

Presentation Material for the 18th fiscal Period
(September 1, 2014 — February 28, 2015)

(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



Management Highlight

Page	
2	Overview of Daiwa House Residential Investment Corporation ("DHI")
3	Eighteenth Fiscal Period Results Highlights
4	Eighteenth Fiscal Period Results
5	Analysis of Comparison with Previous Fiscal Period and Variance Against Forecast of Net Income in Eighteenth Fiscal Period
6	External Growth (1) Portfolio Size, Distribution and LTV
7	External Growth (2) Improving Portfolio Quality by Asset Replacements
8	External Growth (3) Properties Acquired in Nineteenth Fiscal Period
9	External Growth (4) Sponsor Support by Daiwa House Group
10	Portfolio Distribution (Residence)
11	Internal Growth (1) Occupancy Rate Trend
12	Internal Growth (2) Rents at Tenant Replacement
13	Internal Growth (3) Improvement in NOI Yield and Implementation of Preventive Long-Term Repairs
14	Financial Conditions (1) Financial Strategy and Debt Costs
15	Financial Conditions (2) Composition of Loans

Page	
16	Financial Conditions (3) Status of Interest-bearing Debt
17	Distribution Management (1) Stabilizing Distributions
18	Distribution Management (2) Retained Earnings Utilization Policy
19	Distribution Management (3) Utilization of Retained Earnings
20	Distribution Management (4) Utilization of Depreciation and amortization
21	Conditions of Unrealized Gain and Loss and NAV Per Unit
22	Non-conformance with the Minister's Certification of Seismic Isolation Materials Manufactured by Toyo Tire & Rubber Co., Ltd.
23	Forecast
24	Nineteenth Fiscal Period and Twentieth Fiscal Period Breakdown of Net Income Forecast
25	Future Action Plans Accompanying Acquisition of Five Properties
26	Future Growth Strategy

APPENDIX

28	Investment Strategy on Residential Properties by Area
29	Investment Strategy on Residential Properties by Type

Page	
30	Building the Portfolio: Strengths of DHI Portfolio
31	Residential Market Conditions
32	Initiatives in Senior Housing
33	Overview of the Daiwa House Industry
34 ~38	Appraisal Value Comparison Table
39 ~43	Portfolio Data (as of April 9, 2015)
44	Summary of Financial Results
45	Selected Financial Data
46 ~48	Balance Sheet
49	Income Statement
50	Unitholders (Statistical Data of Unitholders)
51	Unitholders (Major Unitholders)
52	Initiatives with a Focus on Unitholders
53	Unit Prices since 2006

*1) All amounts shown in this material are rounded down to the nearest unit, and for all percentages, figures are rounded off to the nearest unit.

*2) All photos used in this material are photos of properties managed or expected to be managed by Daiwa House Residential Investment Corporation ("DHI") except for the property photos on pages 8, 9 and 52.

Overview

- ① DHI is a residential-focused J-REIT that mainly invests in **residential properties** with stable rent and occupancy rate.
- ② DHI closely works in cooperation with our sponsor, **Daiwa House Group**, to secure a steady increase in our assets under management.
- ③ **Stabilize distributions** by utilizing **retained earnings 18.2 billion yen***).

*) The amount of retained earnings indicates after a reversal of internal reserves as end of February 2015. The amount before a reversal is 18.4 billion yen.

	17th Fiscal period (as of August 31, 2014)	18th Fiscal period (as of February 28, 2015)	Variation
Number of Owned Properties	134 Properties	136 Properties	+2 Properties
Leasable Units	10,390 units	10,429 units	+39 units
Total Leasable Area	446,112.78m ²	451,292.44m²	+5,179.66m ²
Total Assets	238,092 million yen	238,730 million yen	+638 million yen
Portfolio Size *1)	235,361 million yen	237,626 million yen	+2,265 million yen
Net Assets	111,622 million yen	111,455 million yen	(166) million yen
Number of Outstanding Units Issued	373,870 units	373,870 units (747,740 units) *3)	
Net Assets per Unit	298 thousand yen	298 thousand yen (149 thousand yen) *3)	(0) thousand yen
NAV per Unit	339 thousand yen	355 thousand yen (177 thousand yen) *3)	+15 thousand yen
Occupancy Rate (average during the period)	96.5%	96.8%	+0.3%
Total Interest-bearing Liabilities	121,666 million yen	122,463 million yen	+796 million yen
LTV *2)	51.1%	51.3%	+0.2%

Rating Agency	Type	Rating
Rating and Investment Information, Inc. (R&I)	Issuer rating	A+ (Stable)
Japan Credit Rating Agency, Ltd. (JCR)	Long-Term Issuer Rating	AA- (Stable)

Type	Rating
Issuer rating	A+ (Stable)
Long-Term Issuer Rating	AA- (Stable)

*1) Purchase price basis; same as below *2) LTV (loan-to-value) = interest-bearing liabilities at end of fiscal period /total assets at end of fiscal period × 100

*3) DHI implemented a 2-for-1 split of investment units effective March 1, 2015. Consequently, the figures in parentheses factor in the impact of the split of investment units.

External Growth

■ External growth achievements

Steady acquisition of properties centered on sponsor group

【Portfolio Size】

	16th Fiscal Period (as of Feb. 28, 2014)	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)
Number of properties	132 properties	134 properties	136 properties
Portfolio size	229.9 billion yen	235.3 billion yen	237.6 billion yen

Properties Acquired in 18th Fiscal Period (ended Feb. 2015)

Property Name	Acquisition Date	Acquisition Price (million yen)
<u>Aburatsubo Marina HILLS</u>	September 1, 2014	1,100
Castalia Meguro Tairamachi	September 26, 2014	1,165
Total of 2 Properties		2,265

Properties Acquired in 19th Fiscal Period (ending Aug. 2015)

Property Name	Acquisition Date	Acquisition Price (million yen)
<u>Pacific Royal Court Minatomirai Urban Tower</u>	May 1, 2015	9,100
<u>Royal Parks SEASIR</u>	May 1, 2015	4,350
<u>Royal Parks Musashikosugi</u>	May 1, 2015	1,060
<u>Castalia Honkomagome</u>	May 1, 2015	1,520
<u>L-Place Shinkoyasu</u>	May 1, 2015	1,720
Total of 5 Properties		17,750

*Items in **bold and underlined** are acquisitions from Daiwa House Industry.

The details are on page 7-8

Internal Growth

■ Occupancy Rate

Average occupancy rate in the fiscal period of **96.8%** was secured and the target (96.0%) was achieved.

	16th Fiscal Period (as of Feb. 28, 2014)	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)
Occupancy rate (average during the period)	96.5%	96.5%	96.8%
Occupancy Rate (End of Fiscal Period)	96.8%	96.7%	97.1%

The details are on page 11

■ Rents at Tenant Replacement

Rents were falling after the financial crisis. Despite having started rising in 16th fiscal period (ended Feb. 2014), rents slightly decreased by 50 thousand yen in the 18th fiscal period (ended Aug. 2014).

	16th Fiscal Period (as of Feb. 28, 2014)	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)
Rent Increases / Reductions	+ 140 thousand yen	+ 754 thousand yen	(50) thousand yen

The details are on page 12

■ NOI yields

Occupancy rates exceeded the projections as it improved particularly in area 1 (Tokyo's 5 central wards), and a yield of **5.53%** was secured (against an initial forecast of 5.50%).

	16th Fiscal Period (as of Feb. 28, 2014)	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)
NOI yeild	5.59%	5.49%	5.53%

The details are on page 13

Eighteenth Fiscal Period (ended February 2015) Results

(unit: million yen)

	17th Actual (ended Feb. 2014)	18th Forecast *) (ended Feb. 2015)	18th Actual (ended Feb. 2015)	17th Actual Comparison		18th Forecast Comparison	
				Variation	Ratio	Variation	Ratio
Management Period	184 days	181 days	181 days				
Operating Revenue	8,578	8,651	8,693	+115	+1.3%	+41	+0.5%
Operating Expenses	4,671	4,793	4,811	+139	+3.0%	+18	+0.4%
Expenses related to rent business	3,769	3,855	3,875	+106	+2.8%	+19	+0.5%
Loss from disposal of properties							
Other expenses	902	937	936	+33	+3.7%	(1)	(0.2)%
Operating Income	3,906	3,858	3,881	(24)	(0.6)%	+23	+0.6%
Ordinary Income	3,082	3,047	3,081	(0)	(0.0)%	+33	+1.1%
Net Income	3,081	3,046	3,080	(0)	(0.0)%	+33	+1.1%
Reversal of Retained Earnings	166	168	168	+2	+1.6%	+0	+0.1%
Total Distributions	3,247	3,215	3,249	+1	+0.1%	+34	+1.1%

- As a result of property acquisitions, operating revenue increased for 4 consecutive fiscal periods.
- Increase against forecast is mainly due to decrease in borrowing costs in line with the increase in the occupancy rate in Area 1 and refinancing of rehabilitation obligations.

<Per unit Information>

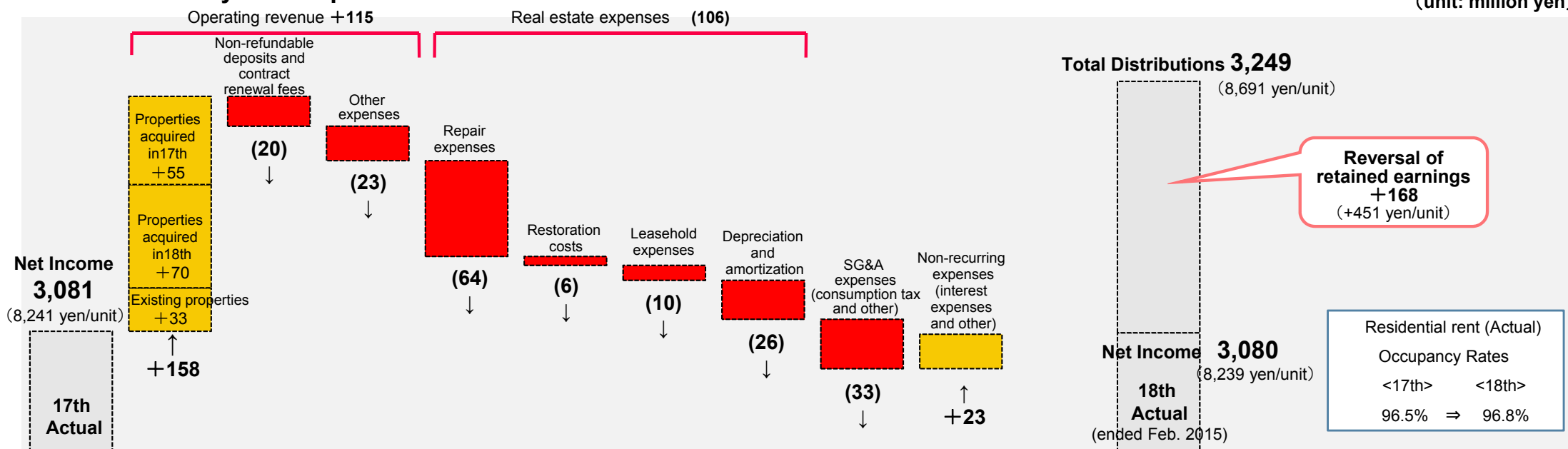
Net Income per Unit	8,241 yen	8,149 yen	8,239 yen	(2) yen	(0.0)%	+90 yen	+1.1%
Reversal of Retained Earnings per Unit	444 yen	451 yen	451 yen	+7 yen	+1.6%	—	—
Distribution per Unit	8,686 yen	8,600 yen	8,691 yen	+5 yen	+0.1%	+91 yen	+1.1%
Outstanding Units issued at end of fiscal period	373,870 units	373,870 units	373,870 units				

*) Forecasts for the 18th fiscal period announced on October 9, 2014.

Analysis of Comparison with Previous Fiscal Period and Variance Against Forecast of Net Income in Eighteenth Fiscal Period (ended February 2015)

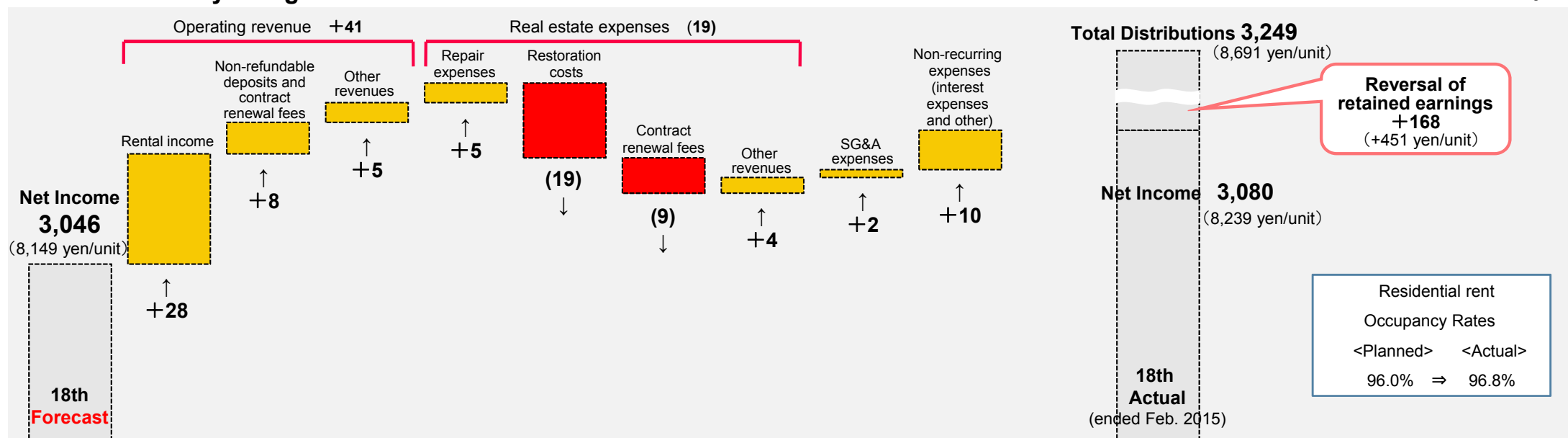
Variance Analysis Comparison with Previous Fiscal Period for Net Income

(unit: million yen)



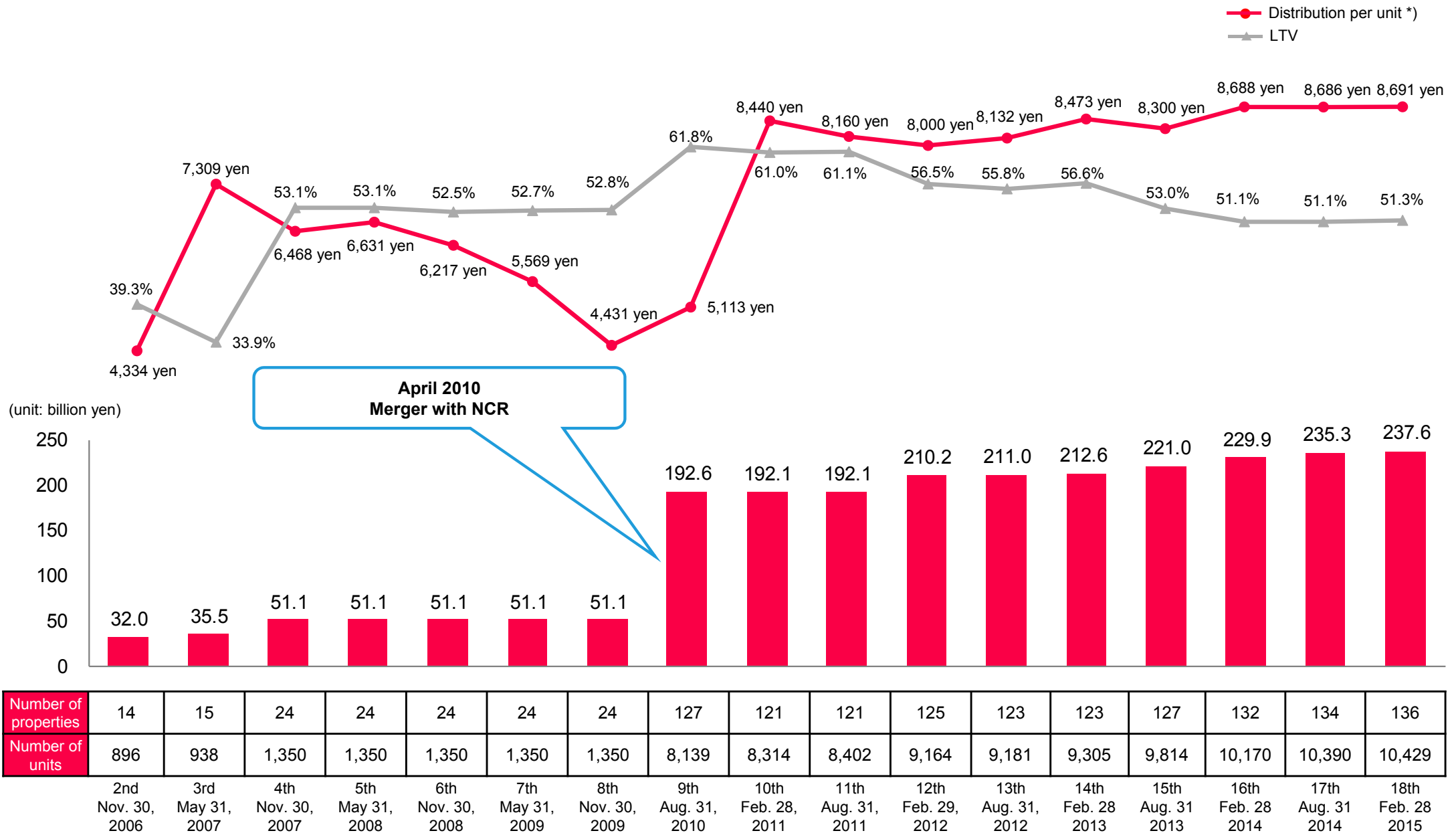
Variance Analysis Against Forecast for Net Income

(unit: million yen)



External Growth (1) Portfolio Size, Distribution and LTV

Portfolio Size, Distribution per unit and LTV track record



*) DHI implemented a 2-for-1 split of investment units on March 1, 2013. In order to factor in the impact of this split, distribution per unit for the 2nd fiscal period through to the 14th fiscal period have been divided by two.

// Property Acquired in 18th Fiscal Period (ended Feb. 2015)



< Aburatsubo Marina HILLS >

Location	Miura city, Kanagawa
Structure · Floor	S, 5F
Completion	April 2008
NOI yield (*)	7.2%
Acquisition Date	September 1, 2014
Acquisition Price	1,100 million yen
Seller	Daiwa House Industry Co., Ltd.



< Castalia Meguro Tairamachi >

Location	Meguro ward, Tokyo
Structure · Floor	RC, 5F
Completion	March 2014
NOI yield (*)	4.9%
Acquisition Date	September 26, 2014
Acquisition Price	1,165 million yen
Seller	Company engaged in general business in Japan

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

// Portfolio Replacement Results since April 2010

Proactively replaced properties with use of property acquisitions leveraging sponsor's support as well as retained earnings

As of March 31, 2015

Since April 2010	Property Acquired		Disposed Property
	Sponsor Property	Properties Sourced from Third Parties	
Total Acquisition (Sales) Price	37,960 million yen (12 properties)	35,617 million yen (21 properties)	26,325 million yen (26 properties)
Average Acquisition (Sales) Price	3,163 million yen	1,696 million yen	1,012 million yen
Average Age of Property *1)	4.1 years	6.7 years	9.2 years
Average Appraisal NOI Yield/Average NOI Yield *2)	6.8%	5.8%	5.9%
(Acquired Property) Difference Between Total Real Estate Appraisal Value and Total Acquisition Price	2,798 million yen	2,540 million yen	43 million yen
(Disposed Property) Difference Between Total Sales Price and Total Book Value			

*1) Age of property as of the acquisition date rounded to one decimal place and weighted average age of property by acquisition price of each property.

*2) Average appraisal NOI yield is calculated as follows: "total net rental income under direct capitalization method shown in the real estate appraisal report at the time of purchase / total acquisition price."

In addition, average NOI yield is calculated as follows: "total NOI of two most recent periods at time of sale / total acquisition price."

// Property to be Acquired in 19th Fiscal Period (ending Aug. 2015)



< Pacific Royal Court Minatomirai
Urban Tower >



< Royal Parks SEASIR >

Location	Adachi Ward, Tokyo
Structure · Floor	RC, 14F
Completion	June 2009
NOI yield (*)	7.2%
Acquisition Date (planned)	May 1, 2015
Acquisition Price (planned)	4,350 million yen
Seller	Daiwa House Industry Co., Ltd.



< Royal Parks Musashikosugi >

Location	Nakahara Ward, Kawasaki city, Kanagawa
Structure · Floor	RC, 6F
Completion	October 2009
NOI yield (*)	7.4%
Acquisition Date (planned)	May 1, 2015
Acquisition Price (planned)	1,060 million yen
Seller	Daiwa House Industry Co., Ltd.



< Castalia Honkomagome >

Location	Bunkyo Ward, Tokyo
Structure · Floor	RC, B1F / 5F
Completion	March 2014
NOI yield (*)	5.1%
Acquisition Date (planned)	May 1, 2015
Acquisition Price (planned)	1,520 million yen
Seller	Daiwa House Industry Co., Ltd.



< L-Place Shinkoyasu >

Location	Kanagawa Ward, Yokohama city, Kanagawa
Structure · Floor	RC, 10F
Completion	August 2014
NOI yield (*)	6.0%
Acquisition Date (planned)	May 1, 2015
Acquisition Price (planned)	1,720 million yen
Seller	Daiwa House Industry Co., Ltd.

Location	Nishi Ward, Yokohama city, Kanagawa
Structure · Floor	S · RC, B1F / 29F
Completion	May 2008
NOI yield (*)	6.9%
Acquisition Date (planned)	May 1, 2015
Acquisition Price (planned)	9,100 million yen
Seller	Daiwa House Industry Co., Ltd.

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

// Properties in Sponsor Pipeline

【Daiwa House Industry's main properties currently in operation】

(As end of March 2015)

① Royal Parks Ogikubo	Completion date	Mar. 2005	Usage	Apartment complex : 157 units
② Royal Parks Umejima	Completion date	Sep. 2010	Usage	Apartment complex : 91 units, Store : 6 units
③ Royal Parks Riverside	Completion date	Dec. 2010	Usage	Apartment complex : 200 units

【Daiwa House Industry's main properties developed (currently in development)】

① Roygent Shinbashi	Completion date	Sep. 2014	Usage	Apartment complex : 51 units, Store : 2 units
② Roygent Ningyo-cho	Completion date	Oct. 2014	Usage	Apartment complex : 72 units, Store : 1 units
③ Royal Parks ER Sasashima	Completion date	Mar. 2015	Usage	Apartment complex : 430 units, Pay Nursing Home : 66 units, Baby home, Day service, Convenience store, Shared house
④ Naka Ward Project, Nagoya	Start date Completion date	Sep. 2014 Jan. 2016 (planned)	Usage	Apartment complex : 99 units
⑤ Yotsuya Project, Shinjyuku Ward	Start date Completion date	Mar. 2015 Feb. 2017 (planned)	Usage	Apartment complex : 91 units, Store : 1 units
⑥ Akasaka 9 cho-me Project, Minato Ward	Start date Completion date	Mar. 2015 Feb. 2017 (planned)	Usage	Apartment complex : 116 units, Store : 1 units

【Senior Housing】

① Nerima Takamatsu Project (Assisted-Living Pay Nursing Home)	Start date Completion date	Feb. 2014 Feb. 2015	Number of units	100 units
② Utsunomiya Project (Serviced Senior Housing)	Start date Completion date	Nov. 2014 Sep. 2015 (planned)	Number of units	77 units

*) Completion date may be changed in the future. Project name include tentative name.

// Examples of Sponsor Development Royal Parks ER Sasashima

Daiwa House Industry has developed Royal Parks ER Sasashima, urban-style rental condominiums, consisting of an apartment complex (430 units), a private nursing home (66 units), a nursery, day service, a convenience store, and a shared house, at "Sasashima Live 24 Area", a large-scale redevelopment district.

“Sasashima Live 24 Area”

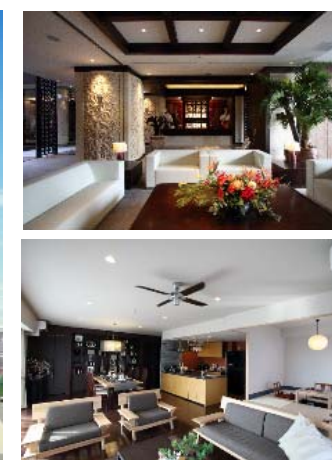
A redevelopment district being developed by Nagoya City under the concept of a “base for international communication and interaction”.

Buildings including large-scale complex facilities “Global Gate”, Aichi University Sasashima Campus, and CHUKYO TV BROADCASTING Head Office are planned to be constructed.

ER=Emergency Response

The property is an emergency response rental condominium equipped with a heliport and a medical storage warehouse.

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

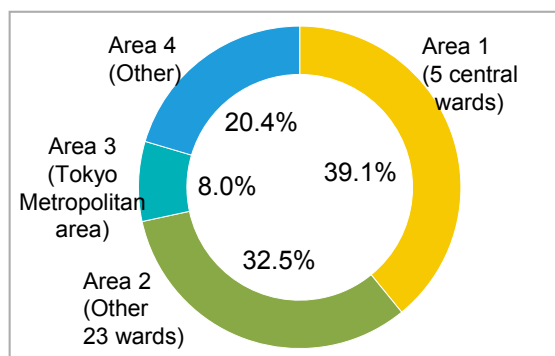


Portfolio Distribution (Residence)

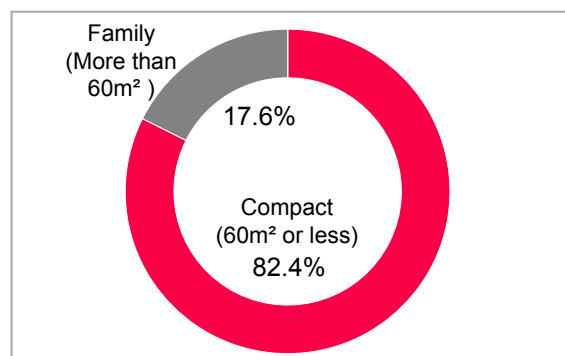
// Portfolio Distribution (as of February 28, 2015)

- Continued investment particularly in Tokyo Metropolitan area, where population growth is expected, and investment in major regional cities, where populations are expected to be concentrated
- Investment primarily in compact types (60m² or less:82.4%) with monthly rents of less than 200,000 yen per unit per month (88.3%), with relatively low total rents and more stable occupancy rates and rent levels

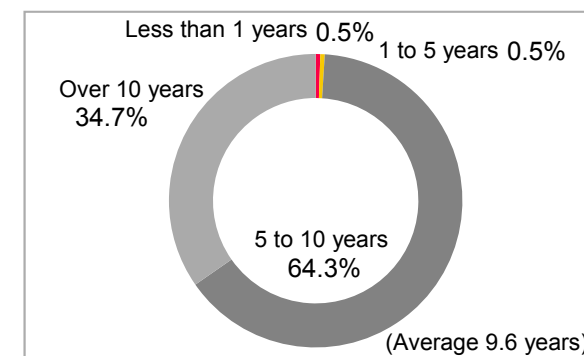
By Area



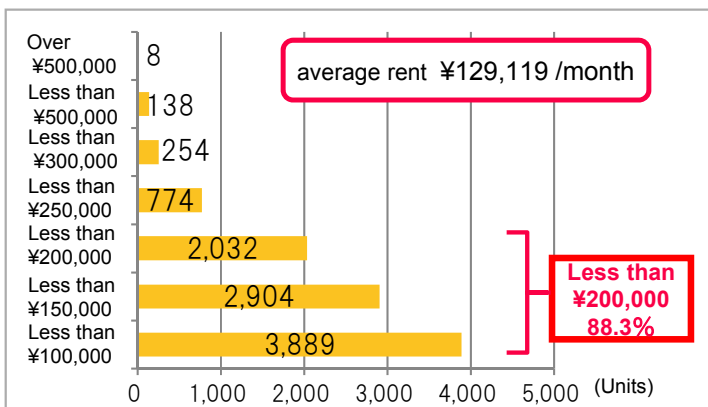
By Type



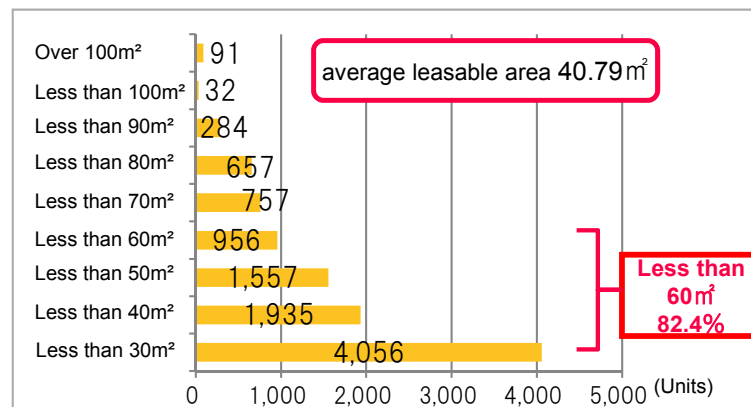
By Age of Property



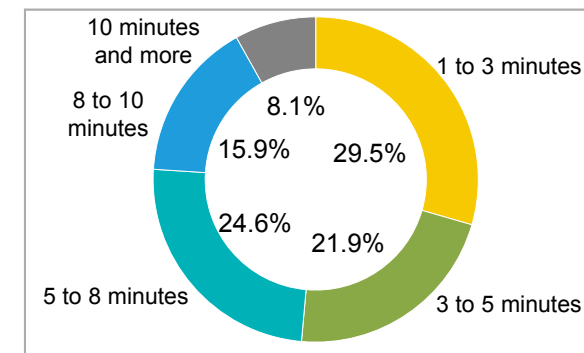
Monthly Rent Range



Leasable Area Range



Walking Distance from Station



*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

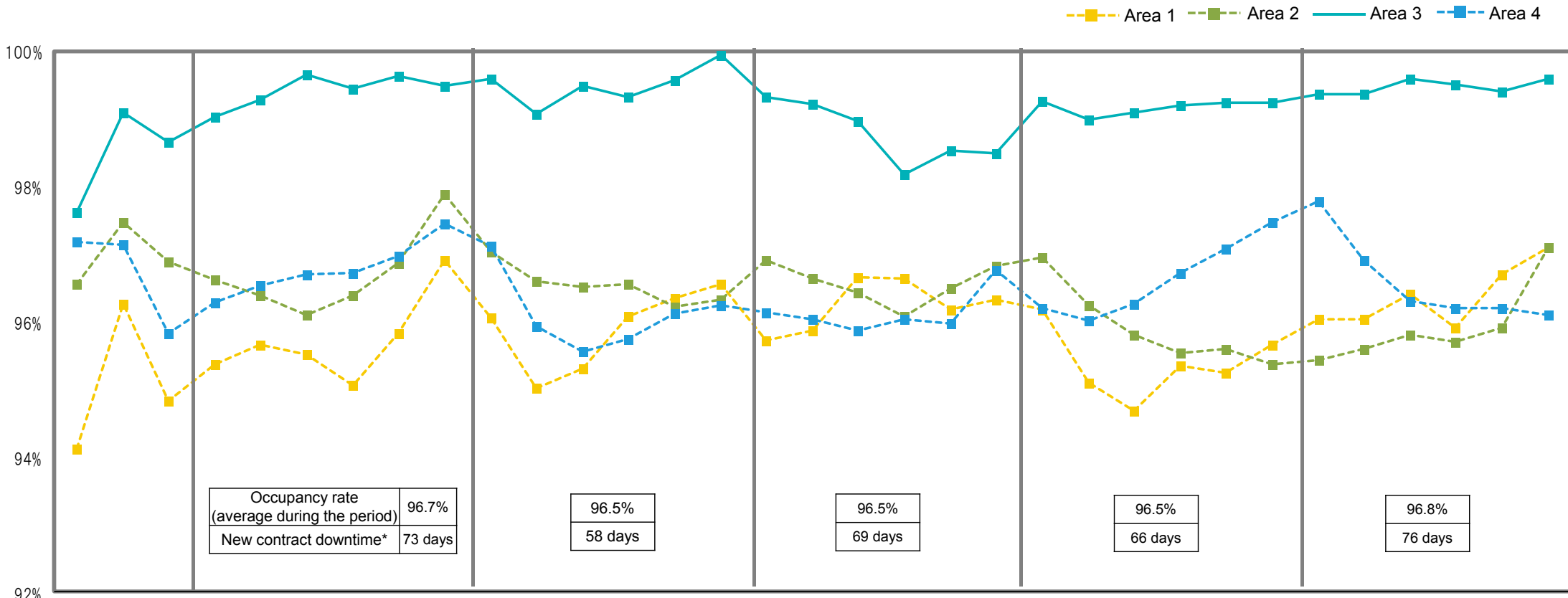
*4) "Monthly rents" is defined as monthly rents for 136 residential units (excluding Senior Housing, stores) described on lease agreements concluded with end tenants and in force as of February 28, 2015 (including common service fees, but not usage fees for attached facilities such as monthly parking bays and storage rooms, and consumption taxes); for rent guarantee properties with master leases, monthly rent for each unit is calculated by equally apportioning the monthly master rent to each unit based on floor area.

*5) Senior Housing is not included in calculations of investment ratio by area, type, age, walking distance, monthly rent or leasable area.

Internal Growth (1) Occupancy Rate Trend

Portfolio Occupancy Rate

11th	12th	13th	14th Fiscal Period (February 2013)						15th Fiscal Period (August 2013)						16th Fiscal Period (February 2014)						17th Fiscal Period (August 2014)						18th Fiscal Period (February 2015)					
Aug. 2011	Feb. 2012	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2013	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2014	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2015	Feb.
96.2	97.2	96.1	96.4	96.5	96.5	96.4	96.8	97.6	97.0	96.1	96.1	96.4	96.6	96.7	96.6	96.5	96.6	96.4	96.4	96.8	96.8	96.2	96.1	96.4	96.5	96.7	96.9	96.7	96.7	96.5	96.7	97.1

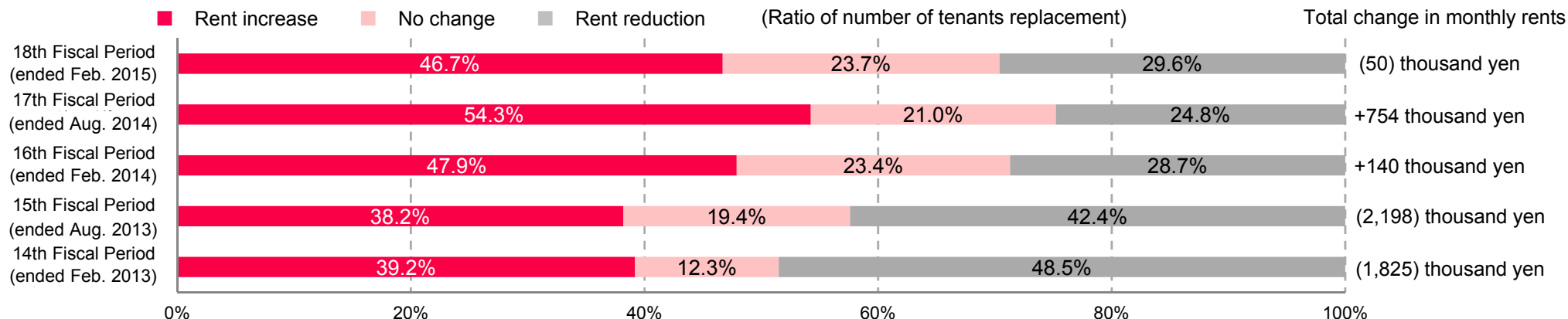


*) "New contract downtime" relates to new contract residential units (including stores) of residential properties in each period and is measured by the average number of days during the period beginning from the cancellation date of the former contract and ending when lease of the new contract commenced.

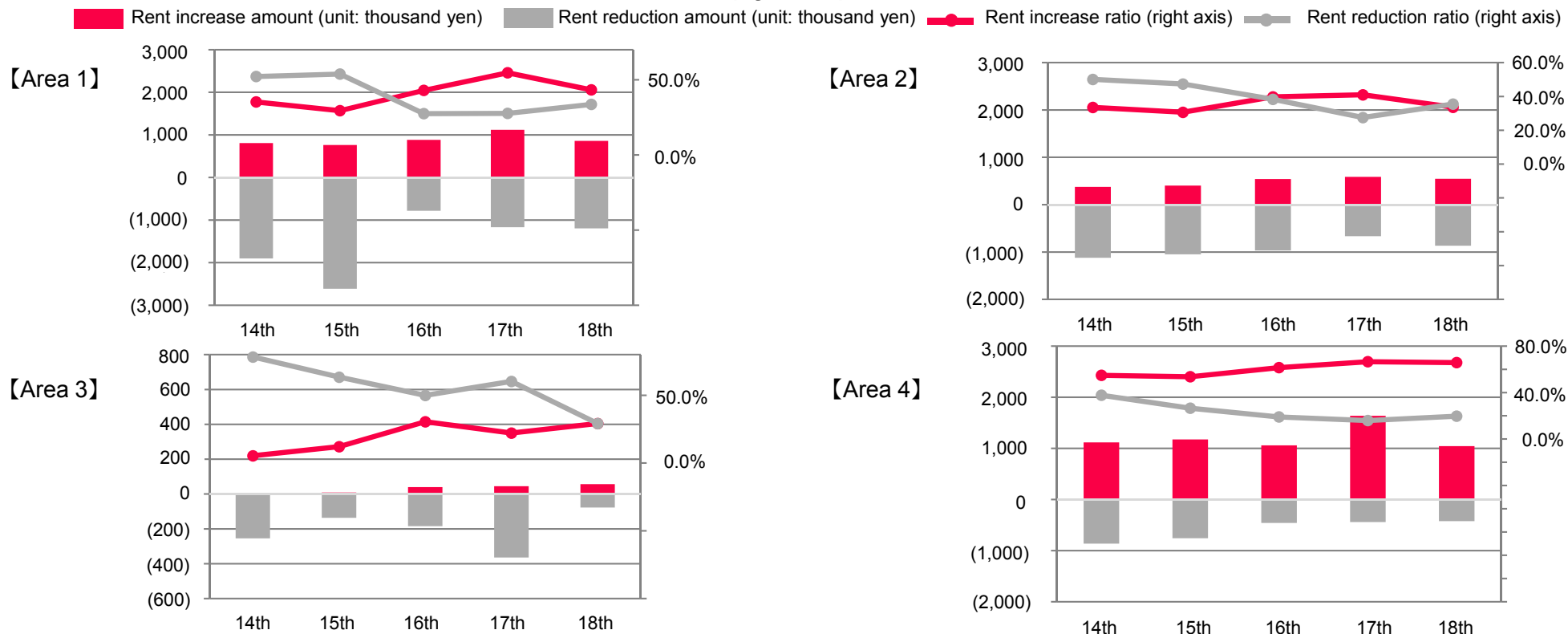
Internal Growth (2) Rents at Tenant Replacement

// Rents at Tenant Replacement

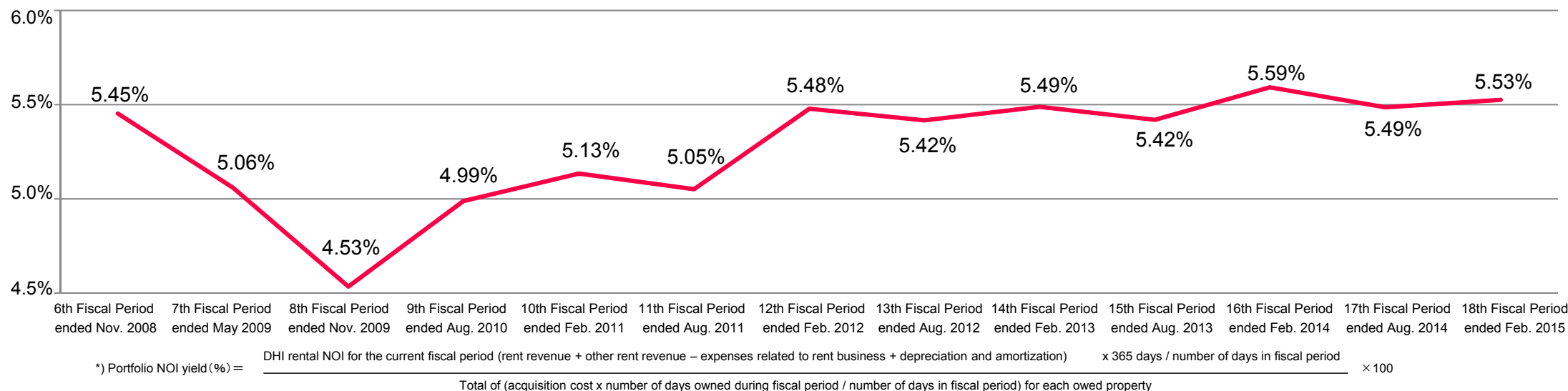
- From the 16th fiscal period, the ratio of units with rent increases at the time of tenant replacement rose and the total change in monthly rents became an increase. However, in the 18th fiscal period the amount decreased by 50 thousand yen.



// Amount and Ratio of Rent Increases and Reductions (by Area)

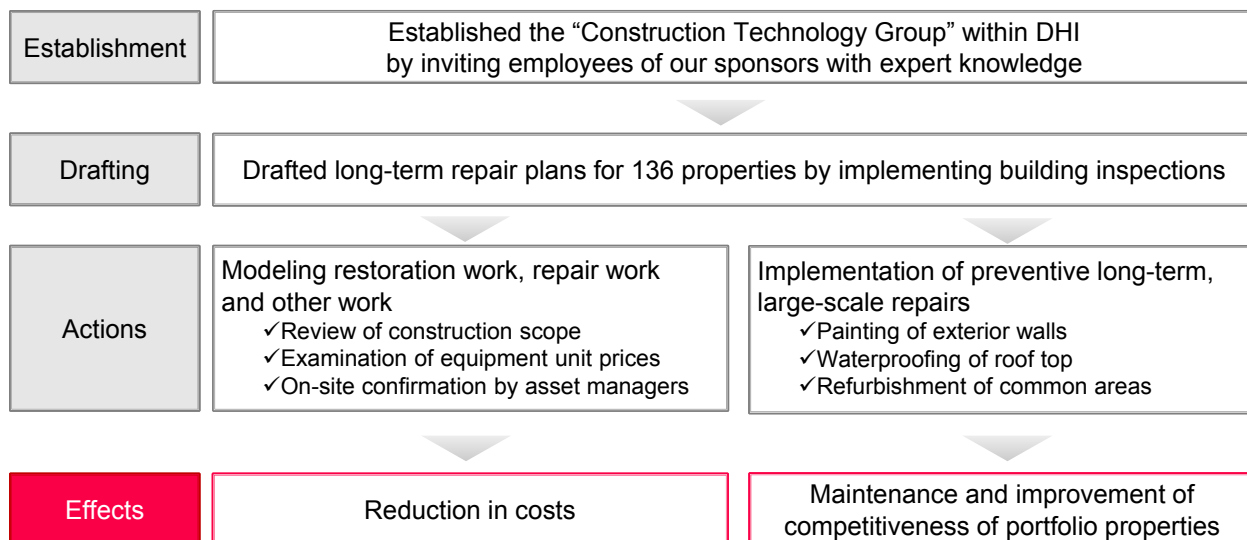


// Portfolio NOI yield Trend



// Action of the Construction Technology Group Aimed at Strengthening the Portfolio

- Established the “Construction Technology Group” within DHI through sponsors’ support and drafted long-term repair plans for 136 properties



« Implementing Upgrade Work »

■ Castalia Sakaisuji Honmachi (Osaka city, Osaka)

Refurbishment of entrance hall (boost brand value)

Plan to improve tenant satisfaction by creating functional designs making the most of open high ceiling

< Before refurbishment >



< After refurbishment >



Financial Conditions (1) Financial Strategy and Debt Costs

// Financial Strategy

- Establish a bank formation with financial institutions that have close relationships with Daiwa House
- Control LTV within a conservative range of approximately 50% to 55%
- Focus on extending loan terms and reducing debt costs, and use a 10 billion yen commitment line to support flexible property acquisition

// Improvements in the Financial Position during the 18th Fiscal Period (ended February 2015)

- 2 properties acquired in the 18th fiscal period (Aburatsubo, Meguro Tairamachi) were acquired with commitment line. Consequently, the LTV level at the end of the period was 0.2% up from the previous period.
End of 17th 51.1% → End of 18th 51.3%
- In January 2015, DHI undertook repayment of the rehabilitation obligations succeeded from NCR and cut debt costs.

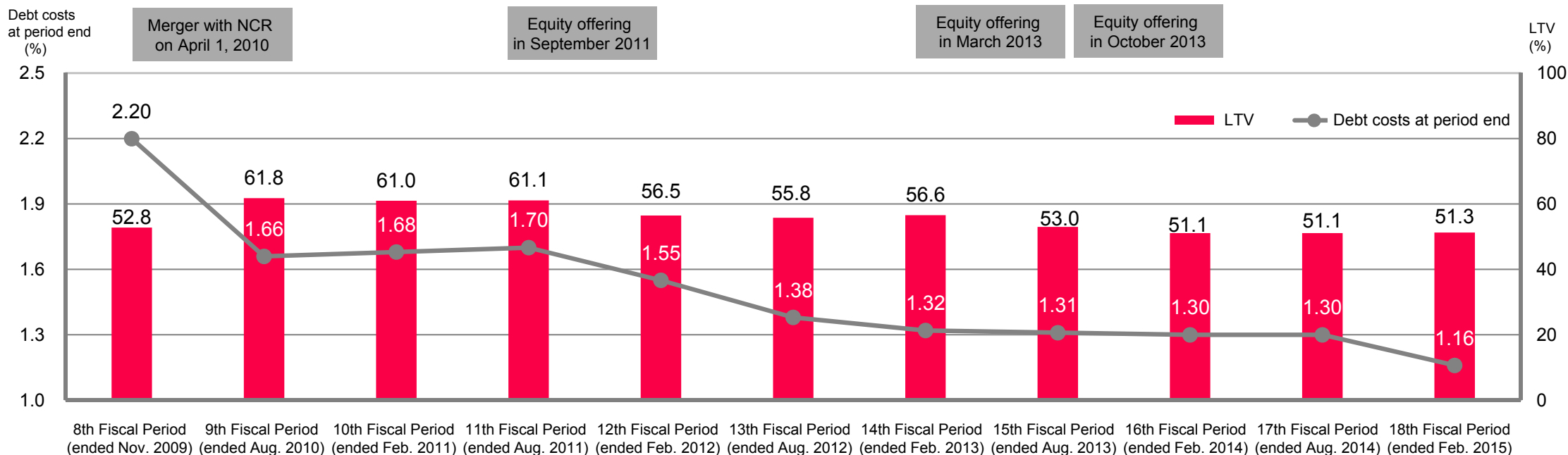
// Progress of Reducing Debt Costs

Date of refinancing	Amount refinanced (billion yen)	Change in debt costs *1)	Debt costs per unit change (yen/ fiscal period) *2)
December 2010	10.5	1.47% ▶ 1.79%	26
September 2011	31.8	1.93% ▶ 1.34%	(147)
March 2012	18.0	1.48% ▶ 1.31%	(23)
July 2012	12.4	2.24% ▶ 0.93%	(127)
January and February 2013	26.5	1.32% ▶ 1.04%	(59)
January 2014	3.5	1.28% ▶ 1.04%	(5)
January 2015	14.8	1.78% ▶ 0.64%	(114)

*1) Base rate + spread + other financing related expenses

*2) Based on number of units outstanding at date of refinancing, taking into account the 2-for-1 split of investment units on March 1, 2013 and March 1, 2015.

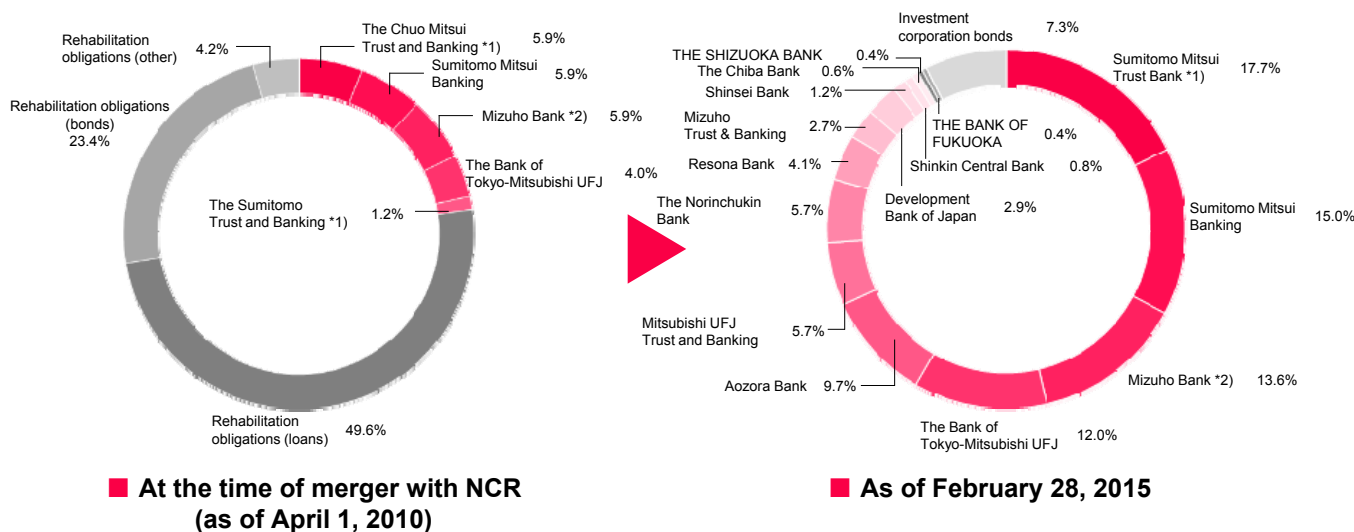
// Transition of Debt Costs *) and LTV at the End of the Fiscal Period



*) Excluding commitment line and rounded to two decimal places.

Financial Conditions (2) Composition of Loans

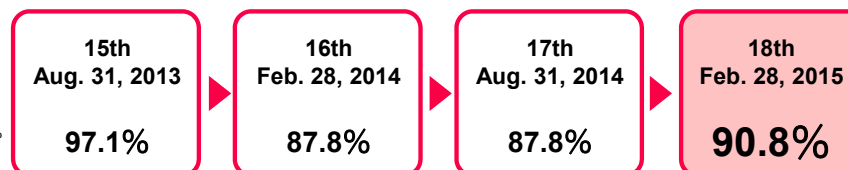
// Diversifying Sources of Financing



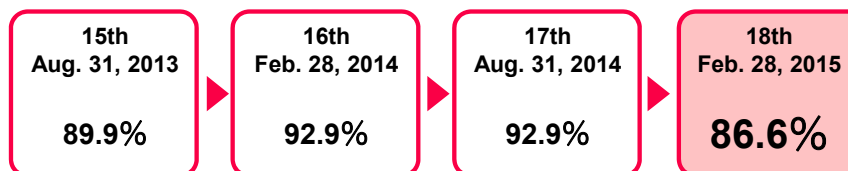
*1) The Chuo Mitsui Trust and Banking Co., Ltd., the Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Co., Ltd. merged on effective April 1, 2012 to form Sumitomo Mitsui Trust Bank, Limited.
*2) Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd. merged effective July 1, 2013 to form Mizuho Bank, Ltd.

// Loan Term and Fixed Rate Ratio

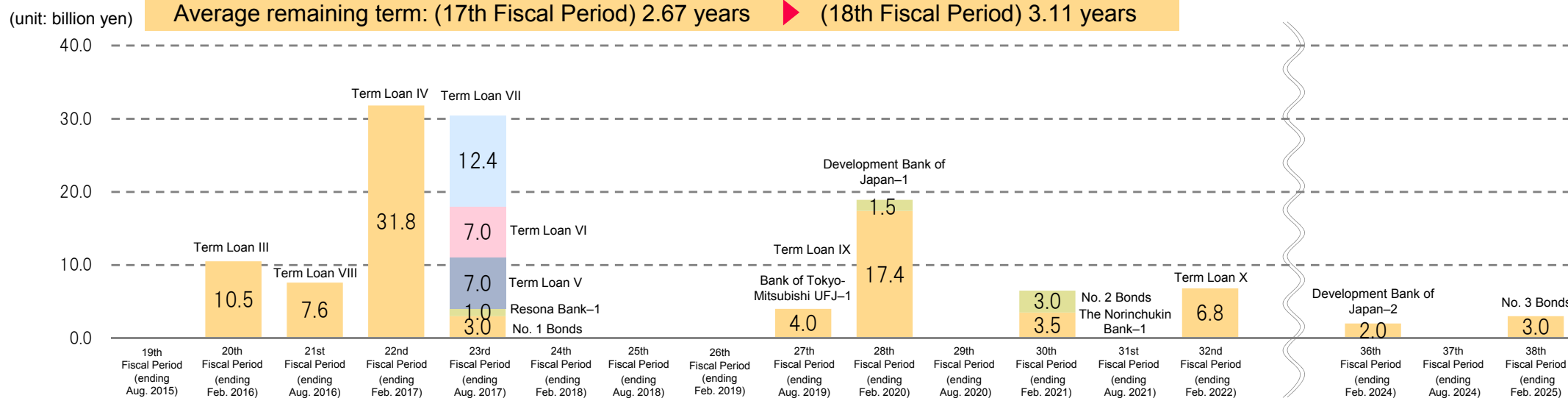
Increase in ratio of long-term debt



Increase in ratio of loans with fixed rates



// Debt Maturity



*) Excluding debt based on commitment line.

Financial Conditions (3) Status of Interest-bearing Debt

// Status of Interest-bearing Debt (as of March 31, 2015)

(unit: million yen)

Loans	Lenders	Balance	Interest Rate	Drawdown Date	Maturity	Duration	Description
Commitment Line I-7	4 financial institutions	800	0.63% (Variable) < Spread 0.5% >	September 26, 2014	September 25, 2015	1 year	Unsecured
Term Loan III	7 financial institutions	10,500	1.40% * (Fixed) < Spread 0.8% >	December 28, 2010	December 28, 2015	5 years	Unsecured
Term Loan IV	8 financial institutions	31,800	1.096% * (Fixed) < Spread 0.65% >	September 30, 2011	September 30, 2016	5 years	Unsecured
Term Loan V	4 financial institutions	7,000	1.025% * (Fixed) < Spread 0.6% >	March 27, 2012	March 31, 2017	5 years	Unsecured
Term Loan VI	3 financial institutions	7,000	1.025% * (Fixed) < Spread 0.6% >	March 27, 2012	March 31, 2017	5 years	Unsecured
Term Loan VII	4 financial institutions	12,400	0.69536% * (Fixed) < Spread 0.45% >	July 31, 2012	July 31, 2017	5 years	Unsecured
Term Loan VIII	8 financial institutions	7,600	0.43% (Variable) < Spread 0.3% >	January 31, 2013	March 31, 2016	3.2 years	Unsecured
Term Loan IX	8 financial institutions	17,410	0.9585% * (Fixed) < Spread 0.5% >	January 31, 2013 February 28, 2013	January 31, 2020	6.11 years 7 years	Unsecured
Term Loan X	9 financial institutions	6,858	0.43% (Variable) < Spread 0.3% >	January 30, 2015	January 31, 2022	7 years	Unsecured
Resona Bank-1	Resona Bank, Ltd.	1,095	0.81% (Variable) < Spread 0.6% >	March 26, 2012	March 31, 2017	5 years	Unsecured
Bank of Tokyo-Mitsubishi UFJ-1	Bank of Tokyo-Mitsubishi UFJ	4,000	1.07% (Fixed)	March 27, 2012	March 27, 2019	7 years	Unsecured
Development Bank of Japan Inc-1	Development Bank of Japan Inc.	1,500	0.96375% (Fixed)	January 31, 2013	January 31, 2020	7 years	Unsecured
Norinchukin Bank-1	Norinchukin Bank	3,500	0.89825% * (Fixed) < Spread 0.4% >	January 31, 2014	January 31, 2021	7 years	Unsecured
Development Bank of Japan Inc-2	Development Bank of Japan Inc.	2,000	0.8825% (Fixed)	January 30, 2015	January 31, 2024	9 years	Unsecured
No. 1 Bonds	No. 1 Unsecured Bonds	3,000	1.12% (Fixed)	March 9, 2012	March 9, 2017	5 years	Unsecured
No. 2 Bonds	No. 2 Unsecured Bonds	3,000	0.35% (Fixed)	January 22, 2015	January 22, 2021	6 years	Unsecured
No. 3 Bonds	No. 3 Unsecured Bonds	3,000	0.67% (Fixed)	January 22, 2015	January 22, 2025	10 years	Unsecured

Total Interest-bearing Debt
122,463

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

Distribution Management (1) Stabilizing Distributions

Utilizing of Tax-Loss Carry-Forwards
44.5 billion yen
(as of February 28, 2015)



Utilizing of Retained Earnings
18.2 billion yen *)
(as of February 28, 2015)

*) The amount of retained earnings indicates after a reversal of internal reserves.
The amount before a reversal was 18.4 billion yen.

// Accumulate Retained Earnings by Utilizing 44.5 billion yen Tax-Loss Carry-Forwards

- DHI succeeded tax-loss carry-forwards through the merger with NCR in 2010, which filed for civil rehabilitation
- J-REITs must distribute over 90% of their distributable income (J-REIT tax requirement)
- With the tax-loss carry-forwards, there will be no taxable profit until the fiscal period ending August 2018. As a result, DHI will not be taxed, even without over 90% distribution

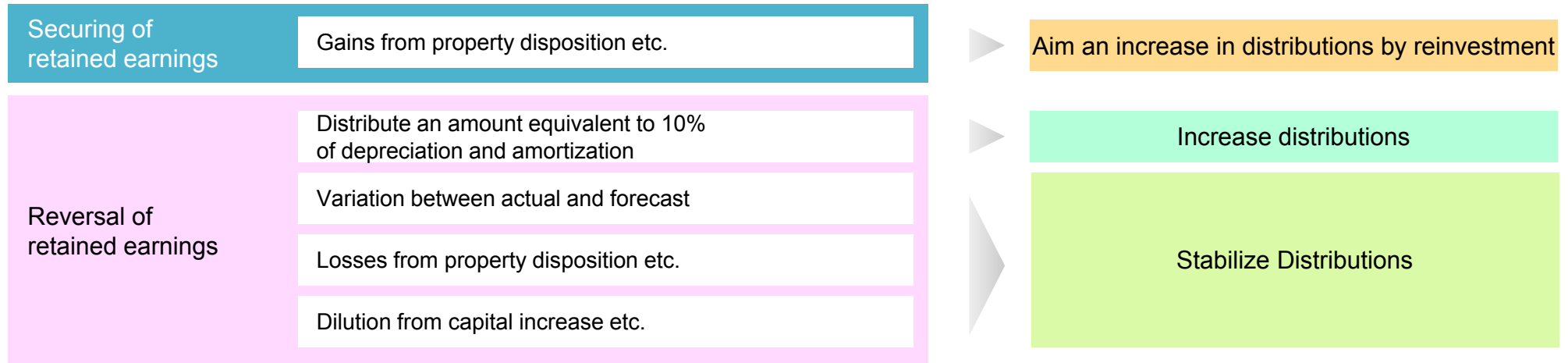


**DHI is able to distribute retained earnings by utilizing tax-loss carry-forwards
when it realizes gain from property disposition**
**(Possible to increase distributions through reinvestment of cash generated
by gain from property disposition)**

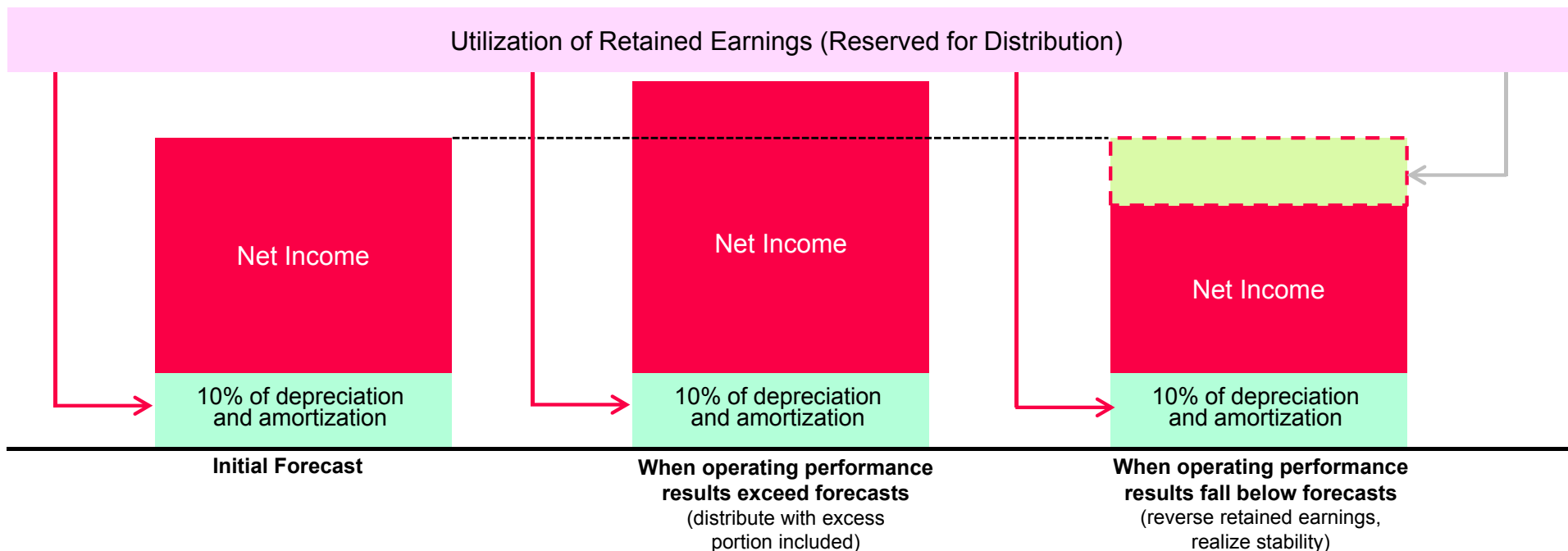
// Retained Earnings (Reserved for Distribution)

- Total retained earnings (reserve for distribution) of 18.2 billion yen (amount after reversal of retained earnings in current fiscal period) currently held is accrued on top of the 19.0 billion yen 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 flexibly for future distributions.
Current balance of retained earnings **24,422 yen per unit**

// Utilization Policy of Retained Earnings (Reserved for Distribution)



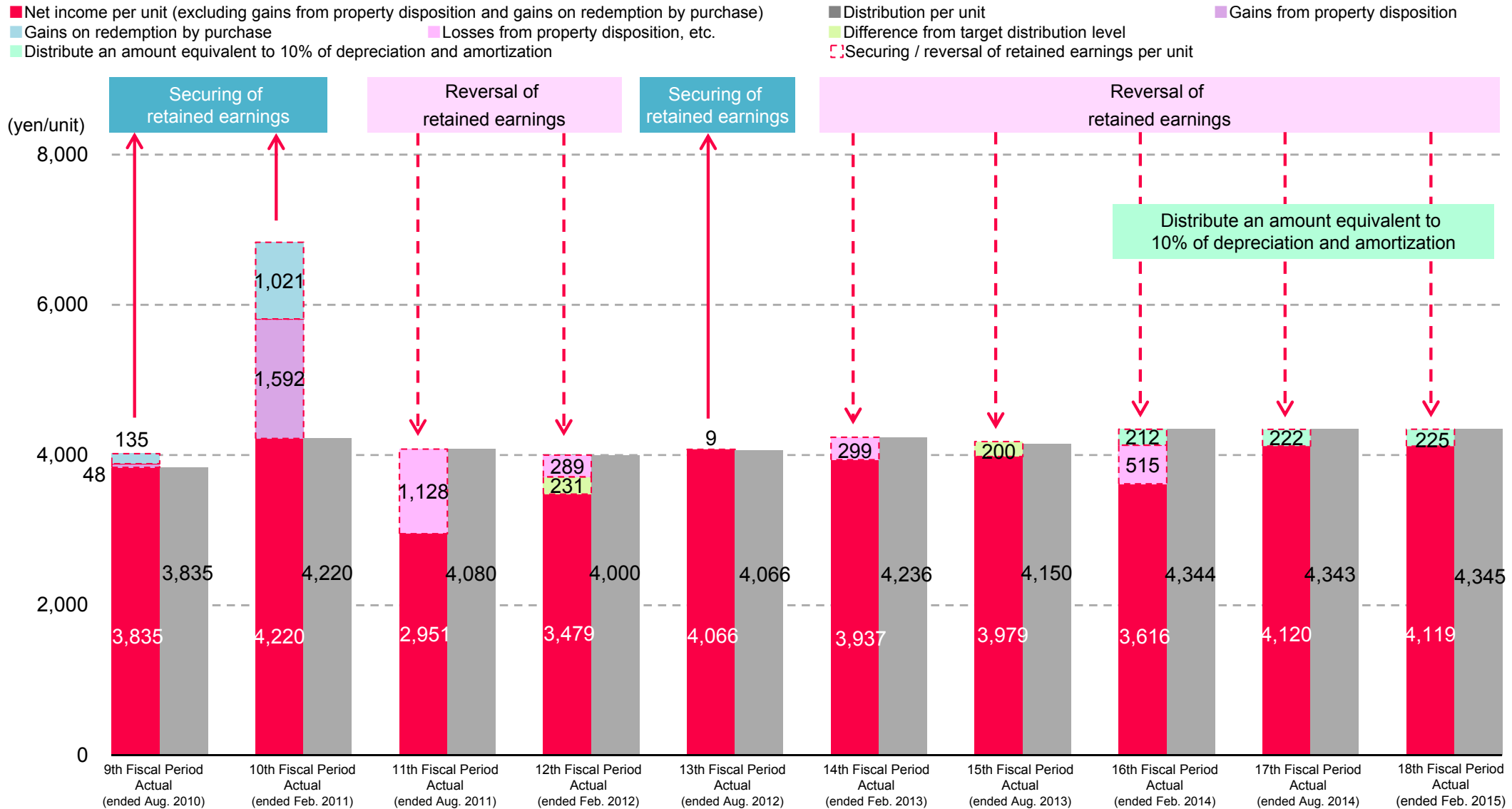
// Diagram of Distribution Policy



*) Under the new distribution policy, DHI has the policy to stabilize distributions. However, it is not intended as a guarantee or promise of the forecast distribution amounts.

Distribution Management (3) Utilization of Retained Earnings

Measures to Stabilize Distributions

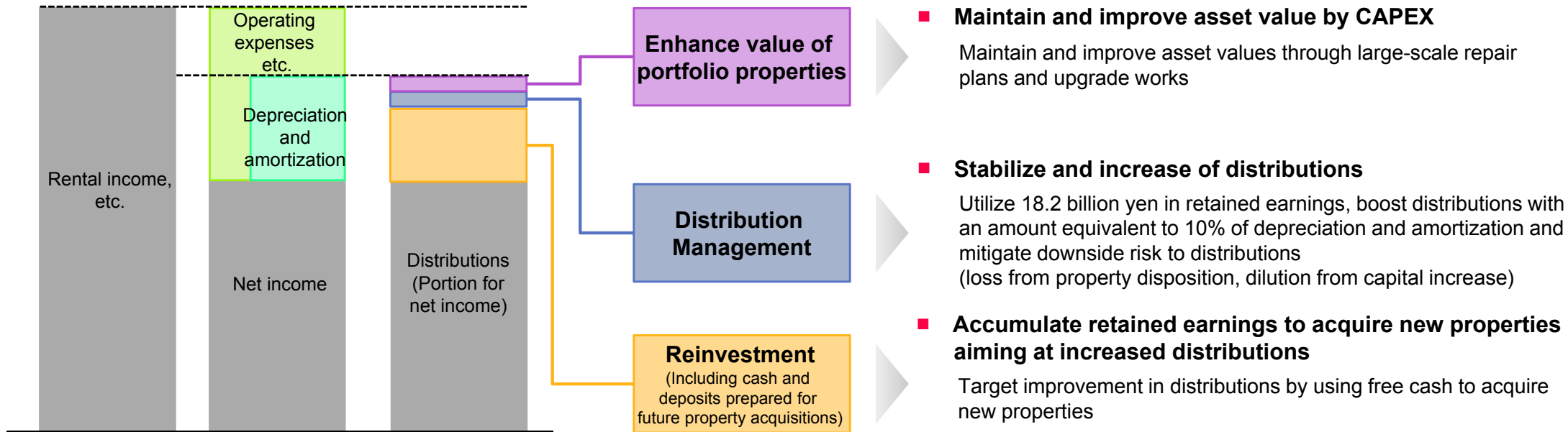


*1) DHI implemented 2-for-1 splits of investment units effective March 1, 2013 and March 1, 2015. Consequently, for all of the fiscal periods prior to and including the 14th fiscal period (ended Feb. 2013), the impacts of these investment unit splits are factored in for each period, and the figures presented for target distribution level per unit, net income per unit *, distribution per unit *) and securing / reversal of retained earnings per unit *) for each period are divided by 4. In addition, for all of the fiscal periods from the 15th fiscal period (ended Aug. 2013) to the 18th fiscal period (ended Feb. 2015), the figures presented for target distribution level per unit, net income per unit *, distribution per unit *) and securing / reversal of retained earnings per unit *) for each period are divided by 2. The 9th fiscal period (ended Aug. 2010) is the nine-month period from December 1, 2009 to August 31, 2010 due to a change in fiscal period-end.

*2) Net income for the 9th fiscal period (ended Aug. 2010) was 20,918 million yen. However, for the purpose of comparison, the figure of 1,909 million yen, which excludes a gain of 19,009 million yen on negative goodwill, is presented, and net income per unit *) above is based on this amount. * "Net income per unit," "Distribution per unit" and "Securing / reversal of retained earnings per unit" are respectively calculated by dividing net income, distribution and securing / reversal of retained earnings for each period by outstanding units issued at the end of each fiscal period.

Distribution Management (4) Utilization of Depreciation and amortization

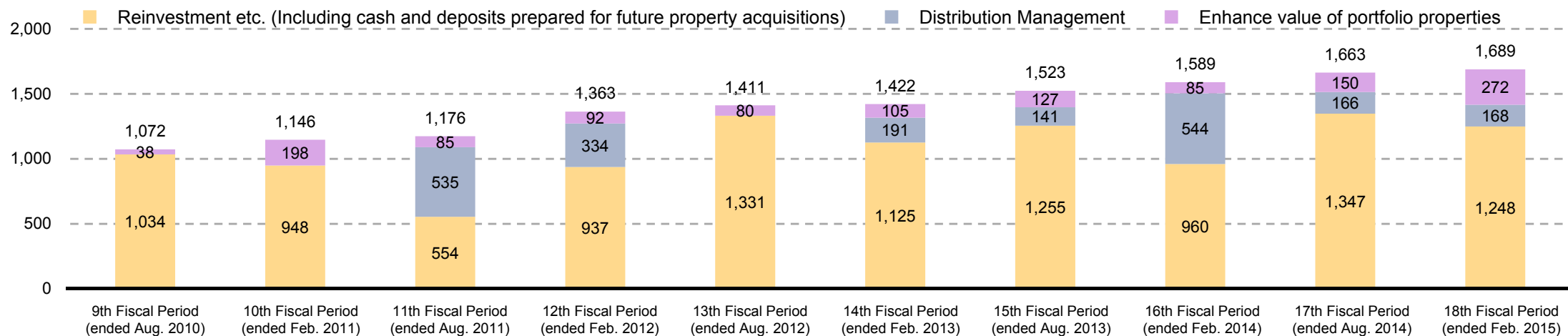
// Image of depreciation and amortization utilization policy



*) The above diagram shows a conceptual image of the depreciation and amortization utilization policy and does not constitute a guarantee or promise that actual utilization will be the same.

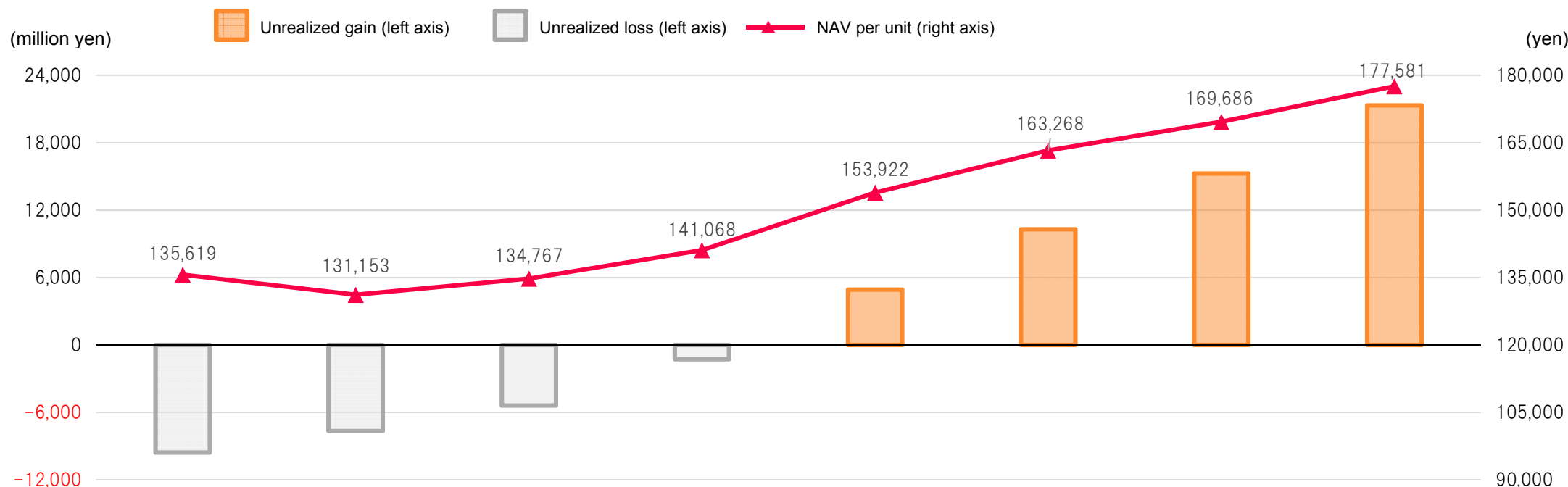
// Utilization of Depreciation and amortization

(unit: million yen)



Conditions of Unrealized Gain and Loss and NAV Per Unit

// Movement in Unrealized Gain and Loss and NAV *1) Per Unit



	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)
Unrealized gain and loss (million yen)	(9,572)	(7,661)	(5,389)	(1,260)	4,914	10,292	15,258	21,328
Appraisal CAP Rate *2)	5.7%	5.7%	5.6%	5.6%	5.5%	5.4%	5.3%	5.2%
Area 1	5.3%	5.3%	5.2%	5.2%	5.1%	5.0%	4.9%	4.8%
Area 2	5.6%	5.5%	5.5%	5.4%	5.3%	5.2%	5.1%	4.9%
Area 3	6.7%	6.5%	6.4%	6.3%	6.3%	6.1%	6.2%	6.0%
Area 4	6.5%	6.4%	6.3%	6.3%	6.2%	6.1%	6.0%	5.9%

*1) DHI implemented 2-for-1 splits of investment units effective March 1, 2013 and March 1, 2015. Consequently, for all of the fiscal periods prior to and including the 14th fiscal period (ended Feb. 2013), the impacts of these investment unit splits are factored in for each period, and the figures presented for NAV per unit are divided by 4 with amounts rounded down to the nearest unit. In addition, for the 15th period and after, the impact of the investment unit split effective March 1, 2015, is factored in, and the figures presented for NAV per unit are divided by 2 with amounts rounded down to the nearest unit.

*2) Calculated by dividing the total of the net operating income shown in the real estate appraisal reports for the portfolio properties at the end of each fiscal period by the total estimated properties value calculated by the direct capitalization method.

// Background of Non-conformance with the Minister's Certification of Materials Manufactured by Toyo Tire & Rubber Co., Ltd., Cancellation of Issuance of New Investment Units, etc.

- March 9, 2015 (Mon.) DHI announced that it had resolved to issue 39,600 investment units through equity offering (including OA) and would acquire five properties, etc.
- March 13, 2015 (Fri.) In response to "Concerning non-conformance, etc., with the Minister's certification of seismic isolation materials manufactured by Toyo Tire & Rubber Co., Ltd." announced by the Ministry of Land, Infrastructure, Transport and Tourism ("MLIT"), DHI started investigations of its portfolio properties.
- March 16, 2015 (Mon.) DHI inquired to Toyo Tire & Rubber Co., Ltd. ("Toyo Tire") about one of its portfolio properties (the "applicable property") and received a response saying that it was not applicable.
- March 17, 2015 (Tue.) After Toyo Tire notified DHI of the use of seismic isolation materials (seismic isolation rubber bearings for building construction) ("seismic isolation rubber") that are substandard to the performance standards for certification by MLIT at the applicable property, DHI started discussions with MLIT, the Tokyo Stock Exchange, and other related parties.
- March 18, 2015 (Wed.) DHI announced the cancellation of issuance of new investment units, etc., and postponement of acquisition of five properties (on the pricing day of (planned)) due to the inability to confirm the safety of the applicable property and the impact of the issue on distributions in a short period of time.
- March 25, 2015 (Wed.) After Toyo Tire confirmed (on March 24) that the applicable seismic isolation rubber is fully resistant to earthquakes with a seismic intensity of 5-upper or equivalent and there is no risk of collapsing, DHI started providing explanations to residents of the applicable property (visited individual residents after posting a notice and delivering flyers to all units).
- March 25, 2015 (Wed.) Toyo Tire made a decision to exchange all applicable seismic isolation rubber bearings (25 bearings for the applicable property).
- March 26, 2015 (Thu.) MLIT announced the results of confirmation that the applicable seismic isolation rubber is fully resistant to earthquakes with a seismic intensity of 5-upper or equivalent and there is no risk of collapsing.
- March 31, 2015 (Tue.) MLIT announced the results of confirmation that the applicable seismic isolation rubber is resistant to earthquakes with a seismic intensity of 6-upper to 7 or equivalent and there is no risk of collapsing.

// Confirmation of the Safety of the Applicable Property

- Since MLIT, as well as third-parties, have confirmed that the applicable property has no risk of collapsing from earthquakes with a seismic intensity of 6-upper to 7 or equivalent, the confirmation of the building safety has been completed.
- DHI individually explained the situation to 73% of the residents of the applicable property, and no major confusion has occurred.
- Discussions with Toyo Tire for the exchange of the applicable seismic isolation rubber will be carried out in the future. However, details remain unclear including the timing, construction operators, and feasibility of undertaking construction with residents remaining in the units.

// Impact on the Financial Performance

- All costs related to the cancellation of an equity offering have been recognized by the asset management company.
- While Toyo Tire will bear costs related to exchanging the applicable seismic isolation rubber, who will bear other costs is yet to be determined.
- While forecasts of financial performance for the 19th Fiscal Period (ending August 2015) have been calculated by putting certain stress on the applicable property, if there were any impact on forecasted distributions, retained earnings would be used to avoid and offset the impact on distributions.

- DHI plans to add an amount equivalent to 10% of depreciation and amortization (187 million yen for the 19th fiscal periods and 198 million yen for the 20th fiscal periods) to net income and distribute the total.
- DHI will also target further upside to distributions by using free cash to acquire new properties.

(unit: million yen)

	18th Fiscal Period Actual (ended Feb. 2015)	19th Fiscal Period Forecast (ending Aug. 2015)		20th Fiscal Period Forecast (ending Feb. 2016)	
			Term on term		Term on term
Operating Revenue	8,693	9,252	+558	9,532	+280
Operating Expense	4,811	5,328	+516	5,578	+249
Operating Income	3,881	3,924	+42	3,954	+30
Ordinary Income	3,081	3,132	+51	3,151	+18
Net Income	3,080	3,132	+51	3,150	+18
Reversal of Retained Earnings	168	187	+18	198	+11
Total Distributions	3,249	3,319	+70	3,349	+29

Net Income per Unit	(A)	4,119 yen	4,189 yen	+70 yen	4,214 yen	+25 yen
Reversal of Retained Earnings per Unit	(B)	225 yen	251 yen	+26 yen	266 yen	+15 yen
Distribution per Unit	(A) + (B)	4,345 yen	4,440 yen	+95 yen	4,480 yen	+40 yen

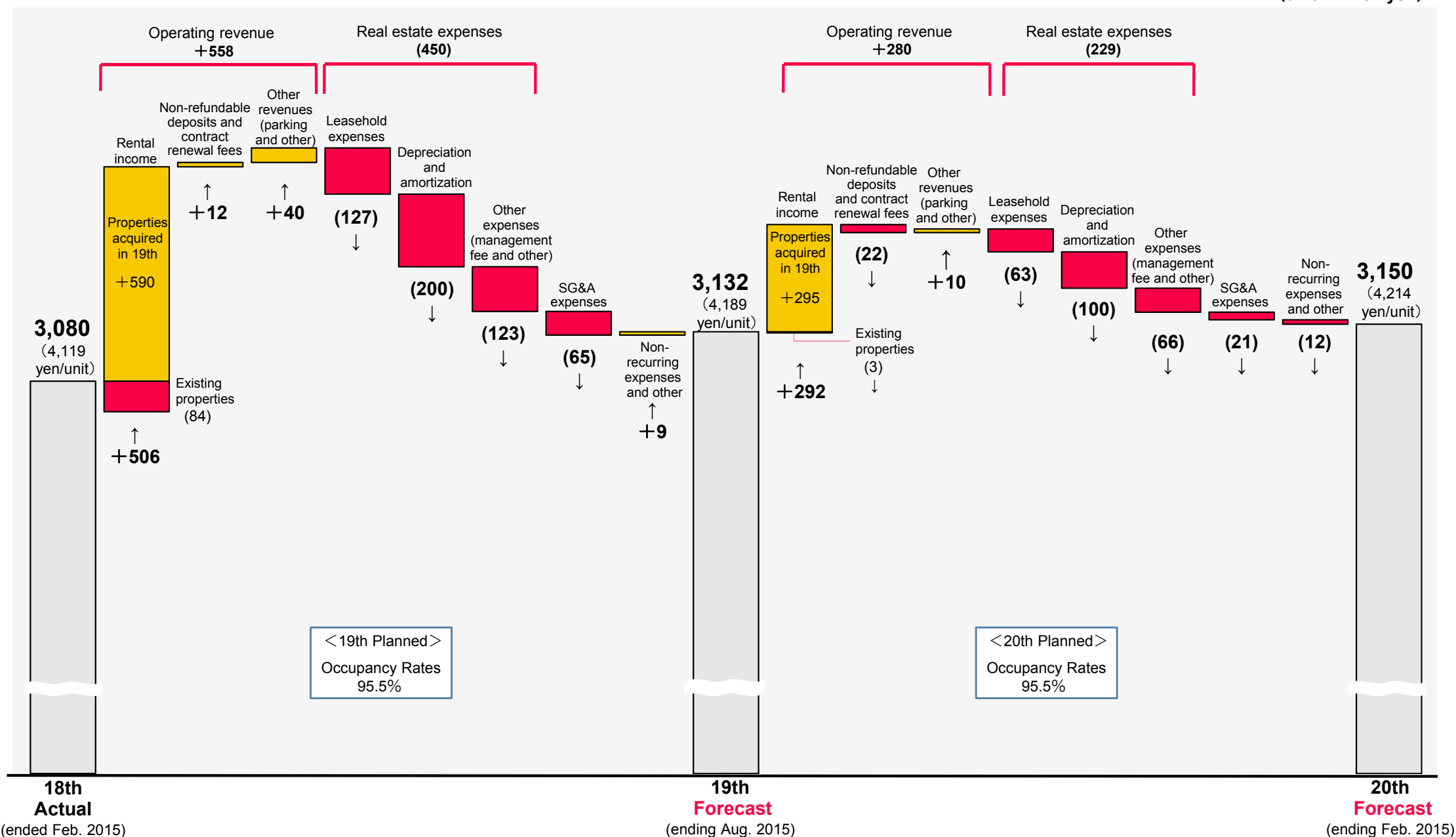
Number of Owned Properties	136 properties	141 properties	+5 properties	141 properties	—
Portfolio Size (Purchase price basis)	237,626	255,376	+17,750	255,376	—
Average Occupancy Rate in the Fiscal Period	96.8%	95.5%	(1.3)%	95.5%	—

*) The figures presented for net income per unit, securing / reversal of retained earnings per unit and distribution per unit for the 18th fiscal period factor in the impact from the investment unit split effective March 1, 2015, are divided by 2 with amounts rounded down to the nearest unit. In addition, forecasts for the 19th and 20th fiscal periods assume post-investment unit split figures of 747,740 units outstanding at the end of each period.

Nineteenth Fiscal Period (ending Aug. 2015) and Twentieth Fiscal Period (ending Aug. 2015) Breakdown of Net Income Forecast

// Breakdown of Forecast Net Income

(unit: million yen)



*) Net Income per unit for the 18th Fiscal Period take the 2-for-1 split into account and amount is rounded down to the nearest unit.

Future Action Plans Accompanying Acquisition of Five Properties

// Initiatives Announced on April 9, 2015

(Property Acquisitions and Debt Financing will be Carried Out, effective May 1, 2015)

Property
acquisition

Acquisition of five properties
at 17,750 million yen (acquisition price)

Realize external growth and
increase of distributions

Debt
financing

Long-term loans: 7-year term, 10,000 million yen
Short-term loans: 1-year term, 10,000 million yen

Expected increase in loan-to-value (LTV)
51.3% (February 28, 2015) → 55.1% (estimate after
the acquisition of five properties)

Filing of shelf
registration
statement

Filing of shelf registration statement
for 10,000 million yen investment units
Period: April 17, 2015 – April 16, 2017

Consider issuing new investment units

// Initiatives to be Considered in the Future

Issuance of new
investment units

Issuance of new investment units
at appropriate time

Consider lowering loan-to-value (LTV) by repayment
of 10,000 million yen short-term loans

Property
disposition

Disposition of
relatively less competitive properties

Consider lowering loan-to-value (LTV) by partial
repayment of 10,000 million yen short-term loans

// Future Policies of Growth Strategy

Implementation of Distribution Management

Implementation of distribution management utilizing retained earnings of 18.2 billion yen and tax-loss carry-forwards of 44.5 billion yen (as of February 28, 2015)

*) The amount of retained earnings indicates after a reversal of internal reserves.
The amount before a reversal is 18.4 billion yen.

Leverage Comprehensive Strengths of the Daiwa House Group

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



Daiwa House Residential Investment Corporation

Realizing Sustained External Growth and Stabilized Distribution

Enhancement of Portfolio Quality

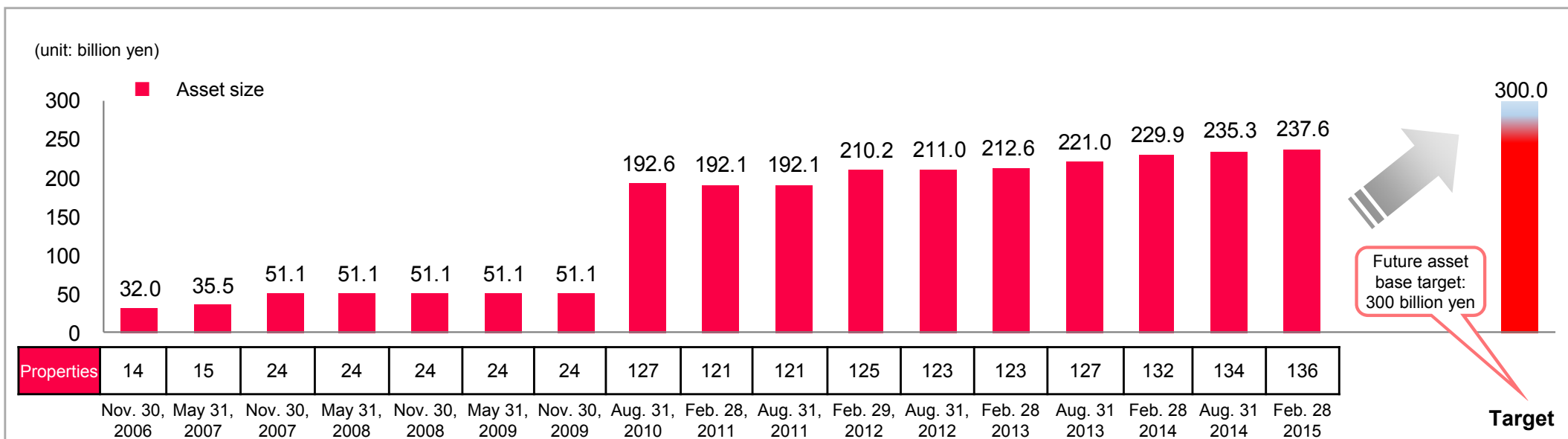
By continuing to carry out long-term repairs, strive to maintain and improve portfolio quality and realize reductions in administrative and management costs

Expansion of Portfolio Size

Aiming to expand portfolio size, mainly in properties to be developed by Daiwa House Industry, Investment in senior housing

Enhancement of Financial Position

Building a strong banking structure backed by the creditworthiness of the Daiwa House Group, reducing debt costs





APPENDIX

Daiwa House
Residential
Investment Corp.







Daiwa House Asset Mgt.
Daiwa House Group



Investment Strategy on Residential Properties by Area

// By Area



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	60% or more		30% or less	30% or less
	DHI's Portfolio (as of February 28, 2015)	71.6%		8.0%	20.5%
		(39.1%)	(32.5%)		

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 plans 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 master lessee 	<ul style="list-style-type: none"> Consider purchasing attractive properties in this area based on property competitiveness, size, and yield

Investment Strategy on Residential Properties by Type

// By Type

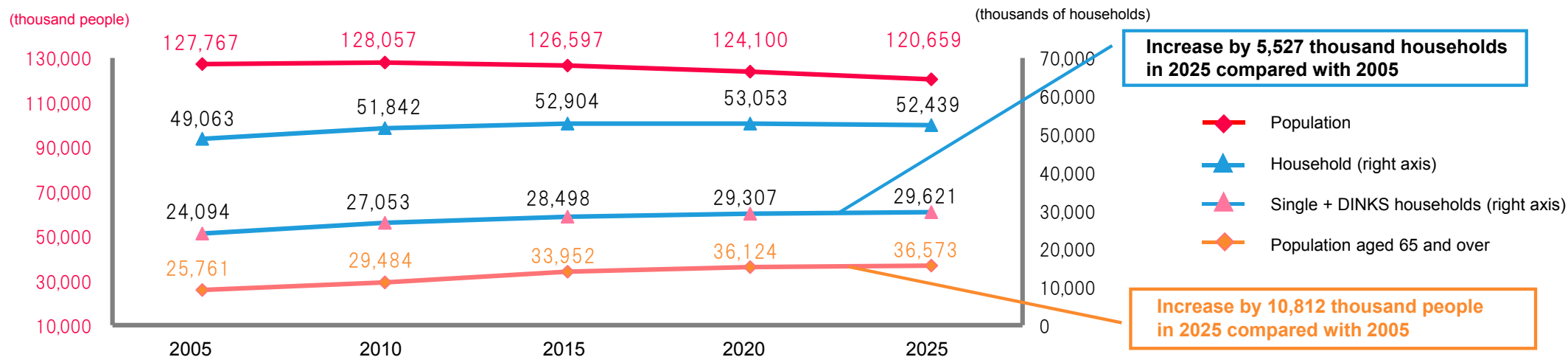
	Type	Compact Type	Family Type
Current	Overview	<ul style="list-style-type: none"> Residences aimed mainly at singles, double income no kids (DINKS) and designed in for their life styles 	<ul style="list-style-type: none"> Residences aimed mainly at families and designed for their life styles
	Dedicated Area	60m ² or less	More than 60m ²
	Investment Policy	70% or more	30% or less
	DHI's Portfolio (Unit basis) (as of February 28, 2015)	82.4%	17.6%

Future	Portfolio Target		
	Rationale	<ul style="list-style-type: none"> Rents are currently low however downward rigidity of occupancy rates and rent is strong 	<ul style="list-style-type: none"> A supply of excellent properties is expected from Daiwa House Study prospect of investing in properties for which Daiwa House Group function as an master lessee

Building the Portfolio: Strengths of DHI Portfolio

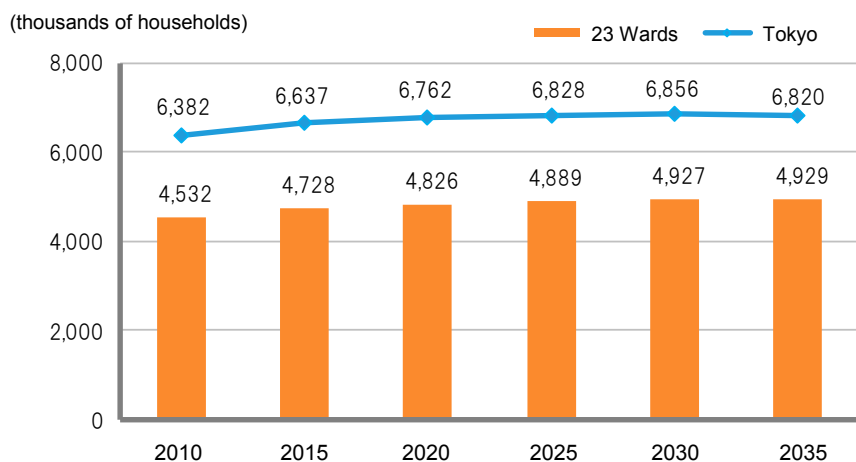
- Investment strategy focused on the Tokyo Metropolitan area where continuous population growth is expected, with a certain level of investment in major regional cities where local populations are expected to be concentrated for portfolio diversification
- By type, investment strategy focused on properties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

Estimated Population and Number of Households (including forecasts)



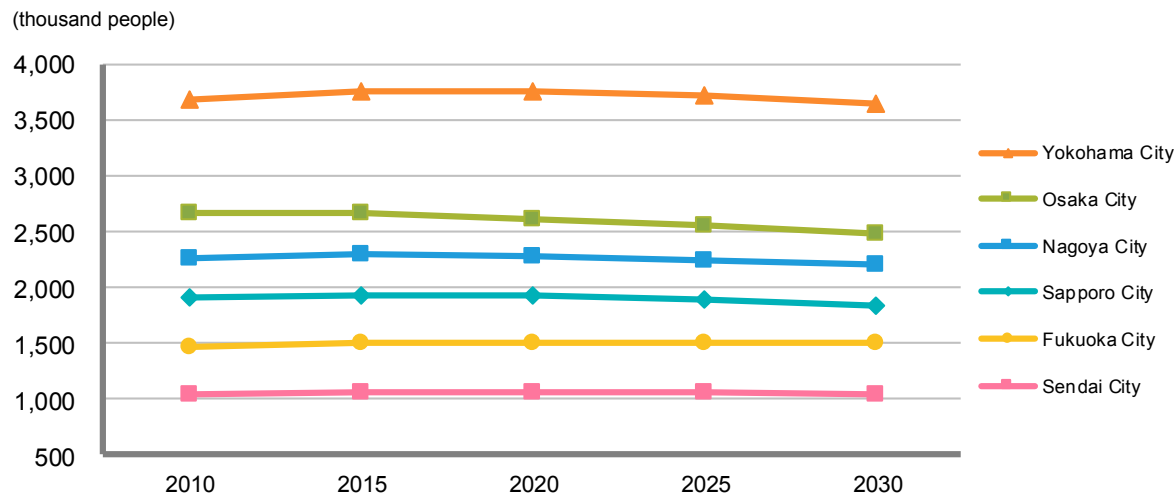
(Source) National Institute of Population and Social Security Research "Future Change in Households in Japan" (January 2013) and "Population Projections for Japan: Medium-fertility and Medium-mortality Assumptions" (January 2012)
(Source) Statistics Bureau, Ministry of Internal Affairs and Communications "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 2014)

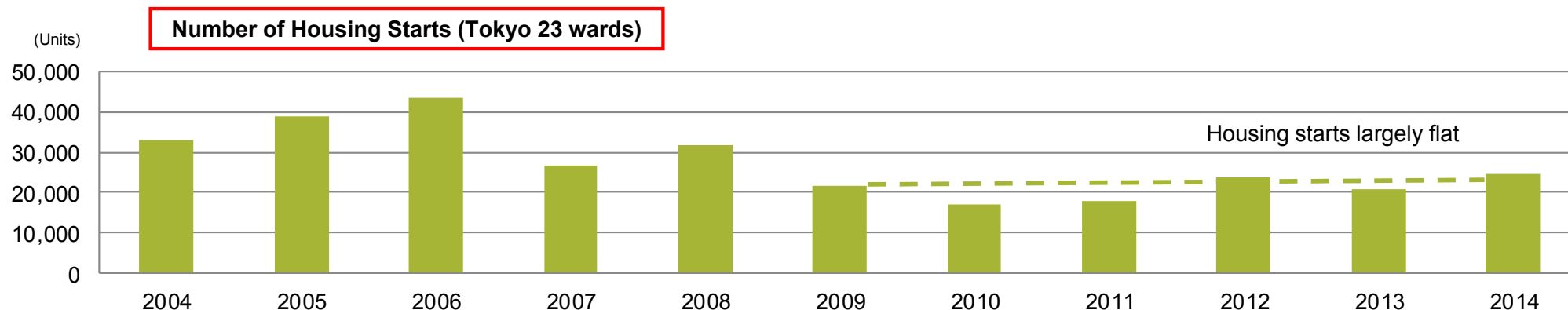
Estimated Population Changes by City (including forecasts)



(Source) National Institute of Population and Social Security Research "Estimated Population Changes by City, Town or Village" (March 2013)

// Number of Housing Starts Trend

- Number of housing starts for rental condominiums in Tokyo 23 wards totaled 24,532 units in 2014 (up 17.6% from a year earlier).
- After peaking in 2006, housing starts declined due to the impact of the revised Building Standards Act (2007) and the collapse of emerging small-medium condominium developers during the financial crisis post Lehman Shock (2008). However, housing starts have been largely flat over the last few years.

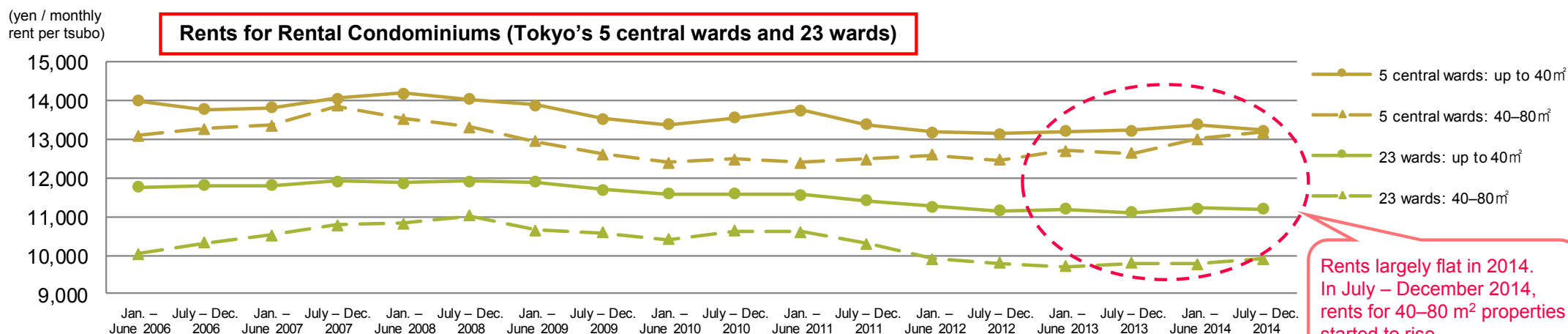


*1) Source: Daiwa House Asset Management Co., Ltd., based on Statistics on Building Starts, published by Ministry of Land, Infrastructure, Transport and Tourism

*2) Shows the 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 saw a slight decline for up to 40 m² and smaller properties, but a slight rise for 40–80 m² properties. Rents in Tokyo's 23 wards saw a slight decline for 40 m² and smaller properties, but a slight rise for 40–80 m² properties.



*1) Source: Daiwa House Asset Management Co., Ltd., based on Survey Results of Housing Market Index 2014 H2, published by the Japan Real Estate Institute (JREI) on March 11, 2015.

*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.

// Initiatives in Senior Housing

**Increase in
Elderly Population**

**Support Measures from
Abenomics Growth Strategy**

**Support Measures from Ministry of Land,
Infrastructure, Transport and Tourism**

- The medical and nursing care field has been selected as an important theme in the Abenomics growth strategy (Japan Revitalization Strategy) and the elderly market is expected to grow in line with the increase in the elderly population.
- With support from Daiwa House Industry such as in the development, management and operation of senior housing (serviced senior housing, private nursing homes, etc.) and supplementation of credit of operators, DHI intends to carry out moderate investment in senior housing, making senior housing account for approximately 5% of its total portfolio with a maximum amount of 10 billion yen.

// The First Property of Senior Housing Acquired in June 2013 (Urban Living Inage)

Location	Inage Ward, Chiba City, Chiba
Structure · Floor	S, 4F
Completion Date	March 2009
Establish Date	May 2009
Leasable Units	100 units
Acquisition Date	June 24, 2013
Acquisition Price	930 million yen
Seller	Daiwa House Industry Co., Ltd.
NOI yield (*)	7.4%

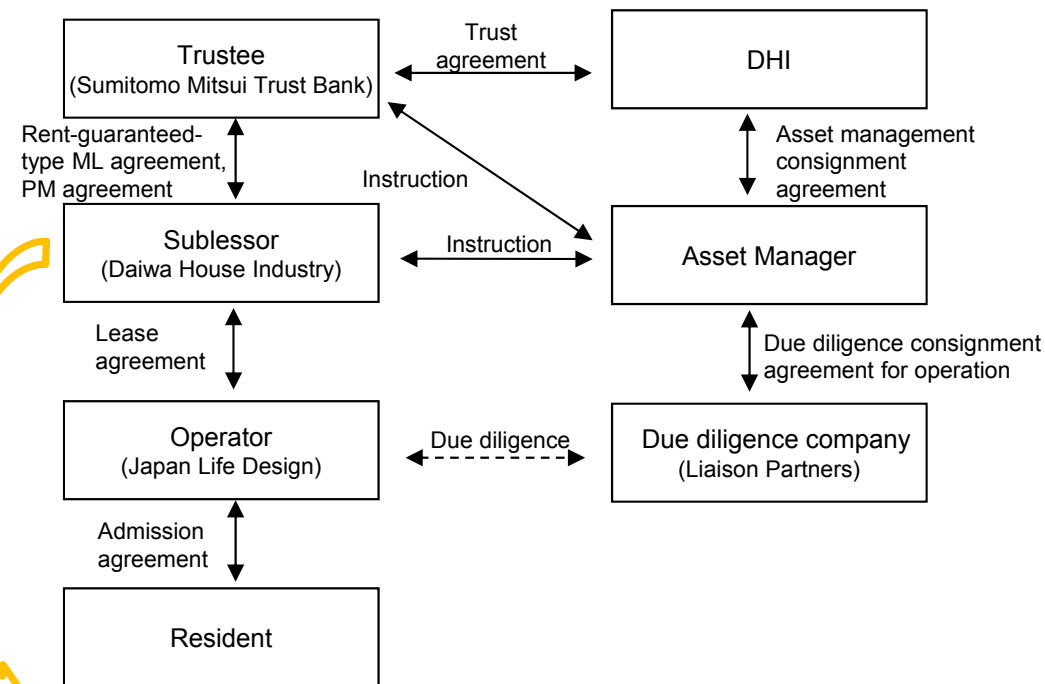


// The Second Property of Senior Housing Acquired in September 2014 (Aburatsubo Marina HILLS)

Location	Miura city, Kanagawa
Structure · Floor	S, 5F
Completion Date	April 2008
Establish Date	June 2008
Leasable Units	106 units
Acquisition Date	September 1, 2014
Acquisition Price	1,100 million yen
Seller	Daiwa House Industry Co., Ltd.
NOI yield (*)	7.2%



【 Structure of Urban Living Inage and Aburatsubo Marina HILLS 】



Daiwa House Industry provides support in managing and operating the property as the property management company. Furthermore, through a rent-guaranteed-type master lease agreement with Daiwa House Industry, DHI will be able to secure stable revenue over the long term from the 2 properties shown on the left.

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

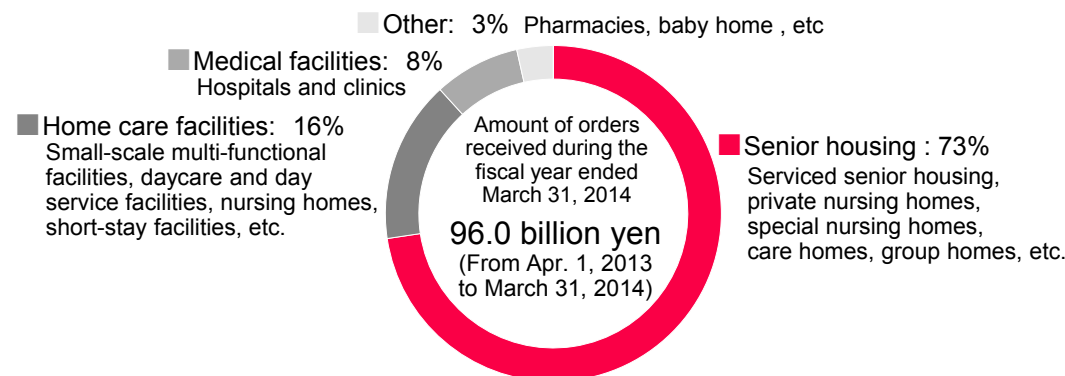
// Profile of Daiwa House Industry

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	¥161,699 million (as of March 31, 2014)		
Ratings	Japan Credit Rating Agency, Ltd. (JCR)	:	AA (Stable)
	Rating and Investment Information, Inc. (R&I)	:	AA- (Stable)

// Results of Daiwa House Group's Healthcare Business

Amount of orders received by Daiwa House Industry for senior housing, medical treatment and nursing, and welfare facilities

Sum total amount of orders through March 31, 2014: 662.8 billion yen



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

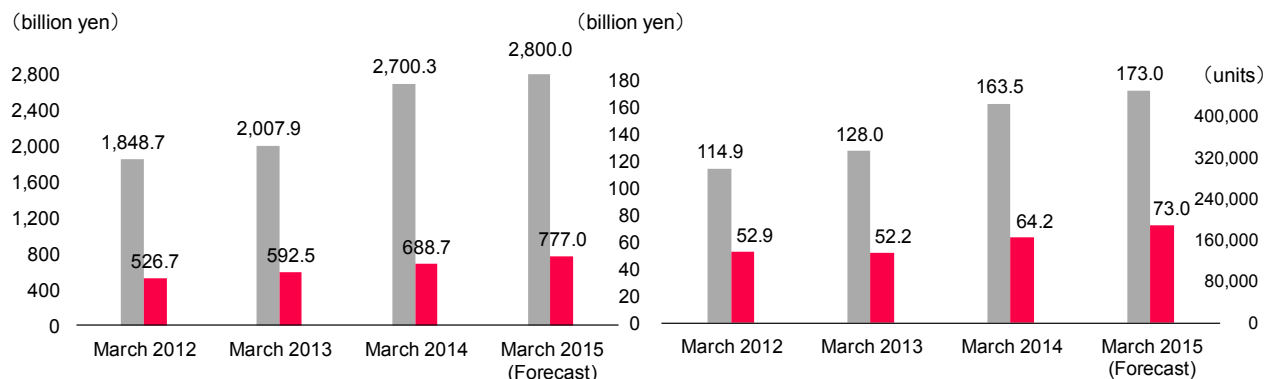
- Using its extensive property planning and development expertise in providing a grand total of around 890,000 rental residences (as end of September 2014), Daiwa House Industry is developing products that anticipate the needs of residents and landowners
- Daiwa House Industry shows a steady growth in net sales and operating income of the Rental Housing Business

Net Sales (consolidated basis)

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

Operating Income (consolidated basis)

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



(Source) "Financial Highlights for FY2014 2Q" of Daiwa House Industry.

// Number of Rental Residences Managed

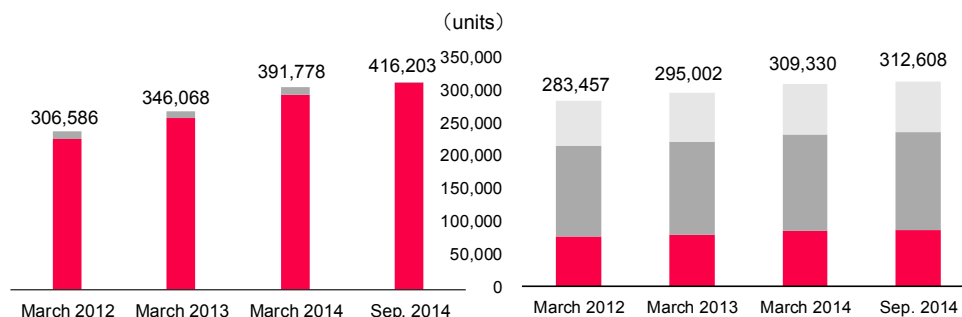
- The Daiwa House Group is increasing steadily the number of rental residences managed

Rental Residences Managed

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

Condominiums Managed

- Global Community Co., Ltd.
- Daiwa Lifenext Co., Ltd.
- Daiwa Service Co., Ltd.



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2015)	Appraiser *1)	Acquisition Price	Book Value at Feb. 28, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2014			Appraisal at Feb. 28, 2015			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2014	At Feb. 28, 2015				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	7,363	8,000	8,010	360	646	10	4.4	4.6	4.6	4.3	4.5	4.5	(0.1)	(0.1)	(0.1)
	1002	Castalia Azabujuban Shichimenzaka	Chuo	4,500	4,280	4,020	4,040	(460)	(240)	20	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	1003	Castalia Shibakoen	Tanizawa	2,630	2,478	1,960	1,990	(640)	(488)	30	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	1004	Castalia Ginza	Tanizawa	2,520	2,408	2,000	2,030	(490)	(378)	30	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	1005	Castalia Hiroo	Tanizawa	2,220	2,131	1,730	1,750	(470)	(381)	20	4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
	1006	Castalia Nihonbashi	Tanizawa	1,200	1,112	1,070	1,080	(120)	(32)	10	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	1007	Castalia Hacchobori	Tanizawa	2,300	2,179	2,070	2,100	(200)	(79)	30	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	1008	Castalia Azabujuban	Chuo	2,910	2,843	2,480	2,580	(330)	(263)	100	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	1009	Castalia Azabujuban II	Chuo	2,690	2,591	2,330	2,420	(270)	(171)	90	4.6	4.4	4.8	4.4	4.2	4.6	(0.2)	(0.2)	(0.2)
	1010	Castalia Shinjuku Natsumezaka	Chuo	1,865	1,807	1,610	1,650	(215)	(157)	40	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1011	Castalia Ginza II	Tanizawa	1,800	1,716	1,600	1,620	(180)	(96)	20	4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
	1012	Castalia Shibuya Sakuragaoka	Tanizawa	1,400	1,364	1,060	1,090	(310)	(274)	30	4.5	4.7	4.7	4.4	4.6	4.6	(0.1)	(0.1)	(0.1)
	1015	Castalia Nishi Azabu Kasumicho	Tanizawa	2,143	2,120	2,010	2,050	(93)	(70)	40	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	1016	Castalia Ochanomizu	JREI	1,770	1,704	1,900	1,960	190	255	60	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1017	Castalia Sangubashi	Tanizawa	1,393	1,410	1,400	1,430	37	19	30	4.7	4.9	4.9	4.6	4.8	4.8	(0.1)	(0.1)	(0.1)
	1018	Castalia Suitengu	Tanizawa	1,279	1,223	1,250	1,270	(9)	46	20	4.9	4.9	5.1	4.8	4.8	5.0	(0.1)	(0.1)	(0.1)
	1019	Castalia Suitengu II	Tanizawa	1,138	1,091	1,120	1,140	2	48	20	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	1020	Castalia Shintomicho	Tanizawa	932	889	920	940	8	50	20	4.9	4.9	5.1	4.8	4.8	5.0	(0.1)	(0.1)	(0.1)
	1021	Castalia Shintomicho II	Tanizawa	825	782	811	823	(2)	40	12	4.9	4.9	5.1	4.8	4.8	5.0	(0.1)	(0.1)	(0.1)
	1022	Castalia Harajuku	JREI	887	868	839	850	(37)	(18)	11	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1023	Castalia Yoyogi Uehara	JREI	608	591	645	652	44	60	7	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	1024	Castalia Sendagaya	JREI	555	553	556	562	7	8	6	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	1025	Castalia Shinjuku 7 chome	JREI	464	448	474	489	25	40	15	5.1	4.9	5.3	4.9	4.7	5.1	(0.2)	(0.2)	(0.2)
	1027	Castalia Ningyocho	JREI	947	891	1,060	1,110	163	218	50	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1028	Castalia Ningyocho II	JREI	1,070	1,009	1,180	1,240	170	230	60	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1029	Castalia Shin-Ochanomizu	JREI	914	876	951	983	69	106	32	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1030	Castalia Higashi Nihonbashi II	JREI	1,370	1,297	1,480	1,530	160	232	50	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1031	Castalia Jinbocho	JREI	1,160	1,107	1,260	1,320	160	212	60	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1032	Castalia Shintomicho III	JREI	675	633	670	701	26	67	31	4.9	4.6	5.2	4.7	4.4	5.0	(0.2)	(0.2)	(0.2)
	1033	Castalia Shinjuku Gyoen	Tanizawa	2,720	2,607	2,800	2,790	70	182	(10)	4.8	*2)	5.0	4.7	*9)	4.9	(0.1)	—	(0.1)
	1034	Castalia Takanawadai	JREI	860	830	901	924	64	93	23	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	1035	Castalia Higashi Nihonbashi III	Daiwa	666	629	707	719	53	89	12	4.8	4.6	5.0	4.7	4.5	4.9	(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 February 28, 2015)	Appraiser *1)	Acquisition Price	Book Value at Feb. 28, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2014			Appraisal at Feb. 28, 2015			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2014	At Feb. 28, 2015				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
Area1	1036	Castalia Shinjuku Gyoen II	Tanizawa	486	462	460	466	(20)	3	6	4.8	5.0	5.0	4.7	4.9	4.9	(0.1)	(0.1)	(0.1)
	1037	Castalia Shintomicho IV	Daiwa	400	380	405	414	14	33	9	4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
	1038	Castalia Takanawadai II	JREI	1,190	1,148	1,220	1,250	60	101	30	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	1039	Castalia Minami Azabu	JREI	642	618	610	644	2	25	34	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	1040	Castalia Ginza III	Tanizawa	2,880	2,770	2,740	2,780	(100)	9	40	4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
	1041	Castalia Kayabacho	Tanizawa	2,707	2,586	2,790	2,800	93	213	10	4.8	4.8	5.0	4.8	4.8	5.0	0.0	0.0	0.0
	1042	Castalia Takanawa	Tanizawa	7,430	7,212	7,250	7,250	(180)	37	0	4.7	5.0	4.9	4.7	5.0	4.9	0.0	0.0	0.0
	1043	Castalia Higashi Nihonbashi	Chuo	3,520	3,346	3,600	3,750	230	403	150	5.1	4.9	5.3	4.9	4.7	5.1	(0.2)	(0.2)	(0.2)
	1045	Castalia Shinjuku	Tanizawa	2,950	2,890	3,070	3,150	200	259	80	4.7	4.9	4.9	4.6	4.8	4.8	(0.1)	(0.1)	(0.1)
	1046	Castalia Ichigaya	Chuo	940	911	1,260	1,310	370	398	50	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	1047	Shibaura Island Bloom Tower	JREI	7,580	7,348	8,070	8,290	710	941	220	—	4.6	6.7	—	4.4	6.5	—	(0.2)	(0.2)
	1048	Castalia Hatsudai	Daiwa	2,030	2,050	2,220	2,230	200	179	10	4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
	1049	Castalia Hatsudai II	Morii	1,900	1,927	2,090	2,090	190	162	0	4.6	4.4	4.8	4.4	4.2	4.6	(0.2)	(0.2)	(0.2)
	1050	Castalia Ebisu	Morii	1,420	1,447	1,580	1,600	180	152	20	4.5	4.3	4.7	4.3	4.1	4.5	(0.2)	(0.2)	(0.2)
	Residential Area 1 Subtotal				92,136	88,950	90,229	91,867	(269)	2,916	1,638								
Area2	2001	Castalia Meguro Kamurozaka	Daiwa	4,500	4,187	3,920	3,930	(570)	(257)	10	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	2002	Castalia Toritsudaigaku	Chuo	648	621	527	545	(103)	(76)	18	5.6	5.4	5.9	5.4	5.2	5.7	(0.2)	(0.2)	(0.2)
	2004	Castalia Yukigaya	Tanizawa	1,110	1,042	1,100	1,110	0	67	10	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	2005	Castalia Yutenji	Chuo	1,450	1,373	1,170	1,220	(230)	(153)	50	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	2006	Castalia Otsuka	Chuo	1,480	1,386	1,460	1,530	50	143	70	4.9	4.7	5.1	4.7	4.5	4.9	(0.2)	(0.2)	(0.2)
	2007	Castalia Kikukawa	Tanizawa	817	762	771	780	(37)	17	9	4.9	5.0	5.1	4.8	4.9	5.0	(0.1)	(0.1)	(0.1)
	2008	Castalia Meguro	JREI	844	816	881	899	55	82	18	4.9	4.6	5.1	4.8	4.5	5.0	(0.1)	(0.1)	(0.1)
	2009	Castalia Otsuka II	JREI	1,040	977	1,060	1,130	90	152	70	5.0	4.8	5.2	4.8	4.6	5.0	(0.2)	(0.2)	(0.2)
	2010	Castalia Jiyugaoka	JREI	1,200	1,165	1,250	1,280	80	114	30	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	2011	Castalia Mejiro	Chuo	988	944	982	1,020	32	75	38	5.1	4.9	5.3	4.9	4.7	5.1	(0.2)	(0.2)	(0.2)
	2012	Castalia Ikebukuro	Daiwa	2,570	2,455	2,460	2,520	(50)	64	60	4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
	2013	Castalia Kaname-cho	Tanizawa	1,140	1,092	1,130	1,130	(10)	37	0	4.8	5.0	5.0	4.8	5.0	5.0	0.0	0.0	0.0
	2014	Castalia Tower Shinagawa Seaside	Tanizawa	7,380	7,033	7,720	7,880	500	846	160	4.8	4.8	5.0	4.7	4.7	4.9	(0.1)	(0.1)	(0.1)
	2015	Castalia Yakumo	Tanizawa	857	830	733	752	(105)	(78)	19	4.7	4.9	4.9	4.6	4.8	4.8	(0.1)	(0.1)	(0.1)
	2016	Castalia Togoshiekimae	JREI	1,560	1,501	1,750	1,830	270	328	80	4.9	4.7	5.1	4.7	4.5	4.9	(0.2)	(0.2)	(0.2)
	2018	Castalia Honjo Azumabashi	Tanizawa	996	950	997	1,010	14	59	13	5.1	5.2	5.3	5.0	5.1	5.2	(0.1)	(0.1)	(0.1)
	2019	Castalia Kitazawa	JREI	742	718	748	758	16	39	10	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2020	Castalia Monzennakacho	Tanizawa	503	473	476	483	(20)	9	7	5.3	5.4	5.5	5.2	5.3	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 February 28, 2015)	Appraiser *1)	Acquisition Price	Book Value at Feb. 28, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2014			Appraisal at Feb. 28, 2015			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2014	At Feb. 28, 2015				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	2023	Castalia Kamiikedai	JREI	198	187	204	208	10	20	4	5.5	5.1	5.7	5.3	4.9	5.5	(0.2)	(0.2)	(0.2)
	2024	Castalia Morishita	JREI	832	786	893	935	103	148	42	4.9	4.7	5.1	4.7	4.5	4.9	(0.2)	(0.2)	(0.2)
	2025	Castalia Wakabayashi koen	Daiwa	776	748	763	772	(4)	23	9	4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
	2026	Castalia Asakusabashi	Chuo	792	746	838	855	63	108	17	5.1	4.9	5.3	4.9	4.7	5.1	(0.2)	(0.2)	(0.2)
	2027	Castalia Iriya	Chuo	546	514	588	610	64	95	22	5.5	5.3	5.7	5.3	5.1	5.5	(0.2)	(0.2)	(0.2)
	2028	Castalia Kita Ueno	Tanizawa	2,641	2,490	2,460	2,470	(171)	(20)	10	5.0	5.1	5.2	4.9	5.0	5.1	(0.1)	(0.1)	(0.1)
	2029	Castalia Morishita II	Tanizawa	686	644	775	740	54	95	(35)	4.9	5.0	5.1	4.8	4.9	5.0	(0.1)	(0.1)	(0.1)
	2030	Castalia Minowa	Tanizawa	1,430	1,343	1,470	1,460	30	116	(10)	4.9	5.0	5.1	4.8	4.9	5.0	(0.1)	(0.1)	(0.1)
	2031	Castalia Oyamadai	Tanizawa	533	513	560	571	38	57	11	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	2032	Castalia Nakano	JREI	1,060	1,002	1,140	1,170	110	167	30	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2033	Castalia Yoga	Tanizawa	923	889	1,050	1,070	147	180	20	4.7	4.9	4.9	4.6	4.8	4.8	(0.1)	(0.1)	(0.1)
	2034	Castalia Sumiyoshi	Tanizawa	948	888	929	946	(2)	57	17	4.9	5.0	5.1	4.8	4.9	5.0	(0.1)	(0.1)	(0.1)
	2035	Castalia Monzennakacho II	JREI	2,160	2,053	2,410	2,480	320	426	70	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2036	Castalia Oshiage	Tanizawa	1,100	1,031	1,100	1,080	(20)	48	(20)	5.0	*3)	5.2	4.9	*10)	5.1	(0.1)	—	(0.1)
	2037	Castalia Kuramae	Tanizawa	1,260	1,188	1,370	1,360	100	171	(10)	4.9	*4)	5.1	4.8	*11)	5.0	(0.1)	—	(0.1)
	2038	Castalia Nakanobu	Chuo	1,790	1,732	2,430	2,540	750	807	110	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2039	Royal Parks Toyosu	Chuo	7,360	6,903	8,260	8,590	1,230	1,686	330	5.4	5.1	5.7	5.2	4.9	5.5	(0.2)	(0.2)	(0.2)
	2040	Castalia Togoshi	Chuo	1,770	1,686	2,360	2,460	690	773	100	4.9	4.7	5.1	4.7	4.5	4.9	(0.2)	(0.2)	(0.2)
	2041	Castalia Ooimachi	Morii	1,181	1,210	1,360	1,410	229	199	50	4.6	4.4	4.8	4.4	4.2	4.6	(0.2)	(0.2)	(0.2)
	2042	Castalia Omori	Chuo	1,500	1,510	1,750	1,800	300	289	50	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2043	Castalia Mishuku	Chuo	1,900	1,919	2,240	2,320	420	400	80	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2044	Castalia Arakawa	Chuo	1,660	1,649	2,010	2,110	450	460	100	5.1	4.9	5.3	4.9	4.7	5.1	(0.2)	(0.2)	(0.2)
	2045	Castalia Omori II	Morii	2,370	2,358	2,620	2,660	290	301	40	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	2046	Castalia Nakameguro	Morii	3,800	3,834	4,060	4,240	440	405	180	4.5	4.3	4.7	4.3	4.1	4.5	(0.2)	(0.2)	(0.2)
	2047	Castalia Meguro Chojamaru	Morii	2,030	2,054	2,250	2,250	220	195	0	4.5	4.3	4.7	4.3	4.1	4.5	(0.2)	(0.2)	(0.2)
	2048	Castalia Meguro Takaban	Morii	1,750	1,784	1,850	1,860	110	75	10	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2049	Castalia Omori III	Morii	1,520	1,542	1,700	1,720	200	177	20	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	2050	Morino Tonari	JREI	1,020	1,075	1,100	1,140	120	64	40	4.7	4.5	4.9	4.5	4.3	4.7	(0.2)	(0.2)	(0.2)
	2051	Castalia Meguro Tairamachi *17)	Morii	1,165	1,240	1,220	1,240	75	0	20	4.5	4.3	4.7	4.3	4.1	4.5	(0.2)	(0.2)	(0.2)
Residential Area 2 Subtotal				76,526	73,867	80,895	82,874	6,348	9,006	1,979									
Area3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,620	1,760	1,830	156	209	70	5.5	5.3	5.7	5.3	5.1	5.5	(0.2)	(0.2)	(0.2)
	3002	Castalia Tsurumi	Chuo	666	625	681	694	28	68	13	5.8	5.6	6.0	5.8	5.6	6.0	(0.2)	(0.2)	(0.2)
	3003	Castalia Funabashi	Tanizawa	704	688	750	755	51	66	5	5.5	*5)	5.7	5.4	*12)	5.6	(0.1)	—	(0.1)

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2015)	Appraiser *1)	Acquisition Price	Book Value at Feb. 28, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2014			Appraisal at Feb. 28, 2015			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2014	At Feb. 28, 2015				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			
Area3	3006	Castalia Nishi Funabashi	JREI	783	742	826	855	72	112	29	5.8	5.6	6.0	5.6	5.4	5.8	(0.2)	(0.2)	(0.2)
	3007	Castalia Maihama	Tanizawa	670	633	612	619	(51)	(14)	7	5.7	5.7	5.9	5.6	5.6	5.8	(0.1)	(0.1)	(0.1)
	3008	Castalia Ichikawamyoden	Tanizawa	671	638	680	690	19	51	10	5.6	5.8	5.9	5.5	5.7	5.8	(0.1)	(0.1)	(0.1)
	3010	Castalia Urayasu	Tanizawa	592	559	590	598	6	38	8	5.6	5.6	5.9	5.5	5.5	5.8	(0.1)	(0.1)	(0.1)
	3011	Castalia Minamigyotoku	Tanizawa	543	515	484	486	(57)	(29)	2	5.5	5.5	5.7	5.4	5.4	5.6	(0.1)	(0.1)	(0.1)
	3012	NCR Minamigyotoku II	Tanizawa	385	364	334	335	(50)	(29)	1	5.5	5.5	5.7	5.4	5.4	5.6	(0.1)	(0.1)	(0.1)
	3013	Castalia NogeYama	JREI	325	308	312	316	(9)	7	4	5.7	5.5	5.9	5.5	5.3	5.7	(0.2)	(0.2)	(0.2)
	3017	Castalia Ichikawa	JREI	461	428	488	494	33	65	6	5.8	5.6	6.0	5.6	5.4	5.8	(0.2)	(0.2)	(0.2)
	3018	Royal Parks Hanakoganei	Daiwa	5,300	5,258	5,830	5,890	590	631	60	5.7	*6)	5.9	5.6	*13)	5.8	(0.1)	—	(0.1)
	3019	Castalia Musashikosugi	Morii	1,680	1,701	1,810	1,850	170	148	40	5.0	4.8	5.2	4.8	4.6	5.0	(0.2)	(0.2)	(0.2)
	3020	Royal Parks Wakabadai *17)	Daiwa	4,360	4,437	4,600	4,630	270	192	30	5.8	*7)	6.0	5.7	*14)	5.9	(0.1)	—	(0.1)
Residential	Area 3 (excl. senior housing property) Subtotal			18,814	18,525	19,757	20,042	1,228	1,516	285									
Area4	4001	Castalia Shinsakae	Chuo	1,920	1,738	1,490	1,510	(410)	(228)	20	5.6	5.4	5.8	5.4	5.2	5.6	(0.2)	(0.2)	(0.2)
	4008	Aprile Tarumi	JREI	1,340	1,231	1,410	1,450	110	218	40	6.3	6.1	6.5	6.1	5.9	6.3	(0.2)	(0.2)	(0.2)
	4009	Crest Kusatsu	Tanizawa	3,004	2,749	2,650	2,420	(584)	(329)	(230)	7.4	7.5	7.6	7.2	7.3	7.4	(0.2)	(0.2)	(0.2)
	4010	Castalia Sakaisuji Honmachi	Tanizawa	1,490	1,394	1,590	1,620	130	225	30	5.5	5.6	5.7	5.4	5.5	5.6	(0.1)	(0.1)	(0.1)
	4011	Castalia Shin-Umeda	Tanizawa	1,376	1,275	1,480	1,470	94	194	(10)	5.6	5.7	5.8	5.5	5.6	5.7	(0.1)	(0.1)	(0.1)
	4012	Castalia Abeno	Tanizawa	4,368	4,151	4,370	4,440	72	288	70	5.4	5.5	5.6	5.3	5.4	5.5	(0.1)	(0.1)	(0.1)
	4014	Castalia Sakae	Chuo	1,010	946	1,100	1,130	120	183	30	5.4	5.2	5.6	5.2	5.0	5.4	(0.2)	(0.2)	(0.2)
	4015	Castalia Nipponbashi Kouzu	Tanizawa	3,570	3,290	3,640	3,590	20	299	(50)	5.5	5.6	5.7	5.4	5.5	5.6	(0.1)	(0.1)	(0.1)
	4016	Castalia Maruyama Urasando	Tanizawa	411	383	457	463	52	79	6	5.7	5.7	5.9	5.6	5.6	5.8	(0.1)	(0.1)	(0.1)
	4017	Castalia Maruyama Omotesando	Tanizawa	1,740	1,629	1,810	1,840	100	210	30	5.7	5.7	5.9	5.6	5.6	5.8	(0.1)	(0.1)	(0.1)
	4018	Castalia Higashi Hie	Tanizawa	960	892	991	1,000	40	107	9	5.6	5.8	5.8	5.5	5.7	5.7	(0.1)	(0.1)	(0.1)
	4019	Castalia Tower Nagahoribashi	Chuo	3,400	3,142	4,120	4,130	730	987	10	5.3	5.1	5.5	5.1	4.9	5.3	(0.2)	(0.2)	(0.2)
	4020	Castalia Sannomiya	Daiwa	1,230	1,137	1,380	1,400	170	262	20	5.6	5.4	5.8	5.5	5.3	5.7	(0.1)	(0.1)	(0.1)
	4021	Castalia Kotodaikoen	Daiwa	481	442	496	503	22	60	7	5.9	5.9	6.1	5.8	5.8	6.0	(0.1)	(0.1)	(0.1)
	4022	Castalia Ichibancho	Daiwa	783	731	821	836	53	104	15	5.9	5.9	6.1	5.8	5.8	6.0	(0.1)	(0.1)	(0.1)
	4023	Castalia Omachi	Daiwa	656	600	653	672	16	71	19	5.9	5.9	6.1	5.8	5.8	6.0	(0.1)	(0.1)	(0.1)
	4024	Castalia Uemachidai	Daiwa	2,190	2,051	2,410	2,450	260	398	40	5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)
	4025	Castalia Tower Higobashi	Chuo	2,670	2,518	3,260	3,400	730	881	140	5.3	5.1	5.5	5.1	4.9	5.3	(0.2)	(0.2)	(0.2)
	4026	Big Tower Minami Sanjo	Daiwa	1,740	1,541	2,310	2,340	600	798	30	5.8	5.6	6.0	5.7	5.5	5.9	(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 February 28, 2015)	Appraiser *1)	Acquisition Price	Book Value at Feb. 28, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2014			Appraisal at Feb. 28, 2015			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2014	At Feb. 28, 2015				Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
						①	②	③	④	④－①	④－②	④－③	CR	DR	TCR	CR	DR	TCR	CR
Area 4	4027	Castalia Fushimi	JREI	2,260	2,136	2,770	2,870	610	733	100	5.4	5.2	5.6	5.2	5.0	5.4	(0.2)	(0.2)	(0.2)
	4028	Castalia Meieki Minami	Morii	720	708	855	889	169	180	34	5.3	5.1	5.5	5.1	4.9	5.3	(0.2)	(0.2)	(0.2)
	4029	Castalia Yakuin	Morii	930	947	1,100	1,140	210	192	40	5.3	5.1	5.5	5.1	4.9	5.3	(0.2)	(0.2)	(0.2)
	4030	Castalia Mibu	JREI	1,193	1,192	1,320	1,370	177	177	50	5.6	5.4	5.8	5.4	5.2	5.6	(0.2)	(0.2)	(0.2)
	4031	Castalia Tsutsujigaoka	Morii	1,208	1,236	1,470	1,530	322	293	60	5.7	5.5	5.9	5.5	5.3	5.7	(0.2)	(0.2)	(0.2)
	4032	Castalia Ohori Bay Tower	Morii	2,910	2,920	3,700	3,810	900	889	110	5.5	5.3	5.7	5.3	5.1	5.5	(0.2)	(0.2)	(0.2)
	4033	Royal Parks Namba	Daiwa	2,830	2,826	2,960	2,980	150	153	20	6.2	*8)	6.4	6.1	*15)	6.4	(0.1)	—	0.0
	4034	Castalia Shigahondori	JREI	1,730	1,745	1,960	2,020	290	274	60	5.7	5.5	5.9	5.5	5.3	5.7	(0.2)	(0.2)	(0.2)
Residential Area 4 Subtotal				48,120	45,563	52,573	53,273	5,153	7,709	700									
Area 3	6001	Urban Living Inage	Daiwa	930	946	1,030	1,080	150	133	50	6.6	6.4	6.8	6.3	6.1	6.5	(0.3)	(0.3)	(0.3)
	6002	Aburatsubo Marina HILLS *17)	JREI	1,100	1,165	1,170	1,210	110	44	40	6.6	6.4	6.8	6.4	6.2	6.6	(0.2)	(0.2)	(0.2)
	Residential Area 3 (senior housing property) Subtotal			2,030	2,111	2,200	2,290	260	178	90									
Total				237,626	229,017	245,654	250,346	12,720	21,328	4,692	CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.								

Book value comparison amount is ¥21,328 million in unrealized gains

Real estate appraisal values have improved for 9 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) 4.9% (1 to 10 years after appraisal dates), 5.0% (11th year after appraisal dates).
- *3) 5.3% (1 to 10 years after appraisal dates), 5.1% (11th year after appraisal dates).
- *4) 5.1% (1 to 10 years after appraisal dates), 5.0% (11th year after appraisal dates).
- *5) 5.7% (1 to 4 years after appraisal dates), 5.3% (5 to 11 years after appraisal dates).
- *6) 5.5% (1 to 10 years after appraisal dates), 5.9% (11 to 80 years after appraisal dates).
- *7) 5.6% (1 to 10 years after appraisal dates), 6.0% (11 to 51 years after appraisal dates).
- *8) 6.0% (1 to 10 years after appraisal dates), 6.4% (11th year after appraisal dates to the expiry of the land lease).
- *9) 4.8% (1 to 10 years after appraisal dates), 4.9% (11th year after appraisal dates).
- *10) 5.2% (1 to 10 years after appraisal dates), 5.0% (11th year after appraisal dates).
- *11) 5.0% (1 to 10 years after appraisal dates), 4.9% (11th year after appraisal dates).
- *12) 5.6% (1 to 4 years after appraisal dates), 5.2% (5 to 11 years after appraisal dates).
- *13) 5.4% (1 to 10 years after appraisal dates), 5.8% (11th year after appraisal dates to the expiry of the land lease).
- *14) 5.5% (1 to 10 years after appraisal dates), 5.9% (11th year after appraisal dates to the expiry of the land lease).
- *15) 5.9% (1 to 10 years after appraisal dates), 6.3% (11th year after appraisal dates to the expiry of the land lease).
- *16) 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.
- *17) Data at August 31, 2015 for properties acquired in 18th fiscal period (ended February 2015), based on appraisal value as of acquisition date. Date of appraisal are August 31, 2014 for Castalia Meguro Tairamachi and August 1, 2014 for Aburatsubo Marina HILLS.

Portfolio Data (as of April 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area1	1001	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,230.39	96	7,650	3.2	8,010
	1002	Castalia Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,492.93	96	4,500	1.9	4,040
	1003	Castalia Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	1.1	1,990
	1004	Castalia Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	1.1	2,030
	1005	Castalia Hiroo	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,621.59	24	2,220	0.9	1,750
	1006	Castalia Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73	51	1,200	0.5	1,080
	1007	Castalia Hacchobori	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	1.0	2,100
	1008	Castalia Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	1.2	2,580
	1009	Castalia Azabujuban II	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	1.1	2,420
	1010	Castalia Shinjuku Natsumezaka	10-1 Kikuicho, Shinjuku Ward, Tokyo *6)	1,917.62	41	1,865	0.8	1,650
	1011	Castalia Ginza II	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	0.8	1,620
	1012	Castalia Shibuya Sakuragaoka	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	0.6	1,090
	1015	Castalia Nishi Azabu Kasumicho	1-3-12 Nishi Azabu, Minato Ward, Tokyo	2,779.77	37	2,143	0.9	2,050
	1016	Castalia Ochanomizu	3-24-1 Kanda Ogawamachi, Chiyoda Ward, Tokyo	2,559.21	44	1,770	0.7	1,960
	1017	Castalia Sangubashi	4-52-12 Yoyogi, Shibuya Ward, Tokyo	1,898.47	26	1,393	0.6	1,430
	1018	Castalia Suitengu	2-8-13 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,940.94	62	1,279	0.5	1,270
	1019	Castalia Suitengu II	1-38-16 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,858.34	55	1,138	0.5	1,140
	1020	Castalia Shintomicho	3-10-10 Irifune, Chuo Ward, Tokyo	1,444.52	40	932	0.4	940
	1021	Castalia Shintomicho II	2-6-4 Irifune, Chuo Ward, Tokyo	1,244.54	33	825	0.3	823
	1022	Castalia Harajuku	3-55-3 Sendagaya, Shibuya Ward, Tokyo	1,225.26	21	887	0.4	850
	1023	Castalia Yoyogi Uehara	1-17-16 Uehara, Shibuya Ward, Tokyo	811.95	25	608	0.3	652
	1024	Castalia Sendagaya	2-9-10 Sendagaya, Shibuya Ward, Tokyo	803.03	21	555	0.2	562
	1025	Castalia Shinjuku 7 chome	7-17-16 Shinjuku, Shinjuku Ward, Tokyo	957.60	23	464	0.2	489
	1027	Castalia Ningyocho	7-15 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,747.90	32	947	0.4	1,110
	1028	Castalia Ningyocho II	8-12 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,826.80	38	1,070	0.5	1,240
	1029	Castalia Shin-Ochanomizu	2-3-3 Kanda Awajicho, Chiyoda Ward, Tokyo *6)	1,308.38	32	914	0.4	983
	1030	Castalia Higashi Nihonbashi II	12-11 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	2,117.46	63	1,370	0.6	1,530
	1031	Castalia Jinbocho	2-40-8 Kanda Jimbocho, Chiyoda Ward, Tokyo	1,628.80	60	1,160	0.5	1,320
	1032	Castalia Shintomicho III	2-8-8 Irifune, Chuo Ward, Tokyo	972.51	41	675	0.3	701
	1033	Castalia Shinjuku Gyoen	2-14-4 Shinjuku, Shinjuku Ward, Tokyo	3,594.16	108	2,720	1.1	2,790
	1034	Castalia Takanawadai	3-4-12 Takanawa, Minato Ward, Tokyo	1,147.44	32	860	0.4	924

Portfolio Data (as of April 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area1	1035	Castalia Higashi NihonbashiⅢ	3-5-6 Higashi Nihonbashi, Chuo Ward, Tokyo	1,105.20	48	666	0.3	719
	1036	Castalia Shinjuku Gyoen Ⅱ	1-29-15 Shinjuku, Shinjuku Ward, Tokyo	668.79	27	486	0.2	466
	1037	Castalia ShintomichoⅣ	3-10-8 Irifune, Chuo Ward, Tokyo	681.00	20	400	0.2	414
	1038	Castalia Takanawadai Ⅱ	3-5-6 Takanawa, Minato Ward, Tokyo	1,567.84	40	1,190	0.5	1,250
	1039	Castalia Minami Azabu	2-2-27 Minami Azabu, Minato Ward, Tokyo	882.67	24	642	0.3	644
	1040	Castalia GinzaⅢ	8-18-2 Ginza, Chuo Ward, Tokyo	3,494.42	96	2,880	1.2	2,780
	1041	Castalia Kayabacho	2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo	4,602.95	88	2,707	1.1	2,800
	1042	Castalia Takanawa	2-17-12 Takanawa, Minato Ward, Tokyo	10,408.26	169	7,430	3.1	7,250
	1043	Castalia Higashi Nihonbashi	9-14 Nihonbashi Yokoyamacho, Chuo Ward, Tokyo	6,442.28	103	3,520	1.5	3,750
	1045	Castalia Shinjuku	2-6-11 Shinjuku, Shinjuku Ward, Tokyo	3,150.80	122	2,950	1.2	3,150
	1046	Castalia Ichigaya	14-4 Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo *6)	1,546.34	50	940	0.4	1,310
	1047	Shibaura Island Bloom Tower	4-20-2, 3, 4, Shibaura, Minato Ward, Tokyo	16,849.50	213	7,580	3.2	8,290
	1048	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	3,077.05	81	2,030	0.9	2,230
	1049	Castalia Hatsudai Ⅱ	1-33-7, Honmachi, Shibuya Ward, Tokyo	2,339.42	56	1,900	0.8	2,090
	1050	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	1,659.71	36	1,420	0.6	1,600
Area2	2001	Castalia Meguro Kamurozaka	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	1.9	3,930
	2002	Castalia Toritsudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	0.3	545
	2004	Castalia Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30	52	1,110	0.5	1,110
	2005	Castalia Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35	29	1,450	0.6	1,220
	2006	Castalia Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	0.6	1,530
	2007	Castalia Kikukawa	2-1-12 Kikukawa, Sumida Ward, Tokyo	1,168.18	43	817	0.3	780
	2008	Castalia Meguro	2-1-13 Meguro, Meguro Ward, Tokyo	1,414.73	26	844	0.4	899
	2009	Castalia Otsuka Ⅱ	2-32-20 Higashi Ikebukuro, Toshima Ward, Tokyo	1,784.50	54	1,040	0.4	1,130
	2010	Castalia Jiyugaoka	1-20-1 Jiyugaoka, Meguro Ward, Tokyo	1,472.47	40	1,200	0.5	1,280
	2011	Castalia Mejiro	2-8-16 Takada, Toshima Ward, Tokyo	1,658.90	29	988	0.4	1,020
	2012	Castalia Ikebukuro	3-1-12 Nishi Ikebukuro, Toshima Ward, Tokyo	3,644.35	87	2,570	1.1	2,520
	2013	Castalia Kaname-cho	5-26-10 Nishi Ikebukuro, Toshima Ward, Tokyo	1,624.06	73	1,140	0.5	1,130
	2014	Castalia Tower Shinagawa Seaside	4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo	12,732.35	208	7,380	3.1	7,880
	2015	Castalia Yakumo	2-20-5 Yakumo, Meguro Ward, Tokyo	1,276.91	18	857	0.4	752
	2016	Castalia Togoshiekimae	1-7-16 Hiratsuka, Shinagawa Ward, Tokyo	2,014.12	64	1,560	0.7	1,830
	2018	Castalia Honjo Azumabashi	3-7-11 Honjo, Sumida Ward, Tokyo	2,255.88	35	996	0.4	1,010

Portfolio Data (as of April 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area2	2019	Castalia Kitazawa	1-15-5 Kitazawa, Setagaya Ward, Tokyo	1,220.16	15	742	0.3	758
	2020	Castalia Monzennakacho	1-17-12 Fukuzumi, Koto Ward, Tokyo	887.94	31	503	0.2	483
	2023	Castalia Kamiikedai	1-4-15 Kamiikedai, Ota Ward, Tokyo	414.45	12	198	0.1	208
	2024	Castalia Morishita	1-16-12 Morishita, Koto Ward, Tokyo	1,383.90	38	832	0.4	935
	2025	Castalia Wakabayashi koen	4-39-4 Wakabayashi, Setagaya Ward, Tokyo	1,425.43	23	776	0.3	772
	2026	Castalia Asakusabashi	2-16-21 Yanagibashi, Taito Ward, Tokyo	1,537.84	32	792	0.3	855
	2027	Castalia Iriya	3-1-28 Shitaya, Taito Ward, Tokyo	1,415.15	22	546	0.2	610
	2028	Castalia Kita Ueno	1-15-5 Kita Ueno, Taito Ward, Tokyo	4,197.66	102	2,641	1.1	2,470
	2029	Castalia Morishita II	2-12-11 Shin Ohashi, Koto Ward, Tokyo	1,275.60	40	686	0.3	740
	2030	Castalia Minowa	5-24-4 Negishi, Taito Ward, Tokyo	2,406.41	78	1,430	0.6	1,460
	2031	Castalia Oyamada	7-14-13 Todoroki, Setagaya Ward, Tokyo	857.32	28	533	0.2	571
	2032	Castalia Nakano	2-12-13 Arai, Nakano Ward, Tokyo	1,613.86	42	1,060	0.4	1,170
	2033	Castalia Yoga	1-3-12 Tamagawadai, Setagaya Ward, Tokyo	1,472.38	45	923	0.4	1,070
	2034	Castalia Sumiyoshi	2-8-11 Sumiyoshi, Koto Ward, Tokyo	1,362.60	60	948	0.4	946
	2035	Castalia Monzennakacho II	2-2-9 Tomioka, Koto Ward, Tokyo	3,038.98	94	2,160	0.9	2,480
	2036	Castalia Oshiage	3-5-2 Mukojima, Sumida Ward, Tokyo	1,785.24	60	1,100	0.5	1,080
	2037	Castalia Kuramae	3-9-4 Kuramae, Taito Ward, Tokyo	1,994.93	67	1,260	0.5	1,360
	2038	Castalia Nakanobu	4-7-11 Nakanobu, Shinagawa Ward, Tokyo	2,421.82	83	1,790	0.8	2,540
	2039	Royal Parks Toyosu	3-5-21 Toyosu, Koto Ward, Tokyo	18,112.03	276	7,360	3.1	8,590
	2040	Castalia Togoshi	5-2-1 Togoshi, Shinagawa Ward, Tokyo	2,629.59	120	1,770	0.7	2,460
	2041	Castalia Ooimachi	4-2-11 Ooi, Shinagawa Ward, Tokyo	1,413.75	65	1,181	0.5	1,410
	2042	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	2,046.36	60	1,500	0.6	1,800
	2043	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Toyko	2,640.86	54	1,900	0.8	2,320
	2044	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	3,797.92	70	1,660	0.7	2,110
	2045	Castalia Omori II	1-8-13, Omori kita, Omori Ward, Tokyo	2,818.70	112	2,370	1.0	2,660
	2046	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	3,166.71	101	3,800	1.6	4,240
	2047	Castalia Meguro Choijamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	2,123.77	61	2,030	0.9	2,250
	2048	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	1,961.52	55	1,750	0.7	1,860
	2049	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	2,004.80	74	1,520	0.6	1,720
	2050	Morino Tonari	1-1-5, Koyamadai, Shinagawa-ku, Tokyo	1,668.24	28	1,020	0.4	1,140
	2051	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro-ku, Tokyo	1,278.52	38	1,165	0.5	*7) 1,240

Portfolio Data (as of April 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area3	3001	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa	4,208.83	59	1,674	0.7	1,830
	3002	Castalia Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	1,452.09	32	666	0.3	694
	3003	Castalia Funabashi	4-4-8 Honcho, Funabashi City, Chiba	1,552.01	87	704	0.3	755
	3006	Castalia Nishi Funabashi	4-19-16 Nishifuna, Funabashi City, Chiba	1,597.32	81	783	0.3	855
	3007	Castalia Maihama	5-14-17 Fujimi, Urayasu City, Chiba	1,287.72	61	670	0.3	619
	3008	Castalia Ichikawamyoden	2-14-20 Shioyaki, Ichikawa City, Chiba	1,218.00	58	671	0.3	690
	3010	Castalia Urayasu	3-30-4 Arai, Ichikawa City, Chiba	1,074.53	51	592	0.2	598
	3011	Castalia Minamigyotoku	4-1-26 Minami Gyotoku, Ichikawa City, Chiba	1,031.81	49	543	0.2	486
	3012	Castalia Minamigyotoku II	4-1-5 Minami Gyotoku, Ichikawa City, Chiba	724.63	35	385	0.2	335
	3013	Castalia Nogeyama	1-8 Hinodecho, Naka Ward, Yokohama City, Kanagawa *6)	744.90	30	325	0.1	316
	3017	Castalia Ichikawa	1-24-3 Ichikawa, Ichikawa City, Chiba	876.89	40	461	0.2	494
	3018	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	18,153.57	279	5,300	2.2	5,890
	3019	Castalia Musashikosugi	20-1, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa *6)	2,179.80	85	1,680	0.7	1,850
Area4	3020	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi city, Tokyo *6)	21,367.93	192	4,360	1.8	4,630
	4001	Castalia Shinsakae	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi	3,548.48	131	1,920	0.8	1,510
	4008	Aprile Tarumi	7-3-1 Takamaru, Tarumi Ward, Kobe City, Hyogo	6,545.25	99	1,340	0.6	1,450
	4009	Crest Kusatsu	5-3-27 Kasayama, Kusatsu City, Shiga	13,452.80	540	3,004	1.3	2,420
	4010	Castalia Sakaisuji Honmachi	1-3-7 Kyutaromachi, Chuo Ward, Osaka City, Osaka	3,471.39	117	1,490	0.6	1,620
	4011	Castalia Shin-Umeda	6-8-21 Nakatsu, Kita Ward, Osaka City, Osaka	3,279.90	108	1,376	0.6	1,470
	4012	Castalia Abeno	2-4-37 Abenosuji, Abeno Ward, Osaka City, Osaka	10,920.75	154	4,368	1.8	4,440
	4014	Castalia Sakae	4-16-10 Sakae, Naka Ward, Nagoya City, Aichi	2,836.00	73	1,010	0.4	1,130
	4015	Castalia Nipponbashi Kouzu	2-4-6 Kouzu, Chuo Ward, Osaka City, Osaka	9,334.47	262	3,570	1.5	3,590
	4016	Castalia Maruyama Urasando	21-1-47 Minami 2 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	1,522.89	36	411	0.2	463
	4017	Castalia Maruyama Omotesando	21-2-1 Kita 1 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	6,100.31	146	1,740	0.7	1,840
	4018	Castalia Higashi Hie	5-31 Hiemachi, Hakata Ward, Fukuoka City, Fukuoka	3,061.60	115	960	0.4	1,000
	4019	Castalia Tower Nagahoribashi	1-15-25 Shimanouchi, Chuo Ward, Osaka City, Osaka	8,747.40	133	3,400	1.4	4,130
	4020	Castalia Sannomiya	3-2-31 Isobedori, Chuo Ward, Kobe City, Hyogo	3,071.60	112	1,230	0.5	1,400

Portfolio Data (as of April 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area4	4021	Castalia Kotodaikoen	3-10-24 Kokubuncho, Aoba Ward, Sendai City, Miyagi	1,684.10	50	481	0.2	503
	4022	Castalia Ichibancho	1-6-27, 30 Ichibancho, Aoba Ward, Sendai City, Miyagi	2,800.32	68	783	0.3	836
	4023	Castalia Omachi	2-5-8 Omachi, Aoba Ward, Sendai City, Miyagi	2,149.08	72	656	0.3	672
	4024	Castalia Uemachidai	4-1-12 Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	5,415.39	69	2,190	0.9	2,450
	4025	Castalia Tower Higobashi	1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka	6,230.20	194	2,670	1.1	3,400
	4026	Big Tower Minami Sanjo	2-15-1 Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido *6)	8,661.19	179	1,740	0.7	2,340
	4027	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	7,022.69	123	2,260	1.0	2,870
	4028	Castalia Meieki Minami	1-12-22, Meiekinminami, Nakamura Ward, Nagoya City, Aichi	1,822.10	70	720	0.3	889
	4029	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	2,784.83	118	930	0.4	1,140
	4030	Castalia Mibu	79, Mibu, Aiai-chou, Nakagyo Ward, Kyoto City, Kyoto *6)	2,828.39	78	1,193	0.5	1,370
	4031	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	4,471.11	84	1,208	0.5	1,530
	4032	Castalia Ohori Bay Tower	1-6-6, Minato, Chuo Ward, Fukuoka city, Fukuoka	11,089.75	215	2,910	1.2	3,810
	4033	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka city, Osaka	10,354.15	162	2,830	1.2	2,980
	4034	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	5,086.69	128	1,730	0.7	2,020
Total of Residential Properties (134 properties)				443,213.78	10,427	235,596	99.1	248,056
Area3	6001	Urban Living Inage	327-1, Sanno-cho, Inage Ward, Chiba city, Chiba *6)	*8) 4,177.52	*9) 1	930	0.4	1,080
	6002	Aburatsubo Marina HILLS	1523-1, Shirasu, Misaki town moroisozaka, Miura city, Kanagawa *6)	*8) 3,901.14	*10) 1	1,100	0.5	*7) 1,210
Total of Residential Properties (senior housing property) (2 property)				8,078.66	2	2,030	0.9	2,290
Total Owned Assets (136 properties)				451,292.44	10,429	237,626	100.0	250,346

*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) "Leasable area" is the floor area of the real estate or the real estate in trust that are leasable based on information as of February 28, 2015.

*3) "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 down to ¥ million units.

*4) "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.

*5) "Appraisal Values" column indicates real estate appraisal values as of February 28, 2015. Amounts rounded down to ¥ million units.

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

*7) The appraisal values as of acquisition.

*8) The leased floor area including the common-use portion entered in the lease contract is shown because of leasing in its entirety.

*9) The number of units of the exclusive-use portion is 100 units, but the entry for the number of leasable units is 1 because of leasing in its entirety.

*10) The number of units of the exclusive-use portion is 106 units, but the entry for the number of leasable units is 1 because of leasing in its entirety.

Summary of Financial Results

	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	Variation Between 17th Fiscal Period
Operating days	182 days	184 days	181 days	184 days	181 days	184 days	181 days	(3) days
Operating Revenue	7,421 mn yen	7,746 mn yen	7,612 mn yen	7,971 mn yen	8,316 mn yen	8,578 mn yen	8,693 mn yen	+115 mn yen
[gains from property disposition]	—	112 mn yen	—	3 mn yen	—	—	—	—
Operating Income	3,434 mn yen	3,691 mn yen	3,398 mn yen	3,661 mn yen	3,559 mn yen	3,906 mn yen	3,881 mn yen	(24) mn yen
[losses from property disposition]	63 mn yen	—	192 mn yen	—	385 mn yen	—	—	—
Ordinary Income	2,357 mn yen	2,724 mn yen	2,529 mn yen	2,780 mn yen	2,704 mn yen	3,082 mn yen	3,081 mn yen	(0) mn yen
Net Income	2,234 mn yen	2,616 mn yen	2,528 mn yen	2,779 mn yen	2,703 mn yen	3,081 mn yen	3,080 mn yen	(0) mn yen
Distribution Per Unit	16,000 yen	16,264 yen	16,947 yen	8,300 yen	8,688 yen	8,686 yen	8,691 yen	+5 yen
Payout Ratio	109.1%	99.8%	107.6%	104.1%	117.8%	105.4%	105.5%	+0.1%
Outstanding Units Issued at End of Fiscal Period	160,535 units	160,535 units	160,535 units	351,870 units	373,870 units	373,870 units	373,870 units	—
Real Estate Lease Business Revenue	7,421 mn yen	7,633 mn yen	7,612 mn yen	7,968 mn yen	8,316 mn yen	8,578 mn yen	8,693 mn yen	+115 mn yen
Real Estate Expenses Related To Rent Business	3,167 mn yen	3,270 mn yen	3,265 mn yen	3,520 mn yen	3,545 mn yen	3,769 mn yen	3,875 mn yen	+106 mn yen
Real Estate Lease Business Income	4,254 mn yen	4,362 mn yen	4,347 mn yen	4,447 mn yen	4,771 mn yen	4,808 mn yen	4,817 mn yen	+9 mn yen
Rent NOI	5,618 mn yen	5,774 mn yen	5,770 mn yen	5,971 mn yen	6,361 mn yen	6,472 mn yen	6,507 mn yen	+35 mn yen
NOI Yield * 1	5.48%	5.42%	5.49%	5.42%	5.59%	5.49%	5.53%	+0.04%

<Portfolio at End of Fiscal Period>

Number of Owned Properties	125	123	123	127	132	134	136	+2
Total Acquisition Price	210,282 mn yen	211,035 mn yen	212,692 mn yen	221,091 mn yen	229,981 mn yen	235,361 mn yen	237,626 mn yen	+2,265 mn yen
Leasable Units	9,164 units	9,181 units	9,305 units	9,814 units	10,170 units	10,390 units	10,429 units	+39 units
	[Store: 74 units]	[Store: 78 units]	[Store: 82 units]	[Store: 90 units]	[Store: 79 units]	[Store: 101 units]	[Store: 101 units]	—
Properties Acquired (Disposed) in The Fiscal Period *2	6/ 18,933 mn yen	2/ 4,030 mn yen	2/ 5,009 mn yen	4/ 8,400 mn yen	6/ 10,300 mn yen	2/ 5,380 mn yen	2/ 2,265 mn yen	0/ (3,115) mn yen
Properties Disposed in the Fiscal Period *2	2/ 766 mn yen	4/ 3,324 mn yen	2/ 3,063 mn yen	0/ 49 mn yen	1/ 990 mn yen	0/ —	0/ —	0/ —
Average Occupancy Rate in the Fiscal Period	96.4%	96.1%	96.7%	96.5%	96.5%	96.5%	96.8%	+0.3%
Occupancy Rate at End of Fiscal Period	97.2%	96.1%	97.6%	96.7%	96.8%	96.7%	97.1%	+0.4%

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

*2) 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.

Selected Financial Data

	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	Variation Between 17th Fiscal Period
Operating days	182 days	184 days	181 days	184 days	181 days	184 days	181 days	(3) Days
Total Assets	221,703 mn yen	218,295 mn yen	221,779 mn yen	229,781 mn yen	237,934 mn yen	238,092 mn yen	238,730 mn yen	+638 mn yen
Net Assets	91,880 mn yen	91,928 mn yen	91,846 mn yen	103,406 mn yen	111,789 mn yen	111,622 mn yen	111,455 mn yen	(166) mn yen
Unitholders' Capital	41,602 mn yen	41,602 mn yen	41,602 mn yen	53,104 mn yen	61,703 mn yen	61,703 mn yen	61,703 mn yen	—
Total Outstanding Units Issued	160,535 units	160,535 units	160,535 units	351,870 units	373,870 units	373,870 units	373,870 units	—
Net Assets Per Unit	572,339 yen	572,640 yen	572,127 yen	293,878 yen	299,006 yen	298,560 yen	298,113 yen	(447) yen
Distribution Per Unit	16,000 yen	16,264 yen	16,947 yen	8,300 yen	8,688 yen	8,686 yen	8,691 yen	+5 yen
Payout Ratio	109.1%	99.8%	107.6%	104.1%	117.8%	105.4%	105.5%	+0.1%
Return on Assets (ROA) *1	2.2%	2.5%	2.3%	2.4%	2.3%	2.6%	2.6%	—
Return on Equity (ROE) *2	5.4%	5.6%	5.5%	5.6%	5.1%	5.5%	5.6%	+0.1%
Equity ratio *3	41.4%	42.1%	41.4%	45.0%	47.0%	46.9%	46.7%	(0.2)%
Number of Properties	125	123	123	127	132	134	136	+2
Leasable Units	9,164 units [Store: 74 units]	9,181 units [Store: 78 units]	9,305 units [Store: 82 units]	9,814 units [Store: 90 units]	10,170 units [Store: 79 units]	10,390 units [Store: 101 units]	10,429 units [Store: 101 units]	+39 units [—]
Leasable Area	383,773.51㎡ [Store: 15,114.21㎡]	381,992.54㎡ [Store: 15,581.95㎡]	383,991.17㎡ [Store: 13,360.86㎡]	414,829.86㎡ [Store: 14,240.48㎡]	423,076.61㎡ [Store: 10,218.21㎡]	446,112.78㎡ [Store: 18,978.50㎡]	451,292.44㎡ [Store: 18,978.50㎡]	+5,179.66㎡ [—]
Average Occupancy Rate in the Fiscal Period	96.4%	96.1%	96.7%	96.5%	96.5%	96.5%	96.8%	+0.3%
Occupancy Rate at End of Fiscal Period	97.2%	96.1%	97.6%	96.7%	96.8%	96.7%	97.1%	+0.4%
Current Depreciation and Amortization	1,363 mn yen	1,411 mn yen	1,422 mn yen	1,523 mn yen	1,589 mn yen	1,663 mn yen	1,689 mn yen	+26 mn yen
Rent NOI *4	5,618 mn yen	5,774 mn yen	5,770 mn yen	5,971 mn yen	6,361 mn yen	6,472 mn yen	6,507 mn yen	+35 mn yen
FFO Per Unit *5	23,570 yen	25,075 yen	25,828 yen	12,229 yen	12,523 yen	12,700 yen	12,875 yen	+175 yen
Debt Service Coverage Ratio *6	5.4x	6.1x	6.5x	7.4x	7.4x	8.2x	8.4x	+0.2x
Total Interest-bearing Liabilities	125,325 mn yen	121,834 mn yen	125,540 mn yen	121,740 mn yen	121,666 mn yen	121,666 mn yen	122,463 mn yen	+796 mn yen
LTV (interest-bearing liabilities/total assets)	56.5%	55.8%	56.6%	53.0%	51.1%	51.1%	51.3%	+0.2%

*1) 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

*2) 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

*3) Equity ratio = Net assets at end of fiscal period/total assets at end of fiscal period

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

*5) FFO per unit = (Net income + depreciation and amortization + other amortization expenses – gains from property disposition)/ total outstanding units issued

*6) Debt service coverage ratio = Net income before interest amortization/interest expenses.

Assets

(unit: thousand yen)

Category	Seventeenth Fiscal Period (as of August 31, 2014)		Eighteenth Fiscal Period (as of February 28, 2015)		Variation
	Share (%)		Share (%)		
Assets					
Current assets					
Cash and deposits	3,331,562		3,058,232		(273,330)
Cash and deposits in trust	3,892,186		3,784,515		(107,671)
Operating accounts receivable	58,551		42,318		(16,233)
Prepaid expenses	301,620		319,725		18,104
Deferred tax assets	0		0		0
Other	331		18,756		18,425
Allowance for doubtful accounts	(3,486)		(2,878)		607
Total current assets	7,580,767	3.2	7,220,669	3.0	(360,097)
Noncurrent assets					
Property, plant and equipment					
Buildings	28,390,345		28,439,011		48,665
Accumulated depreciation	(2,454,086)		(2,744,202)		(290,115)
Buildings, net	25,936,258		25,694,808		(241,450)
Structures	248,446		249,625		1,178
Accumulated depreciation	(22,261)		(25,085)		(2,824)
Structures, net	226,185		224,539		(1,645)
Machinery and equipment	433,836		444,169		10,333
Accumulated depreciation	(67,818)		(75,853)		(8,035)
Machinery and equipment, net	366,018		368,315		2,297
Tools, furniture and fixtures	658,393		663,919		5,525
Accumulated depreciation	(204,979)		(227,502)		(22,522)
Tools, furniture and fixtures, net	453,413		436,417		(16,996)
Land	21,905,716		21,908,825		3,109
Construction in progress	4,500		0		(4,500)
Buildings in trust	101,534,823		102,954,580		1,419,757
Accumulated depreciation	(10,230,477)		(11,487,262)		(1,256,784)
Buildings in trust, net	91,304,345		91,467,318		162,972
Structures in trust	853,966		873,293		19,327
Accumulated depreciation	(97,981)		(115,786)		(17,805)
Structures in trust, net	755,985		757,506		1,521
Machinery and equipment in trust	1,553,115		1,564,730		11,614
Accumulated depreciation	(452,097)		(506,683)		(54,586)
Machinery and equipment in trust, net	1,101,017		1,058,046		(42,971)
Tools, furniture and fixtures in trust	364,796		402,057		37,260
Accumulated depreciation	(144,095)		(162,926)		(18,831)
Tools, furniture and fixtures in trust, net	220,701		239,130		18,429
Land in trust	82,363,377		83,507,233		1,143,855
Construction in progress in trust	1,712		0		(1,712)
Total property, plant and equipment	224,639,232	94.4	225,662,142	94.6	1,022,909

■ Assets

(unit: thousand yen)

Category	Seventeenth Fiscal Period (as of August 31, 2014)		Eighteenth Fiscal Period (as of February 28, 2015)		Variation
	Share (%)		Share (%)		
Assets					
Intangible assets					
Leasehold rights in trust	3,372,314		3,355,090		(17,224)
Software	1,669		2,360		690
Right of trademark	4,609		4,090		(518)
Total intangible assets	3,378,594	1.4	3,361,541	1.4	(17,052)
Investments and other assets					
Long-term prepaid expenses	514,536		470,317		(44,219)
Guarantee deposits	10,195		10,195		0
Lease deposits in trust	1,956,916		1,956,916		0
Total investments and other assets	2,481,648	1.0	2,437,428	1.0	(44,219)
Total noncurrent assets	230,499,475	96.8	231,461,112	97.0	961,637
Deferred assets					
Bonds issuance costs	11,768		49,008		37,239
Total Deferred assets	11,768	0.0	49,008	0.0	37,239
Total assets	238,092,010	100.0	238,730,791	100.0	638,780

Liabilities and Net Assets

(unit: thousand yen)

Category	Seventeenth Fiscal Period (as of August 31, 2014)		Eighteenth Fiscal Period (as of February 28, 2015)		Variation
	Share (%)		Share(%)		
Liabilities					
Current liabilities					
Operating accounts payable	447,284		400,956		(46,327)
Short-term loans	0		800,000		800,000
Current portion of long-term loans payable	0		10,500,000		10,500,000
Accounts payable-other	118,912		114,255		(4,656)
Accrued expenses	505,231		505,315		83
Income taxes payable	605		605		0
Consumption tax payable	14,650		22,707		8,057
Advances received	870,782		865,272		(5,510)
Deposits received	256,950		233,793		(23,157)
Current portion of rehabilitation debt	14,861,887		0		(14,861,887)
Total current liabilities	17,076,304	7.2	13,442,905	5.6	(3,633,399)
Non current liabilities					
Investment Corporation Bonds	3,000,000		9,000,000		6,000,000
Long-term loans payable	103,805,000		102,163,000		(1,642,000)
Tenant leasehold and security deposits	315,200		310,390		(4,810)
Tenant leasehold and security deposits in trust	1,866,878		1,948,212		81,333
Asset retirement obligations	405,813		410,420		4,607
Total noncurrent liabilities	10,392,892	45.9	113,832,022	47.7	4,439,130
Total liabilities	126,469,197	53.1	127,274,928	53.3	805,731
Net assets					
Unitholders' equity					
Unitholders' capital	61,703,224		61,703,224		0
Surplus					
Capital surplus	28,241,587		28,241,587		0
Reserve for distribution	18,596,590		18,430,566		(166,023)
Unappropriated retained earnings (undisposed loss)	3,081,411		3,080,483		(927)
Total surplus	49,919,588		49,752,638		(166,950)
Total unitholders' equity	111,622,813	46.9	111,455,862	46.7	(166,950)
Total net assets	111,622,813	46.9	111,455,862	46.7	(166,950)
Total liabilities and net assets	238,092,010	100.0	238,730,791	100.0	638,780

Notes and Remarks for Eighteenth Fiscal Period

(unit: million yen)

1. Cash and deposits	
Investment corporation title	3,058
Trust bank title	3,784
(of which, equivalent to deposit)	2,258
Balance	4,584
2. Interest-bearing liabilities	122,463
3. Allowance for doubtful accounts	2
4. Change in Unitholders' capital	
Total Unitholders' capital	61,703
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
March 2013: Increase capital through public offering	10,455
April 2013: Increase capital through third party allotment	1,045
October 2013: Increase capital through public offering	7,817
November 2013: Increase capital through third party allotment	781

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
March 1, 2013 *3	Split of investment units			321,070
March 18, 2013	10,455,984,000	52,058,420,200	28,000	349,070
April 17, 2013	1,045,598,400	53,104,018,600	2,800	351,870
October 28, 2013	7,817,460,000	60,921,478,600	20,000	371,870
Nov. 19, 2013	781,746,000	61,703,224,600	2,000	373,870
March 1, 2015 *4	Split of investment units			747,740

*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.

*3) DHI implemented a 2-for-1 split of investment units with an effective date of March 1, 2013.

*4) DHI implemented a 2-for-1 split of investment units with an effective date of March 1, 2015.

Income Statement

(unit: thousand yen)

Category	Seventeenth Fiscal Period (Mar. 1, 2014 – Aug. 31, 2014)	Eighteenth Fiscal Period (Sep. 1, 2014 – Feb. 28, 2015)	Variation
Operating revenue			
Lease business revenue	7,990,756	8,148,893	158,136
Other lease business revenue	587,494	544,685	(42,808)
Gain from disposition of properties	0	0	0
Total operating revenue	8,578,251	8,693,579	638,780
Operating expenses			
Expenses related to rent business	3,769,653	3,875,698	106,045
Loss from disposition of properties	0	0	0
Asset management fee	572,099	580,268	8,169
Asset custody fee	21,484	21,409	(75)
Administrative service fees	59,302	56,723	(2,579)
Directors' compensations	6,600	6,600	0
Bad debts expenses	0	514	514
Provision of allowance for doubtful accounts	453	2,623	2,169
Other operating expenses	242,398	267,951	25,553
Total operating expenses	4,671,991	4,811,789	139,798
Operating income	3,906,259	3,881,789	(24,469)
Non-recurring income			
Interest income	486	467	(19)
Reversal of allowance for doubtful accounts	0	0	0
Other	8,007	3,878	(4,128)
Total non-recurring income	8,494	4,345	(4,148)
Non-recurring expenses			
Interest expenses	645,306	621,771	(23,534)
Interest expenses on bonds	17,076	19,709	2,633
Retirement of bonds issuance cost	2,353	3,244	890
Borrowing related expenses	159,798	158,733	(1,064)
Unit issuance expenses	0	0	0
Other	8,202	1,587	(6,615)
Total non-recurring expenses	832,737	805,046	(27,690)
Ordinary income	3,082,016	3,081,088	(927)
Extraordinary income			
Other	0	0	0
Total extraordinary income	0	0	0
Extraordinary loss			
Impairment losses	0	0	0
Total extraordinary losses	0	0	0
Income before income taxes	3,082,016	3,081,088	(927)
Income taxes-current	605	605	0
Total income taxes	605	605	0
Net income	3,081,411	3,080,483	(927)
Retained earnings brought forward	-	-	-
Unappropriated retained earnings (undisposed loss)	3,081,411	3,080,483	(927)

Financial statements pertaining to distribution of funds

(unit: yen)

Category	Seventeenth Fiscal Period (Mar. 1, 2014 – Aug. 31, 2014)	Eighteenth Fiscal Period (Sep. 1, 2014 – Feb. 28, 2015)	Variation
I. Unappropriated retained earnings	3,081,411,214	3,080,483,901	(927,313)
II. Reversal of reserve for distribution	166,023,606	168,820,269	2,796,663
III. Distribution amount [Distribution per unit]	3,247,434,820 [8,686]	3,249,304,170 [8,691]	1,869,350 -
IV. Reserve of reserve for distribution	-	-	-
V. Retained earnings carried forward	-	-	-

Breakdown of Real Estate Lease Business Revenue and Expenses

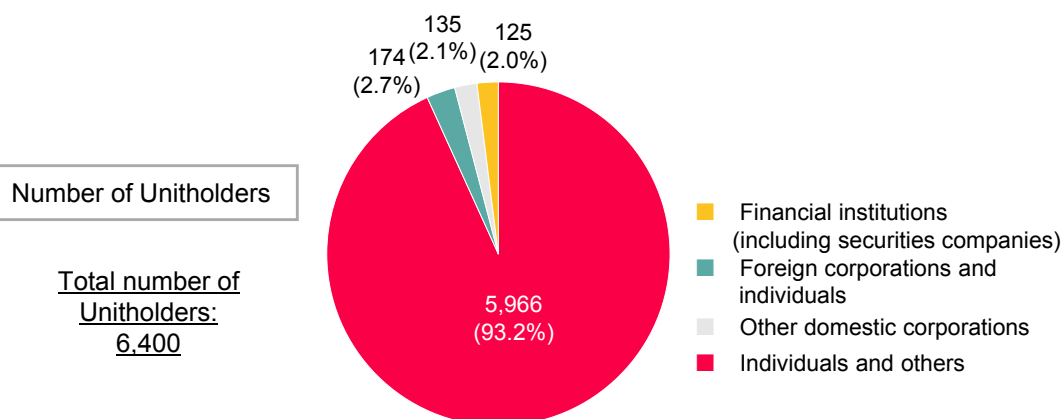
(unit: thousand yen)

Category	Seventeenth Fiscal Period (Mar. 1, 2014 – Aug. 31, 2014)	Eighteenth Fiscal Period (Sep. 1, 2014 – Feb. 28, 2015)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	7,723,250	7,872,555	149,304
Common service fees	267,505	276,337	8,831
Subtotal	7,990,756	8,148,893	158,136
Other lease business revenue			
Facility charges	251,554	256,430	4,875
Incidental revenue	45,497	45,153	(343)
Other lease business revenue	290,442	243,101	(47,340)
Subtotal	587,494	544,685	(42,808)
Total real estate lease business revenue	8,578,251	8,693,579	115,328
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	856,198	857,325	1,126
Utility expenses	138,447	139,291	843
Tax and public charges	464,435	464,344	(91)
Repair expenses	116,586	180,677	64,091
Insurance expenses	12,484	12,538	53
Restoration cost	214,597	220,468	5,871
Custodian fees	44,339	44,685	346
Depreciation and amortization	1,663,841	1,689,906	26,065
Other operating expenses	258,722	266,460	7,738
Total real estate expenses related to rent business	3,769,653	3,875,698	106,045
C. Real estate lease business income (A – B)	4,808,597	4,817,880	9,283

Statistical Data of Unitholders

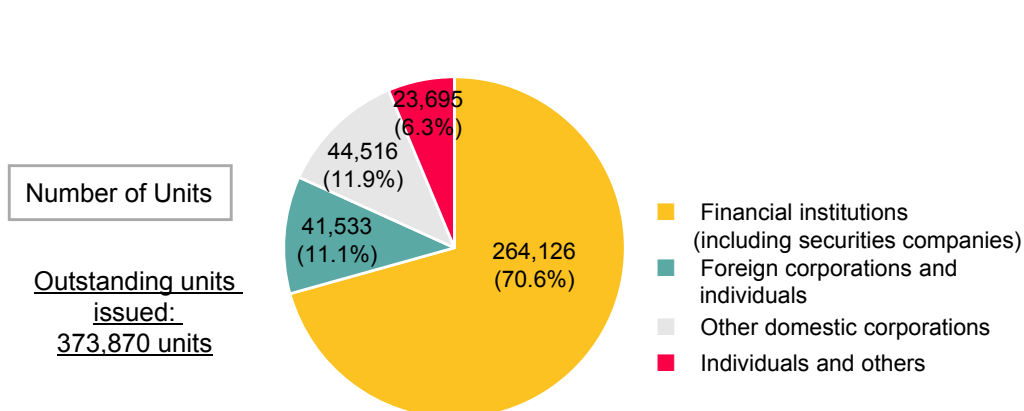
Breakdown by Number of Unitholders

Unitholder type		Previous Fiscal Period (17th Fiscal Period) (as of August 31, 2014)		Current Fiscal Period (18th Fiscal Period) (as of February 28, 2015)		Variation
		Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)
Individuals and others		6,115	93.53	5,966	93.2	(149)
Financial institutions		102	1.56	105	1.6	3
	Banks and trust banks	52	0.79	54	0.8	2
	City banks	1	0.01	0	0.0	(1)
	Regional banks	38	0.58	41	0.6	3
	Trust banks	13	0.19	13	0.2	0
Life insurance companies		9	0.13	9	0.1	0
Non-life insurance companies		3	0.04	3	0.05	0
Other financial		38	0.58	39	0.6	1
	Credit unions	27	0.41	29	0.5	2
	Other	11	0.16	10	0.2	(1)
Other domestic corporations		141	2.15	135	2.1	(6)
Foreign corporations and individuals		160	2.44	174	2.7	14
Securities companies		20	0.30	20	0.3	0
Total		6,538	100.00	6,400	100.00	(138)



Breakdown by Number of Units Held

Unitholder type		Previous Fiscal Period (17th Fiscal Period) (as of August 31, 2014)		Current Fiscal Period (18th Fiscal Period) (as of February 28, 2015)		Variation
		Number of Units (units)	Ratio (%)	Number of Units (units)	Ratio (%)	Number of Units (units)
Individuals and others		25,199	6.74	23,695	6.3	(1,504)
Financial institutions		255,798	68.41	257,873	69.0	2,075
	Banks and trust banks	228,118	61.01	230,308	61.6	2,190
	City banks	384	0.10	0	0.0	(384)
	Regional banks	39,542	10.57	43,163	11.5	3,621
	Trust banks	188,192	50.33	187,145	50.1	(1,047)
Life insurance companies		12,239	3.27	11,923	3.2	(316)
Non-life insurance companies		7,457	1.99	7,311	2.0	(146)
Other financial		7,984	2.13	8,331	2.2	347
	Credit unions	4,133	1.10	4,524	1.2	391
	Other	3,851	1.03	3,807	1.0	(44)
Other domestic corporations		43,923	11.74	44,516	11.9	593
Foreign corporations and individuals		43,076	11.52	41,533	11.1	(1,543)
Securities companies		5,874	1.57	6,253	1.7	379
Total		373,870	100.00	373,870	100.00	0



Unitholders (Major Unitholders)

Major Unitholders of DHI

Name	17th Fiscal Period (as of August 31, 2014)		18th Fiscal Period (as of February 28, 2015)		Variation
	Number of Units Held (units)	Percentage of Total (%)	Number of Units Held (units)	Percentage of Total (%)	
Japan Trustee Services Bank, Ltd. (trust account)	100,316	26.8	101,772	27.2	1,456
Daiwa House Industry Co., Ltd.	37,720	10.1	37,720	10.1	—
The Master Trust Bank of Japan, Ltd. (trust account)	31,353	8.4	31,165	8.3	(188)
Trust & Custody Services Bank, Ltd. (securities investment trust account)	22,524	6.0	22,266	6.0	(258)
The Nomura Trust and Banking Co., Ltd. (investment trust account)	15,040	4.0	13,825	3.7	(1,215)
SCBHK AC DBS VICKERS (HK) LIMITED—CLIENT A/C	6,900	1.8	6,900	1.8	—
The Chugoku Bank, Ltd.	6,471	1.7	6,471	1.7	—
The Fuji Fire and Marine Insurance Co., Ltd.	6,265	1.7	6,265	1.7	—
Mizuho Trust & Banking Co., Ltd.	6,501	1.7	5,876	1.6	(625)
Trust & Custody Services Bank, Ltd. (money trust tax account)	5,638	1.5	5,691	1.5	53
Total	238,728	63.9	237,951	63.6	(777)

Questionnaire for Unitholders in 17th Fiscal Period

A questionnaire was sent to all unitholders together with the asset management report for the 17th fiscal period, and completed questionnaires were returned by 1,835 unitholders (28.1% of the total).

Gender	「Male」 75%, 「Female」 25%, 「No answer」 0.1%	Reason for investing in DHI (*)	「Distribution yield」 66%, 「Creditworthiness of sponsor」 35%, 「Growth potential」 21%, 「Low unit price」 20%, 「Recommendation by securities company」 19%, 「Comparison with other REITs」 16%,
Age	「60 and over」 589%, 「50s」 18%, 「40s」 14%	Approach to investing in DHI	「Long-term holding」 62%, 「Long-term holding + Increasing investment」 24%, 「Increasing investment」 4%
Occupation	「Unemployed/retired」 34%, 「Company employee」 23%, 「Full-time homemaker」 13%, 「Self-employed」 11%	Reasons for Increasing and long-term holding (*)	「Stability of distributions」 74%, 「Expectation of rise in unit price」 31%, 「Creditworthiness of sponsor」 31%, 「Special Benefit Program for Unitholders」 17%, 「High quality of owned properties」 16%
		Highest priority in investment approach decision (*)	「Distribution yield」 81%, 「Profitability」 38%, 「Creditworthiness of sponsor」 22%, 「Quality of owned properties」 21%, 「Track record」 21%

*) Multiple answers allowed.

Initiatives with a Focus on Unitholders

// Initiatives based on the Feedback from Unitholders

- From the 10th fiscal period, DHI started sending out a questionnaire to all unitholders with the Asset Management Report. In response to requests raised by many respondents, we implemented a split of investment units and launched a unitholder special benefit program.

// Implementing Split of Investment Units

- DHI implemented a 2-for-1 split of investment units effective March 1, 2013 and March 1, 2015.
- The purpose of this split is to reduce investment cost per unit and to encourage investment by investors, in order to expand the investor base and increase the liquidity of DHI's investment units.

// Introducing a Special Benefit Program for Unitholders

- From the 15th fiscal period (ended August 2013), DHI launched a special benefit program for unitholders.
- Targeting unitholders who are recorded on the list of unitholders of DHI at the end of each fiscal period (the end of February and August of each year)
- Regardless of the number of units held, all eligible unitholders shall receive one hotel discount ticket at the 26 Daiwa Royal Hotels (for two or more persons per room), which are operated all over the country by Daiwa Resort Co., Ltd. (a wholly-owned subsidiary of Daiwa House Industry Co., Ltd.) without limitation to the term of validity (The ticket will be included in the Asset Management Report and is scheduled to be sent to eligible unitholders in mid-May and mid-November each year.).

*) DHI may make changes to the special benefit program implementation or its content in the future.

Period	Price list (two or more persons per room) (room rates per person)	
	One night's stay with breakfast	One night's stay with breakfast and dinner
June 1, 2015 – November 30, 2015	7,780 yen	12,500 yen

(Exclusion periods)

July 18, 2015 through July 19, 2015, August 13, 2015 through August 15, 2015,
September 19, 2015 through September 22, 2015 and other periods specified by each of the hotels.

In response to requests raised by many respondents, we added an option for one night's stay with breakfast and dinner from the 16th fiscal period (ended Feb. 2014).



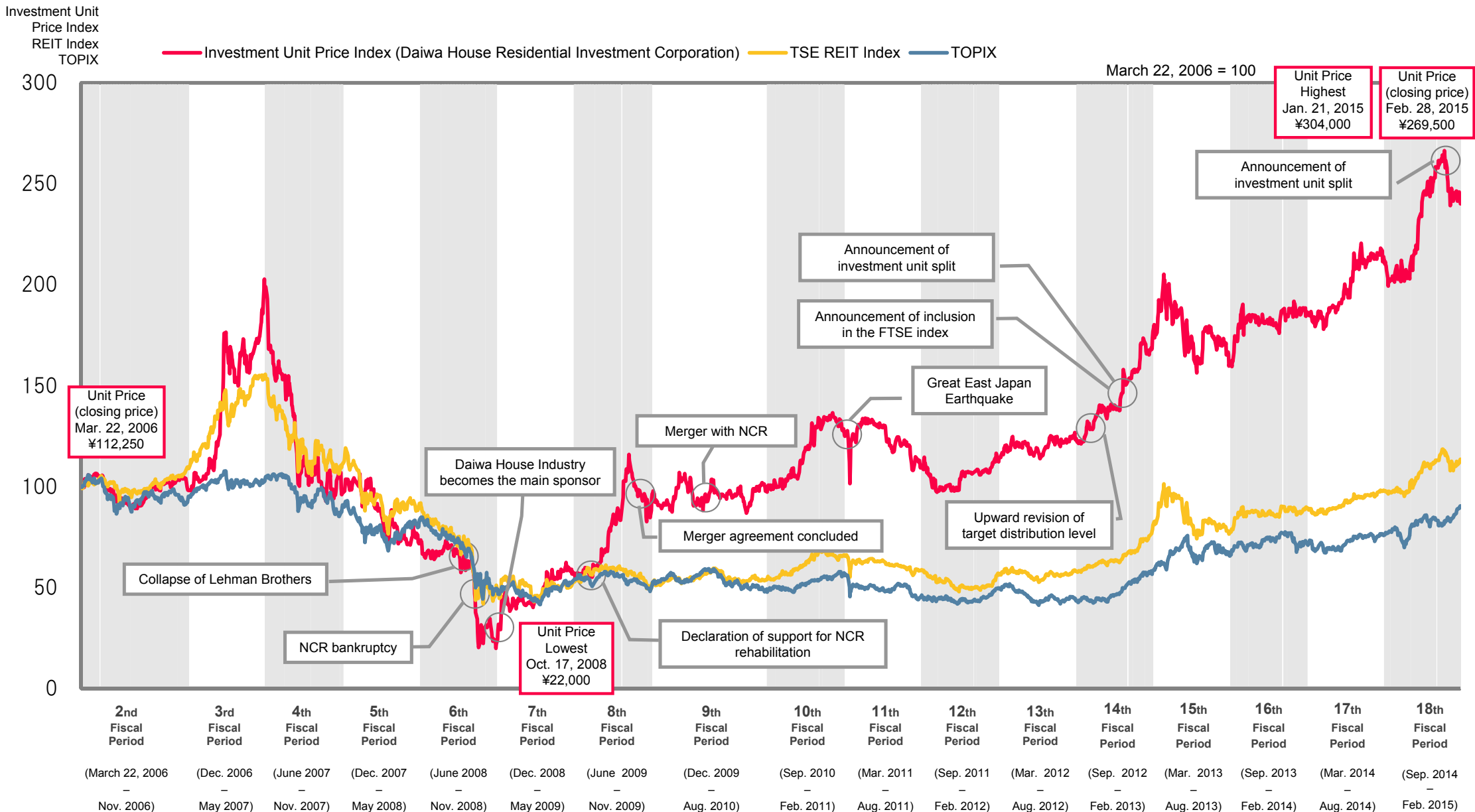
[Minamiboso-Tomiura Royal Hotel]

// Introducing Cumulative Investment Program to Officers and Employees

- Daiwa House Asset Management Co., Ltd. launched a cumulative investment program for officers and employees in December 2013.
- The purpose of this is to encourage officers and employees of Daiwa House Asset management Co., Ltd. to closely keep eyes on DHI's investment unit price and raise their awareness of its earnings, thus incentivizing them to make efforts to increase DHI's investment unit price, drive further growth for DHI, and enhance unitholders' value in the medium and long term.

*) Cumulative investment program allows officers and employees of the asset management company to acquire DHI's investment units at a fixed time in a fixed amount on a continuous basis through securities companies.

Unit Prices since 2006



*1) The investment unit price index shows the indexed value of closing price of DHI's investment unit on the TSE.

*2) "Unit Price High" and "Unit Price Low" are a new high and low, respectively, during trading hours.

*3) DHI implemented a 2-for-1 split of investment units on March 1, 2013. Factoring in the impact of the split, investment unit prices on or before February 25, 2013 are divided by four and investment unit prices on or after February 26, 2013 are divided by two.

- This document is provided for information purposes only and is not intended as a solicitation to invest or a recommendation to trade in a specific security. Please contact a financial product brokerage company if you are interested in purchasing the investment units of Daiwa House Residential Investment Corporation (“DHI”).
- This document is not a disclosure document or investment report required under and made in accordance with the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations and related cabinet orders and cabinet office ordinances, or under the Tokyo Stock Exchange’s securities listing rules or any other related rules.
- The contents of this document include forward-looking statements based on certain assumptions and judgments using information currently available to DHI. These forward-looking statements are not a guarantee of DHI’s future results, business performance and financial position.
- DHI endeavors to ensure the contents of this document are as accurate as possible. However, DHI cannot guarantee the accuracy, reliability, adequacy or the accessibility of the information herein. DHI reserves the right to change or delete information without prior notice.
- Duplication or reproduction of any item presented as information herein without the prior consent of DHI is strictly prohibited.