	2,515	2,724	367	15.6% increase (7.9% increase after deduction of gain from disposition of properties)
Extraordinary income and loss	(122)	(1)	(106)	(15)	Impairment losses on noncurrent assets 12th fiscal period (NCR Toyoda), 13th fiscal period (NCR Nishi Azabu)
Net Income	2,234	2,514	2,616	382	17.1% increase (7.9% increase on an ongoing basis) (*1)
Reversal of Retained Earnings	(334)	(70)	5	340	
Total Distributions	2,568	2,584	2,610	42	
Net Income per Unit	13,917 yen	15,661 yen	16,301 yen	2,384 yen	
Net Income per Unit excl. gains from property disposition	15,075 yen	15,227 yen	16,264 yen	1,189 yen	
Distribution per Unit	16,000 yen	16,100 yen	16,264 yen	264 yen	
[outstanding units issued at end of fiscal period]	[160,535 units]	[160,535 units]	[160,535 units]	—	

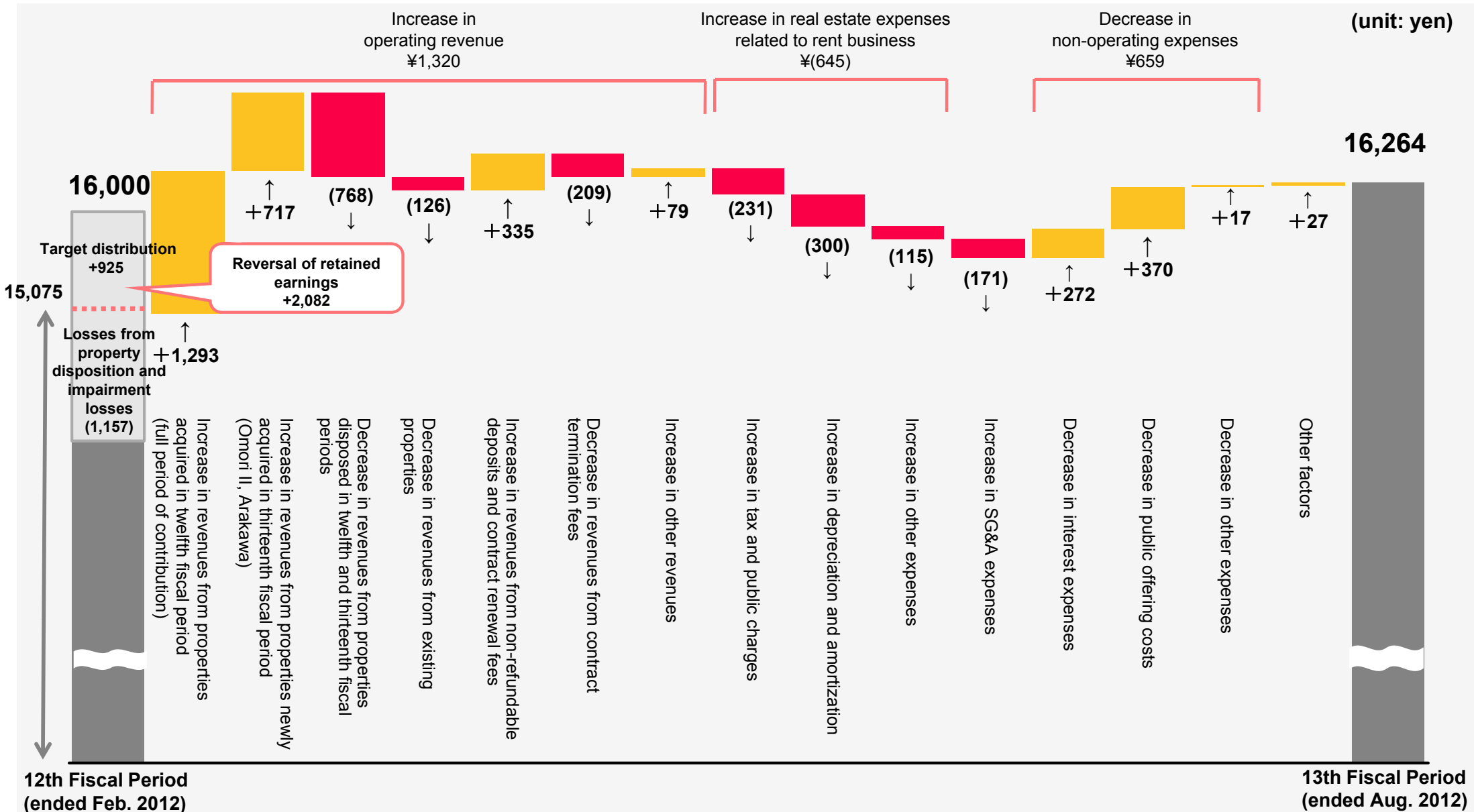
(*1) Ongoing basis indicates figures obtained by excluding extraordinary income and losses such as gains and losses from disposition of properties and impairment losses on noncurrent assets.



Thirteenth Fiscal Period (ended August 2012) Term-on-Term Breakdown of Distribution per Unit Change

Daiwa House
Residential
Investment Corp.

Analysis of Breakdown of Distribution per Unit (comparison with previous fiscal period)

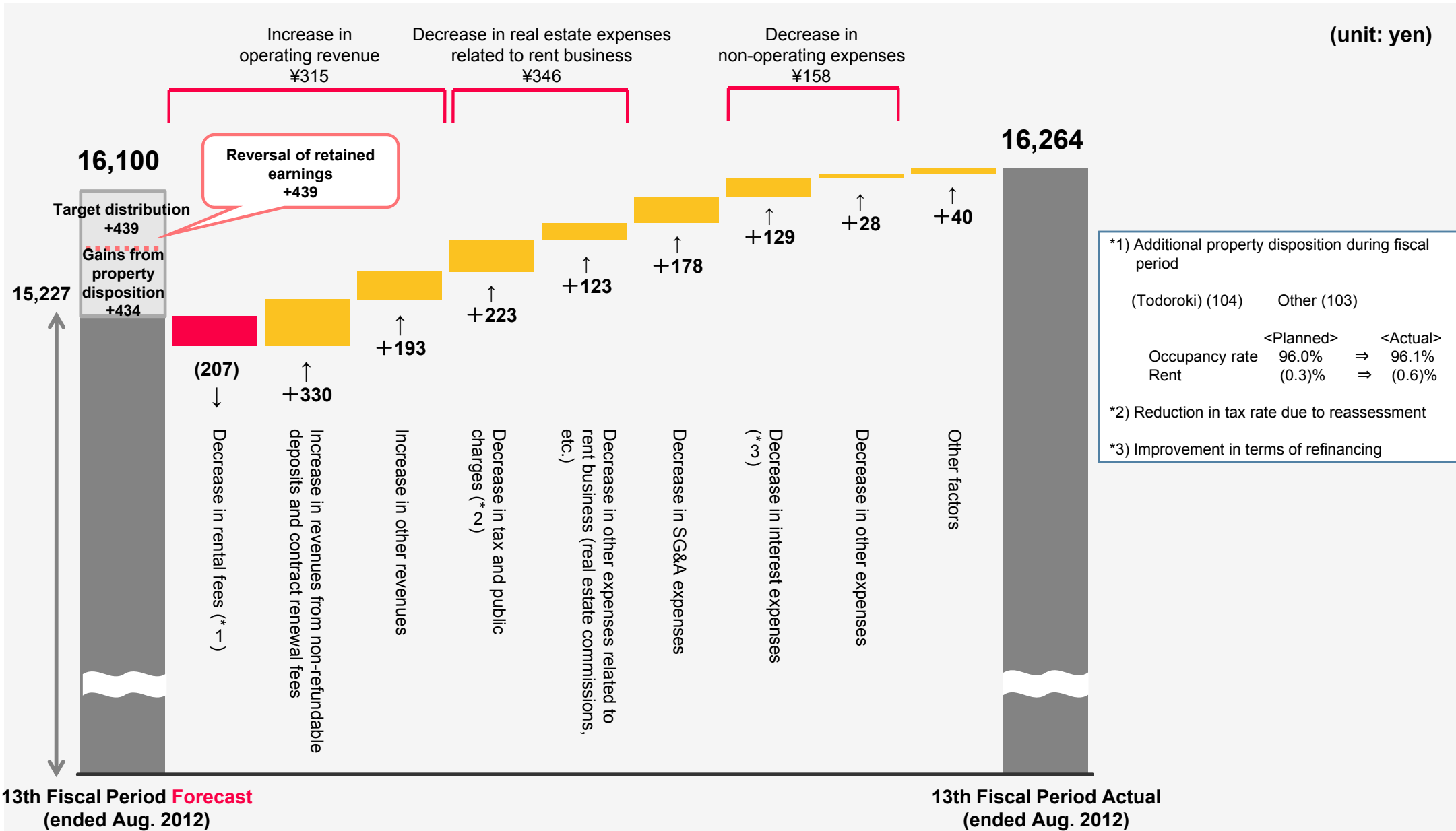


*) Number of outstanding units: 12th fiscal period 160,535, 13th fiscal period 160,535; LTV at the end of fiscal period: 12th fiscal period 56.5%, 13th fiscal period 55.8%



Difference Between Actual Distribution per Unit in Thirteenth Fiscal Period (ended August 2012) and Initial Forecast

Variance Analysis Against Forecast for Distribution per Unit





Improving Portfolio Quality by Replacing Assets (1)

// Criteria for Asset Dispositions

- DHI plans to strategically dispose of less competitive properties based on below criteria
Criteria; property size (price, leasable area, number of units), location, yield, age, occupancy rate, and distance from the nearest station
- For the replacement of assets, DHI plans to use a commitment line of ¥10 billion and in principle acquire assets at the start of the fiscal period and carry out dispositions towards the end of the period
- By maintaining the average balance of management assets during the fiscal period at a high level, revenue loss from replacement is reduced as much as possible

// Asset Replacement Results of Thirteenth Fiscal Period (ended August 2012)

- In the 13th fiscal period (ended August 2012), DHI continued to make steady progress with replacing properties, enhancing the portfolio and improving the NOI yield and the average age of properties
- In the 13th fiscal period (ended August 2012), DHI used its commitment line to make advance acquisitions and the average balance of management assets trended at a high level. As a result, distributions increased from the initial forecast (loans decreased at the end of August 2012 compared to the end of February 2012)

Property Purchased	Acquisition Date	Acquisition Price ① (million yen)	Appraisal Value ② (million yen)	②-① (million yen)	NOI Yield (%) (*1)	Age of Property (years)
Castalia Arakawa	2012/ 3 / 28	1,660	1,830	170	6.5	5.1
Castalia Omori II	2012/ 3 / 29	2,370	2,460	90	5.4	3.1
Total		4,030	4,290	260	5.9	3.9

*1) Net rental income shown in the real estate appraisal report at the time of purchase / acquisition price

Increased
profitability

Property Disposed	Disposition Date	Book Value ① (million yen)	Disposition Price ② (million yen)	②-① (*2) (million yen)	NOI Yield (%) (*3)	Age of Property (years)
Comfort Time Otsuka	2012/ 3 / 7	753	803	49	5.4	7.2
New City Residence Ichigaya Sanaicho	2012/ 3 / 26	417	450	33	4.3	11.5
New City Residence Toyoda	2012/ 3 / 26	720	720	0	6.5	19.8
New City Residence Todoroki	2012/ 6 / 29	1,302	1,350	47	3.6	19.3
Total		3,192	3,324	131	4.9	15.5

Reduced
property age

*2) The figures do not include expenses related to disposition of properties.

*3) Total NOI for the past two fiscal periods / acquisition price



Improving Portfolio Quality by Replacing Assets (2)

// Assets Replacement Results of Fourteenth Fiscal Period (ending Feb. 2013)

- At the start of the 14th fiscal period (ending February 2013), DHI made an advance acquisition of Castalia Tsutsujigaoka
- The loss from the disposition of NCR Nishi Azabu Twin Tower was handled in advance in the 13th fiscal period (ended August 2012) as impairment loss that reduces the book value of the property. Thus, the loss has been accounted for in a way that does not impact profit or loss in the 14th fiscal period (ending February 2013)

Property Purchased	Acquisition Date	Acquisition Price ① (million yen)	Appraisal Value ② (million yen)	②-① (million yen)	NOI Yield (%) (*1)	Age of Property (years)
Castalia Tsutsujigaoka	2012/ 9 / 3	1,209	1,320	111	6.9	3.6

**Increased
profitability**

*1) Net rental income shown in the real estate appraisal report at the time of purchase / acquisition price

Property Disposed	Disposition Date	Book Value ① (million yen)	Disposition Price ② (million yen)	②-① (*2) (million yen)	NOI Yield (%) (*3)	Age of Property (years)
New City Residence Nishi Azabu Twin Tower	2012/ 9 / 27	2,314	2,210	(104)	5.0	9.5

**Reduced
property age**

*2) The figures do not include expenses related to disposition of properties.

*3) Total NOI for the past two fiscal periods / acquisition price

// List of Properties Disposed and Acquired After Merger to October 11, 2012

- Acquisition from the Daiwa House Group : **66.2%**

	Total of 24 Disposed Properties ① (million yen)	Total of 18 Acquired Properties ② (million yen)	② - ①	Comment
Total Acquisition Price of Disposed Properties (a) - Total Acquisition Price of Acquired Properties (b)	24,078	43,432	19,354	Achieved external growth
Real Estate Appraisal Values (c)	22,816 *1	46,678 *2	23,861	—
Difference Between Total Acquisition Price and Real Estate Appraisal Values [(c) - (b)]	—	3,245 [7.0%]	—	Unrealized gain versus real estate appraisal value
Gains From Property Disposition *3	89 *4	—	—	Gain booked on property dispositions, allocated all gains to retained earnings
NOI Yield	5.9% *5	6.5% *6	—	Improved profitability
Acquisition Price per Property	1,003	2,412	1,409	Enhanced operational and administrative efficiency
Total Units	1,030 units	2,114 units	1,084 units	—
Weighted Average Age of Property	8.9 years	3.8 years	—	Replaced with newer buildings

*1) Real estate appraisal value as of the record date at the end of the fiscal period previous to the period in which the disposition occurred.

*2) Real estate appraisal value at acquisition date

*3) Does not include disposition-related expenses

*4) Including gains of ¥11 million on the partial dispose of land at Aprile Tarumi and impairment losses of ¥130 million on NCR Toyoda, impairment losses of ¥106 million on NCR Nishi Azabu Twin Tower.

*5) NOI yield for disposed assets ... (total of weighted average NOI over the last two fiscal periods / total acquisition price).

*6) NOI yield for acquired assets ... (net rental income in the real estate appraisal report at the acquisition date / total acquisition price).



// Property Acquired in 13th Fiscal Period (ended Aug. 2012)



Property Name	Castalia Arakawa
Location	Arakawa Ward, Tokyo
Structure · Floor	RC、15F
Completion Date	February, 2007
Leasable Units	70 units
Acquisition Date	March 28, 2012
Acquisition Price	1,660 million yen
Seller	Special purpose company in Japan
NOI yield (Note)	6.5%

Property Name	Castalia Omori II
Location	Ota ward, Tokyo
Structure · Floor	RC、12F/B1F
Completion Date	March, 2009
Leasable Units	112 units
Acquisition Date	March 29, 2012
Acquisition Price	2,370 million yen
Seller	Nomura Real Estate Development Co., Ltd.
NOI yield (Note)	5.4%

// Property Acquired in 14th Fiscal Period (ending Feb. 2013)



Property Name	Castalia Tsutsujigaoka
Location	Sendai City, Miyagi
Structure · Floor	RC、12F
Completion Date	January, 2009
Leasable Units	84 units
Acquisition Date	September 3, 2012
Acquisition Price	1,209 million yen
Seller	Limited Company in Japan
NOI yield (Note)	6.9%

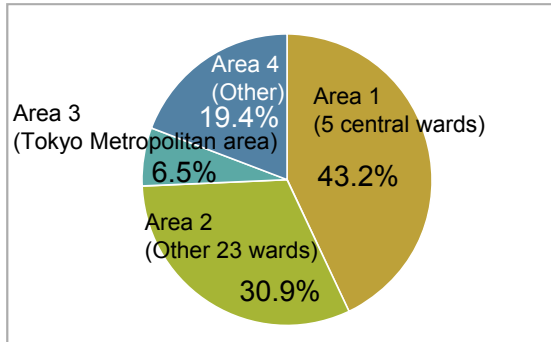
*Note) Net rental income shown in the real estate appraisal report at the time of purchase / acquisition price



Portfolio Distribution

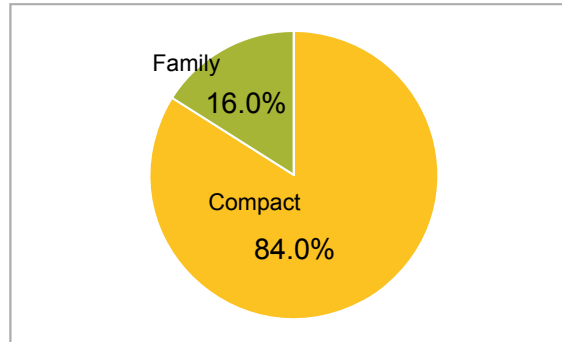
Portfolio Distribution at end of 13th Fiscal Period (as of August 31, 2012)

By Area



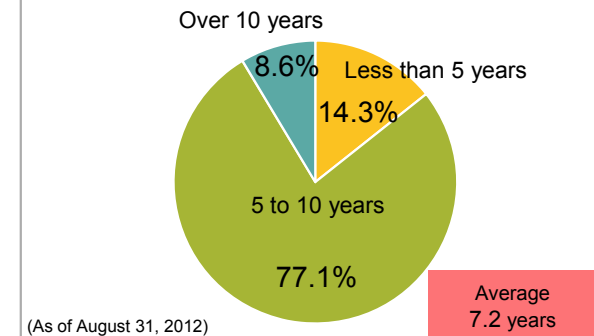
Continued investment particularly in Tokyo Metropolitan area, where population growth is expected, and a certain level of investment in major regional cities, where populations are expected to be concentrated

By Type



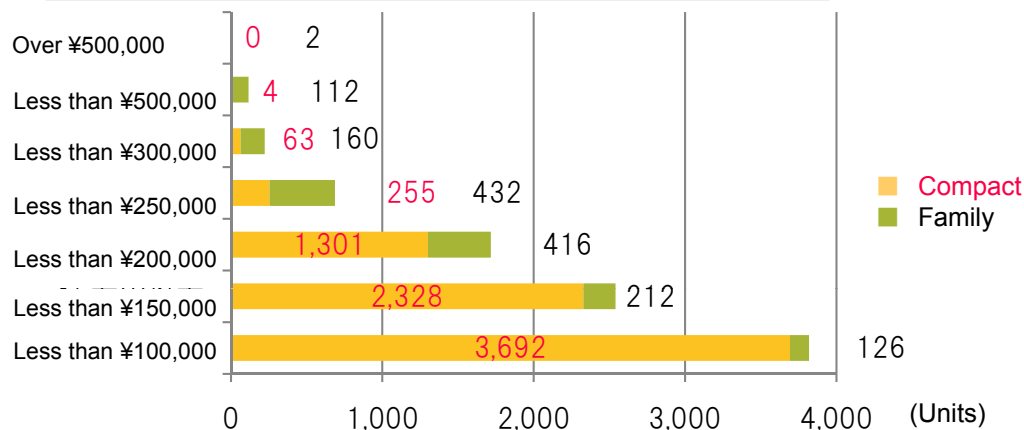
Investment primarily in compact types, with relatively low total rents and more stable occupancy rates and rent levels

By Age of Property



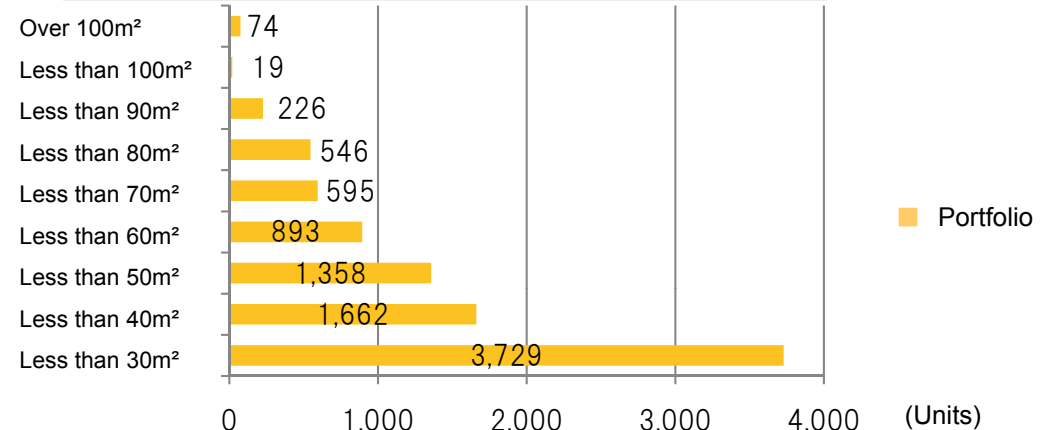
Working to maintain the average age of portfolio properties by property replacement

Monthly Rent Range



88.7% of investment in properties with monthly rents of less than ¥200,000, for which there is strong rental demand (average ¥131,080)

Leasable Area Range



84.0% of investment in compact types of less than 60m² (average 39.91m²)

*1) Value by area and by age of property is calculated based on acquisition prices. Value by type is calculated based on the number of residential units in each classification.

*2) Areas are defined as follows: (1) 5 central wards (Area 1): Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward, (2) Other 23 wards (Area 2): 23 wards of Tokyo excluding Area 1, (3) Tokyo Metropolitan area (Area 3): Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture, and (4) Other (Area 4): Other cities with populations of more than approx. 100,000

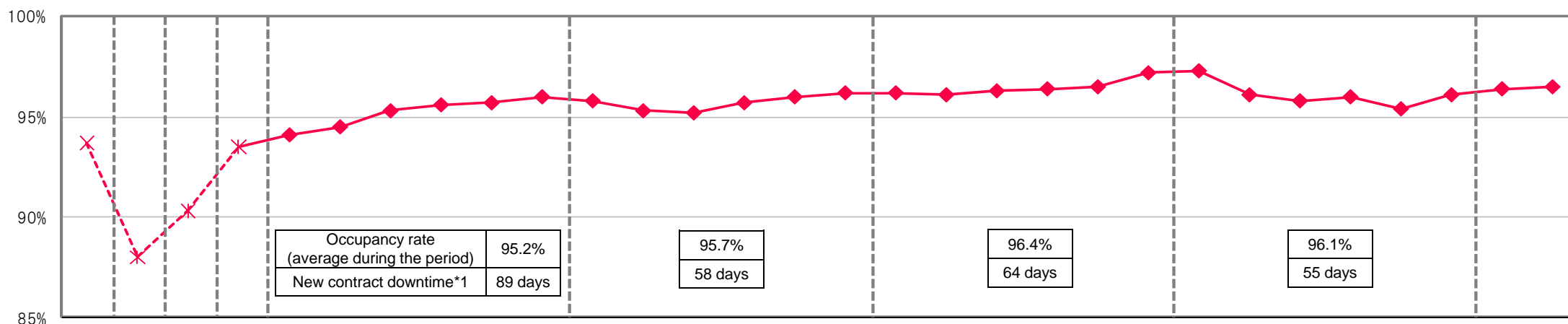
*3) Types are defined as follows: Compact: leasable area of less than 60m² / Family: leasable area of over 60m²



Occupancy Rate

Daiwa House
Residential
Investment Corp.

// Portfolio Occupancy Rate since 2008



*1) "New contract downtime" relates to new contract residential units (including stores) of residential properties in each period and is measured by the average number of days during the period beginning from the cancellation date of the former contract and ending when lease of the new contract commenced.

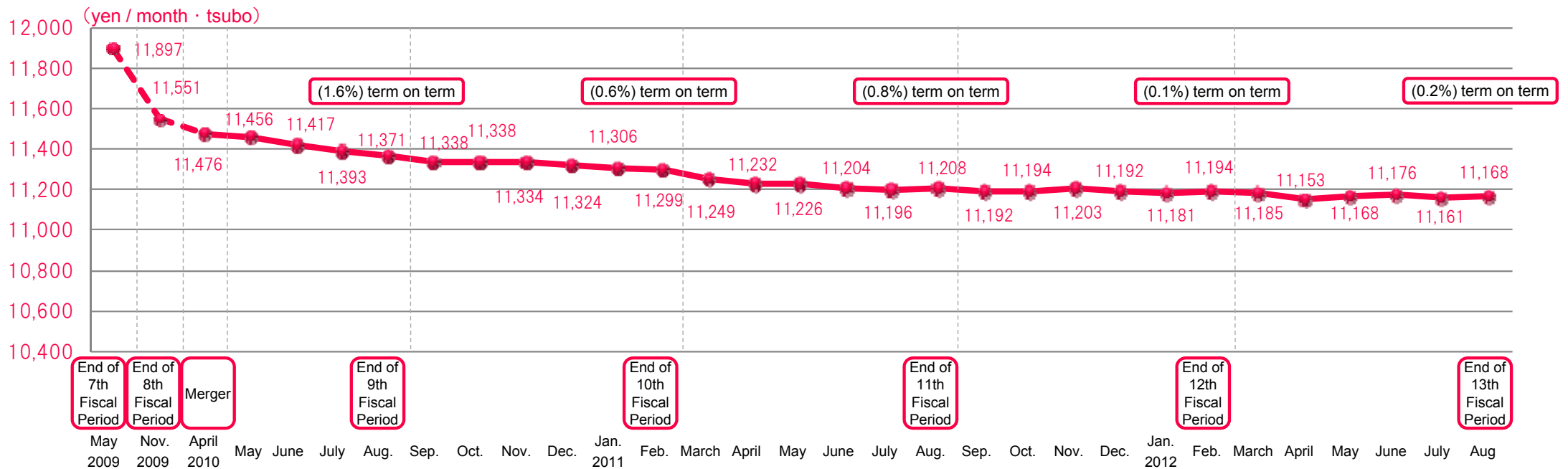
6th	7th	8th	9th	10th Fiscal Period (Feb. 2011)						11th Fiscal Period (Aug. 2011)						12th Fiscal Period (Feb. 2012)						13th (Aug. 2012)						14th	
Nov. 2008	May 2009	Nov. 2009	Aug. 2010	Sep. 2010	Oct. 2010	Nov. 2010	Dec. 2010	Jan. 2011	Feb. 2011	Mar. 2011	Apr. 2011	May 2011	June 2011	July 2011	Aug. 2011	Sep. 2011	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012	Mar. 2012	Apr. 2012	May 2012	June 2012	July 2012	Aug. 2012	Sep. 2012	Oct. 2012

Total	93.7%	88.0%	90.3%	93.5%	94.1%	94.5%	95.3%	95.6%	95.7%	96.0%	95.8%	95.3%	95.2%	95.7%	96.0%	96.2%	96.2%	96.1%	96.3%	96.4%	96.5%	97.2%	97.3%	96.1%	95.8%	96.0%	95.4%	96.1%	96.4%	96.5%
Area1	93.2%	86.0%	87.9%	90.4%	90.6%	90.4%	92.0%	93.0%	93.3%	94.3%	93.4%	93.3%	93.1%	93.0%	93.1%	94.1%	94.3%	94.2%	94.8%	95.1%	94.9%	96.3%	96.5%	94.7%	94.9%	95.1%	93.8%	94.8%	95.4%	95.7%
Area2	95.5%	92.6%	91.7%	93.6%	95.4%	95.5%	96.2%	96.1%	96.0%	96.6%	96.8%	96.1%	95.5%	96.2%	96.4%	96.5%	96.5%	96.0%	95.9%	96.1%	96.8%	97.5%	97.1%	96.0%	95.3%	96.1%	96.3%	96.9%	96.6%	96.4%
Area3	95.8%	97.2%	96.9%	96.3%	96.2%	96.4%	96.6%	97.7%	97.6%	97.0%	97.3%	96.7%	98.7%	98.4%	98.2%	97.6%	97.5%	98.8%	98.8%	98.5%	98.6%	99.1%	99.6%	98.7%	98.8%	98.8%	98.7%	98.6%	99.0%	99.3%
Area4	91.4%	89.5%	96.2%	95.8%	96.4%	96.8%	96.9%	96.9%	96.8%	96.6%	96.5%	95.9%	95.9%	96.9%	97.5%	97.2%	97.0%	96.8%	97.0%	97.1%	96.9%	97.1%	97.5%	96.7%	96.1%	95.8%	95.3%	95.8%	96.3%	96.5%
Retail	86.2%	88.1%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98.2%	98.2%	98.2%	98.2%





// Rent per Tsubo of Existing Properties (104 properties)



*) Based on the rent roll at the end of each month for **104 residential properties**
(from a total of 123 in the portfolio at the end of the 13th fiscal period, excluding 17 properties acquired after the merger and 2 retail properties)

// Rent per Tsubo of Properties at the end of Each Fiscal Period

(yen / month · tsubo)	End of 9th (Aug. 2010)	End of 10th (Feb. 2011)
Rent per Tsubo	11,346	11,282
Term on term	—	(64)
	—	(0.6%)

(Note) Based on the rent roll at the end of each month for **115 residential properties**

(from a total of 121 in the portfolio at the end of the 10th fiscal period, excluding 4 properties acquired in the 10th fiscal period and 2 retail properties)

End of 10th (Feb. 2011)	End of 11th (Aug. 2011)
11,049	10,963
—	(86)
—	(0.8%)

(Note) Based on the rent roll at the end of each month for **116 residential properties**

(from a total of 121 in the portfolio at the end of the 11th fiscal period, excluding 3 properties acquired in the 11th fiscal period and 2 retail properties)

End of 11th (Aug. 2011)	End of 12th (Feb. 2012)
11,036	11,015
—	(21)
—	(0.2%)

(Note) Based on the rent roll at the end of each month for **117 residential properties**

(from a total of 125 in the portfolio at the end of the 12th fiscal period, excluding 6 properties acquired in the 12th fiscal period and 2 retail properties)

End of 12th (Feb. 2012)	End of 13th (Aug. 2012)
10,874	10,805
—	(69)
—	(0.6%)

(Note) Based on the rent roll at the end of each month for **119 residential properties**

(from a total of 123 in the portfolio at the end of the 13th fiscal period, excluding 2 properties acquired in the 13th fiscal period and 2 retail properties)



Rents at Tenant Replacement

// Number and Ratio of Units with Rent Increases / Reductions and Rent Levels at the time of Tenant Replacement

Rise in ratio of units
with rent increases

Decline in size of
rent reductions

Fiscal Period		10th Fiscal Period (ended Feb. 2011)			11th Fiscal Period (ended Aug. 2011)			12th Fiscal Period (ended Feb. 2012)			13th Fiscal Period (ended Aug. 2012)		
Area		Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)
All properties	Rent increase	128	14.7%	746	293	27.9%	2,004	268	30.8%	1,583	353	38.6%	2,102
	Rent reduction	625	71.9%	(9,858)	600	57.1%	(7,869)	468	53.8%	(5,797)	430	47.0%	(4,703)
	No change	116	13.3%	—	158	15.0%	—	134	15.4%	—	132	14.4%	—
	Not determined *1	99	—	—	46	—	—	57	—	—	45	—	—
	Total	968	100.0%	(9,112)	1,097	100.0%	(5,864)	927	100.0%	(4,213)	960	100.0%	(2,601)
Area 1	Rent increase	44	13.1%	294	67	20.2%	567	80	27.6%	516	86	28.4%	696
	Rent reduction	269	80.1%	(6,007)	211	63.7%	(3,422)	169	58.3%	(2,717)	173	57.1%	(2,859)
	No change	23	6.8%	—	53	16.0%	—	41	14.1%	—	44	14.5%	—
	Not determined *1	50	—	—	31	—	—	43	—	—	43	—	—
	Total	386	100.0%	(5,713)	362	100.0%	(2,854)	333	100.0%	(2,201)	346	100.0%	(2,162)
Area 2	Rent increase	29	12.8%	209	53	16.1%	382	64	24.7%	382	84	36.8%	423
	Rent reduction	166	73.5%	(2,052)	236	71.7%	(2,882)	150	57.9%	(1,751)	107	46.9%	(806)
	No change	31	13.7%	—	40	12.2%	—	45	17.4%	—	37	16.2%	—
	Not determined *1	28	—	—	7	—	—	8	—	—	2	—	—
	Total	254	100.0%	(1,843)	336	100.0%	(2,500)	267	100.0%	(1,369)	230	100.0%	(383)
Area 3	Rent increase	1	2.8%	8	10	17.5%	53	10	25.6%	36	8	23.5%	26
	Rent reduction	22	61.1%	(248)	38	66.7%	(524)	21	53.8%	(319)	20	58.8%	(169)
	No change	13	36.1%	—	9	15.8%	—	8	20.5%	—	6	17.6%	—
	Not determined *1	3	—	—	0	—	—	0	—	—	0	—	—
	Total	39	100.0%	(240)	57	100.0%	(471)	39	100.0%	(283)	34	100.0%	(143)
Area 4	Rent increase	54	19.9%	235	163	48.8%	1,002	114	40.4%	649	175	50.0%	956
	Rent reduction	168	62.0%	(1,550)	115	34.4%	(1,041)	128	45.4%	(1,008)	130	37.1%	(869)
	No change	49	18.1%	—	56	16.8%	—	40	14.2%	—	45	12.9%	—
	Not determined *1	18	—	—	8	—	—	6	—	—	0	—	—
	Total	289	100.0%	(1,315)	342	100.0%	(39)	288	100.0%	(358)	350	100.0%	87

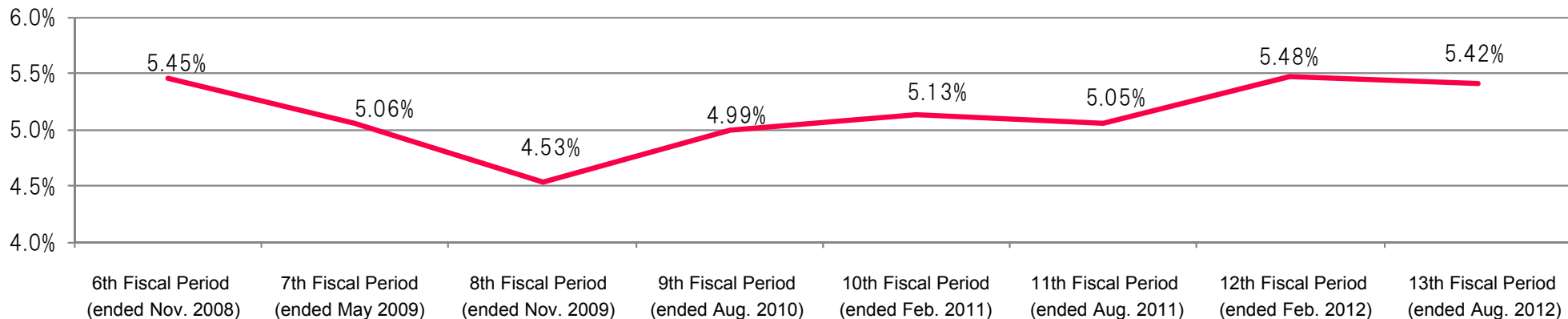
*1) "Not determined" refers to contracts where comparisons are problematic due to changes in contract type (normal contracts, fixed-lease contracts), and contracts for properties previously owned by NCR or for newly acquired properties where comparisons are problematic because previous rents are unknown.

*2) Retail facilities are excluded.



Internal Growth and Resident Satisfaction Improvement

// Transition of Portfolio NOI



*) Portfolio NOI =
$$\frac{\text{DHI rental NOI for the current fiscal period} \times 365 \text{ days} / \text{number of days in fiscal period}}{\text{Total of (acquisition cost} \times \text{number of days owned during fiscal period} / \text{number of days in fiscal period) for each owned property}}$$

(lease business revenue + other lease business revenue – expenses related to rent business + depreciation and amortization)

// Brand Strategy

■ New brand “Castalia”

DHI launched a new property brand named “Castalia” in December 2011. The change to the new brand name has been completed for the 112 properties DHI owns (except some properties such as the “Royal Parks” series)



- With the unification of the brand name, DHI aims to further increase recognition of its properties in the rental market, boost the efficiency of leasing activities, stabilize the occupancy rate and improve resident satisfaction

The name “Castalia” is derived from the Castalian Spring* in Greek mythology and was chosen to evoke a stylish rental residence brand that offers new aesthetic lifestyles for residents.

*The spring was considered to be a well of poetic ability and inspiration for those who touched it or listened to its waters.

// Strengthening of Operations Under Keyword of “Group Power”

■ Transfer of property management work to the Daiwa House Group

Work has begun on transferring property management work and building maintenance work, which are currently outsourced, to the Daiwa House Group

The purpose of the change is to improve resident satisfaction by raising the quality of property management, while simultaneously improving property management efficiency and reducing property management costs

As the first step in the change, the decision has been taken to transfer a portion of the building maintenance work to Daiwa Lifenext Co., Ltd. and Global Community Co., Ltd. (both Daiwa House Group companies)

// Implementation of Resident Questionnaire

With the aim of improving resident satisfaction, DHI conducted a questionnaire for residents (in May and June 2012)

Properties covered by questionnaire: 97 buildings, 5,310 units;
Number of questionnaires returned: 1,124 (return rate of 21.2%)



Stabilizing Distribution by Utilizing Tax-Loss Carry Forwards and Retained Earnings

- DHI is able to distribute retained earnings by utilizing tax-loss carry forwards when it realizes extraordinary gains such as gains from property disposition
- DHI can reverse retained earnings to supplement its distributions when it realizes extraordinary losses such as losses from the disposition of property
- DHI has stabilized distribution payments by setting a target distribution level and actively utilizing retained earnings

// ¥44.5 Billion Tax-Loss Carry Forwards Utilization Policy

- DHI succeeded ¥44.5 billion in tax-loss carry forwards through a merger with NCR, which filed for civil rehabilitation
- J-REITs must distribute over 90% of their distributable income and include distributions paid in expenses (J-REIT conduit requirement)
- With the tax-loss carry forwards, there will be no tax profit until the fiscal period ending August 2018. As a result, DHI can freely accumulate profit for retained earnings without being taxed, even if it doesn't distribute over 90% of distributable income
- Because tax-loss carry forwards are different to the accounting concept, they will have no effect on the balance sheet, distributions and the like, even if they are not depleted by the fiscal period ending August 2018

// Retained Earnings (Reserve for Distribution) Utilization Policy

- Total retained earnings (reserve for distribution) of ¥19.4 billion (**amount after retaining earnings in current fiscal period**) currently held is the gain from disposition of properties, etc. accrued on top of the ¥19.0 billion gain on negative goodwill on the merger with NCR
- Because the amount is accumulated on the balance sheet as reserve for distribution, it can be used freely for future distributions
- **¥121,306** per unit (**amount after retaining earnings in current fiscal period**)

Total retained earnings

¥19.4 billion

[¥+5 million term on term]

*Of which, ¥19.0 billion was gain on negative goodwill on merger

¥5.3 billion

[¥(2.2) billion
term on term]

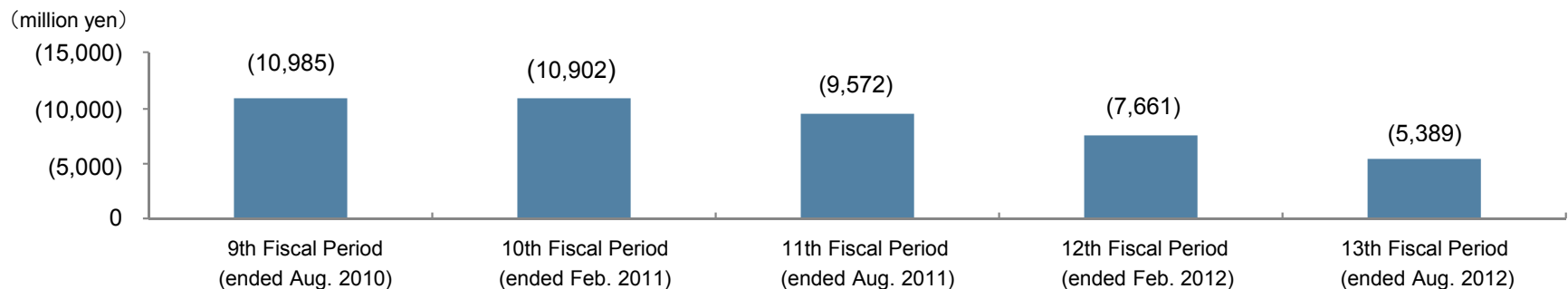
Projecting future losses from the disposition of properties, DHI set aside ¥5.3 billion in retained earnings to cover unrealized losses arising from the difference between appraisal value and book value
Distribution is covered by retained earnings when loss on the disposition of properties occur

¥14.0 billion

[¥+2.2 billion
term on term]

(1) Used to cover for extraordinary loss or distribution at the dilution of distribution due to capital increase
(2) Utilized as source of distribution to achieve target distribution level

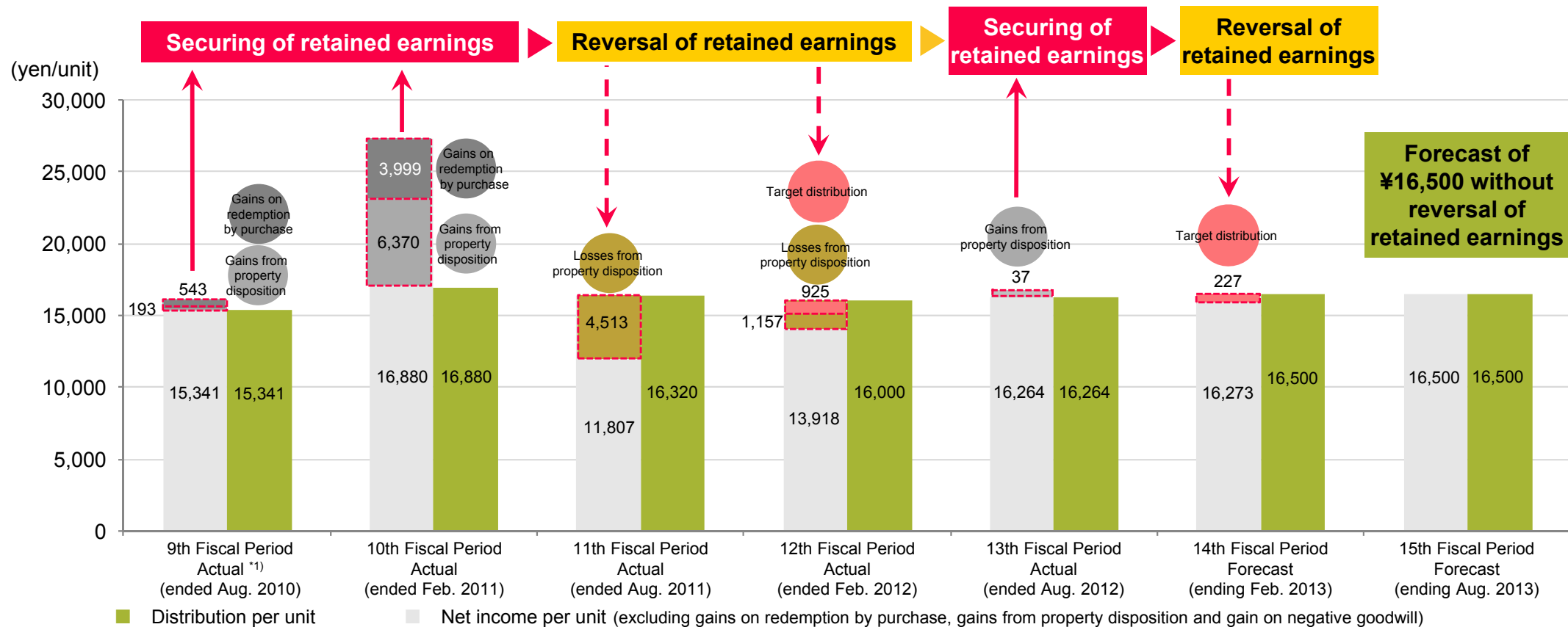
Improvement in unrealized losses





Example of Securing and Reversal of Retained Earnings by DHI

Trend in Stabilization of Distribution through Securing and Reversal of Retained Earnings



*1) The 9th fiscal period is the nine-month period from December 1, 2009 to August 31, 2010 due to a change in fiscal period-end.

Retained earnings (reserve for distribution) increased by a total of ¥462 million

	9th Fiscal Period Actual (ended Aug. 2010)	10th Fiscal Period Actual (ended Feb. 2011)	11th Fiscal Period Actual (ended Aug. 2011)	12th Fiscal Period Actual (ended Feb. 2012)	13th Fiscal Period Actual (ended Aug. 2012)	14th Fiscal Period Forecast (ending Feb. 2013)	15th Fiscal Period Forecast (ending Aug. 2013)
Net income	*2) ¥1,909 million	¥3,245 million	¥1,401 million	¥2,234 million	¥2,616 million	¥2,612 million	¥2,648 million
Retained earnings (reversal)	¥87 million	¥1,241 million	¥(535 million)	¥(334 million)	¥5 million	¥(36 million)	—
Total distributions	¥1,821 million	¥2,004 million	¥1,937 million	¥2,568 million	¥2,610 million	¥2,648 million	¥2,648 million

*2) Net income for the 9th fiscal period (ended Aug. 2010) was ¥20,918 million. However, for the purpose of comparison, the figure of ¥1,909 million, which excludes ¥19,009 million gain on negative goodwill, is presented.



Financial Conditions (1)

Financial Strategy

- Establish a bank formation centered on financial institutions that have close relationships with Daiwa House
- Shift to longer loan terms and reduce interest expenses, ensuring a flexible property acquisition stance using the ¥10 billion commitment line

Improvements to the Financial Position during the 13th Fiscal Period (ended August 2012)

- New bonds of ¥3 billion issued in March 2012, beginning a shift to more diverse funding sources
- In March and April 2012, rehabilitation obligations (former bonds + former loans) totaling ¥22.2 billion purchased and redeemed, then refinanced as bank loans with longer loan terms, lower spreads and fixed interest rates
- In July 2012, bank loans of ¥12.4 billion refinanced, giving them longer loan terms, lower spreads and fixed interest rates

Staggering Repayment Periods for Interest-Bearing Liabilities

Average remaining term: (End of 12th) 2.63 years → (End of 13th) 3.27 years

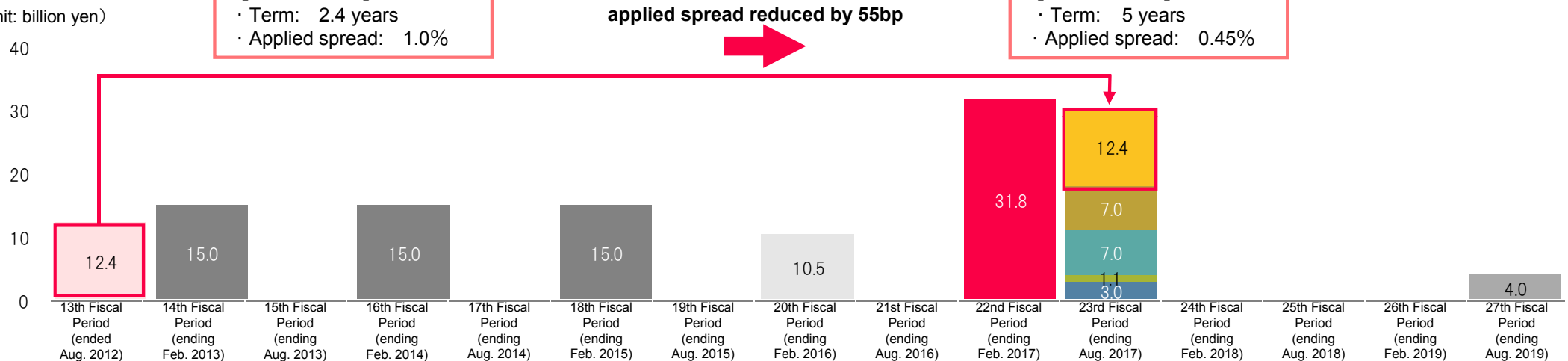
※Excluding commitment line I

Term Loan I	¥ 12.4 bn	Rehabilitation obligations	¥ 45.0 bn	Term Loan III	¥ 10.5 bn
Term Loan IV	¥ 31.8 bn	Bonds	¥ 3.0 bn	Resona Bank-1	¥ 1.1 bn
Term Loan VI	¥ 7.0 bn	Term Loan VII	¥ 12.4 bn	Bank of Tokyo-Mitsubishi UFJ -1	¥ 4.0 bn
				Term Loan V	¥ 7.0 bn

Loan term extended and applied spread reduced by 55bp

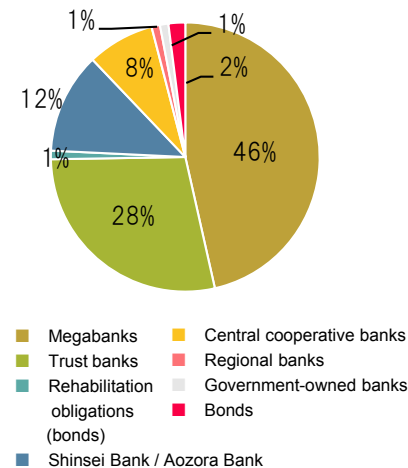
[Term Loan I]
· Term: 2.4 years
· Applied spread: 1.0%

[Term Loan VII]
· Term: 5 years
· Applied spread: 0.45%

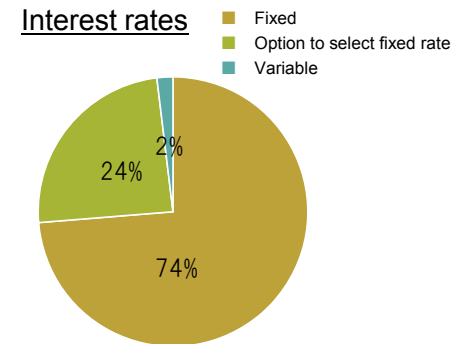


Financial position as of end-September 2012

Lenders



Interest rates



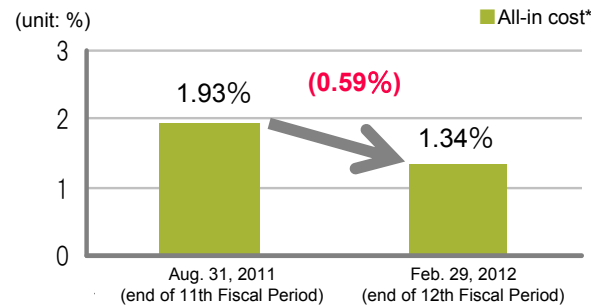
Increase in ratio of loans with fixed rates

(end-Aug. 2011) 27.0%
↓
(end-Feb. 2012) 51.7%
↓
(end-Aug. 2012) 74.5%



// Reducing Interest Expenses

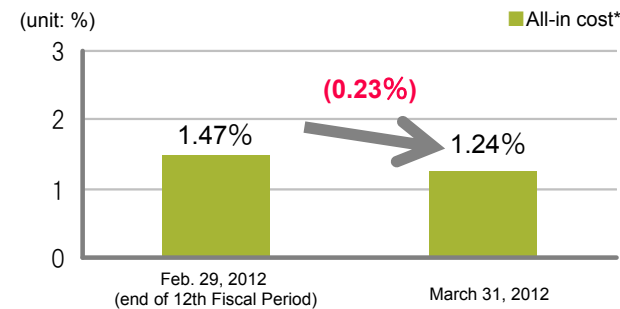
Interest expenses reduced through ¥31.8 billion refinancing in September 2011



Interest expenses per unit reduced by ¥588 / fiscal period

*All-in cost
Base rate + spread + other financing related expenses

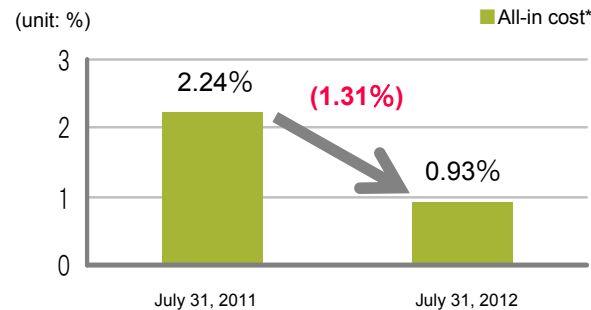
Interest expenses reduced through ¥18 billion refinancing in March 2012



Interest expenses per unit reduced by ¥131 / fiscal period

*All-in cost
Base rate + spread + other financing related expenses

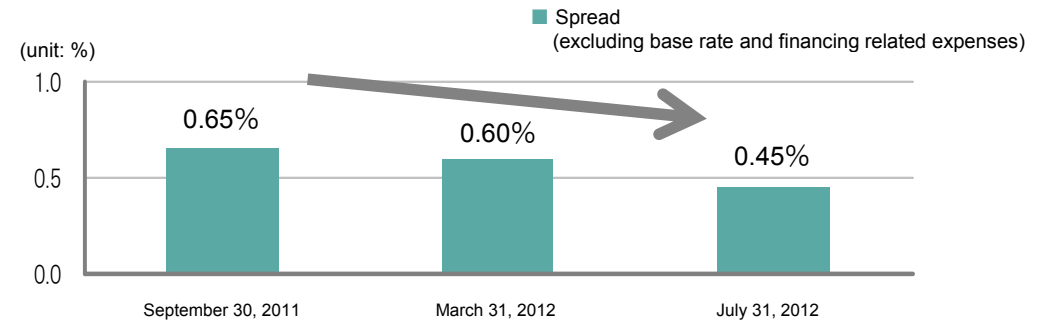
Interest expenses reduced through ¥12.4 billion refinancing in July 2012



Interest expenses per unit reduced by ¥508 / fiscal period

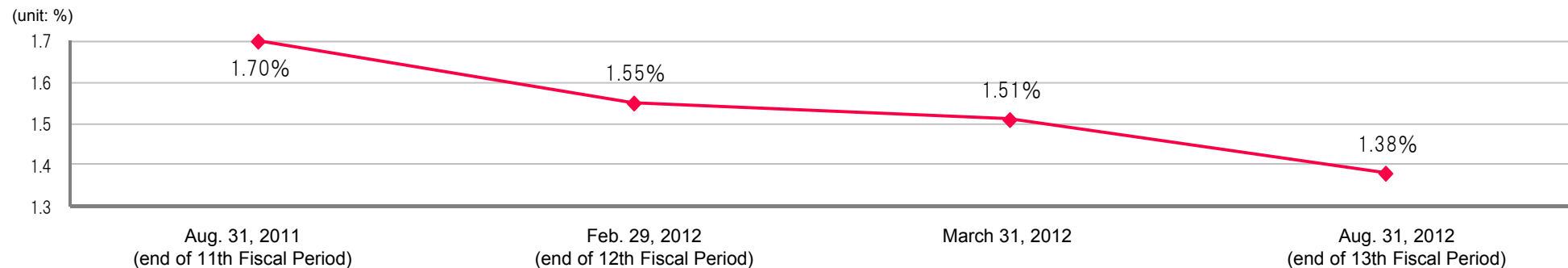
*All-in cost
Base rate + spread + other financing related expenses

Trend in loan spread of 5-year loans



Decreasing trend of interest expenses*

All-in interest expenses including financial institution fees, excluding commitment line I (no change to TIBOR during this period)





Financial Conditions (3)

// Status of Interest-bearing Liabilities

(unit: million yen)

	Lenders	Balance as of September 30, 2012		Interest Rate	Loan Date	Due date	Duration	Description
Commitment Line I –3	Bank of Tokyo-Mitsubishi UFJ	1,300	325	1.08000% (Variable) < Spread 0.9% >	Sep. 3, 2012	Sep. 2, 2013	1 year	Unsecured
	Sumitomo Mitsui Banking Corporation		325					
	Sumitomo Mitsui Trust Bank, Limited		325					
	Mizuho Corporate Bank, Ltd.		325					
Term Loan III	Sumitomo Mitsui Banking Corporation	10,500	1,800	1.40% *1 (Fixed) < Spread 0.8% >	Dec. 28, 2010	Dec. 28, 2015	5 years	Unsecured
	Sumitomo Mitsui Trust Bank, Limited		1,800					
	Mizuho Corporate Bank, Ltd.		1,800					
	Bank of Tokyo-Mitsubishi UFJ		1,800					
	Mitsubishi UFJ Trust and Banking Corporation		1,400					
	Resona Bank, Ltd.,		1,400					
	Shinsei Bank, Limited.		500					
Term Loan IV	Sumitomo Mitsui Banking Corporation	31,800	5,200	1.096% *1 (Fixed) < Spread 0.65% >	Sep. 30, 2011	Sep. 30, 2016	5 years	Unsecured
	Sumitomo Mitsui Trust Bank, Limited		5,200					
	Mizuho Corporate Bank, Ltd.		5,200					
	Bank of Tokyo-Mitsubishi UFJ		5,200					
	Aozora Bank, Ltd.		4,500					
	Mitsubishi UFJ Trust and Banking Corporation		3,000					
	Resona Bank, Ltd.,		2,500					
	Shinsei Bank, Limited.		1,000					
Term Loan V	Sumitomo Mitsui Banking Corporation	7,000	3,000	1.025% *1 (Fixed) < Spread 0.6% >	March 27, 2012	March 31, 2017	5 years	Unsecured
	Aozora Bank, Ltd.		1,500					
	Mitsubishi UFJ Trust and Banking Corporation		1,500					
	Shinkin Central Bank		1,000					
Term Loan VI	Mizuho Corporate Bank, Ltd.	7,000	3,000	1.025% *1 (Fixed) < Spread 0.6% >	March 27, 2012	March 31, 2017	5 years	Unsecured
	Sumitomo Mitsui Trust Bank, Limited		3,000					
	Mizuho Trust & Banking Co., Ltd.,		1,000					
Term Loan VII	Sumitomo Mitsui Trust Bank, Limited	12,400	3,480	0.69536% *1 (Fixed) < Spread 0.45% >	July 31, 2012	July 31, 2017	5 years	Unsecured
	Sumitomo Mitsui Banking Corporation		3,480					
	Mizuho Corporate Bank, Ltd.		3,480					
	Bank of Tokyo-Mitsubishi UFJ		1,960					
Resona Bank-1	Resona Bank, Ltd.,	1,095	—	0.92833% (Variable) < Spread 0.6% >	March 26, 2012	March 31, 2017	5 years	Unsecured
Bank of Tokyo-Mitsubishi UFJ	Bank of Tokyo-Mitsubishi UFJ	4,000	—	1.07% (Fixed)	March 27, 2012	March 27, 2019	7 years	Unsecured
Bonds	First Series Unsecured Bonds	3,000	—	1.12% (Fixed)	March 9, 2012	March 9, 2017	5 years	Unsecured
Rehabilitation Obligations		15,012	—	1.22833% *2 < Spread 0.9% >	Jan. 5, 2010	Jan. 31, 2013	3 years	Unsecured
		15,012	—	1.32833% *2 < Spread 1.0% >	Jan. 5, 2010	Jan. 31, 2014	4 years	
		15,013	—	1.72553% (Fixed) < Spread 1.1% >	Jan. 5, 2010	Jan. 30, 2015	5 years	
Total Interest-bearing Liabilities		123,134	*1) The interest rate fixed in effect by the interest rate swap agreements. *2) DHI may shift to a fixed interest rate without changing the applied spread.					

*1) The interest rate fixed in effect by the interest rate swap agreements.

*2) DHI may shift to a fixed interest rate without changing the applied spread.



Target Distribution Level and Future Forecast

// Target Distribution

- DHI has set a target distribution level to be achieved after a certain period; until the level is achieved, DHI plans to reverse retained earnings to ensure a stable distribution level
- DHI set a target distribution of ¥16,100 for the fiscal period ending February 2013; however, due to an improvement in profitability, this was achieved early, in the fiscal period ended August 2012
- The forecast distribution for the fiscal period ending August 2013 has been set at ¥16,500, with a target of achieving this in the period ending August 2013 without reversing retained earnings

Near-term target distribution level

¥16,500 per unit per fiscal period

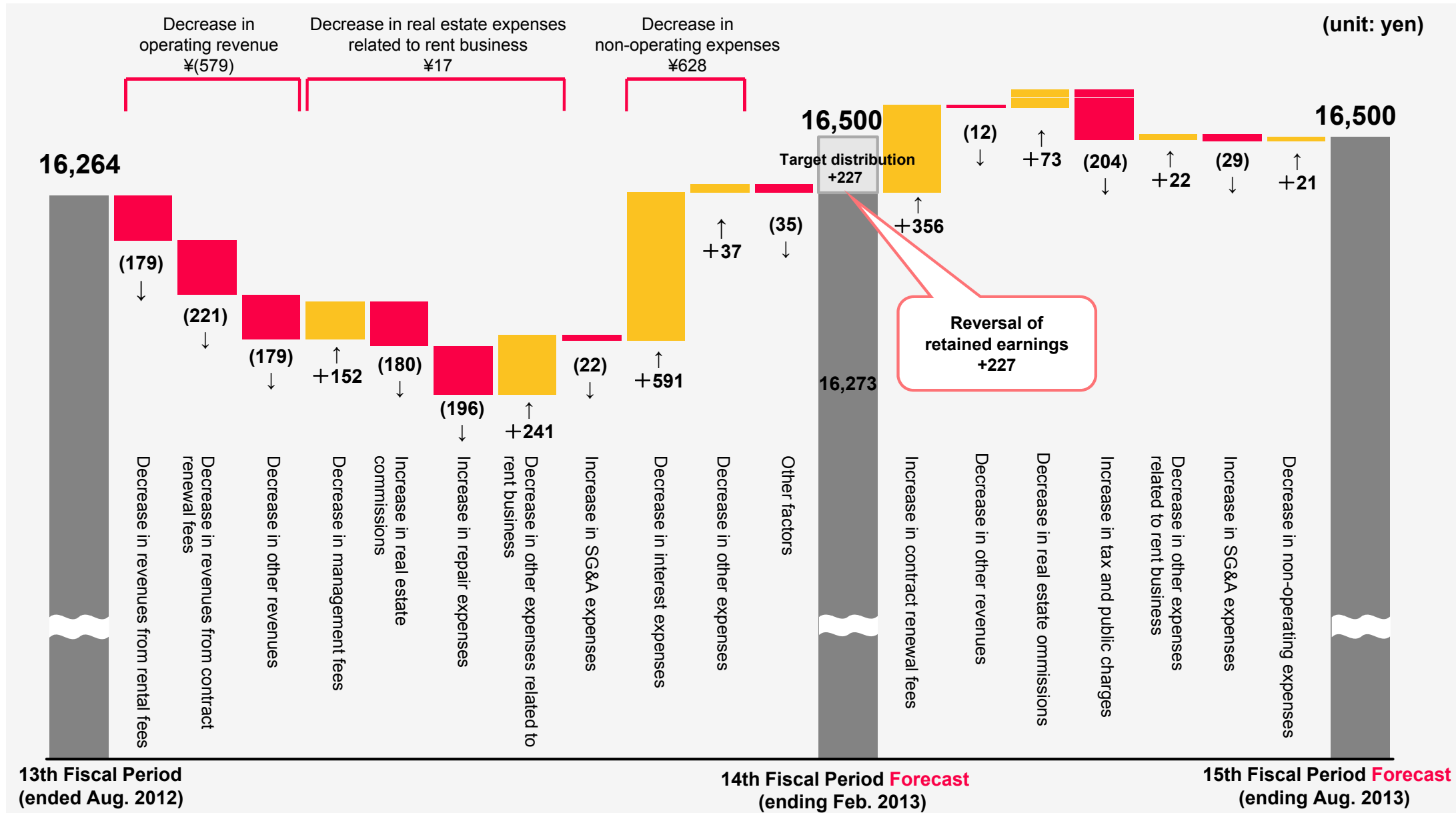
(unit: million yen)

		13th Fiscal Period Actual (ended Aug. 2012)	14th Fiscal Period Forecast (ending Feb. 2013)		15th Fiscal Period Forecast (ending Aug. 2013)	
				Term on term		Term on term
Operating Revenue		7,746	7,540	(205)	7,595	+55
	Lease business revenue	7,633	7,540	(92)	7,595	+55
	Gain and loss from disposition of properties	112	—	(112)	—	—
Operating Income		3,691	3,484	(206)	3,518	+33
	Excl. gain and loss from disposition of properties	3,578	3,484	(93)	3,518	+33
Ordinary Income		2,724	2,612	(112)	2,648	+36
	Excl. gain and loss from disposition of properties	2,611	2,612	+0	2,648	+36
Extraordinary Income / Losses		(106)	—	+106	—	—
Net Income		2,616	2,612	(4)	2,648	+36
	Excl. extraordinary income / losses	2,611	2,612	+1	2,648	+36
Retained Earnings (Reversal)		5	(36)	(42)	—	+36
Total Distributions		2,610	2,648	+37	2,648	—
Net Income per Unit	(A)	16,301 yen	16,273 yen	(28) yen	16,500 yen	+227 yen
Net Income per Unit excl. gains from property disposition		16,264 yen	16,273 yen	+9 yen	16,500 yen	+227 yen
Reversal of Retained Earnings per Unit	(B)	37 yen	(227) yen	(264) yen	—	+227 yen
Distribution per Unit	(A) - (B)	16,264 yen	16,500 yen	+236 yen	16,500 yen	—



Fourteenth Fiscal Period (ending February 2013) and Fifteenth Fiscal Period (ending August 2013) Breakdown of Distribution per Unit

Analysis of Breakdown of Distribution per Unit





Future Growth Strategy

- Achievement of sustainable external growth with Daiwa House Group's sponsoring capability and robust financial base
- Steady enhancement of portfolio quality through strategy of replacing properties with the use of retained earnings
- Stable distribution through implementation of distribution management

// Future Policies of Growth Strategy

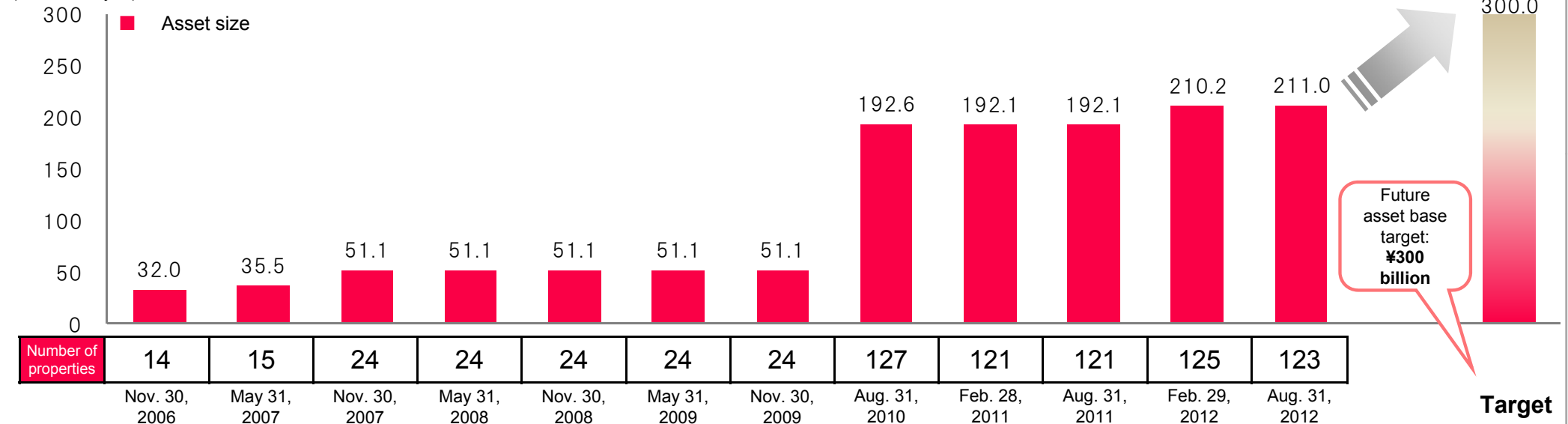
Leverage Comprehensive Strengths of the Daiwa House Group	Expansion of Portfolio Size
Leverage the comprehensive strengths of the Daiwa House Group, which can offer total operations of rental residences from planning and development to administration, management and tenant leasing	Aiming to expand portfolio size, mainly in properties to be developed by Daiwa House Industry Investment in housing for elderly people, for which government support is expected
Enhancement of Portfolio Quality	Enhancement of Financial Position
DHI will replace its relatively less competitive management assets, so as to enhance profitability and reduce administrative and management costs	Building a strong banking structure backed by the creditworthiness of the Daiwa House Group Reducing debt costs



Implementation of Distribution Management
Implementing distribution management utilizing tax-loss carry forwards of ¥44.5 billion and distribution of retained earnings of ¥19.4 billion

Sustainable external growth and stable distribution

(unit: billion yen)



APPENDIX



Daiwa House
Residential
Investment Corp.





Investment Strategy on Residential Properties by Area

// By Area

Before revision

Area	Area 1	Area 2	Area 3	Area 4
Investment Ratio	40%~60%	20%~50%	20% or less	20% or less



Revision of investment guideline

After revision

	Area	Area 1	Area 2	Area 3	Area 4
Current	Definition	5 major wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward)	Wards of Tokyo excluding Area 1	Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture)	Other cities with populations of more than approx. 100,000
	Investment Policy (Investment Guideline after revision)	60% or more		30% or less	30% or less
	DHI's Portfolio (as of August 31, 2012)	74.1% (43.2%)		6.5%	19.4%

Future	Target Portfolio				
	Rationale	<p><Area 1></p> <ul style="list-style-type: none"> Currently high proportion of investment in this area, but offers the potential for strong rent rises once the economy recovers No plan to sell properties, but planning to reduce or maintain relative weighting of investment in this area by acquiring properties in other areas <p><Area 2></p> <ul style="list-style-type: none"> Area 2 rents are very stable while occupancy rates are stable. Aim to increase the investment ratio of this area The strengths of Daiwa House Group can be best utilized in this area 		<ul style="list-style-type: none"> A supply of high-quality properties is expected from Daiwa House Study prospect of investing in properties for which Daiwa House Group function as a muster lessee 	<ul style="list-style-type: none"> Consider purchasing attractive properties in this area based on property competitiveness, size, and yields



Investment Strategy on Residential Properties by Type

// By Type

Before revision

Type	Single	DINKS	Family	Large
Dedicated Area	30㎡ or less	More than 30㎡~70㎡ or less	More than 70㎡~100㎡ or less	More than 100㎡
Investment Policy	30~60%	40~60%	0~20%	0~10%



Revision of investment guideline

After revision

Current	Type	Compact	Family
	Overview	▪ Residences aimed mainly at singles, double income no kids (DINKS) and designed in for their life styles	▪ Residences aimed mainly at families and designed for their life styles
	Dedicated Area	60㎡ or less	More than 60㎡
	Investment Policy	70% or more	30% or less
Future	Target Portfolio	84.0%	16.0%
	Rationale	▪ Rents are currently low however downward rigidity of occupancy rates and rent is strong	▪ A supply of excellent properties is expected from Daiwa House ▪ Study prospect of investing in properties for which Daiwa House Group function as an muster lessee

■ Investment in Housing for Elderly People

Newly create additional policies and criteria regarding investing in housing for elderly people (rental residences, care facilities or others scheduled to be occupied exclusively by elderly people living alone or elderly couples with the provision of nursing services, etc., including serviced housing for elderly people and private nursing homes), in order to manage the risk of investing in such housing.

In principle, DHI will invest in properties for which the risk of operating them to house elderly people is limited, by such means as renting out several together to operators DHI judges to have the necessary management capabilities and reliability, or investing in properties for which management support from the Daiwa House Group can be expected.

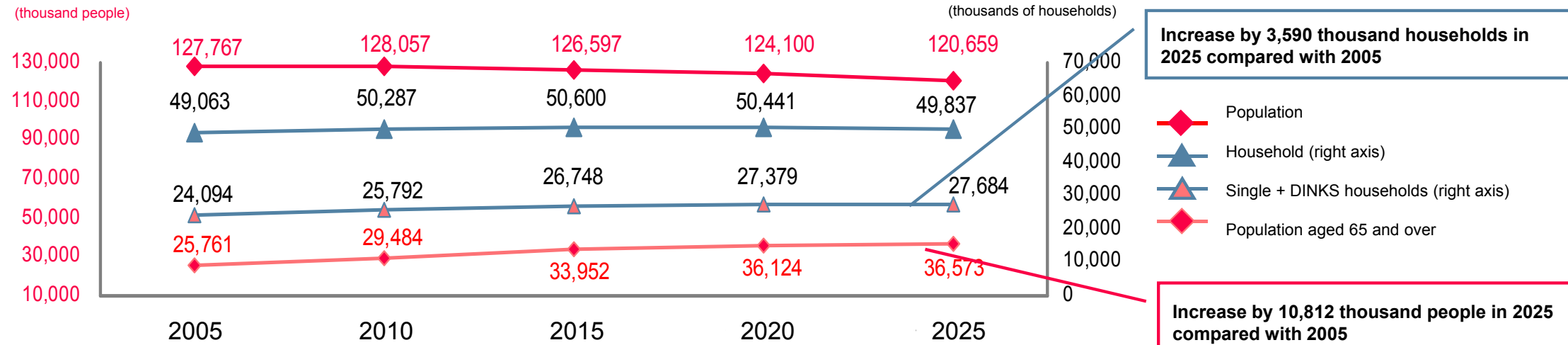
*) Housing for elderly people is not included in calculations of investment ratio by area or type.



Building Portfolio: Strengths of DHI Portfolio

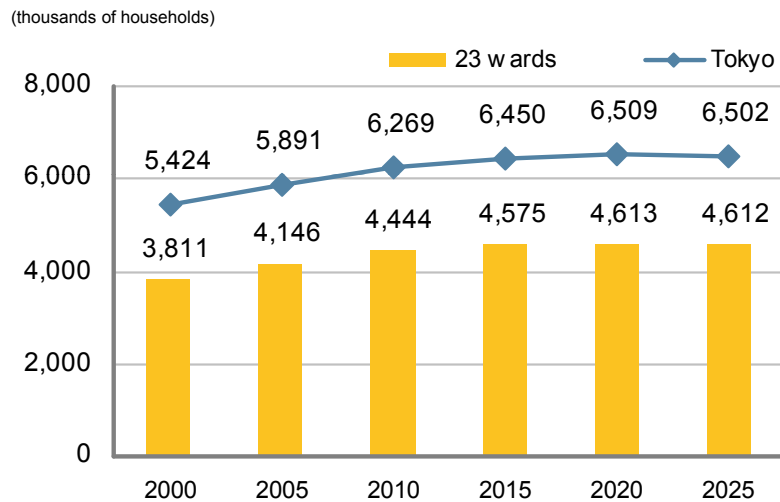
- Investment strategy focused on the Tokyo Metropolitan area where continuous population growth is expected, with a certain level of investment in major regional cities where local populations are expected to be concentrated for portfolio diversification
- By type, investment strategy focused on properties targeting compact types, of which the number of households is expected to increase
- Investment to a certain extent in housing for elderly people in reaction to the aging of society

Estimated Population and Number of Households (including forecasts)



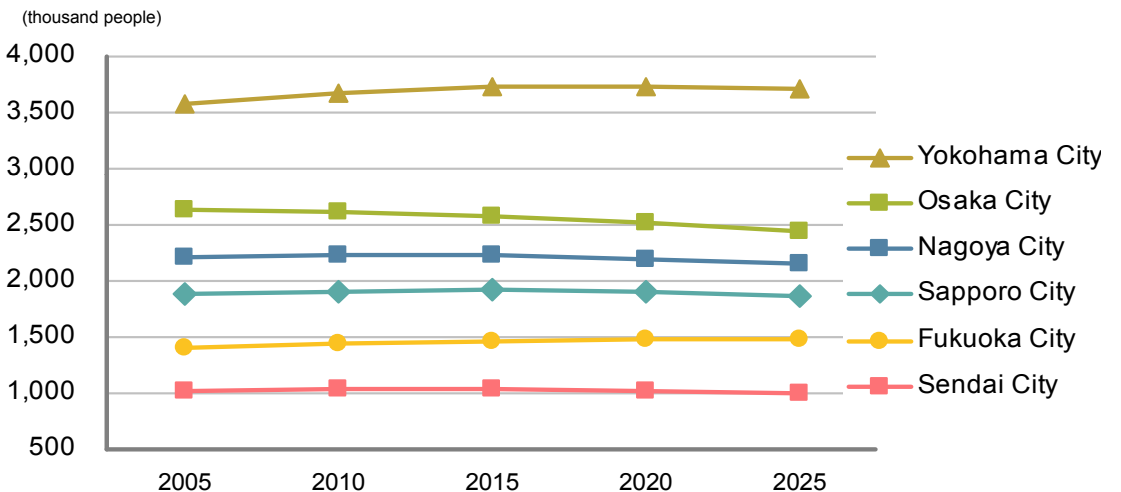
(Source) National Institute of Population and Social Security Research "Future Change in Households in Japan" (March 2008) and "Population Projections for Japan: Medium-fertility and Medium-mortality Assumptions" (January 2012)
(Source) Statistics Bureau, Ministry of Internal Affairs and Communications "Report on Population Census of Japan" for population in 2005

Estimated Number of Households in Tokyo (including forecasts)



(Source) Tokyo Metropolitan Government, "Forecast of Number of Households in Tokyo" statistical data (March 2009)

Estimated Population Changes by City (including forecasts)



(Source) National Institute of Population and Social Security Research "Estimated Population Changes by City, Town or Village" (March 2008)



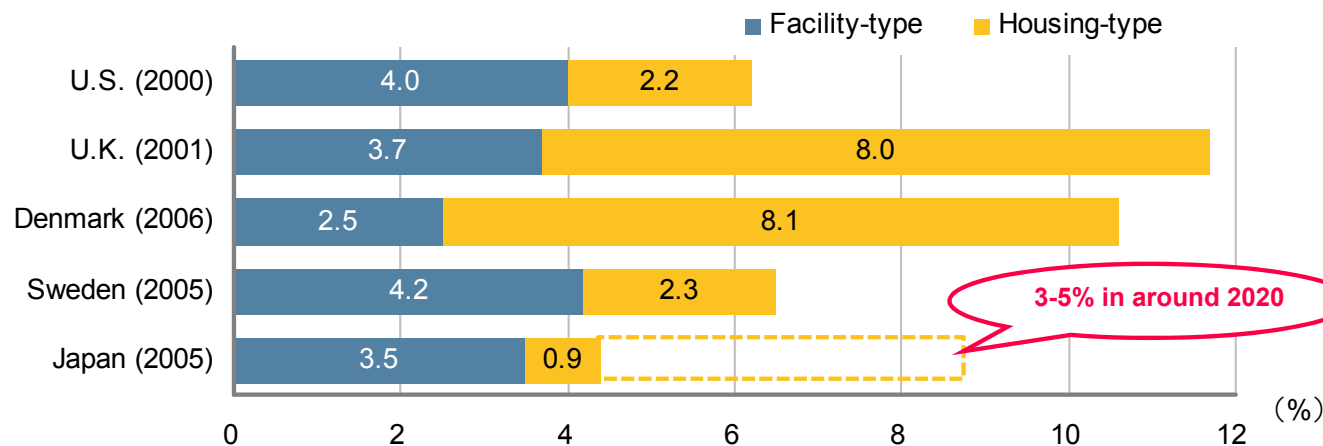
Investment in Housing for Elderly People

- DHI intends to continue making acquisitions, to a certain extent, in housing for elderly people, for which a certain amount of demand is expected

// Strategic Target of Ministry of Land, Infrastructure, Transport and Tourism

- Compared to other countries, there is a lack of housing for elderly people in Japan. In response, the strategic target of the Ministry of Land, Infrastructure, Transport and Tourism is to bring the ratio of such housing to 3-5%, in line with the U.S. and Europe, by around 2020 *1)
- Based on the revised Act on Securement of Stable Supply of Elderly Persons' Housing (enforced October 2011), the government provides support for the development of housing for elderly people

Residential status of elderly people by country (ratio of set number of people) *2)

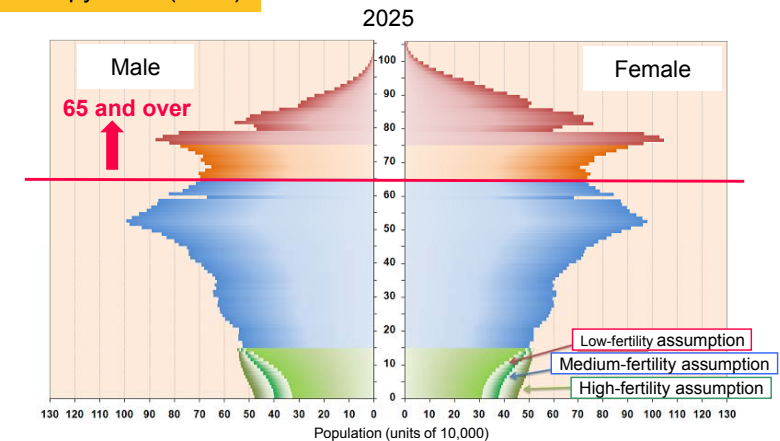


*1) The Council of the Growth Strategy of Ministry of Land, Infrastructure, Transport and Tourism, May 17, 2010

*2) Ratio of set number of elderly people in care facilities, housing for elderly people, etc.

(Source) Excerpt from material for 8th National Assembly for Social Security sectional meeting on guarantee of services (medical treatment, nursing and welfare), October 23, 2008

Population pyramid (2025)



National Institute of Population and Social Security Research

Material: 1920-2010: Population census, estimated population;
2011 and after: "Population Projections for Japan" (January 2012)

// Government Measures to Support Housing for Elderly People

- Based on the revised Act on Securement of Stable Supply of Elderly Persons' Housing, the government provides support for the development of housing registered as "serviced housing for elderly people"
- Details of support to promote supply of "serviced housing for elderly people"
 - (1) For construction or refurbishment of serviced housing for elderly people: assistance of one tenth of construction costs (up to ¥1 million per unit) or one third of refurbishment costs (up to ¥1 million per unit)
 - (2) Promotion of supply through measures including reduction of taxation on fixed assets and real estate acquisition tax for serviced housing for elderly people

// Response of Daiwa House Group

- Strengthening business operations under the keywords "aging society"
- Management, servicing and master leasing for housing for elderly people by Daiwa Living
- Planning by DHI to make investments into housing for elderly people



// Daiwa House Group's Healthcare Business ➡ Pioneering Initiatives in the "Senior" Field and Achievement of Numerous Results

- In consideration of the diverse problems facing Japan regarding the aging society and nursing, Daiwa House Industry established the "Silver Age Research Center" in 1989 to comprehensively examine healthcare and nursing facilities and create plans and propositions regarding such facilities
- In April 2010, the "Human Care Business Promotion Department" was established with the aim of utilizing the strengths built up by the Daiwa House Group through the Silver Age Research Center across different sections
- In consideration of the revised Act on Securement of Stable Supply of Elderly Persons' Housing (enforced October 2011) coming into effect, operation of business relating to housing for elderly people was accelerated
- In June 2012, Daiwa House Industry acquired all the shares of Toden Life Support Co., Ltd. (then a wholly owned subsidiary of Tokyo Electric Power Company, Incorporated), making it a subsidiary and changing its name to Daiwa House Life Support Co., Ltd.

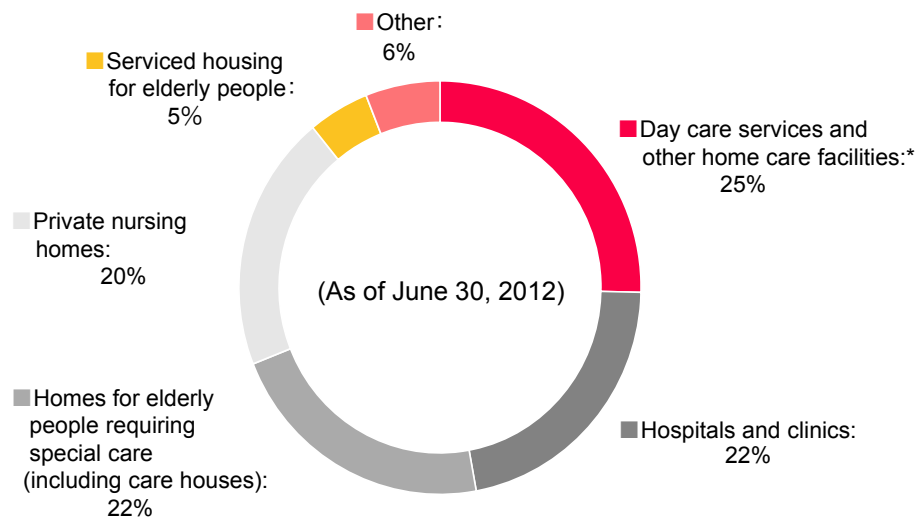
// Results of Daiwa House Group's Healthcare Business

- Cumulative total orders received for housing for elderly people, medical treatment and nursing, and welfare facilities

3,347 orders ¥505.4 billion (results up to end of June 2012)



Breakdown of amount of orders received by
Daiwa House Industry's Silver Age Research Center (cumulative)



* Small-scale multi-functional facilities, group homes, etc.

Mominoki, Tsurumi, Yokohama



[Properties owned by Daiwa House Life Support]

Mominoki, Suginami



[Properties owned by Daiwa House Life Support]

Serviced housing for elderly people



[Building constructed by Daiwa House Industry]

Private nursing home



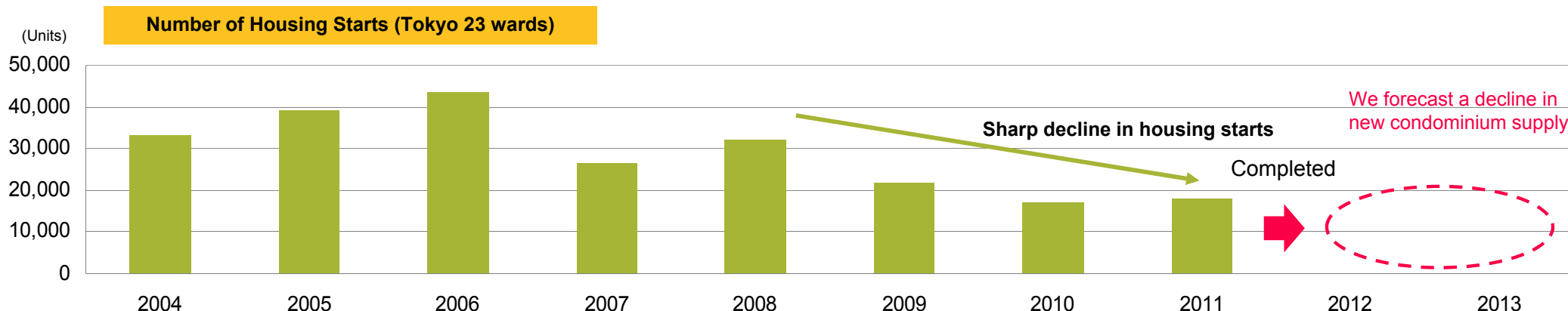
[Building constructed by Daiwa House Industry]

As of the date of this document, no decision had been reached by DHI regarding the properties shown.



// Number of Housing Starts Trend

- Number of starts for rental condominiums in Tokyo 23 wards remained low in 2011, totaling 17,994 units
- After the peak in 2006, condominium starts have declined due to the impact of (1) the amendment of Building Standard Law (2007), which was in response to the issue of false earthquake-resistance data, and (2) the collapse of emerging condominium developers during the financial crisis post Lehman Shock (2008); we expect the decline in starts through to 2011 to result in a short-term dip with new rental condominium supply from 2012 onward

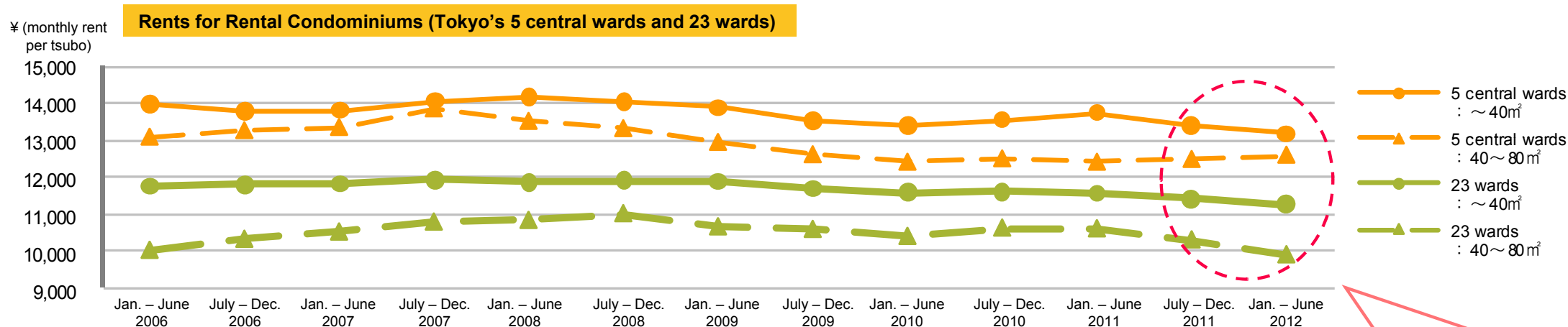


*1) Source: Daiwa House Asset Management Co., Ltd., based on Statistics on Building Starts, Ministry of Land, Infrastructure, Transport and Tourism.

*2) Shows number of new building starts in Tokyo's 23 wards under "by Owner Occupant Relation: Rented," "by Structure: steel-frame reinforced concrete or reinforced concrete, and "by Construction Method: joint project."

// Trends in Condominium Rents

- Condominium rents in Tokyo's 5 central wards and Tokyo's 23 wards showed signs of improvement from a bottom in 2010 H1 but then turned down again from 2011 H2



*1) Source: Daiwa House Asset Management Co., Ltd., based on Survey Results of Housing Market Index 2012 H1, published by Japan Real Estate Institute (JREI) on September 12, 2012.

*2) Adjusted by JREI using base data to show rents for 10-year old condominiums; rents are the amounts paid by tenants excluding management fees and common service fees.

Rents have turned up a bit for 40~80m² properties in Tokyo's 5 central wards, but rents for other property types have continued to decline



Overview of the Daiwa House Industry

// Profile of Daiwa House Industry

- The Daiwa House Group consists of eight business segments: “Single-Family Houses,” “Rental Housing,” “Condominiums,” “Existing Home Business,” “Commercial Facilities,” “Business and Corporate Facilities,” “Health and Leisure” and “Other Businesses.”

(As of March 31, 2012)

Company Name	Daiwa House Industry Co., Ltd.		
Head Office	3-3-5, Umeda, Kita Ward, Osaka City		
Established	April 5, 1955 (Founded: March 4, 1947)		
Paid-in Capital	¥110,120 million		
Ratings	Japan Credit Rating Agency, Ltd. (JCR) : AA (Stable)	Rating and Investment Information, Inc. (R&I) : AA- (Stable)	

// Selected Financial Data of Rental Housing Business of Daiwa House Industry

- Using its extensive property planning and development expertise in providing a grand total of around 820,000 rental residences, Daiwa House Industry is developing products that anticipate the needs of residents and landowners
- Daiwa House Industry shows a steady growth in net sales and operating income of the Rental Housing Business

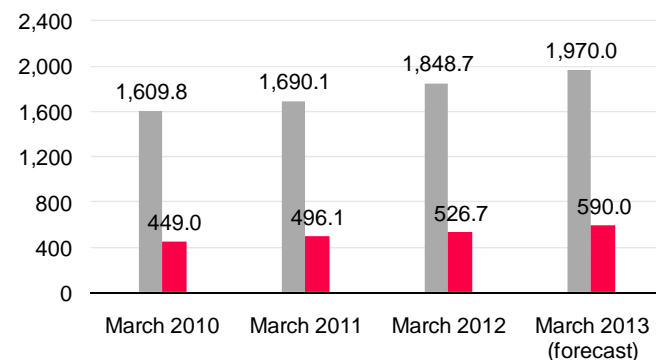
// Number of Rental Residences Managed

- The Daiwa House Group is increasing steadily the number of rental residences managed

Net Sales (consolidated basis)

■ Consolidated net sales
■ Of which, sales of Rental Housing Business

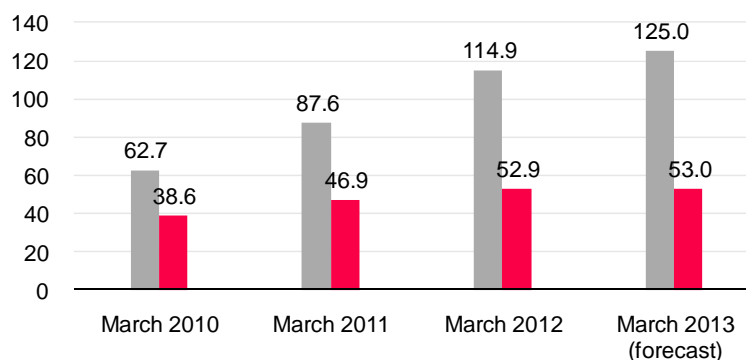
(billion yen)



Operating Income (consolidated basis)

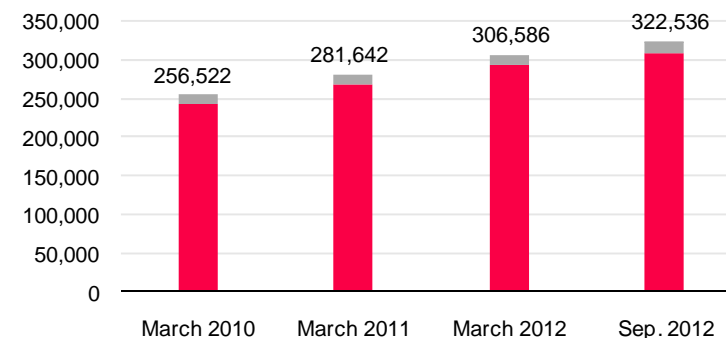
■ Consolidated operating income
■ Of which, sales of Rental Housing Business

(billion yen)



■ Daiwa Living Co., Ltd.
■ Nihon Jyutaku Ryutu Co., Ltd.
Daiwa Living Management Co., Ltd.

(units)

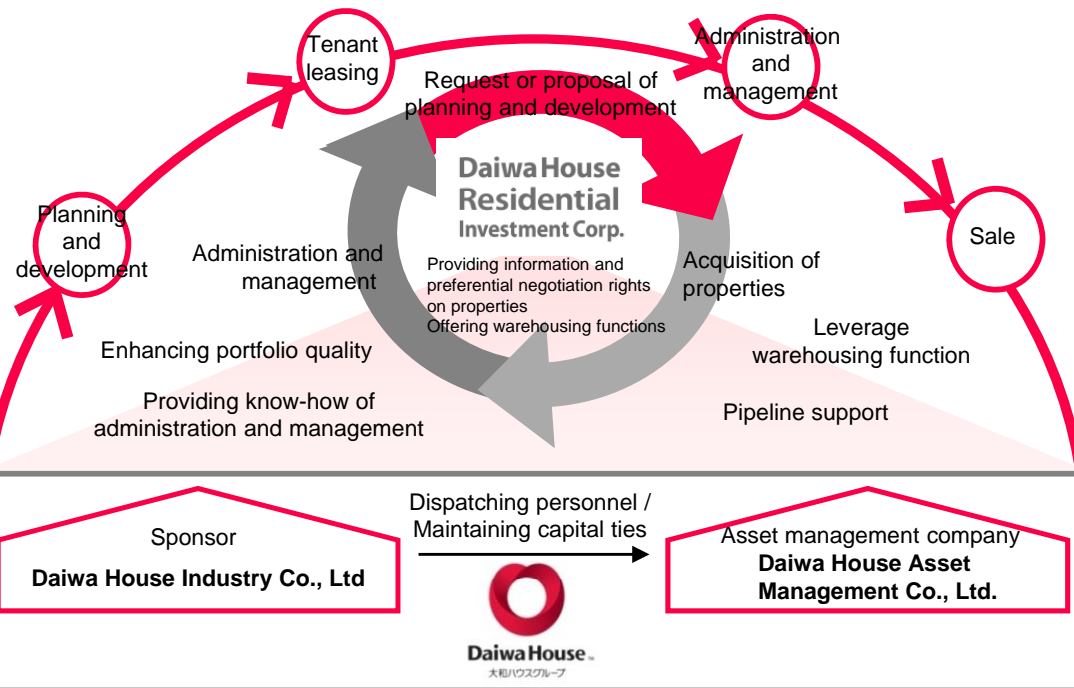




Sponsor Support by Daiwa House Group

// Growth Strategies Leveraging Daiwa House Group's Comprehensive Strengths

In collaboration with the Daiwa House Group, DHI intends to expand its portfolio size and promote internal growth



// Major Supports from Daiwa House Group

- Providing information and preferential negotiation rights
- Providing master lease by the Daiwa House Group
- Dispatching personnel to the asset management company
- Offering warehousing functions

// Acquisition Record Utilizing Warehousing Functions

Castalia Nakanobu



Acquisition date:
June 29, 2010
Acquisition price:
¥1,790 million
Appraisal value:
¥2,170 million
NOI yield: 6.5%

Castalia Ichigaya



Acquisition date:
June 29, 2010
Acquisition price:
¥940 million
Appraisal value:
¥1,210 million
NOI yield: 6.9%

Big Tower Minami Sanjo



Acquisition date:
Nov. 1, 2010
Acquisition price:
¥1,740 million
Appraisal value:
¥2,130 million
NOI yield: 7.9%

Castalia Togoshi



Acquisition date:
Nov. 1, 2010
Acquisition price:
¥1,770 million
Appraisal value:
¥2,130 million
NOI yield: 6.8%

Castalia Fushimi



Acquisition date:
Jan. 14, 2011
Acquisition price:
¥2,260 million
Appraisal value:
¥2,490 million
NOI yield: 7.1%

*) Net rental income shown in the real estate appraisal report at the time of purchase / acquisition price

// Development of Rental Residences by Daiwa House Industry (In Pipeline)

- Developed real estate held as fixed assets is ¥49.7 billion (as of Sep. 30, 2012)
- For premium rental residences, Daiwa House Industry developed 18 properties in the Royal Park Series and currently holds 8 properties (as of Sep. 30, 2012)
- Four plots of land for rental residences in the Tokyo Metropolitan area have been acquired specifically for DHI
- Land acquired in April 2012 for "Royal Parks Sasashima (tentative name)" in Nagoya; complex will have 502 units, shops, private nursing home and children's daycare center

(*) As of the date of this document, no decision had been reached by DHI regarding land acquired by Daiwa House Industry in the Tokyo Metropolitan area or "Royal Parks Sasashima (tentative name)".





Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of August 31, 2012)	Appraiser *1	Acquisition Price	Book Value at Aug. 31, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Feb. 29, 2012			Appraisal at Aug. 31, 2012			End of Previous Fiscal Period Comparison		
						at Feb. 29, 2012	At Aug. 31, 2012				Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
			③	④	④-①	④-②	④-③	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR			
Area1	1001	Qiz Ebisu	Tanizawa	7,650	7,513	7,740	7,470	(180)	(43)	(270)	4.7	4.9	5.0	4.7	4.9	5.0	0.0	0.0	0.0
	1002	Castalia Azabujuban Shichimenzaka	Chuo	4,500	4,386	3,920	3,930	(570)	(456)	10	4.9	4.6	5.1	4.9	4.6	5.1	0.0	0.0	0.0
	1003	Castalia Shibakoen	Tanizawa	2,630	2,551	1,920	1,920	(710)	(631)	0	5.1	5.2	5.4	5.1	5.2	5.4	0.0	0.0	0.0
	1004	Castalia Ginza	Tanizawa	2,520	2,463	1,870	1,880	(640)	(583)	10	5.0	5.1	5.3	5.0	5.1	5.3	0.0	0.0	0.0
	1005	Castalia Hiroo	Tanizawa	2,220	2,185	1,620	1,590	(630)	(595)	(30)	4.9	5.0	5.2	4.9	5.0	5.2	0.0	0.0	0.0
	1006	Castalia Nihonbashi	Tanizawa	1,200	1,153	999	1,000	(200)	(153)	1	5.1	5.2	5.4	5.1	5.2	5.4	0.0	0.0	0.0
	1007	Castalia Hacchobori	Tanizawa	2,300	2,251	1,970	1,950	(350)	(301)	(20)	5.1	5.2	5.4	5.1	5.2	5.4	0.0	0.0	0.0
	1008	Castalia Azabujuban	Chuo	2,910	2,894	2,390	2,370	(540)	(524)	(20)	4.9	4.6	5.1	4.9	4.6	5.1	0.0	0.0	0.0
	1009	Castalia Azabujuban II	Chuo	2,690	2,656	2,280	2,270	(420)	(386)	(10)	4.8	4.5	5.0	4.8	4.5	5.0	0.0	0.0	0.0
	1010	Castalia Shinjuku Natsumezaka	Chuo	1,865	1,844	1,540	1,540	(325)	(304)	0	5.1	4.8	5.3	5.1	4.8	5.3	0.0	0.0	0.0
	1011	Castalia Ginza II	Tanizawa	1,800	1,768	1,470	1,470	(330)	(298)	0	5.0	5.1	5.3	5.0	5.1	5.3	0.0	0.0	0.0
	1012	Castalia Shibuya Sakuragaoka	Tanizawa	1,400	1,393	985	987	(413)	(406)	2	4.9	5.1	5.2	4.9	5.1	5.2	0.0	0.0	0.0
	1014	NCR Nishi Azabu Twin Tower (*14)	Tanizawa	2,352	2,207	2,230	2,230	(122)		23	5.0	5.1	5.3	5.0	5.1	5.3	0.0	0.0	0.0
	1015	Castalia Nishi Azabu Kasumicho	Tanizawa	2,143	2,140	1,960	1,920	(223)	(220)	(40)	5.0	5.1	5.3	5.0	5.1	5.3	0.0	0.0	0.0
	1016	Castalia Ochanomizu	JREI	1,770	1,731	1,840	1,850	80	119	10	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	1017	Castalia Sangubashi	Tanizawa	1,393	1,385	1,290	1,280	(113)	(105)	(10)	5.1	5.3	5.4	5.1	5.3	5.4	0.0	0.0	0.0
	1018	Castalia Suitengu	Tanizawa	1,279	1,250	1,220	1,220	(59)	(30)	0	5.2	5.2	5.5	5.2	5.2	5.5	0.0	0.0	0.0
	1019	Castalia Suitengu II	Tanizawa	1,138	1,109	1,090	1,090	(48)	(19)	0	5.1	5.2	5.4	5.1	5.2	5.4	0.0	0.0	0.0
	1020	Castalia Shintomicho	Tanizawa	932	906	876	878	(54)	(28)	2	5.2	5.2	5.5	5.2	5.2	5.5	0.0	0.0	0.0
	1021	Castalia Shintomicho II	Tanizawa	825	802	745	751	(74)	(51)	6	5.2	5.2	5.5	5.2	5.2	5.5	0.0	0.0	0.0
	1022	Castalia Harajuku	JREI	887	878	786	806	(81)	(72)	20	4.9	4.7	5.1	4.8	4.6	5.0	(0.1)	(0.1)	(0.1)
	1023	Castalia Yoyogi Uehara	JREI	608	599	573	585	(23)	(14)	12	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1024	Castalia Sendagaya	JREI	555	552	524	536	(19)	(16)	12	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1025	Castalia Shinjuku 7 chome	JREI	464	456	445	447	(17)	(9)	2	5.4	5.2	5.6	5.3	5.1	5.5	(0.1)	(0.1)	(0.1)
	1027	Castalia Ningyocho	JREI	947	920	940	955	8	35	15	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1028	Castalia Ningyocho II	JREI	1,070	1,040	1,070	1,090	20	50	20	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1029	Castalia Shin-Ochanomizu	JREI	914	895	883	903	(11)	8	20	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1030	Castalia Higashi Nihonbashi II	JREI	1,370	1,334	1,390	1,410	40	76	20	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1031	Castalia Jinbocho	JREI	1,160	1,133	1,180	1,200	40	67	20	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	1032	Castalia Shintomicho III	JREI	675	654	634	648	(27)	(6)	14	5.2	4.9	5.5	5.1	4.8	5.4	(0.1)	(0.1)	(0.1)

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of August 31, 2012)	Appraiser *1	Acquisition Price	Book Value at Aug. 31, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Feb. 29, 2012	At Aug. 31, 2012			
				①	②	③	④	④-①	④-②	④-③

Area1	1033	Castalia Shinjuku Gyoen	Tanizawa	2,720	2,664	2,560	2,570	(150)	(94)	10
	1034	Castalia Takanawadai	JREI	860	843	866	887	27	44	21
	1035	Castalia Higashi Nihonbashi III	Daiwa	666	648	643	645	(21)	(3)	2
	1036	Castalia Shinjuku Gyoen II	Tanizawa	486	474	451	454	(32)	(20)	3
	1037	Castalia Shintomicho IV	Daiwa	400	389	373	374	(26)	(15)	1
	1038	Castalia Takanawadai II	JREI	1,190	1,168	1,180	1,190	0	22	10
	1039	Castalia Minami Azabu	JREI	642	630	582	591	(51)	(39)	9
	1040	Castalia Ginza III	Tanizawa	2,880	2,824	2,580	2,550	(330)	(274)	(30)
	1041	Castalia Kayabacho	Tanizawa	2,707	2,643	2,570	2,570	(137)	(73)	0
	1042	Castalia Takanawa	Tanizawa	7,430	7,331	6,850	6,740	(690)	(591)	(110)
	1043	Castalia Higashi Nihonbashi	Chuo	3,520	3,438	3,290	3,320	(200)	(118)	30
	1045	Castalia Shinjuku	Tanizawa	2,950	2,910	2,830	2,830	(120)	(80)	0
	1046	Castalia Ichigaya	Chuo	940	944	1,210	1,220	280	276	10
	1047	Shibaura Island Bloom Tower	JREI	7,580	7,786	7,880	7,880	300	94	0
	1048	Castalia Hatsudai	Daiwa	2,030	2,121	2,180	2,180	150	59	0

Residential Area 1 Subtotal

91,168 89,881 84,425 84,177 (6,991) (5,704) (248)

Area2	2001	Castalia Meguro Kamurozaka	Daiwa	4,500	4,310	3,720	3,720	(780)	(590)	0
	2002	IPSE Toritsudaigaku	Chuo	648	615	505	506	(142)	(109)	1
	2004	Castalia Yukigaya	Tanizawa	1,110	1,079	1,010	1,010	(100)	(69)	0
	2005	Castalia Yutenji	Chuo	1,450	1,416	1,180	1,180	(270)	(236)	0
	2006	Castalia Otsuka	Chuo	1,480	1,432	1,390	1,390	(90)	(42)	0
	2007	Castalia Kikukawa	Tanizawa	817	791	715	716	(101)	(75)	1
	2008	Castalia Meguro	JREI	844	837	805	813	(31)	(24)	8
	2009	Castalia Otsuka II	JREI	1,040	1,009	998	1,010	(30)	1	12
	2010	Castalia Jiyugaoka	JREI	1,200	1,180	1,190	1,210	10	30	20
	2011	Castalia Mejiro	Chuo	988	965	931	929	(59)	(36)	(2)
	2012	Castalia Ikebukuro	Daiwa	2,570	2,511	2,300	2,300	(270)	(211)	0
	2013	Castalia Kaname-cho	Tanizawa	1,140	1,114	1,030	1,030	(110)	(84)	0
	2014	Castalia Tower Shinagawa Seaside	Tanizawa	7,380	7,206	7,000	7,010	(370)	(196)	10
	2015	Castalia Yakumo	Tanizawa	857	845	707	701	(156)	(144)	(6)
	2016	Castalia Togoshiekimae	JREI	1,560	1,532	1,630	1,640	80	108	10
	2018	Castalia Honjo Azumabashi	Tanizawa	996	969	938	941	(55)	(28)	3

Appraisal at Feb. 29, 2012			Appraisal at Aug. 31, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR

5.1	(*2)	5.4	5.1	(*8)	5.4	0.0	—	0.0
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
5.1	5.3	5.4	5.1	5.3	5.4	0.0	0.0	0.0
5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.0	5.1	5.3	5.0	5.1	5.3	0.0	0.0	0.0
5.2	5.2	5.5	5.2	5.2	5.5	0.0	0.0	0.0
5.1	5.4	5.4	5.1	5.4	5.4	0.0	0.0	0.0
5.5	5.2	5.7	5.5	5.2	5.7	0.0	0.0	0.0
5.1	5.3	5.4	5.1	5.3	5.4	0.0	0.0	0.0
5.1	4.8	5.3	5.1	4.8	5.3	0.0	0.0	0.0
—	4.9	7.0	—	4.9	7.0	—	0.0	0.0
5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)

5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
6.0	5.7	6.2	6.0	5.7	6.2	0.0	0.0	0.0
5.2	5.3	5.5	5.2	5.3	5.5	0.0	0.0	0.0
5.0	4.7	5.2	5.0	4.7	5.2	0.0	0.0	0.0
5.2	4.9	5.4	5.2	4.9	5.4	0.0	0.0	0.0
5.3	5.4	5.6	5.3	5.4	5.6	0.0	0.0	0.0
5.3	5.0	5.5	5.2	4.9	5.4	(0.1)	(0.1)	(0.1)
5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.5	5.2	5.7	5.5	5.2	5.7	0.0	0.0	0.0
5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
5.2	5.4	5.5	5.2	5.4	5.5	0.0	0.0	0.0
5.2	5.2	5.5	5.2	5.2	5.5	0.0	0.0	0.0
5.1	5.3	5.4	5.1	5.3	5.4	0.0	0.0	0.0
5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
5.4	5.5	5.7	5.4	5.5	5.7	0.0	0.0	0.0

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of August 31, 2012)	Appraiser *1	Acquisition Price	Book Value at Aug. 31, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Feb. 29, 2012			Appraisal at Aug. 31, 2012			End of Previous Fiscal Period Comparison		
						at Feb. 29, 2012	At Aug. 31, 2012				Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
			③	④	④-①	④-②	④-③	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR			
Area2	2019	Castalia Kitazawa	JREI	742	726	710	716	(26)	(10)	6	5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)
	2020	Castalia Monzennakacho	Tanizawa	503	487	459	394	(109)	(93)	(65)	5.6	5.7	5.9	5.3	5.4	5.6	(0.3)	(0.3)	(0.3)
	2023	Castalia Kamiikedai	JREI	198	192	197	197	(1)	5	0	5.8	5.4	6.0	5.8	5.4	6.0	0.0	0.0	0.0
	2024	Castalia Morishita	JREI	832	809	820	840	8	31	20	5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)
	2025	Castalia Wakabayashi koen	Daiwa	776	762	735	731	(45)	(31)	(4)	5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
	2026	Castalia Asakusabashi	Chuo	792	769	758	759	(33)	(10)	1	5.6	5.3	5.8	5.6	5.3	5.8	0.0	0.0	0.0
	2027	Castalia Iriya	Chuo	546	530	551	552	6	22	1	6.0	5.7	6.2	6.0	5.7	6.2	0.0	0.0	0.0
	2028	Castalia Kita Ueno	Tanizawa	2,641	2,566	2,350	2,360	(281)	(206)	10	5.3	5.4	5.6	5.3	5.4	5.6	0.0	0.0	0.0
	2029	Castalia Morishita II	Tanizawa	686	666	683	698	12	32	15	5.4	5.5	5.7	5.3	5.4	5.6	(0.1)	(0.1)	(0.1)
	2030	Castalia Minowa	Tanizawa	1,430	1,388	1,340	1,340	(90)	(48)	0	5.3	5.4	5.6	5.3	5.4	5.6	0.0	0.0	0.0
	2031	Castalia Oyamadai	Tanizawa	533	524	509	515	(18)	(9)	6	5.2	(*3)	5.5	5.2	5.3	5.5	0.0	—	0.0
	2032	Castalia Nakano	JREI	1,060	1,032	1,080	1,080	20	48	0	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	2033	Castalia Yoga	Tanizawa	923	907	949	958	35	51	9	5.2	5.4	5.5	5.1	5.3	5.4	(0.1)	(0.1)	(0.1)
	2034	Castalia Sumiyoshi	Tanizawa	948	919	845	849	(99)	(70)	4	5.3	5.4	5.6	5.3	5.4	5.6	0.0	0.0	0.0
	2035	Castalia Monzennakacho II	JREI	2,160	2,109	2,230	2,250	90	141	20	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	2036	Castalia Oshiage	Tanizawa	1,100	1,067	1,030	1,030	(70)	(37)	0	5.4	(*4)	5.7	5.4	(*9)	5.7	0.0	—	0.0
	2037	Castalia Kuramae	Tanizawa	1,260	1,226	1,270	1,270	10	44	0	5.3	(*5)	5.6	5.3	(*10)	5.6	0.0	—	0.0
	2038	Castalia Nakanobu	Chuo	1,790	1,796	2,210	2,230	440	434	20	5.2	4.9	5.4	5.2	4.9	5.4	0.0	0.0	0.0
	2039	Royal Parks Toyosu	Chuo	7,360	7,421	7,830	7,970	610	549	140	5.7	5.3	6.0	5.7	5.3	6.0	0.0	0.0	0.0
	2040	Castalia Togoshi	Chuo	1,770	1,764	2,140	2,160	390	396	20	5.4	5.1	5.6	5.4	5.1	5.6	0.0	0.0	0.0
	2041	Castalia Ooimachi	Morii	1,181	1,249	1,250	1,250	69	1	0	5.0	4.7	5.3	5.0	4.7	5.3	0.0	0.0	0.0
	2042	Castalia Omori	Chuo	1,500	1,574	1,600	1,610	110	36	10	5.3	5.0	5.5	5.3	5.0	5.5	0.0	0.0	0.0
	2043	Castalia Mishuku	Chuo	1,900	1,984	2,110	2,100	200	116	(10)	5.1	4.8	5.3	5.1	4.8	5.3	0.0	0.0	0.0
	2044	Castalia Arakawa (*15)	Chuo	1,660	1,733	1,820	1,820	160	87	0	5.7	5.4	5.9	5.7	5.4	5.9	0.0	0.0	0.0
	2045	Castalia Omori II (*15)	Morii	2,370	2,426	2,470	2,470	100	44	0	5.1	4.8	5.4	5.1	4.8	5.4	0.0	0.0	0.0
Residential Area 2 Subtotal				65,241	64,454	63,995	64,255	(986)	(199)	260									
Area3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,654	1,550	1,610	(64)	(44)	60	6.1	5.8	6.4	5.9	5.6	6.2	(0.2)	(0.2)	(0.2)
	3002	Castalia Tsurumi	Chuo	666	650	668	667	1	17	(1)	6.1	5.8	6.4	6.1	5.8	6.4	0.0	0.0	0.0
	3003	Castalia Funabashi	Tanizawa	704	693	665	690	(14)	(3)	25	6.0	(*6)	6.3	5.9	(*11)	6.2	(0.1)	—	(0.1)
	3006	Castalia Nishi Funabashi	JREI	783	763	722	735	(48)	(28)	13	6.2	6.0	6.4	6.1	5.9	6.3	(0.1)	(0.1)	(0.1)
	3007	Castalia Maihama	Tanizawa	670	651	565	561	(109)	(90)	(4)	6.0	6.0	6.3	6.0	6.0	6.3	0.0	0.0	0.0

CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of August 31, 2012)	Appraiser *1	Acquisition Price	Book Value at Aug. 31, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Feb. 29, 2012	At Aug. 31, 2012			
						③	④	④-①	④-②	④-③

Appraisal at Feb. 29, 2012			Appraisal at Aug. 31, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR

Area3	3008	Castalia Ichikawamyoden	Tanizawa	671	654	650	645	(26)	(9)	(5)	5.9	6.1	6.3	5.9	6.1	6.3	0.0	0.0	0.0
	3010	Castalia Urayasu	Tanizawa	592	576	553	548	(44)	(28)	(5)	5.9	5.9	6.3	5.9	5.9	6.3	0.0	0.0	0.0
	3011	Castalia Minamigyotoku	Tanizawa	543	528	499	494	(49)	(34)	(5)	5.9	5.9	6.2	5.8	5.8	6.1	(0.1)	(0.1)	(0.1)
	3012	NCR Minamigyotoku II	Tanizawa	385	374	350	346	(39)	(28)	(4)	5.9	5.9	6.2	5.8	5.8	6.1	(0.1)	(0.1)	(0.1)
	3013	Castalia NogeYama	JREI	325	316	274	276	(49)	(40)	2	6.1	5.9	6.3	6.0	5.8	6.2	(0.1)	(0.1)	(0.1)
	3017	Castalia Ichikawa	JREI	461	445	489	493	32	48	4	6.1	5.9	6.3	6.0	5.8	6.2	(0.1)	(0.1)	(0.1)
	3018	Royal Parks Hanakoganei	Daiwa	5,300	5,624	5,640	5,650	350	26	10	5.9	(*7)	6.1	5.9	(*12)	6.1	0.0	—	0.0
Residential Area 3 Subtotal				12,774	12,932	12,625	12,715	(59)	(217)	90									
Area4	4001	Castalia Shinsakae	Chuo	1,920	1,826	1,460	1,460	(460)	(366)	0	6.1	5.8	6.4	5.9	5.6	6.2	(0.2)	(0.2)	(0.2)
	4008	Aprile Tarumi	JREI	1,340	1,277	1,290	1,300	(40)	23	10	6.6	6.4	6.8	6.6	6.4	6.8	0.0	0.0	0.0
	4009	Crest Kusatsu	Tanizawa	3,004	2,862	2,730	2,690	(314)	(172)	(40)	7.7	7.8	8.0	7.7	7.8	8.0	0.0	0.0	0.0
	4010	Castalia Sakaisuji Honmachi	Tanizawa	1,490	1,437	1,470	1,460	(30)	23	(10)	5.8	5.9	6.1	5.8	5.9	6.1	0.0	0.0	0.0
	4011	Castalia Shin-Umeda	Tanizawa	1,376	1,325	1,390	1,400	24	75	10	5.9	6.0	6.2	5.9	6.0	6.2	0.0	0.0	0.0
	4012	Castalia Abeno	Tanizawa	4,368	4,248	4,090	4,100	(268)	(148)	10	5.8	5.9	6.1	5.8	5.9	6.1	0.0	0.0	0.0
	4014	Castalia Sakae	Chuo	1,010	976	1,000	1,040	30	64	40	6.0	5.7	6.3	5.8	5.5	6.1	(0.2)	(0.2)	(0.2)
	4015	Castalia Nipponbashi Kouzu	Tanizawa	3,570	3,429	3,360	3,350	(220)	(79)	(10)	5.9	6.0	6.2	5.9	6.0	6.2	0.0	0.0	0.0
	4016	Castalia Maruyama Urasando	Tanizawa	411	398	418	419	8	21	1	6.2	6.2	6.5	6.2	6.2	6.5	0.0	0.0	0.0
	4017	Castalia Maruyama Omotesando	Tanizawa	1,740	1,688	1,650	1,670	(70)	(18)	20	6.2	6.2	6.5	6.2	6.2	6.5	0.0	0.0	0.0
	4018	Castalia Higashi Hie	Tanizawa	960	927	899	905	(55)	(22)	6	6.1	6.3	6.4	6.1	6.3	6.4	0.0	0.0	0.0
	4019	Castalia Tower Nagahoribashi	Chuo	3,400	3,271	3,530	3,630	230	359	100	5.7	5.4	6.0	5.6	5.3	5.9	(0.1)	(0.1)	(0.1)
	4020	Castalia Sannomiya	Daiwa	1,230	1,185	1,280	1,300	70	115	20	6.1	5.9	6.3	6.0	5.8	6.2	(0.1)	(0.1)	(0.1)
	4021	Castalia Kotodaikoen	Daiwa	481	462	466	473	(8)	11	7	6.4	6.4	6.6	6.3	6.3	6.5	(0.1)	(0.1)	(0.1)
	4022	Castalia Ichibancho	Daiwa	783	758	750	770	(13)	12	20	6.4	6.4	6.6	6.3	6.3	6.5	(0.1)	(0.1)	(0.1)
	4023	Castalia Omachi	Daiwa	656	629	594	606	(50)	(23)	12	6.4	6.4	6.6	6.3	6.3	6.5	(0.1)	(0.1)	(0.1)
	4024	Castalia Uemachidai	Daiwa	2,190	2,119	2,280	2,320	130	201	40	5.7	5.5	5.9	5.6	5.4	5.8	(0.1)	(0.1)	(0.1)
	4025	Castalia Tower Higobashi	Chuo	2,670	2,590	2,890	3,000	330	410	110	5.7	5.4	6.0	5.6	5.3	5.9	(0.1)	(0.1)	(0.1)
	4026	Big Tower Minami Sanjo	Daiwa	1,740	1,698	2,160	2,160	420	462	0	6.1	5.9	6.3	6.1	5.9	6.3	0.0	0.0	0.0
	4027	Castalia Fushimi	JREI	2,260	2,258	2,480	2,600	340	342	120	6.0	5.8	6.2	5.8	5.6	6.0	(0.2)	(0.2)	(0.2)
	4028	Castalia Meieki Minami	Morii	720	741	779	788	68	47	9	5.8	5.5	6.1	5.7	5.4	6.0	(0.1)	(0.1)	(0.1)



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of August 31, 2012)	Appraiser *1	Acquisition Price	Book Value at Aug. 31, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Feb. 29, 2012	At Aug. 31, 2012			
				①	②	③	④	④-①	④-②	④-③
Area 4	4029	Castalia Yakuin	Morii	930	996	960	998	68	2	38
	4030	Castalia Mibu	JREI	1,193	1,251	1,210	1,220	27	(31)	10
	Residential Area 4 Subtotal			39,442	38,363	39,136	39,659	217	1,296	523
Area 3	8001	INAGEYA Yokohama Nishigaoka	JREI	1,000	1,038	849	853	(147)	(185)	4
Area 4	8002	FOLEO TOWN Tsutsui	Daiwa	1,410	1,417	1,040	1,040	(370)	(377)	0
Retail Properties Subtotal				2,410	2,455	1,889	1,893	(517)	(562)	4
Total				211,035	208,088	202,070	202,699	(8,336)	(5,389)	629

Appraisal at Feb. 29, 2012			Appraisal at Aug. 31, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
6.0	5.7	6.3	5.7	5.4	6.0	(0.3)	(0.3)	(0.3)
5.9	5.7	6.1	5.9	5.7	6.1	0.0	0.0	0.0
6.2	5.9	6.4	6.2	5.9	6.4	0.0	0.0	0.0
6.7	6.5	7.2	6.7	6.5	7.2	0.0	0.0	0.0

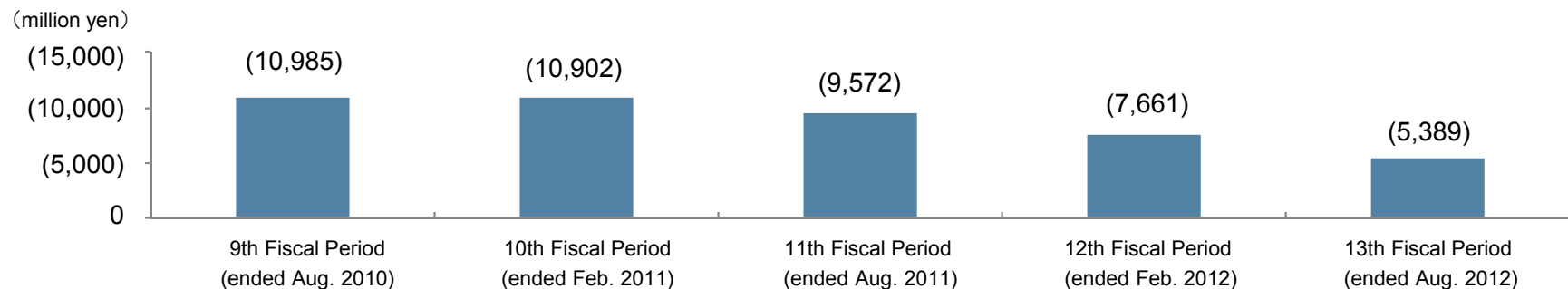
CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.

Book value comparison improved ¥2,272 million from the previous period

Real estate appraisal values have improved for 4 consecutive fiscal periods

- *1) Under "Appraiser," "Tanizawa" is Tanizawa Sogo Appraisal Co., Ltd. "Chuo" is Chuo Real Estate Appraisal Co., Ltd. "Daiwa" is Daiwa Real Estate Appraisal Co., Ltd. and "JREI" is Japan Real Estate Institute, "Morii" is Morii Appraisal & Investment Consulting, Inc.
- *2) 5.2% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates).
- *3) 5.4% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates).
- *4) 5.7% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates).
- *5) 5.5% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates).
- *6) 6.2% (1 to 4 years after appraisal dates), 5.8% (5 to 11 years after appraisal dates).
- *7) 5.7% (1 to 10 years after appraisal dates), 6.1% (11 to 82 years after appraisal dates).
- *8) 5.2% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates).
- *9) 5.7% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates).
- *10) 5.5% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates).
- *11) 6.1% (1 to 4 years after appraisal dates), 5.7% (5 to 11 years after appraisal dates).
- *12) 5.7% (1 to 10 years after appraisal dates), 6.1% (11 to 82 years after appraisal dates).
- *13) Under direct capitalization method, net operating income for a single period is capitalized by capitalization rate to determine estimated properties value. Under DCF method, future net operating income during multiple consecutive periods and residual value that are discounted to the present value according to the time of occurrence, are summed together to determine estimated properties value.
- *14) Disposed on September 27, 2012.
- *15) For properties acquired in 13th fiscal period (August 2012), based on appraisal value as of acquisition date. Date of appraisal are March 1, 2012 (Castalia Arakawa) and February 29, 2012 (Castalia Omori II).

Improvement in unrealized losses





Portfolio Data (as of October 11, 2012)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area1	1001	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,230.39	96	7,650	3.6	7,470
	1002	Castalia Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,492.93	96	4,500	2.1	3,930
	1003	Castalia Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	1.3	1,920
	1004	Castalia Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	1.2	1,880
	1005	Castalia Hiroo	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,621.59	24	2,220	1.1	1,590
	1006	Castalia Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73	51	1,200	0.6	1,000
	1007	Castalia Hacchobori	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	1.1	1,950
	1008	Castalia Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	1.4	2,370
	1009	Castalia Azabujuban II	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	1.3	2,270
	1010	Castalia Shinjuku Natsumezaka	10-1 Kikuicho, Shinjuku Ward, Tokyo (*5)	1,917.62	41	1,865	0.9	1,540
	1011	Castalia Ginza II	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	0.9	1,470
	1012	Castalia Shibuya Sakuragaoka	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	0.7	987
	1015	Castalia Nishi Azabu Kasumicho	1-3-12 Nishi Azabu, Minato Ward, Tokyo	2,779.77	37	2,143	1.0	1,920
	1016	Castalia Ochanomizu	3-24-1 Kanda Ogawamachi, Chiyoda Ward, Tokyo	2,559.21	44	1,770	0.8	1,850
	1017	Castalia Sangubashi	4-52-12 Yoyogi, Shibuya Ward, Tokyo	1,898.47	26	1,393	0.7	1,280
	1018	Castalia Suitengu	2-8-13 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,940.94	62	1,279	0.6	1,220
	1019	Castalia Suitengu II	1-38-16 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,858.34	55	1,138	0.5	1,090
	1020	Castalia Shintomicho	3-10-10 Irifune, Chuo Ward, Tokyo	1,444.52	40	932	0.4	878
	1021	Castalia Shintomicho II	2-6-4 Irifune, Chuo Ward, Tokyo	1,244.54	33	825	0.4	751
	1022	Castalia Harajuku	3-55-3 Sendagaya, Shibuya Ward, Tokyo	1,225.26	21	887	0.4	806
	1023	Castalia Yoyogi Uehara	1-17-16 Uehara, Shibuya Ward, Tokyo	811.95	25	608	0.3	585
	1024	Castalia Sendagaya	2-9-10 Sendagaya, Shibuya Ward, Tokyo	803.03	21	555	0.3	536
	1025	Castalia Shinjuku 7 chome	7-17-16 Shinjuku, Shinjuku Ward, Tokyo	957.60	23	464	0.2	447
	1027	Castalia Ningyocho	7-15 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,747.90	32	947	0.5	955
	1028	Castalia Ningyocho II	8-12 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,826.80	38	1,070	0.5	1,090
	1029	Castalia Shin-Ochanomizu	2-3-3 Kanda Awajicho, Chiyoda Ward, Tokyo (*5)	1,308.38	32	914	0.4	903
	1030	Castalia Higashi Nihonbashi II	12-11 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	2,117.46	63	1,370	0.7	1,410
	1031	Castalia Jinbocho	2-40-8 Kanda Jimbocho, Chiyoda Ward, Tokyo	1,628.80	60	1,160	0.6	1,200



Portfolio Data (as of October 11, 2012)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area1	1032	Castalia ShintomichoⅢ	2-8-8 Irifune, Chuo Ward, Tokyo	972.51	41	675	0.3	648
	1033	Castalia Shinjuku Gyoen	2-14-4 Shinjuku, Shinjuku Ward, Tokyo	3,594.16	108	2,720	1.3	2,570
	1034	Castalia Takanawadai	3-4-12 Takanawa, Minato Ward, Tokyo	1,147.44	32	860	0.4	887
	1035	Castalia Higashi NihonbashiⅢ	3-5-6 Higashi Nihonbashi, Chuo Ward, Tokyo	1,105.20	48	666	0.3	645
	1036	Castalia Shinjuku Gyoen Ⅱ	1-29-15 Shinjuku, Shinjuku Ward, Tokyo	668.79	27	486	0.2	454
	1037	Castalia ShintomichoⅣ	3-10-8 Irifune, Chuo Ward, Tokyo	681.00	20	400	0.2	374
	1038	Castalia Takanawadai Ⅱ	3-5-6 Takanawa, Minato Ward, Tokyo	1,567.84	40	1,190	0.6	1,190
	1039	Castalia Minami Azabu	2-2-27 Minami Azabu, Minato Ward, Tokyo	882.67	24	642	0.3	591
	1040	Castalia GinzaⅢ	8-18-2 Ginza, Chuo Ward, Tokyo	3,494.42	96	2,880	1.4	2,550
	1041	Castalia Kayabacho	2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo	4,602.95	88	2,707	1.3	2,570
	1042	Castalia Takanawa	2-17-12 Takanawa, Minato Ward, Tokyo	10,408.26	169	7,430	3.5	6,740
	1043	Castalia Higashi Nihonbashi	9-14 Nihonbashi Yokoyamacho, Chuo Ward, Tokyo	6,442.28	103	3,520	1.7	3,320
	1045	Castalia Shinjuku	2-6-11 Shinjuku, Shinjuku Ward, Tokyo	3,150.80	122	2,950	1.4	2,830
	1046	Castalia Ichigaya	14-4 Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo (*5)	1,546.34	50	940	0.4	1,220
	1047	Shibaura Island Bloom Tower	4-20-2, 3, 4, Shibaura, Minato Ward, Tokyo	16,849.50	213	7,580	3.6	7,880
	1048	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	3,077.05	81	2,030	1.0	2,180
Area2	2001	Castalia Meguro Kamurozaka	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	2.1	3,720
	2002	IPSE Toritsudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	0.3	506
	2004	Castalia Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30	52	1,110	0.5	1,010
	2005	Castalia Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35	29	1,450	0.7	1,180
	2006	Castalia Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	0.7	1,390
	2007	Castalia Kikukawa	2-1-12 Kikukawa, Sumida Ward, Tokyo	1,168.18	43	817	0.4	716
	2008	Castalia Meguro	2-1-13 Meguro, Meguro Ward, Tokyo	1,414.73	26	844	0.4	813
	2009	Castalia Otsuka Ⅱ	2-32-20 Higashi Ikebukuro, Toshima Ward, Tokyo	1,784.50	54	1,040	0.5	1,010
	2010	Castalia Jiyugaoka	1-20-1 Jiyugaoka, Meguro Ward, Tokyo	1,472.47	40	1,200	0.6	1,210
	2011	Castalia Mejiro	2-8-16 Takada, Toshima Ward, Tokyo	1,658.90	29	988	0.5	929
	2012	Castalia Ikebukuro	3-1-12 Nishi Ikebukuro, Toshima Ward, Tokyo	3,644.35	87	2,570	1.2	2,300
	2013	Castalia Kaname-cho	5-26-10 Nishi Ikebukuro, Toshima Ward, Tokyo	1,624.06	73	1,140	0.5	1,030
	2014	Castalia Tower Shinagawa Seaside	4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo	12,732.35	208	7,380	3.5	7,010



Portfolio Data (as of October 11, 2012)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area2	2015	Castalia Yakumo	2-20-5 Yakumo, Meguro Ward, Tokyo	1,276.91	18	857	0.4	701
	2016	Castalia Togoshiekimae	1-7-16 Hiratsuka, Shinagawa Ward, Tokyo	2,014.12	64	1,560	0.7	1,640
	2018	Castalia Honjo Azumabashi	3-7-11 Honjo, Sumida Ward, Tokyo	2,255.88	35	996	0.5	941
	2019	Castalia Kitazawa	1-15-5 Kitazawa, Setagaya Ward, Tokyo	1,220.16	15	742	0.4	716
	2020	Castalia Monzennakacho	1-17-12 Fukuzumi, Koto Ward, Tokyo	887.94	31	503	0.2	394
	2023	Castalia Kamiikedai	1-4-15 Kamiikedai, Ota Ward, Tokyo	414.45	12	198	0.1	197
	2024	Castalia Morishita	1-16-12 Morishita, Koto Ward, Tokyo	1,383.90	38	832	0.4	840
	2025	Castalia Wakabayashi koen	4-39-4 Wakabayashi, Setagaya Ward, Tokyo	1,425.43	23	776	0.4	731
	2026	Castalia Asakusabashi	2-16-21 Yanagibashi, Taito Ward, Tokyo	1,537.84	32	792	0.4	759
	2027	Castalia Iriya	3-1-28 Shitaya, Taito Ward, Tokyo	1,415.15	22	546	0.3	552
	2028	Castalia Kita Ueno	1-15-5 Kita Ueno, Taito Ward, Tokyo	4,197.66	102	2,641	1.3	2,360
	2029	Castalia Morishita II	2-12-11 Shin Ohashi, Koto Ward, Tokyo	1,275.60	40	686	0.3	698
	2030	Castalia Minowa	5-24-4 Negishi, Taito Ward, Tokyo	2,406.41	78	1,430	0.7	1,340
	2031	Castalia Oyamadai	7-14-13 Todoroki, Setagaya Ward, Tokyo	857.32	28	533	0.3	515
	2032	Castalia Nakano	2-12-13 Arai, Nakano Ward, Tokyo	1,613.86	42	1,060	0.5	1,080
	2033	Castalia Yoga	1-3-12 Tamagawadai, Setagaya Ward, Tokyo	1,472.38	45	923	0.4	958
	2034	Castalia Sumiyoshi	2-8-11 Sumiyoshi, Koto Ward, Tokyo	1,362.60	60	948	0.5	849
	2035	Castalia Monzennakacho II	2-2-9 Tomioka, Koto Ward, Tokyo	3,038.98	94	2,160	1.0	2,250
	2036	Castalia Oshiage	3-5-2 Mukojima, Sumida Ward, Tokyo	1,785.24	60	1,100	0.5	1,030
	2037	Castalia Kuramae	3-9-4 Kuramae, Taito Ward, Tokyo	1,994.93	67	1,260	0.6	1,270
	2038	Castalia Nakanobu	4-7-11 Nakanobu, Shinagawa Ward, Tokyo	2,421.82	83	1,790	0.9	2,230
	2039	Royal Parks Toyosu	3-5-21 Toyosu, Koto Ward, Tokyo	18,112.03	276	7,360	3.5	7,970
	2040	Castalia Togoshi	5-2-1 Togoshi, Shinagawa Ward, Tokyo	2,629.59	120	1,770	0.8	2,160
	2041	Castalia Ooimachi	4-2-11 Ooi, Shinagawa Ward, Tokyo	1,413.75	65	1,181	0.6	1,250
	2042	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	2,046.36	60	1,500	0.7	1,610
	2043	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Toyko	2,654.53	53	1,900	0.9	2,100
	2044	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	3,797.92	70	1,660	0.8	1,820
	2045	Castalia Omori II	1-8-13, Omori kita, Omori Ward, Tokyo	2,818.70	112	2,370	1.1	2,470



Portfolio Data (as of October 11, 2012)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area3	3001	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa	4,208.83	59	1,674	0.8	1,610
	3002	Castalia Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	1,452.09	32	666	0.3	667
	3003	Castalia Funabashi	4-4-8 Honcho, Funabashi City, Chiba	1,496.40	86	704	0.3	690
	3006	Castalia Nishi Funabashi	4-19-16 Nishifuna, Funabashi City, Chiba	1,597.32	81	783	0.4	735
	3007	Castalia Maihama	5-14-17 Fujimi, Urayasu City, Chiba	1,287.72	61	670	0.3	561
	3008	Castalia Ichikawamyoden	2-14-20 Shioyaki, Ichikawa City, Chiba	1,218.00	58	671	0.3	645
	3010	Castalia Urayasu	3-30-4 Arai, Ichikawa City, Chiba	1,074.53	51	592	0.3	548
	3011	Castalia Minamigyotoku	4-1-26 Minami Gyotoku, Ichikawa City, Chiba	1,031.81	49	543	0.3	494
	3012	Castalia Minamigyotoku II	4-1-5 Minami Gyotoku, Ichikawa City, Chiba	724.63	35	385	0.2	346
	3013	Castalia Nogeyama	1-8 Hinodecho, Naka Ward, Yokohama City, Kanagawa (*5)	744.90	30	325	0.2	276
	3017	Castalia Ichikawa	1-24-3 Ichikawa, Ichikawa City, Chiba	876.89	40	461	0.2	493
	3018	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	18,153.57	279	5,300	2.5	5,650
Area4	4001	Castalia Shinsakae	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi	3,548.48	131	1,920	0.9	1,460
	4008	Aprile Tarumi (*6)	7-3-1 Takamaru, Tarumi Ward, Kobe City, Hyogo	6,545.25	99	1,340	0.6	1,300
	4009	Crest Kusatsu	5-3-27 Kasayama, Kusatsu City, Shiga	13,452.80	540	3,004	1.4	2,690
	4010	Castalia Sakaisuji Honmachi	1-3-7 Kyutaromachi, Chuo Ward, Osaka City, Osaka	3,471.39	117	1,490	0.7	1,460
	4011	Castalia Shin-Umeda	6-8-21 Nakatsu, Kita Ward, Osaka City, Osaka	3,279.90	108	1,376	0.7	1,400
	4012	Castalia Abeno	2-4-37 Abenosuji, Abeno Ward, Osaka City, Osaka	10,832.11	153	4,368	2.1	4,100
	4014	Castalia Sakae	4-16-10 Sakae, Naka Ward, Nagoya City, Aichi	2,836.00	73	1,010	0.5	1,040
	4015	Castalia Nipponbashi Kouzu	2-4-6 Kouzu, Chuo Ward, Osaka City, Osaka	9,334.47	262	3,570	1.7	3,350
	4016	Castalia Maruyama Urasando	21-1-47 Minami 2 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	1,522.89	36	411	0.2	419
	4017	Castalia Maruyama Omotesando	21-2-1 Kita 1 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	6,100.31	146	1,740	0.8	1,670
	4018	Castalia Higashi Hie	5-31 Hiemachi, Hakata Ward, Fukuoka City, Fukuoka	3,061.60	115	960	0.5	905
	4019	Castalia Tower Nagahoribashi	1-15-25 Shimanouchi, Chuo Ward, Osaka City, Osaka	8,747.40	133	3,400	1.6	3,630
	4020	Castalia Sannomiya	3-2-31 Isobedori, Chuo Ward, Kobe City, Hyogo	3,071.60	112	1,230	0.6	1,300



Portfolio Data (as of October 11, 2012)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area4	4021	Castalia Kotodaikoen	3-10-24 Kokubuncho, Aoba Ward, Sendai City, Miyagi	1,684.10	50	481	0.2	473
	4022	Castalia Ichibancho	1-6-27, 30 Ichibancho, Aoba Ward, Sendai City, Miyagi	2,800.32	68	783	0.4	770
	4023	Castalia Omachi	2-5-8 Omachi, Aoba Ward, Sendai City, Miyagi	2,149.08	72	656	0.3	606
	4024	Castalia Uemachidai	4-1-12 Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	5,415.39	69	2,190	1.0	2,320
	4025	Castalia Tower Higobashi	1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka	6,230.20	194	2,670	1.3	3,000
	4026	Big Tower Minami Sanjo	2-15-1 Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido (*5)	8,661.19	179	1,740	0.8	2,160
	4027	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	7,022.69	123	2,260	1.1	2,600
	4028	Castalia Meieki Minami	1-12-22, Meiekinami, Nakamura Ward, Nagoya City, Aichi	1,822.10	70	720	0.3	788
	4029	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	2,784.83	118	930	0.4	998
	4030	Castalia Mibu	79, Mibu, Aiai-chou, Nakagyo Ward, Kyoto City, Kyoto (*5)	2,828.39	78	1,193	0.6	1,220
	4031	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	4,471.11	84	1,209	0.6	(*7) 1,320
Total of Residential Properties (121 properties)				376,802.19	9,193	207,482	98.9	199,896
Area3	8001	INAGEYA Yokohama Nishigaoka	1-2-1 Nishigaoka, Izumi Ward, Yokohama City, Kanagawa (*5)	2,343.26	1	1,000	0.5	853
Area4	8002	FOLEO TOWN Tsutsui	531-1 Tsutsuimachi, Yamato Koriyama City, Nara (*5)	4,022.27	11	1,410	0.7	1,040
Total of Retail Properties (2 properties)				6,365.53	12	2,410	1.1	1,893
Total Owned Assets (123 properties)				383,167.72	9,205	209,892	100.0	201,789

*1) "Area 1" indicated in the Area column means Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward of Tokyo. "Area 2" means the wards of Tokyo excluding Area 1. "Area 3" means the Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture). "Area 4" means other cities (areas with populations more than approx. 100,000).

*2) "Acquisition price" does not include expenses related to acquisition, settlement of taxes and public charges and consumption taxes. For properties formerly owned by NCR, the table shows the agreed book value at the time of the merger (appraisal value as of February 28, 2010); amounts rounded to ¥ million units.

*3) "Acquisition Price Ratio" column indicates the ratio of each acquisition price against the total acquisition price. The figures are rounded to the first decimal place.

*4) "Appraisal Values" column indicates real estate appraisal values as of August 31, 2012. Amounts rounded to ¥ million units.

*5) Residence indication is NCW. Address on registry.

*6) Partial trust beneficiary rights in real estate disposed on March 15, 2012.

*7) The appraisal values as of acquisition (August 1, 2012).

*8) "Leasable floor area" is the floor area of the real estate or the real estate in trust that are leasable based on information as of August 31, 2012.

The leasable area of 8002 INAGEYA Yokohama Nishigaoka is larger than the total floor area under the Real Estate Registration Law, as the lease agreement was concluded to include the space below the floors and other areas that were not calculated in the total floor area.



Summary of Financial Results

	7th Fiscal Period (ended May 2009)	8th Fiscal Period (ended Nov. 2009)	9th Fiscal Period (ended Aug. 2010)	10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	Variation Between 12th Fiscal Period
Operating days	182 days	183 days	274 days	181 days	184 days	182 days	184 days	+2 days
Operating Revenue	1,558 mn yen	1,478 mn yen	6,514 mn yen	7,793 mn yen	6,728 mn yen	7,421 mn yen	7,746 mn yen	+324 mn yen
[gains from property disposition]	—	—	22 mn yen	1,062 mn yen	0 mn yen	—	112 mn yen	112 mn yen
Operating Income	854 mn yen	742 mn yen	2,951 mn yen	3,796 mn yen	2,478 mn yen	3,434 mn yen	3,691 mn yen	+257 mn yen
[losses from property disposition]	—	—	—	305 mn yen	501 mn yen	63 mn yen	—	(63 mn yen)
Ordinary Income	549 mn yen	437 mn yen	1,845 mn yen	2,761 mn yen	1,437 mn yen	2,357 mn yen	2,724 mn yen	+367 mn yen
Net Income	548 mn yen	436 mn yen	20,918 mn yen	3,245 mn yen	1,401 mn yen	2,234 mn yen	2,616 mn yen	+382 mn yen
Distribution Per Unit	11,138 yen	8,862 yen	15,341 yen	16,880 yen	16,320 yen	16,000 yen	16,264 yen	+264 yen
Payout Ratio * 1	100.0%	100.0%	6.5%	61.8%	138.2%	109.1%	99.8%	(9.3%)
Outstanding Units Issued at End of Fiscal Period	49,260 units	49,260 units	118,735 units	118,735 units	118,735 units	160,535 units	160,535 units	—
Real Estate Lease Business Revenue	1,558 mn yen	1,478 mn yen	6,491 mn yen	6,731 mn yen	6,728 mn yen	7,421 mn yen	7,633 mn yen	+211 mn yen
Real Estate Expenses Related To Rent Business	542 mn yen	590 mn yen	2,714 mn yen	2,982 mn yen	3,053 mn yen	3,167 mn yen	3,270 mn yen	+103 mn yen
Real Estate Lease Business Income	1,016 mn yen	888 mn yen	3,777 mn yen	3,748 mn yen	3,674 mn yen	4,254 mn yen	4,362 mn yen	+108 mn yen
Rent NOI	1,289 mn yen	1,162 mn yen	4,850 mn yen	4,895 mn yen	4,850 mn yen	5,618 mn yen	5,774 mn yen	+156 mn yen
NOI Yield * 2	5.06%	4.53%	4.99%	5.13%	5.05%	5.48%	5.42%	(0.06%)

<Portfolio at End of Fiscal Period>

Number of Owned Properties	24	24	127	121	121	125	123	(2)
Total Acquisition Price *2	51,139 mn yen	51,139 mn yen	192,603 mn yen	192,176 mn yen	192,192 mn yen	210,282 mn yen	211,035 mn yen	+753 mn yen
Leasable Units	1,350 units	1,350 units	8,139 units	8,314 units	8,402 units	9,164 units	9,181 units	+17 units
	[Store: 30 units]	[Store: 30 units]	[Store: 63 units]	[Store: 67 units]	[Store: 69 units]	[Store: 74 units]	[Store: 78 units]	[Store: +4 units]
Properties Acquired (Disposed) in The Fiscal Period *3	—	—	107/ 142,128 mn yen	4/ 13,130 mn yen	3/ 3,401 mn yen	6/ 18,933 mn yen	2/ 4,030 mn yen	(4)/ (14,903 mn yen)
Properties Disposed in the Fiscal Period *3	—	—	4/ 709 mn yen	10/ 14,572 mn yen	3/ 2,900 mn yen	2/ 766 mn yen	4/ 3,324 mn yen	+2/ +2,557 mn yen
Average Occupancy Rate in the Fiscal Period *4	89.9%	89.2%	90.1% 92.8%	95.1%	95.7%	96.4%	96.1%	(0.3%)
Occupancy Rate at End of Fiscal Period	88.0%	90.3%	93.5%	96.0%	96.2%	97.2%	96.1%	(1.1%)

*1) Dividend payout ratio excluding gain on negative goodwill as part of the merger in the ninth fiscal period is 70.8%.

*2) $\text{NOI} = \frac{\text{Rent NOI (lease business revenue + other lease business revenue - real estate expenses related to rent business + depreciation and amortization)} \times 365 \text{ days}}{\text{Total of (acquisition cost} \times \text{number of days owned during fiscal period / number of days in fiscal period) for each owed property}}$

*3) Figures indicate the number of properties and total acquisition price or disposition price. Expenses related to acquisition or disposition, settlement of taxes and public charges and consumption taxes are excluded.

*4) For average occupancy rates in the ninth fiscal period, the left figure shows the rate from December 31, 2009 through March 31, 2010, while the right figure shows the rate from April 30, 2010 through August 31, 2010 after the merger with NCR.



Selected Financial Data

	7th Fiscal Period (ended May 2009)	8th Fiscal Period (ended Nov. 2009)	9th Fiscal Period (ended Aug. 2010)	10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	Variation Between 12th Fiscal Period
Operating days	182 days	183 days	274 days	181 days	184 days	182 days	184 days	+2 days
Total Assets	54,456 mn yen	54,280 mn yen	201,545 mn yen	202,092 mn yen	200,699 mn yen	221,703 mn yen	218,295 mn yen	(3,408 mn yen)
Net Assets	24,551 mn yen	24,439 mn yen	73,162 mn yen	74,586 mn yen	73,984 mn yen	91,880 mn yen	91,928 mn yen	+48 mn yen
Unitholders' Capital	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	41,602 mn yen	41,602 mn yen	—
Total Outstanding Units Issued	49,260 units	49,260 units	118,735 units	118,735 units	118,735 units	160,535 units	160,535 units	—
Net Assets Per Unit	498,402 yen	496,125 yen	616,183 yen	628,176 yen	623,103 yen	572,339 yen	572,640 yen	+301 yen
Distribution Per Unit	11,138 yen	8,862 yen	15,341 yen	16,880 yen	16,320 yen	16,000 yen	16,264 yen	+264 yen
Payout Ratio * 1	100.0%	100.0%	6.5%	61.8%	138.2%	109.1%	99.8%	(9.3%)
Return on Assets (ROA) *2	2.0%	1.6%	1.9%	2.8%	1.4%	2.2%	2.5%	+0.3%
Return on Equity (ROE) *3	4.5%	3.6%	57.1%	8.9%	3.7%	5.4%	5.6%	+0.2%
Net Asset Ratio at End of Fiscal Period *4	45.1%	45.0%	36.3%	36.9%	36.9%	41.4%	42.1%	+0.7%
Number of Properties	24	24	127	121	121	125	123	(2)
Leasable Units	1,350 units [Store: 30 units]	1,350 units [Store: 30 units]	8,139 units [Store: 63 units]	8,314 units [Store: 67 units]	8,402 units [Store: 69 units]	9,164 units [Store: 74 units]	9,181 units [Store: 78 units]	+17 units [Store: +4 units]
Leasable Area *5	57,660.40m ² [Store: 10,450.47m ²]	57,660.40m ² [Store: 10,450.47m ²]	337,589.55m ² [Store: 12,521.02m ²]	341,034.63m ² [Store: 13,898.46m ²]	340,892.79m ² [Store: 13,851.34m ²]	383,773.51m ² [Store: 15,114.21m ²]	381,992.54m ² [Store: 15,581.95m ²]	(1,780.97m ²) [Store: +467.74m ²]
Average Occupancy Rate in the Fiscal Period *6	89.9%	89.2%	90.1% 92.8%	95.1%	95.7%	96.4%	96.1%	(0.3%)
Occupancy Rate at End of Fiscal Period	88.0%	90.3%	93.5%	96.0%	96.2%	97.2%	96.1%	(1.1%)
Current Depreciation and Amortization	273 mn yen	274 mn yen	1,072 mn yen	1,146 mn yen	1,176 mn yen	1,363 mn yen	1,411 mn yen	+48 mn yen
Rent NOI *7	1,289 mn yen	1,162 mn yen	4,850 mn yen	4,895 mn yen	4,850 mn yen	5,618 mn yen	5,774 mn yen	+156 mn yen
FFO Per Unit *8	16,818 yen	14,548 yen	24,427 yen	26,541 yen	26,228 yen	23,570 yen	25,075 yen	+1,505 yen
Debt Service Coverage Ratio *9	4.8x	4.5x	25.7x	6.0x	3.9x	5.4x	6.1x	+0.7x
Total Interest-bearing Liabilities	28,685 mn yen	28,674 mn yen	124,590 mn yen	123,325 mn yen	122,653 mn yen	125,325 mn yen	121,834 mn yen	(3,490 mn yen)
LTV (interest-bearing liabilities/total assets)	52.7%	52.8%	61.8%	61.0%	61.1%	56.5%	55.8%	(0.7%)

*1) Dividend payout ratio excluding gains on negative goodwill as part of the merger in the ninth fiscal period is 70.8%.

*2) Return on assets (ROA) = Ordinary income/((total assets at beginning of fiscal period + total assets at end of fiscal period)/2) x 100, annualized based on management period

*3) Return on equity (ROE) = Net income/((net assets at beginning of fiscal period + net assets at end of fiscal period)/2) x 100, annualized based on management period

*4) Net asset ratio at end of fiscal period = Net assets at end of fiscal period/total assets at end of fiscal period

*5) The leasable area of 8001 INAGEYA Yokohama Nishigaoka, which was acquired in the fourth fiscal period and is continually owned at the end of the tenth fiscal period is larger than the total floor area of 2,221.32m² under the Real Estate Registration Law, as the lease agreement was concluded to include the space below the floors and other areas that were not calculated in the total floor area.

*6) For average occupancy rates in the ninth fiscal period, the left figure shows the rate from December 31, 2009 through March 31, 2010, while the right figure shows the rate from April 30, 2010 through August 31, 2010 after the merger with NCR.

*7) Rent NOI = Lease business revenue + other lease business revenue – real estate expenses related to rent business + depreciation and amortization

*8) FFO per unit = (Net income + depreciation and amortization + other amortization expenses – gains from property disposition)/ total outstanding units issued (for the ninth fiscal period, gain on negative goodwill and other extraordinary income are deducted from net income)

*9) Debt service coverage ratio = Net income before interest amortization/interest expenses. The debt service coverage ratio excluding gain on negative goodwill as part of the merger in the ninth fiscal period is 4.4 times.



Balance Sheet

Assets

(unit: thousand yen)

Category	Twelfth Fiscal Period (as of February 29, 2012)		Thirteenth Fiscal Period (as of August 31, 2012)		Variation
	Share (%)		Share (%)		
Assets					
Current assets					
Cash and deposits	6,286,819		2,969,663		(3,317,156)
Cash and deposits in trust	4,890,336		5,020,022		129,685
Operating accounts receivable	98,397		52,959		(45,437)
Prepaid expenses	198,111		231,595		33,483
Deferred tax assets	101,809		0		(101,809)
Other	7,894		2,964		(4,929)
Allowance for doubtful accounts	(20,784)		(9,358)		11,425
Total current assets	11,562,584	5.2	8,267,846	3.8	(3,294,738)
Noncurrent assets					
Property, plant and equipment					
Buildings	28,157,619		27,979,362		(178,256)
Accumulated depreciation	(1,044,396)		(1,315,986)		(271,590)
Buildings, net	27,113,223		26,663,376		(449,846)
Structures	237,174		238,845		1,670
Accumulated depreciation	(9,210)		(11,674)		(2,463)
Structures, net	227,964		227,171		(792)
Machinery and equipment	432,205		432,205		0
Accumulated depreciation	(28,368)		(36,253)		(7,884)
Machinery and equipment, net	403,837		395,952		(7,884)
Tools, furniture and fixtures	644,106		647,236		3,129
Accumulated depreciation	(90,895)		(114,346)		(23,451)
Tools, furniture and fixtures, net	553,211		532,890		(20,321)
Land	21,393,132		21,150,419		(242,713)
Buildings in trust	86,344,743		87,014,046		669,303
Accumulated depreciation	(4,906,522)		(5,799,643)		(893,120)
Buildings in trust, net	81,438,221		81,214,403		(223,817)
Structures in trust	651,501		655,981		4,479
Accumulated depreciation	(34,666)		(45,861)		(11,194)
Structures in trust, net	616,835		610,120		(6,715)
Machinery and equipment in trust	1,315,940		1,320,493		4,553
Accumulated depreciation	(205,143)		(246,618)		(41,475)
Machinery and equipment in trust, net	1,110,797		1,073,874		(36,922)
Tools, furniture and fixtures in trust	292,737		290,791		(1,945)
Accumulated depreciation	(65,073)		(78,819)		(13,746)
Tools, furniture and fixtures in trust, net	227,664		211,972		(15,692)
Land in trust	73,208,489		73,763,336		554,846
Total property, plant and equipment	206,293,377	93.1	205,843,516	94.3	(449,861)



Balance Sheet

■ Assets

(unit: thousand yen)

Category	Twelfth Fiscal Period (as of February 29, 2012)		Thirteenth Fiscal Period (as of August 31, 2012)		Variation
	Share (%)		Share (%)		
Assets					
Intangible assets					
Leasehold rights in trust	2,250,129		2,244,584		(5,545)
Right of trademark	1,901		4,612		2,711
Total intangible assets	2,252,030	1.0	2,249,197	1.0	(2,833)
Investments and other assets					
Long-term prepaid expenses	356,006		703,379		347,372
Guarantee deposits	10,030		10,030		0
Lease deposits in trust	1,229,521		1,200,020		(29,501)
Total investments and other assets	1,595,558	0.7	1,913,429	0.9	317,871
Total noncurrent assets	210,140,967	94.8	210,006,143	96.2	(134,823)
Deferred assets					
Bonds issuance costs	0		21,183		21,183
Total Deferred assets	0	0.0	21,183	0.0	21,183
Total assets	221,703,552	100.0	218,295,174	100.0	(3,408,377)



Balance Sheet

Liabilities and Net Assets

(unit: thousand yen)

Category	Twelfth Fiscal Period (as of February 29, 2012) Share (%)	Thirteenth Fiscal Period (as of August 31, 2012) Share(%)	Variation
Liabilities			
Current liabilities			
Operating accounts payable	285,463	389,397	103,933
Short-term loans	3,200,000	0	(3,200,000)
Current portion of long-term loans payable	12,519,000	0	(12,519,000)
Accounts payable-other	131,991	113,193	(18,798)
Accrued expenses	482,222	530,550	48,328
Income taxes payable	605	605	0
Consumption tax payable	0	61,465	61,465
Advances received	841,654	716,182	(125,472)
Deposits received	226,140	166,082	(60,058)
Current portion of rehabilitation debt	22,435,033	15,012,890	(7,422,142)
Total current liabilities	40,122,110 18.1	16,990,366 7.8	(23,131,744)
Non current liabilities			
Investment Corporation Bonds	0	3,000,000	3,000,000
Long-term loans payable	42,300,000	73,795,000	31,495,000
Tenant leasehold and security deposits	333,971	327,220	(6,751)
Tenant leasehold and security deposits in trust	1,811,945	1,839,111	27,165
Asset retirement obligations	383,545	387,898	4,353
Rehabilitation debt	44,871,495	30,026,737	(14,844,757)
Total noncurrent liabilities	89,700,958 40.5	109,375,968 50.1	19,675,009
Total liabilities	129,823,069 58.6	126,366,334 57.9	(3,456,734)
Net assets			
Unitholders' equity			
Unitholders' capital	41,602,436	41,602,436	0
Surplus			
Capital surplus	28,241,587	28,241,587	0
Reserve for distribution	19,802,245	19,467,899	(334,345)
Unappropriated retained earnings (undisposed loss)	2,234,214	2,616,916	382,702
Total surplus	50,278,046	50,326,403	48,356
Total unitholders' equity	91,880,482 41.4	91,928,839 42.1	48,356
Total net assets	91,880,482 41.4	91,928,839 42.1	48,356
Total liabilities and net assets	221,703,552 100.0	218,295,174 100.0	(3,408,377)

Notes and Remarks for Thirteenth Fiscal Period

(unit: million yen)

1. Cash and deposits	
Investment corporation title	2,969
Trust bank title	5,020
(of which, equivalent to deposit)	2,166
Balance	5,823
2. Interest-bearing liabilities	
Total interest-bearing liabilities	121,834
3. Allowance for doubtful accounts	
Total allowance for doubtful accounts	9
4. Change in Unitholders' capital	
Total Unitholders' capital	41,602
June 2005: Established with private offering	300
December 2005: Increase capital through third party allotment	1,430
March 2006: Increase capital through public offering	18,238
March 2007: Increase capital through third party allotment	4,034
October 2011: Increase capital through public offering	15,999
November 2011: Increase capital through third party allotment	1,599

Unitholders' Capital and Total Outstanding Units Issued

Date	Unitholders' Capital (yen)	Total Unitholders' Capital (yen)	Total Units Issued (unit)	Total Outstanding Units Issued (unit)
June 7, 2005 *1	300,000,000	300,000,000	600	600
Dec. 19, 2005	1,430,000,000	1,730,000,000	2,860	3,460
March 20, 2006	18,238,500,000	19,968,500,000	37,800	41,260
March 2, 2007	4,034,088,000	24,002,588,000	8,000	49,260
April 1, 2010 *2	-	24,002,588,000	69,475	118,735
October 4, 2011	15,999,862,000	40,002,450,000	38,000	156,735
Nov. 2, 2011	1,599,986,200	41,602,436,200	3,800	160,535

*1) Daiwa House Residential Investment Corporation was established on June 7, 2005.

*2) Following the merger with NCR, for each unit of NCR, 0.23 units of DHI was allotted and issued.



Income Statement

(unit: thousand yen)

Category	Twelfth Fiscal Period (Sep. 1, 2011 – Feb. 29, 2012)	Thirteenth Fiscal Period (Mar. 1, 2012 – Aug. 31, 2012)	Variation
Operating revenue			
Lease business revenue	6,951,985	7,131,007	179,021
Other lease business revenue	469,388	502,243	32,855
Gain from disposition of properties	-	112,869	112,869
Total operating revenue	7,421,373	7,746,121	324,747
Operating expenses			
Expenses related to rent business	3,167,042	3,270,619	103,577
Asset management fee	63,408	0	(63,408)
Asset management fee	445,962	488,247	42,284
Asset custody fee	21,457	21,791	334
Administrative service fees	69,977	72,631	2,654
Directors' compensations	6,600	6,600	0
Provision of allowance for doubtful accounts	7,032	0	(7,032)
Other operating expenses	205,494	194,643	(10,850)
Total operating expenses	3,986,975	4,054,533	67,558
Operating income	3,434,398	3,691,587	257,188
Non-operating income			
Interest income	730	693	(37)
Reversal of allowance for doubtful accounts	-	2,921	2,921
Other	1,889	3,390	1,500
Total non-operating income	2,620	7,005	4,385
Non-operating expenses			
Interest expenses	825,519	770,560	(54,959)
Interest expenses on bonds	-	16,109	16,109
Retirement of bonds issuance cost	-	2,353	2,353
Borrowing related expenses	191,746	178,222	(13,524)
Unit issuance expenses	59,352	0	(59,352)
Other	3,217	6,828	3,610
Total non-operating expenses	1,079,837	974,074	(105,762)
Ordinary income	2,357,181	2,724,518	367,336
Extraordinary income			
Gain on redemption by purchase of rehabilitation obligations	7,079	0	(7,079)
Other	1,224	0	(1,224)
Total extraordinary income	8,304	0	(8,304)
Extraordinary loss			
Impairment losses	130,666	106,996	(23,670)
Loss on disaster	-	-	-
Total extraordinary losses	130,666	106,996	(23,670)
Income before income taxes	2,234,819	2,617,521	382,702
Income taxes-current	605	605	0
Total income taxes	605	605	0
Net income	2,234,214	2,616,916	382,702
Retained earnings brought forward	-	-	-
Unappropriated retained earnings (undisposed loss)	2,234,214	2,616,916	382,702

Financial statements pertaining to distribution of funds

(unit: yen)

Category	Twelfth Fiscal Period (Sep. 1, 2011 – Feb. 29, 2012)	Thirteenth Fiscal Period (Mar. 1, 2012 – Aug. 31, 2012)	Variation
I. Unappropriated retained earnings	2,234,214,043	2,616,916,861	382,702,818
II. Reversal of reserve for distribution	334,345,957	-	(334,345,957)
III. Distribution amount [Distribution per unit]	2,568,560,000 [16,000]	2,610,941,240 [16,264]	42,381,240 [264]
IV. Reserve of reserve for distribution	-	5,975,621	5,975,621
V. Retained earnings carried forward	-	-	-

Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

Category	Twelfth Fiscal Period (Sep. 1, 2011 – Feb. 29, 2012)	Thirteenth Fiscal Period (Mar. 1, 2012 – Aug. 31, 2012)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	6,756,200	6,922,889	166,688
Common service fees	195,784	208,117	12,332
Subtotal	6,951,985	7,131,007	179,021
Other lease business revenue			
Facility charges	187,516	193,530	6,014
Incidental revenue	31,910	35,311	3,401
Other lease business revenue	249,962	273,401	23,438
Subtotal	469,388	502,243	32,855
Total real estate lease business revenue	7,421,373	7,633,251	211,877
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	791,837	793,286	1,448
Utility expenses	100,707	104,040	3,333
Tax and public charges	356,797	393,807	37,009
Repair expenses	134,136	103,176	(30,959)
Insurance expenses	12,294	11,624	(670)
Restoration cost	181,346	206,729	25,383
Custodian fees	50,903	47,736	(3,167)
Depreciation and amortization	1,363,674	1,411,821	48,147
Other operating expenses	175,344	198,396	23,052
Total real estate expenses related to rent business	3,167,042	3,270,619	103,577
C. Real estate lease business income (A – B)	4,254,331	4,362,631	108,300



Unitholders (Statistical Tables by Unitholder)

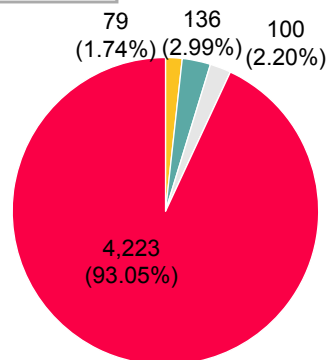
Statistical Table of DHI Unitholders

Number of Unitholders

Unitholder type	Previous Fiscal Period (12th Fiscal Period) (as of February 29, 2012)		Current Fiscal Period (13th Fiscal Period) (as of August 31, 2012)		Variation
	Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)
Individuals and others	4,684	93.99	4,223	93.05	(461)
Financial institutions	52	1.04	59	1.30	7
Banks and trust banks	27	0.54	32	0.70	5
City banks	1	0.02	1	0.02	0
Regional banks	14	0.28	20	0.44	6
Trust banks	12	0.24	11	0.24	(1)
Life insurance companies	5	0.10	7	0.15	2
Non-life insurance companies	2	0.04	2	0.04	0
Other financial	18	0.36	18	0.39	0
Credit unions	12	0.24	12	0.26	0
Other	6	0.12	6	0.13	0
Other domestic corporations	95	1.90	100	2.20	5
Foreign corporations and individuals	128	2.56	136	2.99	8
Securities companies	24	0.48	20	0.44	(4)
Total	4,983	100.00	4,538	100.00	(445)

Number of Unitholders

Total number of Unitholders: 4,538



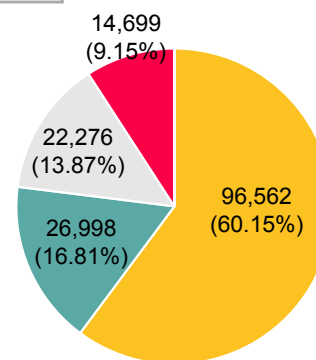
- Financial institutions (including securities companies)
- Foreign corporations and individuals
- Other domestic corporations
- Individuals and others

Number of Units

Unitholder type	Previous Fiscal Period (12th Fiscal Period) (as of February 29, 2012)		Current Fiscal Period (13th Fiscal Period) (as of August 31, 2012)		Variation
	Number of Units (units)	Ratio (%)	Number of Units (units)	Ratio (%)	Number of Units (units)
Individuals and others	16,081	10.01	14,699	9.15	(1,382)
Financial institutions	88,099	54.87	95,235	59.32	7,136
Banks and trust banks	78,605	48.96	85,985	53.56	7,380
City banks	438	0.27	325	0.20	(113)
Regional banks	6,482	4.03	7,674	4.78	1,192
Trust banks	71,685	44.65	77,986	48.57	6,301
Life insurance companies	3,803	2.36	5,120	3.18	1,317
Non-life insurance companies	2,673	1.66	573	0.35	(2,100)
Other financial	3,018	1.87	3,557	2.21	539
Credit unions	1,481	0.92	1,366	0.85	(115)
Other	1,537	0.95	2,191	1.36	654
Other domestic corporations	22,104	13.76	22,276	13.87	172
Foreign corporations and individuals	32,669	20.35	26,998	16.81	(5,671)
Securities companies	1,582	0.98	1,327	0.82	(255)
Total	160,535	100.00	160,535	100.00	0

Number of Units

Outstanding units issued: 160,535 units



- Financial institutions (including securities companies)
- Foreign corporations and individuals
- Other domestic corporations
- Individuals and others



Unitholders (Major Unitholders)

// Major Unitholders of DHI

Name	12th Fiscal Period (as of February 29, 2012)		13th Fiscal Period (as of August 31, 2012)		Variation
	Number of Units Held (units)	Percentage of Total (%)	Number of Units Held (units)	Percentage of Total (%)	
Japan Trustee Services Bank, Ltd. (investment account)	27,467	17.10	35,512	22.12	8,045
Daiwa House Industry Co., Ltd.	18,860	11.74	18,860	11.74	0
The Master Trust Bank of Japan, Ltd. (investment account)	11,974	7.45	14,743	9.18	2,769
The Nomura Trust and Banking Co., Ltd. (investment trust account)	13,155	8.19	11,067	6.89	(2,088)
Trust & Custody Services Bank, Ltd. (securities investment trust account)	12,348	7.69	9,532	5.93	(2,816)
Nomura Bank (Luxembourg) S.A.	3,405	2.12	4,108	2.55	703
Standard Chartered Bank, Hong Kong Account, DBS Vickers (HK) Ltd Clients	3,450	2.14	3,450	2.14	0
HSBC Private Bank (Suisse) SA Singapore-Trust A/C Clients	0	0.00	2,966	1.84	2,966
Sumitomo Mitsui Trust Bank, Limited (*)	2,234	1.39	2,234	1.39	0
Trust & Custody Services Bank, Ltd. (money trust tax account)	1,731	1.07	2,179	1.35	448
Total	94,624	58.94	104,651	65.18	10,027

*) The Chuo Mitsui Trust and Banking Company, Limited, The Sumitomo Trust and Banking Co., Ltd., and Chuo Mitsui Asset Trust and Banking Company, Limited merged on April 1, 2012, creating Sumitomo Mitsui Trust Bank, Limited.

// Questionnaire for Unitholders in 12th Fiscal Period

A questionnaire was sent to all unitholders together with the asset management report for the 12th fiscal period, and completed questionnaires were returned by 1,174 unitholders (23.6% of the total).

Gender	「Male」 75%、 「Female」 23%、 「No answer」 2%	Reason for investing in DHI (*)	「Distribution yield」 70%、 「Recommendation by securities company」 29%、 「Creditworthiness of sponsor」 23%、 「Low unit price」 20%、 「Comparison with other REITs」 16%
Age	「60 and over」 56%、 「50s」 17%、 「40s」 13%	Approach to investing in DHI	「Long-term holding」 70%、 「Increasing investment」 9%
Occupation	「Unemployed/retired」 35%、 「Company employee」 22%、 「Self-employed」 12%、 「Full-time homemaker」 12%	Reasons for long-term holding (*)	「Stability of distributions」 71%、 「Expectation of rise in unit price」 28%、 「High quality of owned properties」 15%
Years as a unitholder	「10 years and over」 55%、 「Less than 10 years」 23%	Highest priority in investment approach decision (*)	「Distribution yield」 81%、 「Profitability」 36%、 「Quality of owned properties」 23%、 「Track record」 23%、 「Unit price」 17%、 「Real estate market trends」 15%
How unitholders heard of DHI (*)	「Introduction by securities company」 43%、 「Internet」 21%、 「Newspaper/magazine」 18%、 「JAPAN COMPANY HANDBOOK」 16%	Satisfaction with DHI's IR activities	「Satisfied/somewhat satisfied」 82%、 「Somewhat dissatisfied」 12%

*) Multiple answers allowed.

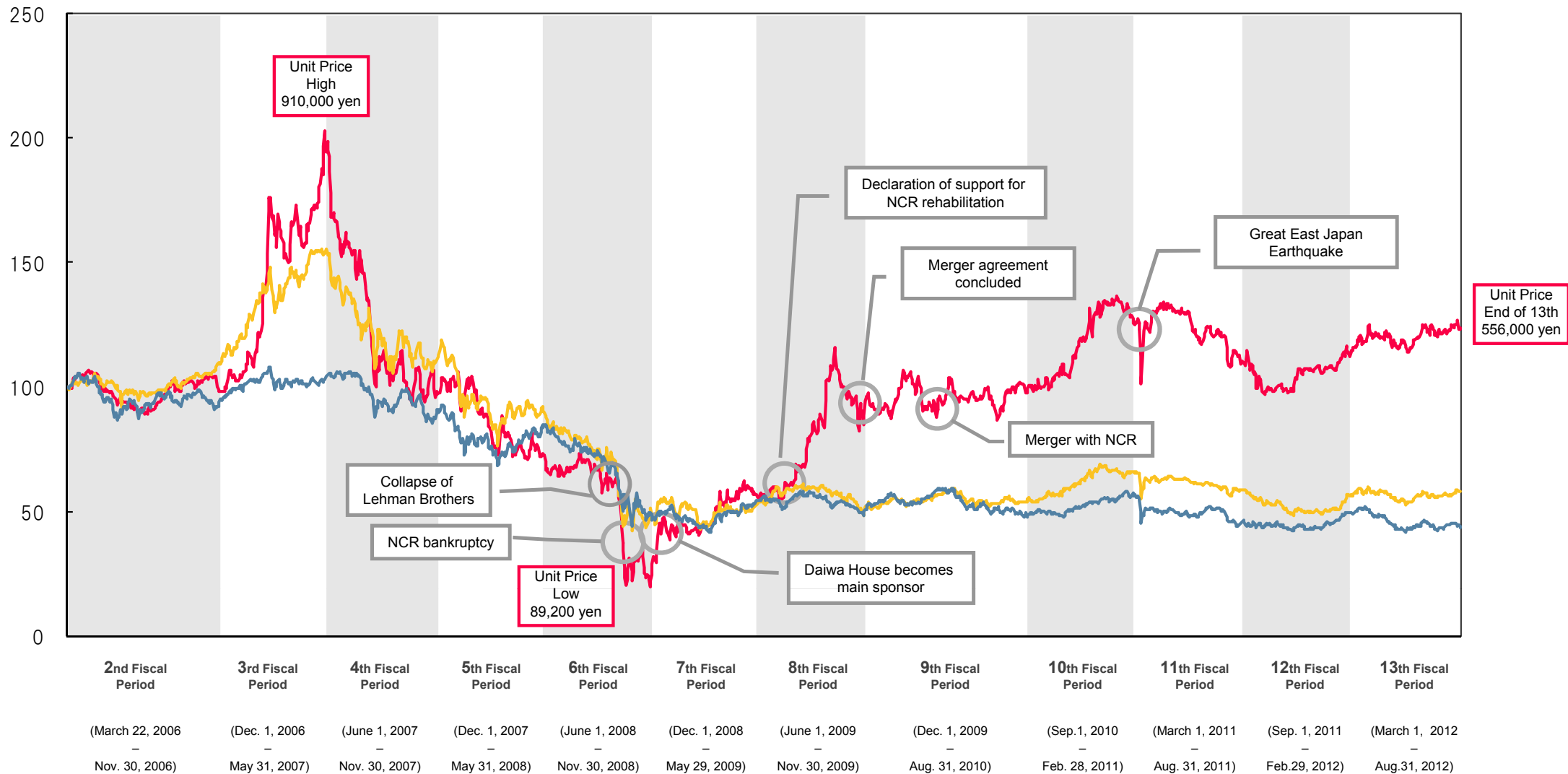


Unit Prices since 2006

Investment Unit
Price Index
REIT Index
TOPIX

Investment Unit Price Index (Daiwa House Investment Corporation) REIT Index TOPIX

March 22, 2006 = 100



The investment unit price index shows the indexation of TSE's closing price of DHI's investment unit.



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