

**Daiwa House
Residential
Investment Corp.**



Daiwa House Asset Mgt.
Daiwa House Group



**Daiwa House Residential
Investment Corporation
Presentation Material (Ticker Code: 8984)**

(Asset Management Company)

**DAIWA HOUSE
ASSET MANAGEMENT Co., Ltd.**

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



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* All photos used in this material are photos of properties managed by Daiwa House Residential Investment Corporation (“DHI”) except for the property photos on pages 29.





Twelfth Fiscal Period (ended February 2012) Achievements

Key Developments

Fiscal Period	Year/Month	DHI	Properties Related*	Financial Related
12th Fiscal Period	2011	Sep.	Public offering announced Target distribution set Investment guideline changed to focus on investment in residential properties	Besta Yakuin (¥930 million) acquired Commitment line (maximum of ¥6 billion) established Refinanced Term Loan II (¥15,787 million) and Rehabilitation Obligations with Right of Separate Satisfaction (¥16,019 million) to Term Loan IV (¥31,800 million)
		Oct.	Funds received from public offering (¥15,999 million) R&I (issuer rating) upgraded from A to A+	Royal Parks Hanakoganei (¥5,300 million) acquired Castalia Mishuku (¥1,900 million) acquired Shibaura Island Bloom Tower (¥7,580 million) acquired Collateral released Rehabilitation obligations (bonds) purchased and redeemed (¥475 million)
		Nov.	Funds received from capital increase through third party allotment (¥1,599 million) General Unitholders meeting held	
		Dec.	Trade name changed to Daiwa House Residential Investment Corporation (DHI) JCR announced AA- credit rating (long-term senior debt)	New brand “Castalia” launched Castalia Hatsudai (¥2,030 million) acquired Castalia Mibu (¥1,193 million) acquired Commitment line (¥3,200 million) borrowing Term Loan IV (¥31,800 million) changed to fixed interest rate
13th Fiscal Period	2012	Feb.	NCR Minamirinkan (¥313 million) disposed NCR Kumegawa (¥453 million) disposed	
		Mar.	Comfort Time Otsuka (¥803 million) disposed Aprile Tarumi (part of land) (¥30 million) disposed NCR Ichigaya Sanaicho (¥450 million) disposed NCR Toyoda (¥720 million) disposed Castalia Arakawa (¥1,660 million) acquired Castalia Omori II (¥2,370 million) acquired	First unsecured bonds (¥3,000 million) issued Rehabilitation obligations (loans) (¥1,094 million) repaid Resona Bank (¥1,095 million) borrowing Commitment line (¥3,200 million) repaid Term Loan V (¥7,000 million) borrowing Term Loan VI (¥7,000 million) borrowing Bank of Tokyo-Mitsubishi UFJ (¥4,000 million) borrowing Rehabilitation obligations (loans) (¥911 million) repaid Rehabilitation obligations (bonds) (¥20,072 million) purchased and redeemed Commitment line (¥3,200 million) borrowing

*) Figures in brackets are acquisition or disposition price.



Twelfth Fiscal Period (ended February 2012) Results Highlights

Entered into a stage focusing on external growth in addition to current internal growth strategy

- 1) Increased portfolio size by conducting public offering and enhanced portfolio quality by replacing properties
- 2) Improved profitability through increase in NOI yield
- 3) Enhanced financial stability

Increase of Portfolio Size and Enhanced Portfolio Quality

- 4 properties acquired with a total value of ¥15,710 million (acquisition price basis) using funds from public offering in October 2011 and additional 2 properties acquired with a total value of ¥3,223 million (acquisition price basis) in December 2011
- 2 older properties disposed with a total value of ¥766 million (disposition price basis), achieving the enhanced portfolio quality

	Age of Property	NOI yield (%)
6 properties acquired	4.3	6.5
2 properties disposed	11.2	4.0

- External growth of ¥21,708 million (acquisition price basis) achieved in 2 years since the merger with NCR (April 2010)

As of April 1, 2010	As of March 31, 2012
129 properties	124 properties
¥190,537 million	¥212,245 million

Improvement in Profitability through NOI yield Increase

- Portfolio NOI yield +0.43% year on year
[Factors]
Occupancy rates during the fiscal period exceeded the projected occupancy rates
Retail facilities in residential properties opened earlier than expected
Replacement of portfolio properties led to improvement in profitability

11th Fiscal Period Portfolio NOI yield	12th Fiscal Period Portfolio NOI yield
5.05%	5.48%

- Occupancy rate

Occupancy rate at end-Aug. 2011 (Average)	Occupancy rate at end-Feb. 2012 (Average)
96.2% (95.7%)	97.2% (96.4%)

Enhancement in Financial Stability

- Refinancing totaling ¥31,800 million in September 2011 led to reduction in interest expenses
- LTV declined (61.1%→56.5%) due to the public offering; at the same time, collateral released, leading to increases in credit ratings
- Rehabilitation obligations (former bonds) of ¥475 million purchased and redeemed at a discount, resulting in gains on redemption of ¥7 million.
- New bonds of ¥3 billion issued, achieving diversified funding sources
- Rehabilitation obligations (former bonds + former loans) with a total of ¥22,078 million purchased and redeemed, leading to reduction in interest expenses; since the merger, DHI has purchased and redeemed a total of ¥32,910 million in rehabilitation obligations and incurred total gains on redemption of ¥569 million

Retained earnings were secured by utilizing tax-loss carry forwards and used to support a flexible distribution policy

Net income per unit (excluding extraordinary losses such as losses from property disposition) was **¥15,075**, exceeding the initial forecast of **¥14,111**; by utilizing retained earnings, the distribution per unit increased to **¥16,000**



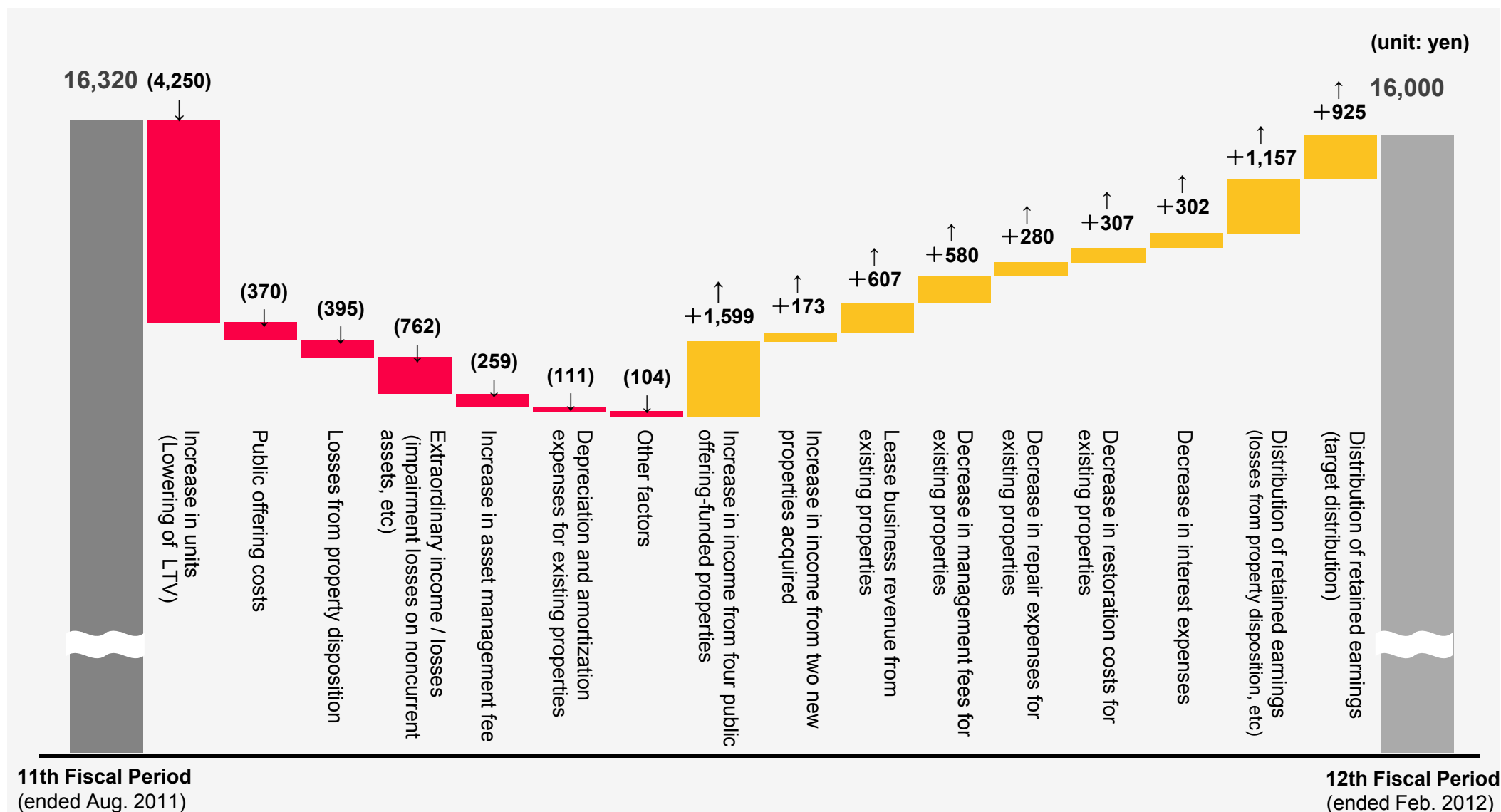
Twelfth and Eleventh Fiscal Period Results

	11th Fiscal Period Actual (ended Aug. 2011)	12th Fiscal Period Forecast (ended Feb. 2012)	12th Fiscal Period Actual (ended Feb. 2012)	Differences between 12th Fiscal Period Forecast and Actual	
Management Period	184 days	182 days	182 days	—	
Operating Revenue [gains from property disposition] Excl. gains from property disposition	6,728 mn yen [0.6 mn yen] 6,728 mn yen	7,243 mn yen [-] 7,243 mn yen	7,421 mn yen [-] 7,421 mn yen	177 mn yen [-] 177 mn yen	Rent income +¥89 mn (2 new properties +¥43 mn, increase in occupancy rate, etc : ¥46 mn) Contract termination fees +¥43 mn Other lease business revenue +¥45 mn
Operating Income [losses from property disposition] Excl. gains and losses from property disposition	2,478 mn yen [(501) mn yen] 2,979 mn yen [Ref.] Capital expenditures:¥85 mn + repair expenses of ¥172 mn	3,307 mn yen [-] 3,307 mn yen [Ref.] Capital expenditures:¥ -mn + repair expenses of ¥161 mn	3,434 mn yen [(63) mn yen] 3,497 mn yen [Ref.] Capital expenditures:¥92 mn + repair expenses of ¥134 mn	126 mn yen [(63) mn yen] 190 mn yen	(Operating revenue +¥177 mn) – (Operating expenses +¥51 mn) = Operating income +¥126 mn Real estate commissions –¥9 mn (decrease due to improvement in occupancy rate) Repair expenses –¥27 mn Sales promotion expenses +¥23 mn Other expenses ±¥0 mn
Ordinary Income [gains and losses from property disposition] Excl. gains and losses from property disposition	1,437 mn yen [(501) mn yen] 1,938 mn yen	2,265 mn yen [-] 2,265 mn yen	2,357 mn yen [(63) mn yen] 2,420 mn yen	91 mn yen [(63) mn yen] 155 mn yen	(Operating income +¥126 mn) + (Non-operating income +¥2 mn) – (Non-operating expenses +¥37 mn) = Ordinary income +¥91 mn Interest expenses +¥16 mn due to new commitment line borrowings Costs +¥6 mn due to shift to fixed interest rates Other expenses +¥13 mn
Net Income [extraordinary income and losses such as gains and losses from property disposition, etc.] Excl. extraordinary income and losses	1,401 mn yen [(535) mn yen] 1,937 mn yen	2,257 mn yen [(7) mn yen] 2,265 mn yen	2,234 mn yen [(185) mn yen] 2,419 mn yen	(23) mn yen [(178) mn yen] 154 mn yen	Extraordinary income +¥8 mn (gains on redemption by purchase of rehabilitation obligations +¥7 mn, etc) Extraordinary losses +¥122 mn (impairment losses on noncurrent assets +¥130 mn, etc)
Reversal of Retained Earnings	(535) mn yen	(310) mn yen	(334) mn yen	(23) mn yen	Total decline of ¥334 mn in the actual results comprises: gains / losses from property disposition –¥63 mn, gains on redemption by purchase of rehabilitation obligations, etc +¥8 mn, impairment losses on noncurrent assets –¥130 mn, and retained earnings reversed to attain target distribution –¥149 mn
Total Distributions [Distribution per Unit]	1,937 mn yen [16,320 yen]	2,568 mn yen [16,000 yen]	2,568 mn yen [16,000 yen]	— —	
Net Income per Unit Excl. extraordinary income and losses [outstanding units issued at end of fiscal period]	11,806 yen 16,320 yen [118,735 units]	14,063 yen 14,111 yen [160,535 units]	13,918 yen 15,075 yen [160,535 units]	(145) yen 964 yen [- units]	Extraordinary losses such as losses from property disposition rose ¥178 mn compared with initial forecast Excluding extraordinary losses such as loss from property disposition, net income rose by ¥154 mn due to an increase in rent income and other factors Increase in distribution of retained earnings remained at ¥23 mn



Twelfth Fiscal Period (ended February 2012) Breakdown of Distribution per Unit Change

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



*)Number of outstanding units: 11th fiscal period 118,735, 12th fiscal period 160,535; LTV at the end of fiscal period: 11th fiscal period 61.1%, 12th fiscal period 56.5%



Improving Portfolio Quality by Replacing Assets (1)

Criteria for Asset Dispositions

- DHI plans to strategically dispose of less competitive properties based on below criteria
Criteria; property size (price, leasable area, number of units), location, yield, age, occupancy rate, and distance from the nearest station

Asset Replacement Results of Twelfth Fiscal Period (ended February 2012)

- DHI made steady progress with replacing properties to enhance the portfolio quality, which led to improvement in the NOI yield and the average age of properties; the number of properties purchased was much higher than the number of properties disposed, due to acquisition at equity offering
- DHI incurred losses from the disposition of property, but distributed retained earnings to ensure distribution stability

Property Purchased	Acquisition Date	Acquisition Price ① (million yen)	Appraisal Value ② (million yen)	②-① (million yen)	NOI Yield (%) (*1)	Age of Property (years)
Besta Yakuin	2011/ 9 / 26	930	951	21	6.5	5.6
Royal Parks Hanakoganei	2011/ 10 / 7	5,300	5,560	260	6.7	5.6
Castalia Mishuku	2011/ 10 / 7	1,900	2,050	150	5.9	4.6
Shibaura Island Bloom Tower	2011/ 10 / 18	7,580	7,880	300	6.7	3.1
Castalia Hatsudai	2011/ 12 / 19	2,030	2,180	150	5.6	5.1
Castalia Mibu	2011/ 12 / 22	1,193	1,210	17	6.1	3.8
Total		18,933	19,831	898	6.5	4.3

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

Increased
profitability

Property Disposed	Disposition Date	Book Value ① (million yen)	Disposition Price ② (million yen)	②-① (*2) (million yen)	NOI Yield (%) (*3)	Age of Property (years)
New City Residence Minamirinkan	2012/ 2 / 28	351	313	(37)	5.8	9.9
New City Residence Kumegawa	2012/ 2 / 29	469	453	(16)	2.7	12.2
Total		820	766	(54)	4.0	11.2

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

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

Reduced
property age



Improving Portfolio Quality by Replacing Assets (2)

Assets Replacement Results of Thirteenth Fiscal Period (ended Aug. 2012)

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

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

Property Disposed	Disposition Date	Book Value ① (million yen)	Disposition Price ② (million yen)	②-① (*2) (million yen)	NOI Yield (%) (*3)	Age of Property (years)
Comfort Time Otsuka	2012/ 3 / 7	753	803	49	5.4	7.2
New City Residence Ichigaya Sanaicho	2012/ 3 / 26	417	450	33	4.3	11.5
New City Residence Toyoda	2012/ 3 / 26	842	720	(122)	6.5	19.8
Total		2,013	1,974	(38)	5.6	13.3

*2) The figures do not include expenses related to disposition of properties. *3) Total NOI for the past two fiscal periods / acquisition price

Increased
profitability

Reduced
property age

List of Properties Disposed and Acquired After Merger to March 31, 2012

Acquisition from

the Daiwa House Group : 68.1%

	Total of 22 Disposed Properties ① (million yen)	Total of 17 Acquired Properties ② (million yen)	② - ① (million yen)	Comment
Total Acquisition Price of Disposed Properties (a) / Total Acquisition Price of Acquired Properties (b)	20,516	42,224	21,708	Achieved external growth
Real Estate Appraisal Values (c)	19,406 *1	45,358 *2	25,951	-
Difference Between Total Acquisition Price and Real Estate Appraisal Values [(c) - (b)]	-	3,133 (6.9%)	-	Unrealized gain versus real estate appraisal value
Gains From Property Disposition *3	155 *4	-	-	Gain booked on property dispositions, allocated all gains to retained earnings
NOI Yield	6.2% *5	6.5% *6	-	Improved profitability
Acquisition Price per Property	932	2,483	1,551	Enhanced operational and administrative efficiency
Total Units	948 units	2,030 units	1,082 units	-
Weighted Average Age of Property	8.2 years	3.8 years	-	Replaced with newer buildings

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

*2) Real estate appraisal value at acquisition date

*3) Does not include disposition-related expenses

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

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

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



External Growth Achievements

Property Acquired in 12th Fiscal Period

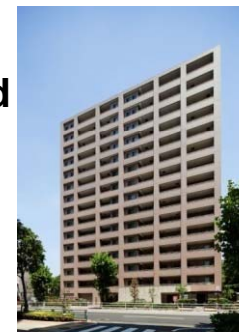


Acquisition from the Daiwa House Group

Property Name	Royal Parks Hanakoganei	Shibaura Island Bloom Tower	Castalia Mishuku	Besta Yakuin
Location	Kodaira City, Tokyo	Minato Ward, Tokyo	Setagaya Ward, Tokyo	Fukuoka City, Fukuoka
Structure · Floor	RC, 14F	RC, 48F / RC, 9F	RC, 5F / B1F	RC, 10F
Completion Date	February 2006	September 2008	February 2007	March 2006
Leasable Units	279 units	213 units	53 units	118 units
Acquisition Date	October 7, 2011	October 18, 2011	October 7, 2011	September 26, 2011
Acquisition Price	5,300 million yen	7,580 million yen	1,900 million yen	930 million yen
Seller	Royal Parks Hanakoganei Co., Ltd.	Shibaura Canal Development Ltd.	Special purpose company in Japan	Company engaged in general business in Japan
NOI yield (Note)	6.7%	6.7%	5.9%	6.5%



Property Acquired in 13th Fiscal Period



Property Name	Castalia Hatsudai	Castalia Mibu
Location	Shibuya Ward, Tokyo	Kyoto City, Kyoto
Structure · Floor	RC, 14F	RC, 7F
Completion Date	November 2006	March 2008
Leasable Units	81 units	78 units
Acquisition Date	December 19, 2011	December 22, 2011
Acquisition Price	2,030 million yen	1,193 million yen
Seller	Special purpose corporation in Japan	Company engaged in general business in Japan
NOI yield (Note)	5.6%	6.1%

Property Name	Castalia Arakawa	Castalia Omori II
Location	Arakawa Ward, Tokyo	Ota Ward, Tokyo
Structure · Floor	RC, 15F	RC, 12F / B1F
Completion Date	February 2007	March 2009
Leasable Units	70 units	112 units
Acquisition Date	March 28, 2012	March 29, 2012
Acquisition Price	1,660 million yen	2,370 million yen
Seller	Special purpose company in Japan	Nomura Real Estate Development Co., Ltd.
NOI yield (Note)	6.5%	5.4%

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



Portfolio Distribution

- DHI's efforts to improve portfolio quality and stability and lower the average age of portfolio properties by implementing assets replacement in accordance with investment criteria

Investment Policy

1

Diversifying investment mainly in Area 1 (the five major wards of Tokyo) but also in Area 2 (wards of Tokyo excluding Area 1), where we have a strong track record, and Area 3 (Tokyo Metropolitan Area excluding Area 1 and Area 2)

Direction of Target Portfolio

- Area 1 → ■ Area 3 ↑
- Area 2 ↑ ■ Area 4 →

2

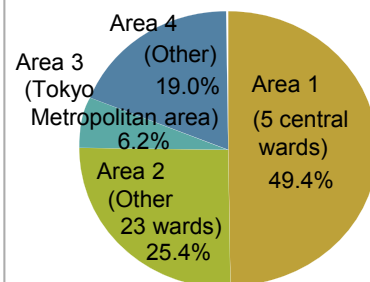
Investment in family residences, where the Daiwa House Group is strong, mainly for singles

Direction of Target Portfolio

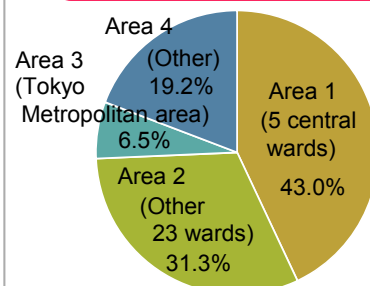
- Single ↑ ■ Family ↑
- DINKS →

By Area

April 30, 2010 (Merger)



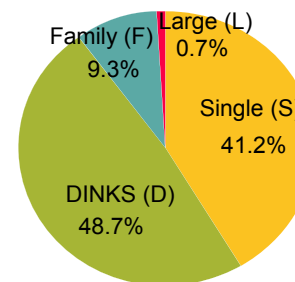
March 31, 2012



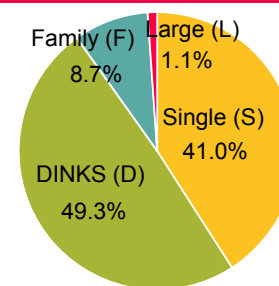
Focusing on acquisitions in Area 2 and Area 3, with opportunities to acquire profitable properties

By Type

April 30, 2010 (Merger)



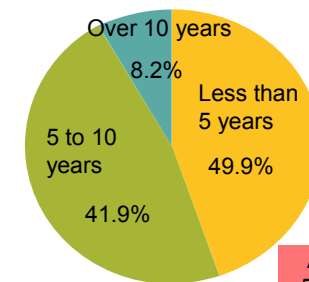
March 31, 2012



Expanding investment in compact types (single and DINKS residences), with relatively low total rents and more stable occupancy rates and rent levels

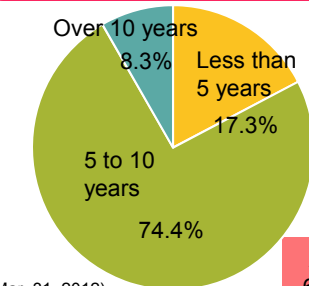
By Age of Property

April 30, 2010 (Merger)



Average
5.7 years

March 31, 2012



Average
6.9 years

(As of Mar. 31, 2012)

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

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

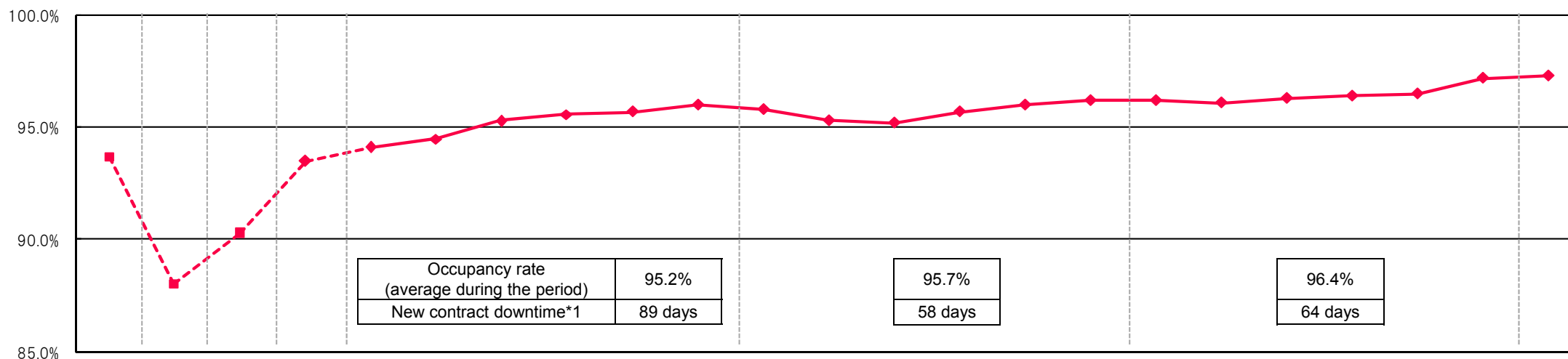
*2) Areas are defined as follows: (1) 5 central wards (Area 1): Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward, (2) Other 23 wards (Area 2): 23 wards of Tokyo excluding Area 1, (3) Tokyo Metropolitan area (Area 3): Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama 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: Single (S): leasable area of less than 30m² / DINKS (D): leasable area of 30m² ~ 70m² / Family (F): leasable area of 70m² ~ 100m² / Large (L): leasable area of over 100m²



Occupancy Rate

Portfolio Occupancy Rate since 2008



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

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

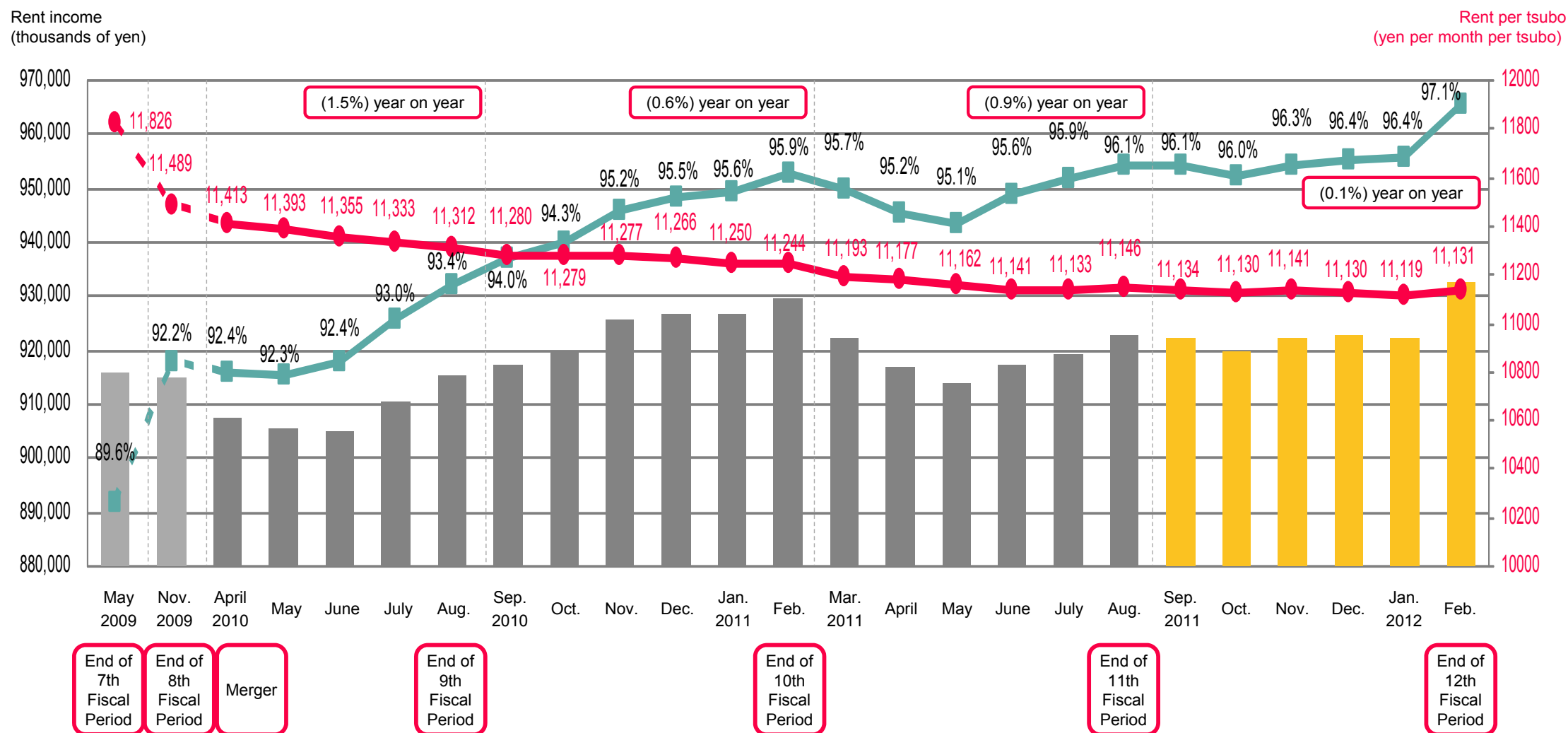
Total		93.7%	88.0%	90.3%	93.5%	94.1%	94.5%	95.3%	95.6%	95.7%	96.0%	95.8%	95.3%	95.2%	95.7%	96.0%	96.2%	96.2%	96.1%	96.3%	96.4%	96.5%	97.2%	97.3%
Residential	Area1	93.2%	86.0%	87.9%	90.4%	90.6%	90.4%	92.0%	93.0%	93.3%	94.3%	93.4%	93.3%	93.1%	93.0%	93.1%	94.1%	94.3%	94.2%	94.8%	95.1%	94.9%	96.3%	96.5%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

*2) The above graph shows occupancy rates by area over the last four fiscal periods for all 129 properties in the portfolio from June 2008 to May 2010 (owned as of May 31, 2010). For June 2010 and beyond, occupancy rates by area are shown for all properties owned as of month's end.



Occupancy Rate, Rent per Tsubo, and Rent Income

Occupancy Rate, Rent per Tsubo, and Rental Income of Existing Properties



*) Based on the rent roll at the end of each month for 108 residential properties
(from a total of 125 in the portfolio at the end of the twelfth fiscal period, excluding 15 properties acquired after the merger and 2 retail properties)





Rents at Tenant Replacement

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

Rise in ratio of units
with rent increases

Decline in size of
rent reductions

Fiscal Period		10th Fiscal Period (ended Feb. 2011)			11th Fiscal Period (ended Aug. 2011)			12th Fiscal Period (ended Feb. 2012)		
Area		Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)
All properties	Rent increase	128	14.7%	746	293	27.9%	2,004	268	30.8%	1,583
	Rent reduction	625	71.9%	(9,858)	600	57.1%	(7,869)	468	53.8%	(5,797)
	No change	116	13.3%	—	158	15.0%	—	134	15.4%	—
	Not determined*1	99	—	—	46	—	—	57	—	—
	Total	968	100.0%	(9,112)	1,097	100.0%	(5,864)	927	100.0%	(4,213)
Area 1	Rent increase	44	13.1%	294	67	20.2%	567	80	27.6%	516
	Rent reduction	269	80.1%	(6,007)	211	63.7%	(3,422)	169	58.3%	(2,717)
	No change	23	6.8%	—	53	16.0%	—	41	14.1%	—
	Not determined*1	50	—	—	31	—	—	43	—	—
	Total	386	100.0%	(5,713)	362	100.0%	(2,854)	333	100.0%	(2,201)
Area 2	Rent increase	29	12.8%	209,000	53	16.1%	382	64	24.7%	382
	Rent reduction	166	73.5%	(2,052)	236	71.7%	(2,882)	150	57.9%	(1,751)
	No change	31	13.7%	—	40	12.2%	—	45	17.4%	—
	Not determined*1	28	—	—	7	—	—	8	—	—
	Total	254	100.0%	(1,843)	336	100.0%	(2,500)	267	100.0%	(1,369)
Area 3	Rent increase	1	2.8%	8	10	17.5%	53	10	25.6%	36
	Rent reduction	22	61.1%	(248)	38	66.7%	(524)	21	53.8%	(319)
	No change	13	36.1%	—	9	15.8%	—	8	20.5%	—
	Not determined*1	3	—	—	0	—	—	0	—	—
	Total	39	100.0%	(240)	57	100.0%	(471)	39	100.0%	(283)
Area 4	Rent increase	54	19.9%	235	163	48.8%	1,002	114	40.4%	649
	Rent reduction	168	62.0%	(1,550)	115	34.4%	(1,041)	128	45.4%	(1,008)
	No change	49	18.1%	—	56	16.8%	—	40	14.2%	—
	Not determined*1	18	—	—	8	—	—	6	—	—
	Total	289	100.0%	(1,315)	342	100.0%	(39)	288	100.0%	(358)

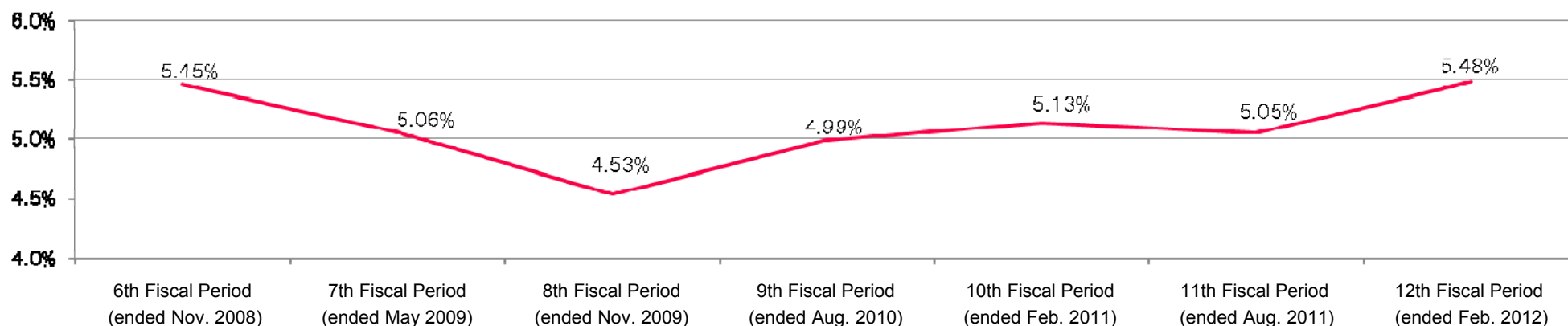
*1) "Not determined" refers to contracts where comparisons are problematic due to changes in contract type (normal contracts, fixed-lease contracts), and contracts for properties previously owned by NCR or for newly acquired properties where comparisons are problematic because previous rents are unknown.

*2) Retail facilities are excluded.



Internal Growth Progress

Transition of Portfolio NOI



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

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

Major Renovations during the Twelfth Fiscal Period

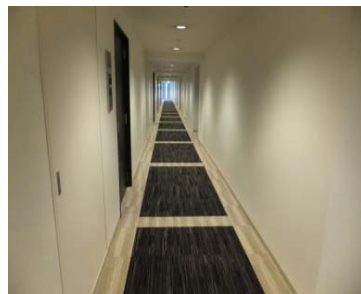
Castalia Tower Shinagawa Seaside

Meeting area converted into fitness room for exclusive use of residents Guest room added to invite friends and relatives of residents



Meguro Kamurozaka Residencia

Carpets replaced in all common-use corridors



Brand Strategy

Launched new brand “Castalia”

DHI launched a new property brand named “Castalia” in December 2011 to further increase recognition of DHI properties in the rental market, boost the efficiency of leasing activities, stabilize the occupancy rate and improve resident satisfaction; the new brand name will be gradually rolled out for the owed properties (except some properties such as the “Royal Parks” series)

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

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





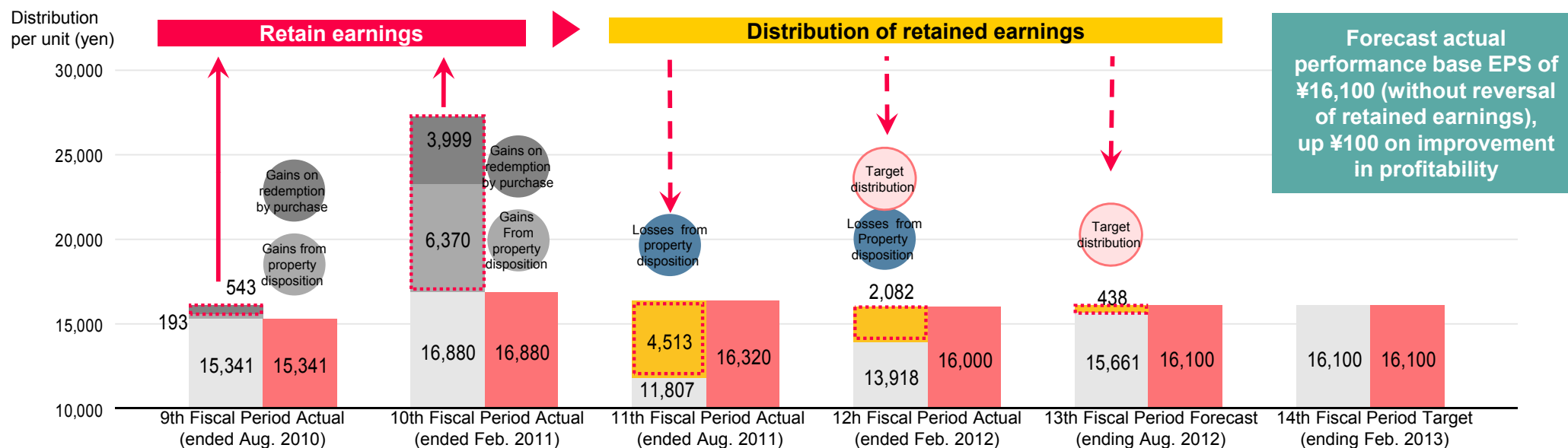
Stabilizing Distribution by Utilizing Retained Earnings and Tax-loss Forwards

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

Retained Earnings Utilization Policy (amount after reversal in the fiscal period)

Total retained earnings ¥19.4 billion [¥(0.3) billion year on year] *Of which, ¥19.0 billion was gain on negative goodwill on merger	¥7.6 billion [¥(1.9) billion year on year]	Projecting future losses from the disposition of properties, DHI set aside ¥7.6 billion in retained earnings to cover unrealized losses arising from the difference between appraisal value and book value Distribution is covered by retained earnings when loss on the disposition of properties occur	Tax-loss carry forwards ¥44.5 billion
	¥11.8 billion [¥1.6 billion year on year]	(1) Used to cover for extraordinary loss such as earthquake related expenses or distribution at the dilution of distribution due to capital increase (2) Utilized as source of distribution to achieve target distribution level	DHI is able to retain profits without paying income taxes until the fiscal period ending August 2018

■ (1) Gains on redemption by purchase of rehabilitation obligations per unit ■ (2) Gains from property disposition per unit ■ (3) Net income per unit (Excluding (1), (2) and gain on negative goodwill) ■ Distribution per unit





Financial Conditions (1)

Financial Strategy

- Establish a bank formation centered on financial institutions that have close relationships with Daiwa House
- Shift to longer loan terms and reduce interest expenses, ensuring a flexible property acquisition stance using the ¥6 billion commitment line

Improvements to the Financial Position during the Twelfth Fiscal Period (ended February 2012)

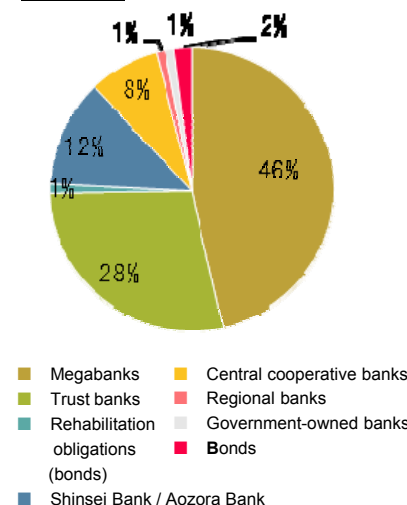
- Refinancing of ¥31.8 billion carried out in September 2011 resulted in longer loan terms, lower spreads, and release of collateral
- Bonds of ¥475 million purchased and redeemed at a discount in October 2011, resulting in gains on redemption of ¥7 million
- New bonds of ¥3 billion issued in March 2012, beginning a shift to more diverse funding sources
- In March 2012, rehabilitation obligations (bonds) of ¥20.9 billion purchased and redeemed, then refinanced as bank loans with longer loan terms and lower spreads

Interest-bearing liabilities reduced since merger:
¥3,411 million* (as of end-March 2012)

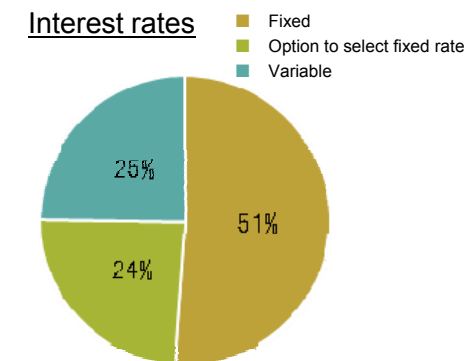
Gain on purchase and redemption of bonds since merger:
¥569 million (as of end-March 2012)

Financial position as of end-March 2012

Lenders



Interest rates



Increase in ratio of loans with fixed rates
(end-Aug. 2011) **27.0%**
↓
(end-Feb. 2012) **51.7%**

(unit: millions of yen)

	Duration (year)	Spread	Secured/Unsecured	April 1, 2010	As of	As of end-Sep. 2011		As of	As of end-Mar. 2012		As of	Difference (B-A)
				At the Merger (A)	Aug. 31, 2011	Before refinancing	After refinancing	Feb. 29, 2012	Before refinancing	After refinancing	Mar. 31, 2012 (B)	
Term Loan I	2.3	100bp	Unsecured	12,680	12,565	—	—	12,519	—	—	12,496	(184)
Term Loan II	2	110bp	Secured	15,932	15,787	15,787	0	—	—	—	—	(15,932)
Term Loan III	5	80bp	Unsecured	—	10,500	—	—	10,500	—	—	10,500	10,500
Term Loan IV	5	65bp	Unsecured	—	—	—	31,800	31,800	—	—	31,800	31,800
Term Loan V	5	60bp	Unsecured	—	—	—	—	—	—	7,000	7,000	7,000
Term Loan VI	5	60bp	Unsecured	—	—	—	—	—	—	7,000	7,000	7,000
Resona Bank -1	5	60bp	Unsecured	—	—	—	—	—	—	—	1,095	1,095
Bank of Tokyo-Mitsubishi UFJ -1	7	-	Unsecured	—	—	—	—	—	—	4,000	4,000	4,000
Rehabilitation Obligations with Right of Separate Satisfaction	2	110bp	Secured	16,318	16,019	16,019	0	—	—	—	—	(16,318)
Rehabilitation Obligations	3~5	90~110bp	Unsecured	80,600	67,781	—	—	67,306	20,983	—	45,228	(35,371)
Bonds	5	-	Unsecured	—	—	—	—	—	—	—	3,000	3,000
Total Interest-bearing Liabilities				125,531	122,653	31,806	31,800	122,125	20,983	18,000	122,119	(3,411)

* Commitment line I (balance of ¥3,200 million) is excluded.



Financial Conditions (2)

Staggering Repayment Periods for Interest-bearing Liabilities, shifting to Longer Loan Terms and Reducing Interest Rates

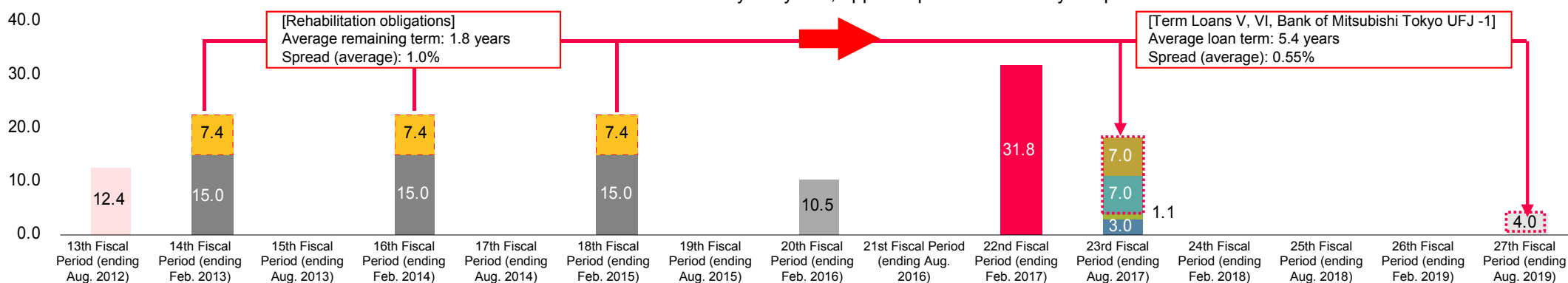
Average remaining term (as of 11th fiscal period end): 1.87 years

➔ (as of 12th fiscal period end): 2.63 years

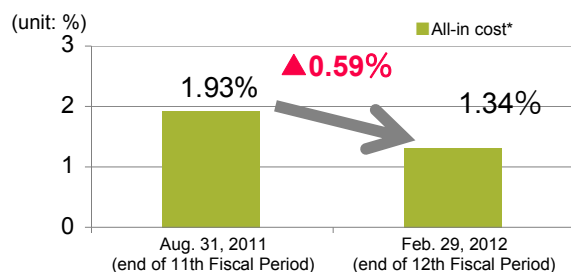
*Excluding commitment line I

Term Loan I ¥12.4 bn Term Loan III ¥10.5 bn Term Loan IV ¥31.8 bn
Rehabilitation obligations ¥45 bn Rehabilitation obligations (repaid) ¥22.2 bn Bonds ¥3 bn
Resona Bank -1 ¥1.1 bn Term Loan V ¥7.0 bn Term Loan VI ¥7.0 bn Bank of Tokyo-Mitsubishi UFJ -1 ¥4.0 bn

(unit: billion yen) Loan term extended by 3.6 years, applied spread reduced by 45bp



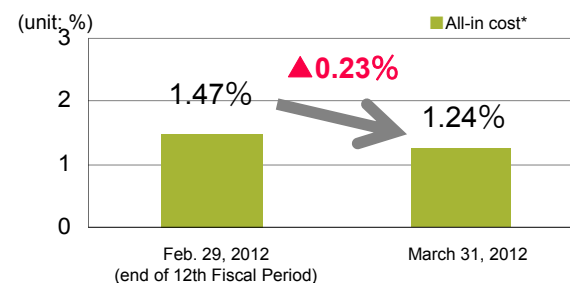
Interest expenses reduced through ¥31.8 billion refinancing in September 2011



Interest expenses per unit reduced by ¥588 / fiscal period

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

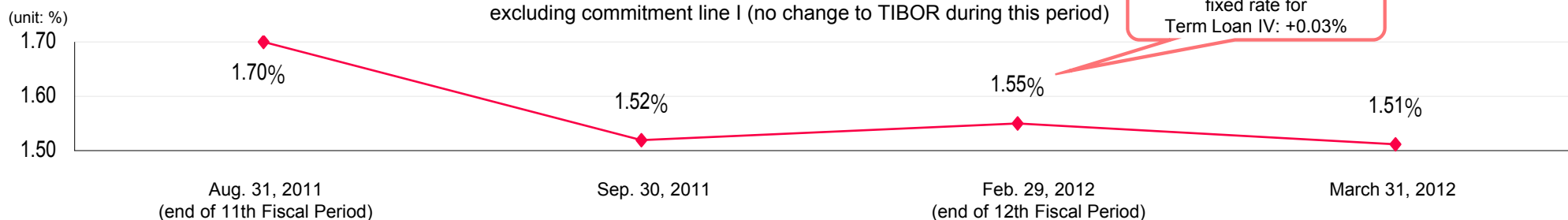
Interest expenses reduced through ¥18 billion refinancing in March 2012



Interest expenses per unit reduced by ¥131 / fiscal period

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

Decreasing trend of interest expenses*





Financial Conditions (3)

◆ Status of Interest-bearing Liabilities

(unit: million yen)

	Lenders	Balance as of April 10, 2012		Interest Rate	Loan Date	Due date	Duration	Description	
Commitment Line I -2	Bank of Tokyo-Mitsubishi UFJ	3,200	800	1.08000% (variable interest rate) < Spread 0.9% >	March 28, 2012	March 27, 2013	1 year	Unsecured	
	Sumitomo Mitsui Banking Corporation		800						
	Sumitomo Mitsui Trust Bank, Limited		800						
	Mizuho Corporate Bank, Ltd.		800						
Term Loan I	Sumitomo Mitsui Banking Corporation	12,496	3,508	1.33643% (variable interest rate) < Spread 1.0% >	March 31, 2010	July 31, 2012	2.4 years	Unsecured (Note 3)	
	Sumitomo Mitsui Trust Bank, Limited		3,508						
	Mizuho Corporate Bank, Ltd.		3,508						
	Bank of Tokyo-Mitsubishi UFJ		1,971						
Term Loan III	Sumitomo Mitsui Banking Corporation	10,500	1,800	1.40% *1 (Fixed interest rate) < Spread 0.8% >	Dec. 28, 2010	Dec. 28, 2015	5 years	Unsecured	
	Sumitomo Mitsui Trust Bank, Limited		1,800						
	Mizuho Corporate Bank, Ltd.		1,800						
	Bank of Tokyo-Mitsubishi UFJ		1,800						
	Mitsubishi UFJ Trust and Banking Corporation		1,400						
	Resona Bank, Ltd.		1,400						
	Shinsei Bank, Limited.		500						
Term Loan IV	Sumitomo Mitsui Banking Corporation	31,800	5,200	1.096% *1 (Fixed interest rate) < Spread 0.65% >	Sep. 30, 2011	Sep. 30, 2016	5 years	Unsecured	
	Sumitomo Mitsui Trust Bank, Limited		5,200						
	Mizuho Corporate Bank, Ltd.		5,200						
	Bank of Tokyo-Mitsubishi UFJ		5,200						
	Aozora Bank, Ltd.		4,500						
	Mitsubishi UFJ Trust and Banking Corporation		3,000						
	Resona Bank, Ltd.		2,500						
Shinsei Bank, Limited.	1,000								
Term Loan V	Sumitomo Mitsui Banking Corporation	7,000	3,000	0.93858% (variable interest rate) < Spread 0.6% >	March 27, 2012	March 31, 2017	5 years	Unsecured	
	Aozora Bank, Ltd.		1,500						
	Mitsubishi UFJ Trust and Banking Corporation		1,500						
	Shinkin Central Bank		1,000						
Term Loan VI	Mizuho Corporate Bank, Ltd.	7,000	3,000	0.93858% (variable) < Spread 0.6% >	March 27, 2012	March 31, 2017	5 years	Unsecured	
	Sumitomo Mitsui Trust Bank, Limited		3,000						
	Mizuho Trust & Banking Co., Ltd.		1,000						
Resona Bank-1	Resona Bank, Ltd.,	1,095	—	0.93965% (variable) < Spread 0.6% >	March 26, 2012	March 31, 2017	5 years	Unsecured	
Bank of Tokyo-Mitsubishi UFJ	Bank of Tokyo-Mitsubishi UFJ	4,000	—	1.07% (Fixed)	March 27, 2012	March 27, 2019	7 years	Unsecured	
Bonds	First Series Unsecured Bonds	3,000	—	1.12% (Fixed)	March 9, 2012	March 9, 2017	5 years	Unsecured	
Rehabilitation Obligations		15,075	—	1.23643% *2 < Spread 0.9% >		Jan. 5, 2010	Jan. 31, 2013	3 years	Unsecured
		15,075	—	1.33643% *2 < Spread 1.0% >		Jan. 5, 2010	Jan. 31, 2014	4 years	
		15,076	—	1.72553% (Fixed) < Spread 1.1% >		Jan. 5, 2010	Jan. 30, 2015	5 years	
Total Interest-bearing Liabilities		125,319	<div>*1) The interest rate fixed in effect by the interest rate swap agreements. *2) DHI may shift to a fixed interest rate without changing the applied spread *3) As of October 4, 2011, the contract terms were changed to unsecured and no warranty</div>						

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

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

*3) As of October 4, 2011, the contract terms were changed to unsecured and no warranty

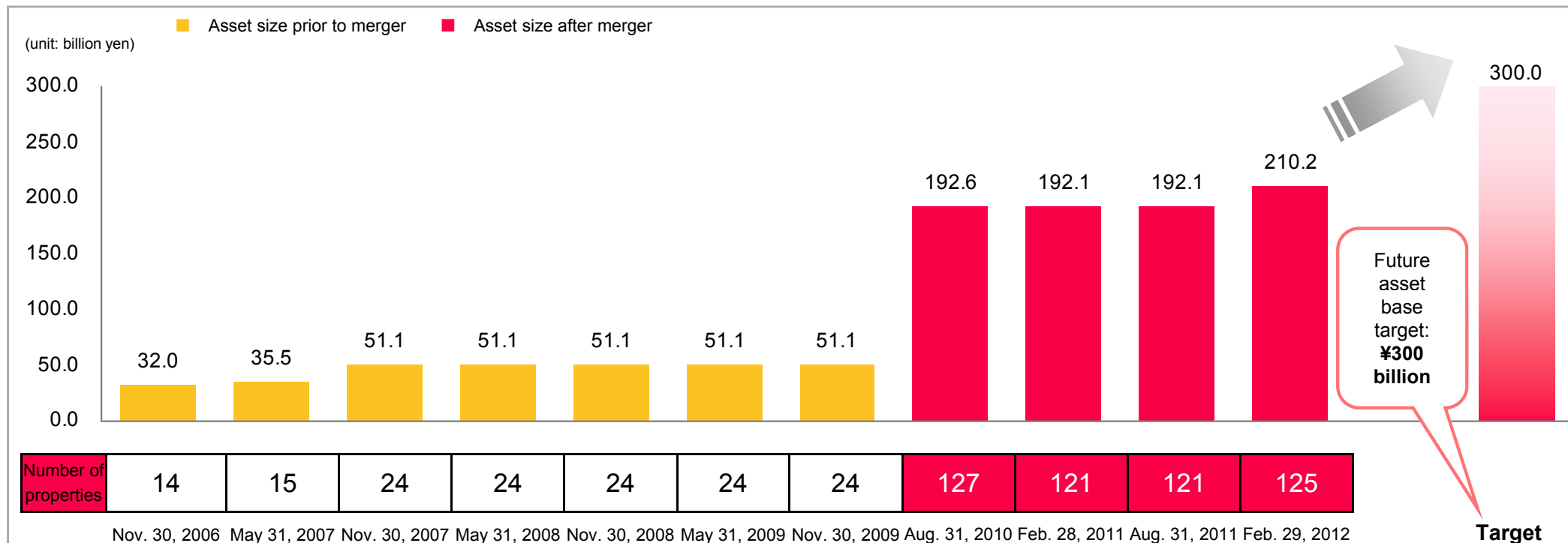


Future Growth Strategy

- Since the merger in April 2010, DHI has focused on internal growth strategy; DHI is now in a stage to shift focus to external growth
- Aiming to accelerate growth as a residential REIT supported by Daiwa House Group

◆ Future Policies of Growth Strategy

Leverage Comprehensive Strengths of the Daiwa House Group	Expansion of Portfolio Size	Implementation of Distribution Management	Enhancement of Portfolio Quality	Enhancement of Financial Position	Realizing Stabilized Distribution
Leverage the comprehensive strengths of the Daiwa House Group, which can offer total operations of rental residences from planning and development to administration, management and tenant leasing	Aiming to expand portfolio size, mainly in properties to be developed by Daiwa House Industry, in addition to warehousing properties and properties sourced from third parties	Implementing more flexible distribution management utilizing tax-loss carry forwards of ¥44.5 billion and distribution of retained earnings of ¥19.4 billion	By reviewing age of property and size, DHI will replace its relatively less competitive management assets, so as to enhance profitability through improving the occupancy rate of its portfolio, and reduce administrative and management costs	Building a strong banking structure backed by the creditworthiness of the Daiwa House Group Reducing debt costs	





Target Distribution Level and Future Forecast

Target Distribution

- DHI has set a target distribution level to be achieved after a certain period; until the level is achieved, DHI plans to reverse retained earnings to ensure a stable distribution level
- DHI initially set a target distribution of ¥16,000 for the fiscal period ending February 2013; however, due to an improvement in profitability, the distribution forecast has been raised to ¥16,100. Consequently, the distribution forecast for the fiscal period ending August 2012 has also been raised by ¥100 to ¥16,100

Near-term target distribution level

¥16,100 per unit per fiscal period

Fourteenth Fiscal Period forecast (ending February 2013) excluding retained earnings distribution

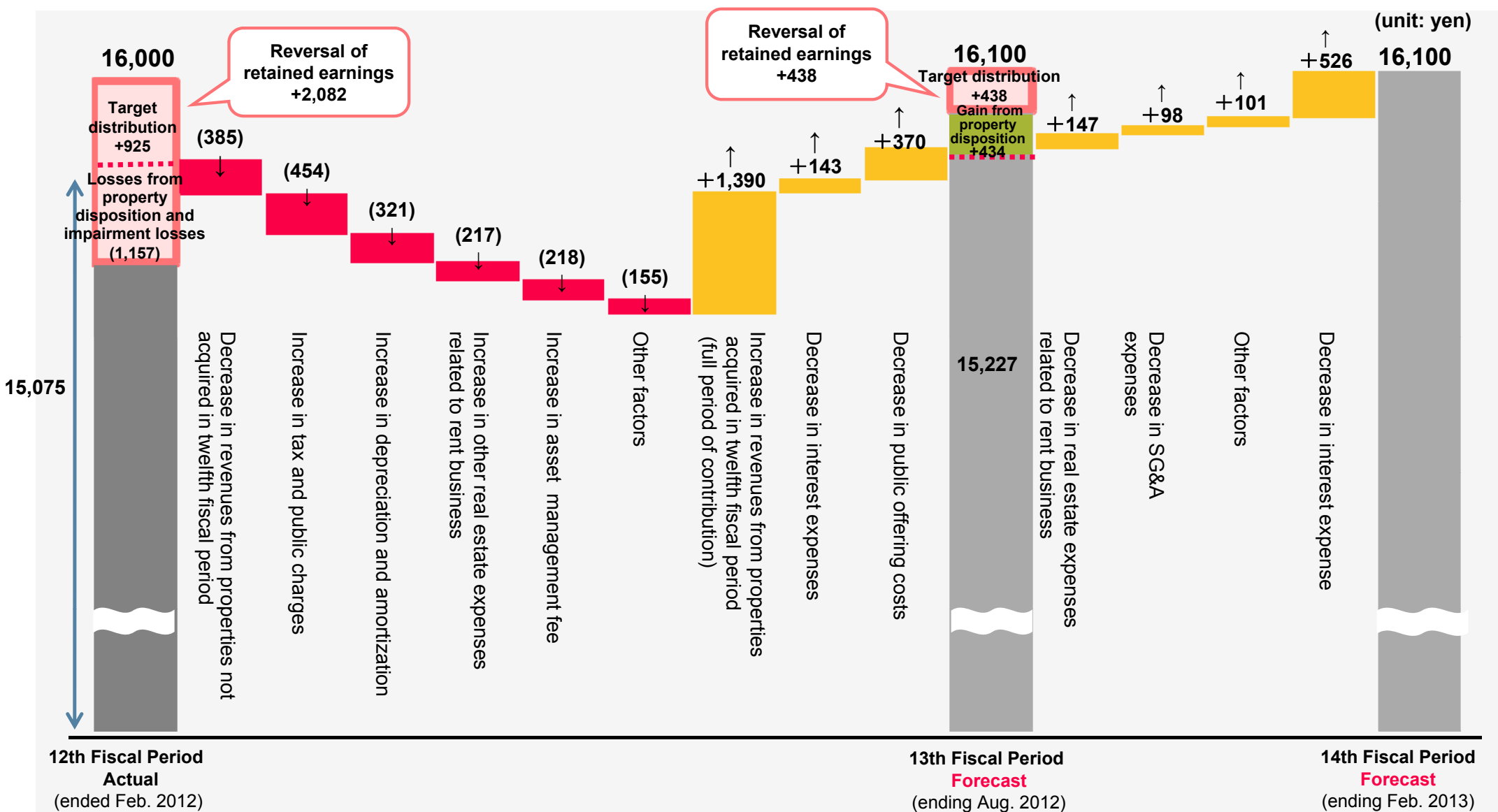
	Twelfth Fiscal Period Actual (ended Feb. 2012)	Thirteenth Fiscal Period Forecast (ending Aug. 2012)		Fourteenth Fiscal Period Forecast (ending Feb. 2013)	
			Period-on-period Comparison		Period-on-period Comparison
Operating Revenue [excluding gains from property disposition]	7,421 mn yen [7,421 mn yen]	7,653 mn yen [7,582 mn yen]	232 mn yen [161 mn yen]	7,593 mn yen [7,593 mn yen]	(60) mn yen [10 mn yen]
Operating Income [excluding gains and losses from property disposition]	3,434 mn yen [3,497 mn yen]	3,514 mn yen [3,443 mn yen]	80 mn yen [(53) mn yen]	3,493 mn yen [3,493 mn yen]	(21) mn yen [49 mn yen]
Ordinary Income [excluding gains and losses from property disposition]	2,357 mn yen [2,420 mn yen]	2,515 mn yen [2,444 mn yen]	158 mn yen [23 mn yen]	2,584 mn yen [2,584 mn yen]	69 mn yen [140 mn yen]
Extraordinary Income / Losses	(122) mn yen	(1) mn yen	121 mn yen	-	1 mn yen
Net Income [excluding extraordinary income / losses]	2,234 mn yen [2,419 mn yen]	2,514 mn yen [2,444 mn yen]	280 mn yen [24 mn yen]	2,584 mn yen [2,584 mn yen]	70 mn yen [140 mn yen]
Retained Earnings (Reversal)	(334) mn yen	(70) mn yen	263 mn yen	-	70 mn yen
Total Distributions	2,568 mn yen	2,584 mn yen	16 mn yen	2,584 mn yen	-
Net Income per Unit	13,918 yen	15,661 yen	1,743 yen	16,100 yen	439 yen
Reversal of Retained Earnings per Unit	2,082 yen	438 yen	(1,644) yen	0 yen	(438) yen
Distribution per Unit	16,000 yen	16,100 yen	100 yen	16,100 yen	-



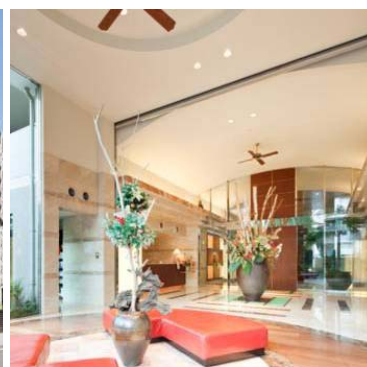
Thirteenth Fiscal Period (ending August 2012) and Fourteenth Fiscal Period (ending February 2013) Breakdown of Distribution per Unit

Daiwa House
Residential
Investment Corp.

Analysis of Breakdown of Distribution per Unit



APPENDIX



Daiwa House
Residential
Investment Corp.




Daiwa House Asset Mgt.™
Daiwa House Group



Overview of DHI

- ① Mainly invest in **residential properties** with stable rent and occupancy rates.
- ② DHI closely works in cooperation with our main sponsor, **Daiwa House Group** to secure stable revenue in the medium to long-term and steadily increase our assets under management.
- ③ The **merger** with New City Residence Investment Corporation in April 2010 and expanding asset size enabled DHI to **stabilize distributions by utilizing retained earnings**.

End of Twelfth Fiscal Period
(as of February 29, 2012)

Fiscal Periods	6 months through February and August
Number of Owned Properties *1	125 (123 residential, 2 retail)
Total Assets	221,703 million yen
Portfolio Size *1 *2	210,282 million yen
Net Assets	91,880 million yen
Number of Units *1	160,535
Net Assets per Unit (NAV)	JPY 572,000
LTV *3	56.5%
Listing Date	March 22, 2006
Sponsor	Daiwa House Industry

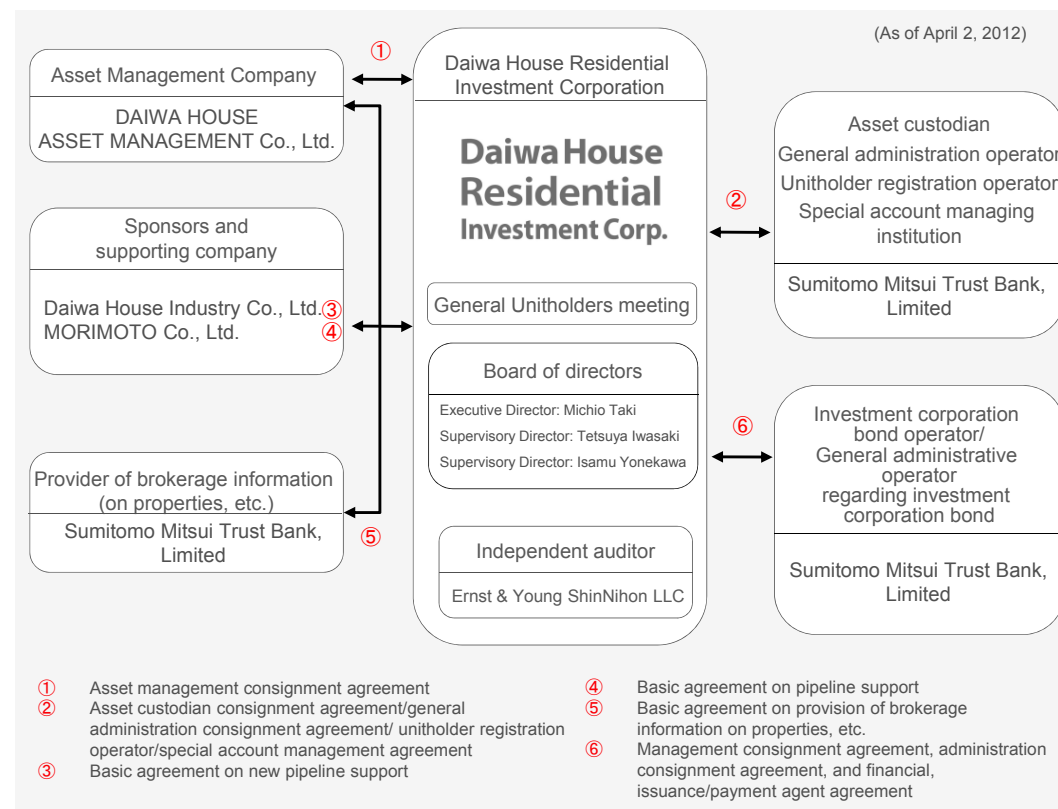
*1) 124 properties (122 residential, 2 retail), 212,245 million yen as of March 31, 2012.

*2) Purchase price basis

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

Ratings

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





Building Portfolio: Strengths of DHI Portfolio

- Investment strategy focused on the Tokyo Metropolitan area where continuous population growth is expected
- Investment strategy focused on properties targeting singles and DINKS of which the number of households is expected to increase

Transition of Population in Major Areas of Tokyo

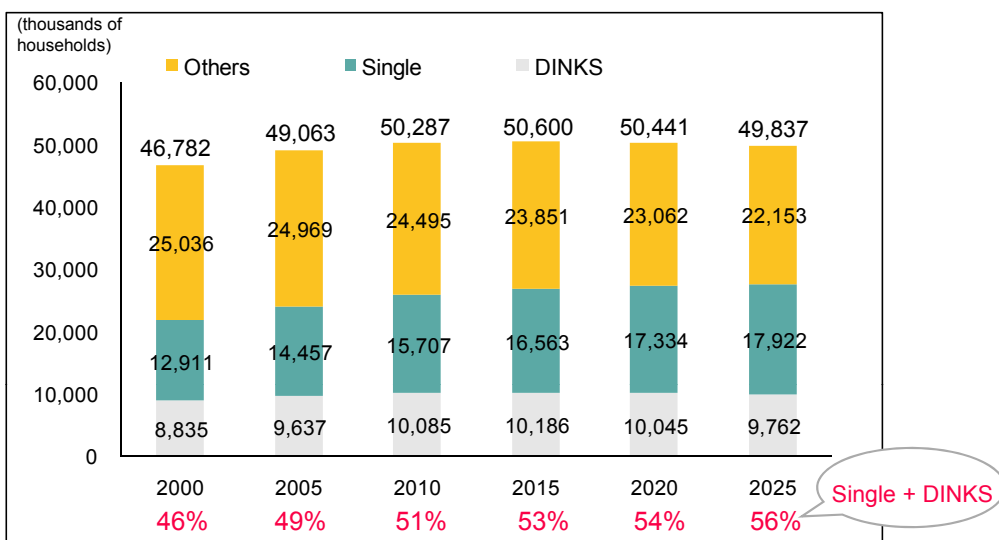
(unit: person)

	May 2003	May 2004	May 2005	May 2006	May 2007	May 2008	May 2009	May 2010	May 2011
5 major wards	819,010	834,051	846,577	869,392	886,432	902,612	913,250	921,368	928,998
Other 18 wards	7,586,340	7,632,069	7,671,498	7,727,268	7,790,660	7,863,119	7,929,094	7,965,931	7,985,674
23 wards	8,405,350	8,466,120	8,518,075	8,596,660	8,677,092	8,765,731	8,842,344	8,887,299	8,914,672
Tokyo	12,393,703	12,489,982	12,568,036	12,670,435	12,777,001	12,892,168	12,993,453	13,057,373	13,092,474

(Source) Households and Population Based on Basic Resident Registration Card by Statistics Division, Bureau of General Affairs, Tokyo Metropolitan Government

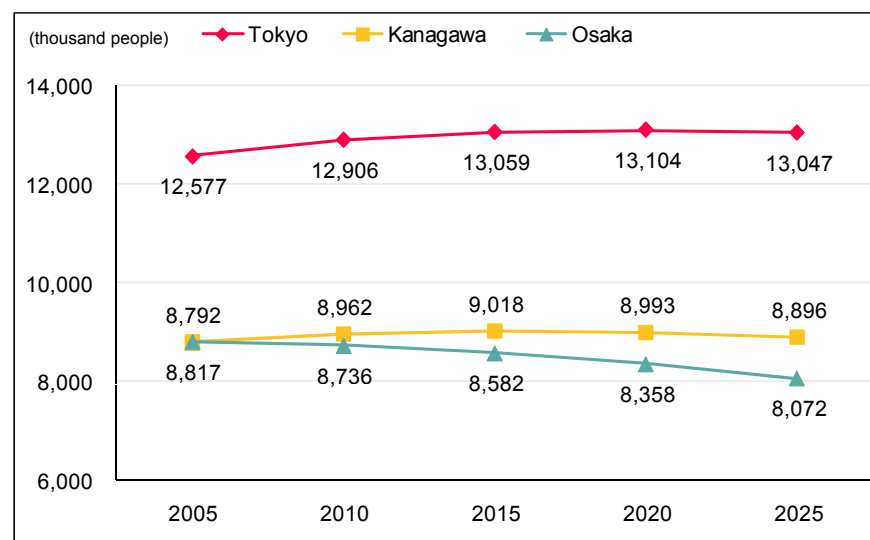
*) The above chart represents the transition of population as of May 1 each year between 2003 and 2011 in the 5 major wards (Chiyoda, Chuo, Minato, Shibuya and Shinjuku), other 18 wards of Tokyo, 23wards of Tokyo and Tokyo Prefecture, based on the Households and Population Based on Basic Resident Registration Card by Statistics Division Bureau of General Affairs, the Tokyo Metropolitan Government (population, the number of house holds and registered foreigners on the basic resident registration cards as of the first day of every month.)

Estimated Number of Households (forecast from 2015)



(Source) National Institute of Population and Social Security Research, "Future Change in Households in Japan" (March 2008)

Estimated Population Trend by Prefecture (Tokyo, Kanagawa and Osaka)



(Source) National Institute of Population and Social Security Research, "Estimated Population Changes by Prefecture" (May 2007)





- The average personal income in target investment areas of DHI is JPY3,907,000 in Tokyo, JPY3,086,000 in Kanagawa, and JPY2,879,000 in Osaka in fiscal 2009. The figure for Tokyo, which is the focused investment area for DHI, is far greater than the national average of JPY2,791,000. (Source: Personal Income by Prefecture per Capita by the Cabinet Office, announced on February 29, 2012)



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 (Investment Guideline)	40~60%	20~50%	0~20%	0~20%
	DHI's Portfolio (as of Feb. 29, 2012)	43.6%	30.1%	7.0%	19.4%




Future	Target Portfolio				
	Rationale	<ul style="list-style-type: none"> Currently high proportion of investment in this area, but offers the potential for strong rent rises once the economy recovers No plan to sell properties, but planning to reduce or maintain relative weighting of investment in this area by acquiring properties in other areas 	<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 an muster lessee 	<ul style="list-style-type: none"> Consider purchasing attractive properties in this area based on property competitiveness, size, and yields



Investment Strategy on Residential Properties by Type

By Type

	Type	Single	DINKS	Family	Large
Current	Overview	<ul style="list-style-type: none"> Target mid-level income singles, size less than 30m² Emphasize on proximity to nearest train station 	<ul style="list-style-type: none"> Target childless dual-income couples and high-level income singles, size between 30m² ~ 70m² Emphasize on proximity to nearest train station 	<ul style="list-style-type: none"> Target mid-level income families, size between 70m² ~ 100m² Emphasize on quiet residential location, full array of cultural facilities and lifestyle convenience 	<ul style="list-style-type: none"> Target wealthy families, size over 100m² Emphasize on quiet residential location, full array of cultural facilities and lifestyle convenience
	Investment Policy (Investment Guideline)	30~60%	40~60%	0~20%	0~10%
	DHI's Portfolio (Unit basis) (as of Feb. 29, 2012)	40.6%	49.7%	8.7%	1.1%

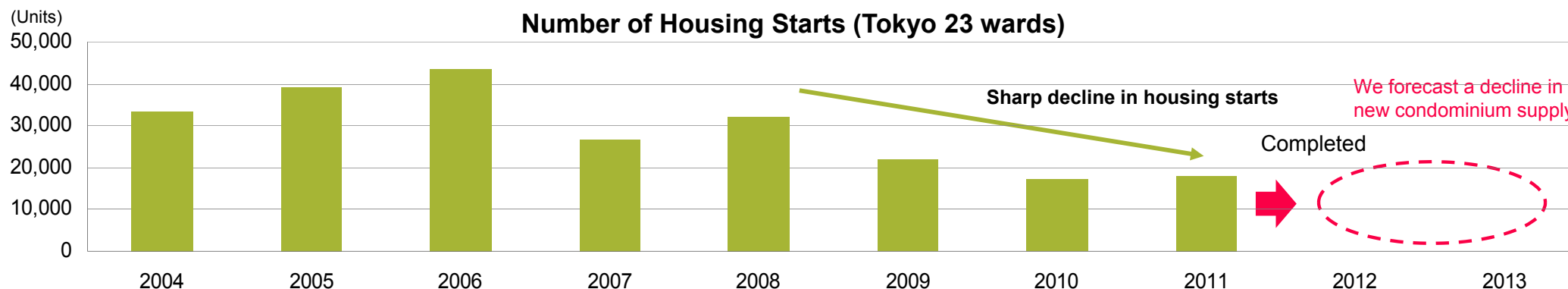
Future	Target Portfolio				
	Rationale	<ul style="list-style-type: none"> Rents are currently low however downward rigidity of occupancy rates and rent is strong 	<ul style="list-style-type: none"> Heavily weighted toward DINKS properties, but with the number of households expected to increase in this type and the single category, DHI plans to maintain a certain level of investment in this type of property 	<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 muster lessee 	



Residential Market Conditions

Number of Housing Starts Trend

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

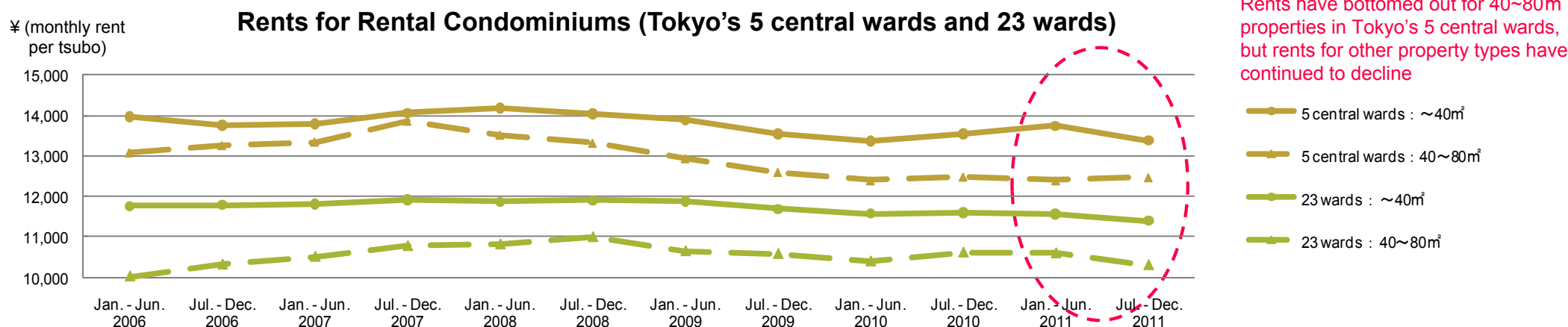


*1) Source: Daiwa House Asset Management Co., Ltd., based on Statistics on Building Starts, Ministry of Land, Infrastructure, Transport and Tourism.

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

Trends in Condominium Rents

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



*1) Source: Daiwa House Asset Management Co., Ltd., based on Survey Results of Housing Market Index 2010 H2, published by Japan Real Estate Institute (JREI) on March 11, 2011.

*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.



Capital Raised by Public Offering

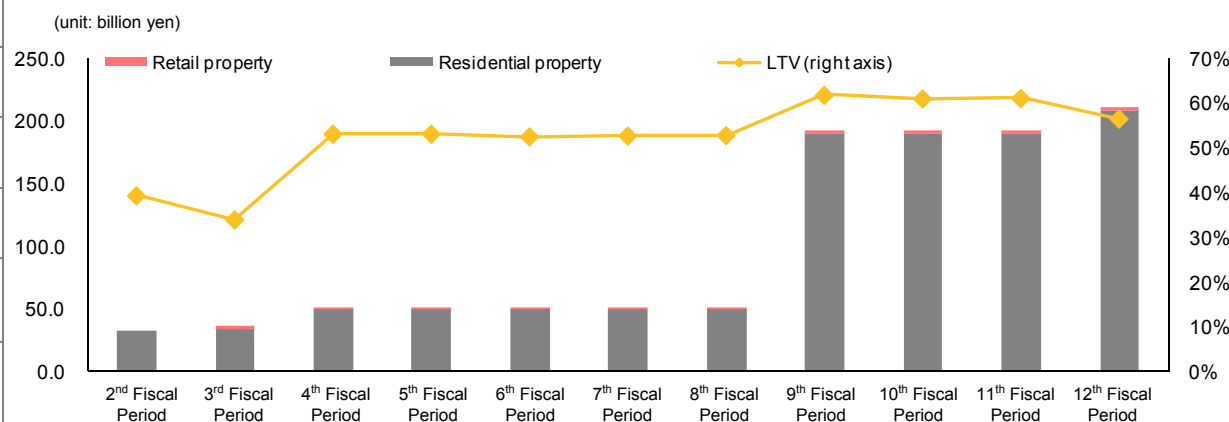
Management Strategy which will Realize the Expansion of Portfolio Size, Lowering of LTV and Stabilization of Distribution

First step towards achieving the target portfolio size of ¥300 billion :

- (1) Acquiring properties by funds obtained from public offering → Achieving the expansion of portfolio size and lowering of LTV
- (2) Realizing stabilized distribution by utilizing retained earnings

Overview of Public Offering

Resolution date of issuance	September 15, 2011
Total issuance price (proceeds from issuance)	approx. ¥17.6 billion
Number of unit to be issued	41,800 units
Portfolio size after capital increase (total acquisition price)	¥207.9 billion
Impact of lowering LTV by capital increase	61.1% (period ended August 2011) ⇒56.5% (period ended February 2012)
Stabilizing distribution by utilizing retained earnings	Target distribution level ¥16,000 (at Equity offering) ⇒¥16,100 (12th Fiscal Period)



Overview of Properties Acquired Through Public Offering Capital Increase

Acquired from the Daiwa House Group

82%

Properties acquired	Royal Parks Hanakoganei	Shibaura Island Bloom Tower	Castalia Mishuku	Besta Yakuin *Purchased by cash reserves	Total
Acquisition price (A)	¥5,300 million	¥7,580 million	¥1,900 million	¥930 million	¥15,710 million
Appraisal value (B)	¥5,560 million	¥7,880 million	¥2,050 million	¥951 million	¥16,441 million
Difference between acquisition price and appraisal value (A) – (B)	(¥260 million)	(¥300 million)	(¥150 million)	(¥21 million)	(¥731 million)
Appraisal value NOI yield *1	6.7%	6.7%	5.9%	6.5%	6.6%
NOI yield after depreciation *2	4.4%	4.3%	4.0%	4.2%	4.3%

Appraisal value NOI yield
higher than existing
portfolio NOI yield (5.1%)*

NOI yield after depreciation
higher than existing
portfolio NOI yield (3.8%)*

*Actual results of Eleventh Fiscal Period.



Overview of the Daiwa House Industry

Profile of Daiwa House Industry

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

(As of March 31, 2011)

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

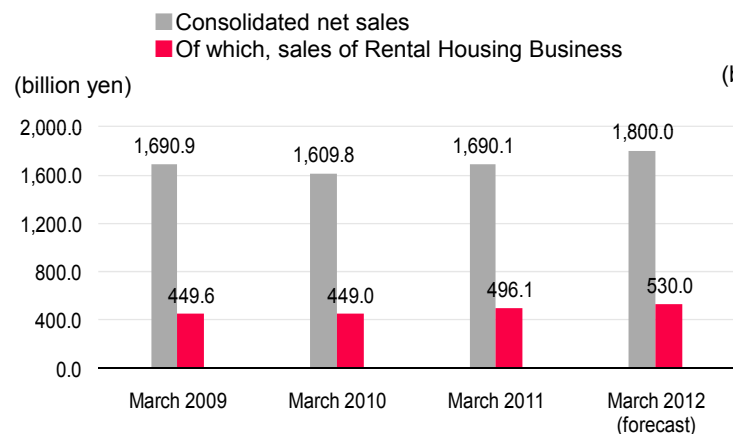
Selected Financial Data of Rental Housing Business of Daiwa House Industry

- Using its extensive property planning and development expertise in providing a grand total of around 790,000 rental residences, Daiwa House Industry is developing products that anticipate the needs of residents and landowners
- Daiwa House Industry shows a steady growth in net sales and operating income of the Rental Housing Business

Number of Rental Residences Managed

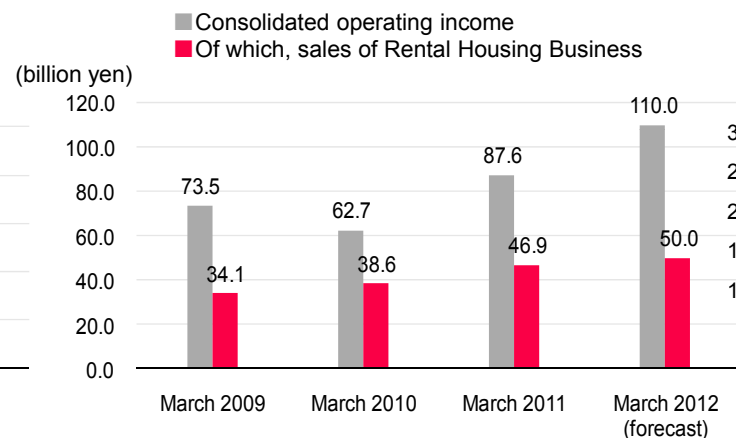
- The Daiwa House Group is increasing steadily the number of rental residences managed

Net Sales

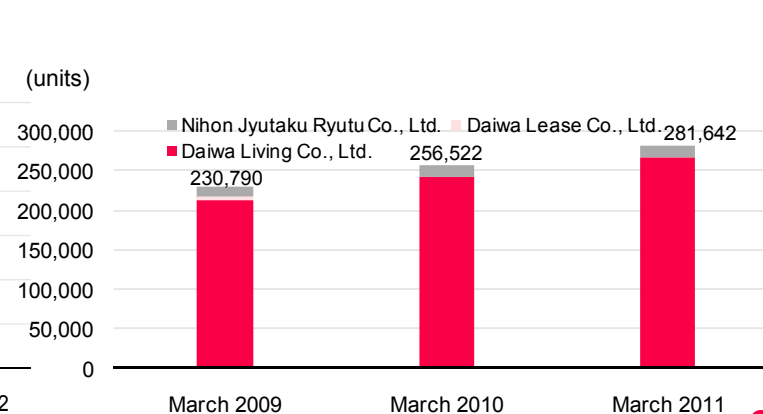


(Source) "Financial Factbook" of Daiwa House Industry.

Operating Income



Number of Rental Residences Managed

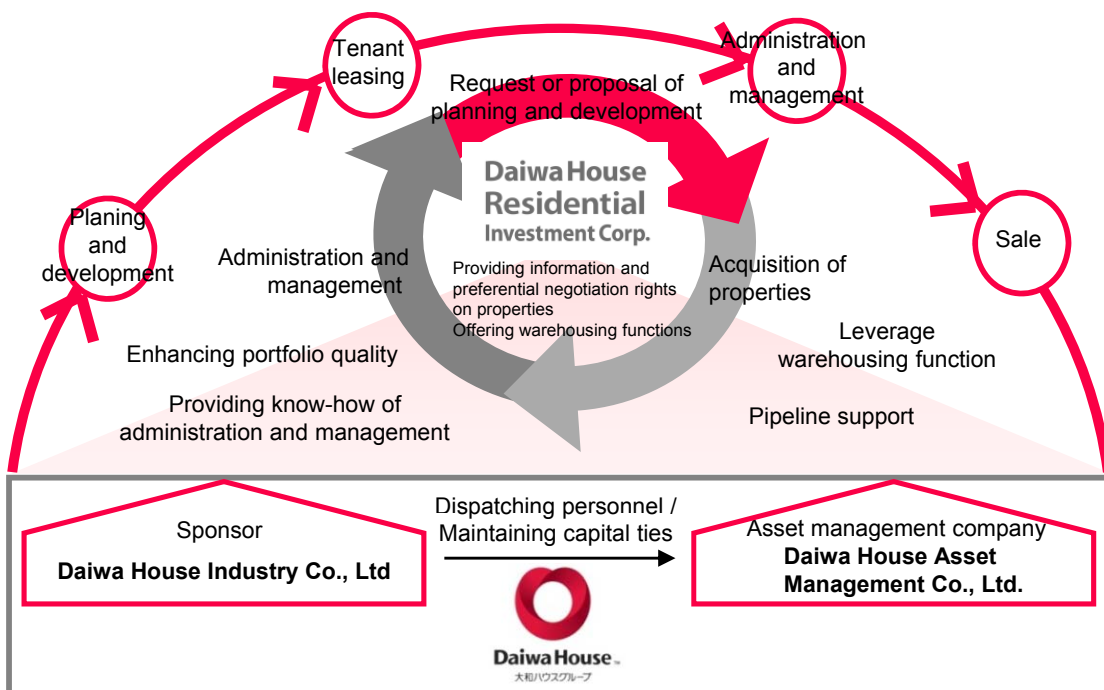




Sponsor Support by Daiwa House Group

◆ Growth Strategies Leveraging Daiwa House Group's Comprehensive Strengths

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



◆ Major Supports from Daiwa House Group

- Providing information and preferential negotiation rights
- Providing master lease by the Daiwa House Group
- Dispatching personnel to the asset management company
- Offering warehousing functions
- Development of rental residences specifically for DHI

◆ Acquisition Record Utilizing Warehousing Functions

IPSE Togoshi



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

Lexington Square Fushimi



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

Big Tower Minami Sanjo



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

IPSE Ichigaya



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

IPSE Nakanobu



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

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

◆ Development Track Record of Royal Park Series

- Premium rental residences developed by Daiwa House in Tokyo, Nagoya and Osaka; of a total of 18 properties, 10 have been disposed, including 2 now owned by DHI
- Development started on a major Royal Parks project in Nagoya in April 2012; complex will have 502 units, shops, private nursing home with around 100 rooms, and children's daycare center

Photo on right shows Royal Parks Sasashima (tentative name); as of the date of this document, no decision had been reached by DHI.





Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 29, 2012)	Appraiser *1	Acquisition Price	Book Value at Feb. 29, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2011	at Feb. 29, 2012			
				①	②	③	④	④-①	④-②	④-③

Appraisal at Aug. 31, 2011			Appraisal at Feb. 29, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR

Area 1	1001	Qiz Ebisu	Tanizawa	7,650	7,543	7,920	7,740	90	196	△180
	1002	IPSE Azabujuban Shichimenzaka	Chuo	4,500	4,410	4,040	3,920	△580	△490	△120
	1003	IPSE Shibakoen	Tanizawa	2,630	2,566	1,960	1,920	△710	△646	△40
	1004	IPSE Ginza	Tanizawa	2,520	2,475	1,920	1,870	△650	△605	△50
	1005	Next Form Nishiazabu	Tanizawa	2,220	2,196	1,600	1,620	△600	△576	20
	1006	IPSE Nihonbashi	Tanizawa	1,200	1,161	1,000	999	△201	△162	△1
	1007	IPSE Tokyo EAST	Tanizawa	2,300	2,265	1,910	1,970	△330	△295	60
	1008	IPSE Azabujuban	Chuo	2,910	2,905	2,440	2,390	△520	△515	△50
	1009	IPSE Azabujuban DUO	Chuo	2,690	2,669	2,340	2,280	△410	△389	△60
	1010	IPSE Shinjuku Natsumezaka	Chuo	1,865	1,852	1,540	1,540	△325	△312	0
	1011	UNIROYAL Ginza	Tanizawa	1,800	1,778	1,460	1,470	△330	△308	10
	1012	IPSE Shibuya Tiers	Tanizawa	1,400	1,399	995	985	△415	△414	△10
	1014	NCR Nishi Azabu Twin Tower	Tanizawa	2,352	2,322	2,250	2,230	△122	△92	△20
	1015	NCR Nishi Azabu	Tanizawa	2,143	2,133	1,940	1,960	△183	△173	20
	1016	NCR Ochanomizu	JREI	1,770	1,739	1,840	1,840	70	100	0
	1017	NCR Sangubashi	Tanizawa	1,393	1,388	1,310	1,290	△103	△98	△20
	1018	NCR Nihonbashi East	Tanizawa	1,279	1,256	1,220	1,220	△59	△36	0
	1019	NCR Nihonbashi West	Tanizawa	1,138	1,114	1,090	1,090	△48	△24	0
	1020	NCR Ginza Twin I	Tanizawa	932	912	870	876	△56	△36	6
	1021	NCR Ginza Twin II	Tanizawa	825	807	733	745	△80	△62	12
	1022	NCR Harajuku	JREI	887	880	815	786	△101	△94	△29
	1023	NCR Yoyogi Uehara	JREI	608	601	564	573	△35	△28	9
	1024	NCR Sendagaya	JREI	555	552	516	524	△31	△28	8
	1025	NCR Shinjuku 7 chome	JREI	464	458	452	445	△19	△13	△7
	1026	NCR Ichigaya Sanaicho *15	JREI	424	417	366	368	△56	△49	2
	1027	NCR Nihonbashi Ningyocho I	JREI	947	925	922	940	△7	14	18
	1028	NCR Nihonbashi Ningyocho II	JREI	1,070	1,046	1,050	1,070	0	23	20
	1029	NCR Shin-Ochanomizu	JREI	914	898	865	883	△31	△15	18
	1030	NCR Nihonbashi Ningyocho III	JREI	1,370	1341	1,360	1,390	20	48	30
	1031	NCR Jinbocho II	JREI	1,160	1,139	1,150	1,180	20	40	30

4.8	5.0	5.1	4.7	4.9	5.0	△0.1	△0.1	△0.1
4.9	4.6	5.1	4.9	4.6	5.1	0	0	0
5.2	5.3	5.5	5.1	5.2	5.4	△0.1	△0.1	△0.1
5.1	5.2	5.4	5.0	5.1	5.3	△0.1	△0.1	△0.1
5.0	5.1	5.3	4.9	5.0	5.2	△0.1	△0.1	△0.1
5.2	5.3	5.5	5.1	5.2	5.4	△0.1	△0.1	△0.1
5.2	5.3	5.5	5.1	5.2	5.4	△0.1	△0.1	△0.1
4.9	4.6	5.1	4.9	4.6	5.1	0	0	0
4.8	4.5	5.0	4.8	4.5	5.0	0	0	0
5.1	4.8	5.3	5.1	4.8	5.3	0	0	0
5.1	5.2	5.4	5.0	5.1	5.3	△0.1	△0.1	△0.1
5.0	5.2	5.3	4.9	5.1	5.2	△0.1	△0.1	△0.1
5.1	5.2	5.4	5.0	5.1	5.3	△0.1	△0.1	△0.1
5.1	5.2	5.4	5.0	5.1	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.4	5.5	5.1	5.3	5.4	△0.1	△0.1	△0.1
5.3	5.3	5.6	5.2	5.2	5.5	△0.1	△0.1	△0.1
5.2	5.3	5.5	5.1	5.2	5.4	△0.1	△0.1	△0.1
5.3	5.3	5.6	5.2	5.2	5.5	△0.1	△0.1	△0.1
5.3	5.3	5.6	5.2	5.2	5.5	△0.1	△0.1	△0.1
5.2	5.0	5.4	4.9	4.7	5.1	△0.3	△0.3	△0.3
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.5	5.3	5.7	5.4	5.2	5.6	△0.1	△0.1	△0.1
5.3	5.1	5.5	5.2	5.0	5.4	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△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 29, 2012)	Appraiser *1	Acquisition Price	Book Value at Feb. 29, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2011	at Feb. 29, 2012			
				①	②	③	④	④-①	④-②	④-③

Area 1	1032	NCR Ginza East III	JREI	675	658	630	634	△41	△24	4
	1033	NCR Shinjuku Gyoen I	Tanizawa	2,720	2,675	2,540	2,560	△160	△115	20
	1034	NCR Takanawadai	JREI	860	847	849	866	6	18	17
	1035	NCR Nihonbashi Ningyocho IV	Daiwa	666	652	620	643	△23	△9	23
	1036	NCR Shinjuku Gyoen II	Tanizawa	486	476	451	451	△35	△25	0
	1037	NCR Ginza East IV	Daiwa	400	391	368	373	△27	△18	5
	1038	NCR Takanawadai II	JREI	1,190	1,173	1,160	1,180	△10	6	20
	1039	NCR Minami Azabu	JREI	642	632	585	582	△60	△50	△3
	1040	NCR Ginza	Tanizawa	2,880	2,836	2,570	2,580	△300	△256	10
	1041	NCR Nihonbashi Suitengu	Tanizawa	2,707	2,657	2,540	2,570	△137	△87	30
	1042	NCR Takanawa	Tanizawa	7,430	7,353	6,900	6,850	△580	△503	△50
	1043	NCR Higashi Nihonbashi	Chuo	3,520	3,458	3,290	3,290	△230	△168	0
	1045	NCR Shinjuku	Tanizawa	2,950	2,920	2,840	2,830	△120	△90	△10
	1046	IPSE Ichigaya	Chuo	940	951	1,230	1,210	270	258	△20
	1047	Shibaura Island Bloom Tower	JREI	7,580	7,874	7,880	7,880	300	5	0
	1048	Castalia Hatsudai	Daiwa	2,030	2,136	2,180	2,180	150	43	0
Residential Area 1 Subtotal				91,592	90,855	85,071	84,793	△6,799	△6,062	△278
Area 2	2001	Meguro Kamurozaka Residencia	Daiwa	4,500	4,336	3,720	3,720	△780	△616	0
	2002	IPSE Toritsudaigaku	Chuo	648	619	508	505	△143	△114	△3
	2003	Comfort Time Otsuka (*16)	Tanizawa	779	753	704	719	△60	△34	15
	2004	IPSE Yukigaya	Tanizawa	1,110	1,081	984	1,010	△100	△71	26
	2005	IPSE Yutenji	Chuo	1,450	1,424	1,170	1,180	△270	△244	10
	2006	IPSE Otsuka	Chuo	1,480	1,444	1,400	1,390	△90	△54	△10
	2007	IPSE Kikukawa	Tanizawa	817	798	710	715	△102	△83	5
	2008	NCR Meguro	JREI	844	841	787	805	△39	△36	18
	2009	NCR Otsuka	JREI	1,040	1,015	1,010	998	△42	△17	△12
	2010	NCR Jiyugaoka	JREI	1,200	1,184	1,160	1,190	△10	5	30
	2011	NCR Mejiro East	Chuo	988	970	933	931	△57	△39	△2
	2012	NCR Ikebukuro	Daiwa	2,570	2,524	2,300	2,300	△270	△224	0
	2013	NCR Kaname-cho	Tanizawa	1,140	1,120	1,030	1,030	△110	△90	0
	2014	Castalia Tower Shinagawa Seaside	Tanizawa	7,380	7,250	6,870	7,000	△380	△250	130
	2015	NCR Yakumo	Tanizawa	857	847	734	707	△150	△140	△27

Appraisal at Aug. 31, 2011			Appraisal at Feb. 29, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR

5.3	5.0	5.6	5.2	4.9	5.5	△0.1	△0.1	△0.1
5.2	(*2)	5.5	5.1	(*8)	5.4	△0.1	—	△0.1
5.1	4.9	5.3	5.0	4.8	5.2	△0.1	△0.1	△0.1
5.4	5.2	5.6	5.2	5.0	5.4	△0.2	△0.2	△0.2
5.2	5.4	5.5	5.1	5.3	5.4	△0.1	△0.1	△0.1
5.4	5.2	5.6	5.2	5.0	5.4	△0.2	△0.2	△0.2
5.1	4.9	5.3	5.0	4.8	5.2	△0.1	△0.1	△0.1
5.1	4.9	5.3	5.0	4.8	5.2	△0.1	△0.1	△0.1
5.1	5.2	5.4	5.0	5.1	5.3	△0.1	△0.1	△0.1
5.3	5.3	5.6	5.2	5.2	5.5	△0.1	△0.1	△0.1
5.2	5.5	5.5	5.1	5.4	5.4	△0.1	△0.1	△0.1
5.5	5.2	5.7	5.5	5.2	5.7	0	0	0
5.2	5.4	5.5	5.1	5.3	5.4	△0.1	△0.1	△0.1
5.1	4.8	5.3	5.1	4.8	5.3	0	0	0
—	5.0	7.0	—	4.9	7.0	—	△0.1	0
5.1	4.9	5.3	5.1	4.9	5.3	0	0	0
5.1	4.9	5.3	5.1	4.9	5.3	0	0	0
5.1	4.9	5.3	5.1	4.9	5.3	0	0	0
5.4	5.5	5.7	5.3	5.4	5.6	△0.1	△0.1	△0.1
5.3	5.4	5.6	5.2	5.3	5.5	△0.1	△0.1	△0.1
5.0	4.7	5.2	5.0	4.7	5.2	0	0	0
5.2	4.9	5.4	5.2	4.9	5.4	0	0	0
5.4	5.5	5.7	5.3	5.4	5.6	△0.1	△0.1	△0.1
5.4	5.1	5.6	5.3	5.0	5.5	△0.1	△0.1	△0.1
5.4	5.2	5.6	5.3	5.1	5.5	△0.1	△0.1	△0.1
5.1	4.9	5.3	5.0	4.8	5.2	△0.1	△0.1	△0.1
5.5	5.2	5.7	5.5	5.2	5.7	0	0	0
5.3	5.1	5.5	5.2	5.0	5.4	△0.1	△0.1	△0.1
5.3	5.5	5.6	5.2	5.4	5.5	△0.1	△0.1	△0.1
5.3	5.3	5.6	5.2	5.2	5.5	△0.1	△0.1	△0.1
5.2	5.4	5.5	5.1	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

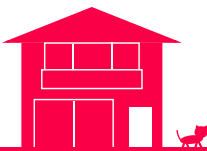
(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 29, 2012)	Appraiser *1	Acquisition Price	Book Value at Feb. 29, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2011	at Feb. 29, 2012			
				①	②	③	④	④-①	④-②	④-③
Area 2	2016	NCR Togoshiekimae	JREI	1,560	1,538	1,600	1,630	70	91	30
	2017	NCR Todoroki	JREI	1,210	1,302	1,220	1,180	△30	△122	△40
	2018	NCR Honjo Azumabashi	Tanizawa	996	975	929	938	△58	△37	9
	2019	NCR Kitazawa	JREI	742	729	716	710	△32	△19	△6
	2020	NCR Monzennakacho	Tanizawa	503	490	449	459	△44	△31	10
	2023	NCR Kamiikedai	JREI	198	193	193	197	△1	3	4
	2024	NCR Morishita	JREI	832	813	807	820	△12	6	13
	2025	NCR Wakabayashi koen	Daiwa	776	766	734	735	△41	△31	1
	2026	NCR Asakusabashi	Chuo	792	774	748	758	△34	△16	10
	2027	NCR Iriya	Chuo	546	533	549	551	5	17	2
	2028	NCR Ueno Tower	Tanizawa	2,641	2,582	2,310	2,350	△291	△232	40
	2029	NCR Morishita West	Tanizawa	686	671	674	683	△3	11	9
	2030	NCR Minowa	Tanizawa	1,430	1,397	1,320	1,340	△90	△57	20
	2031	NCR Jiyugaoka West	Tanizawa	533	526	496	509	△24	△17	13
	2032	NCR Nakano	JREI	1,060	1,038	1,060	1,080	20	41	20
	2033	NCR Yoga	Tanizawa	923	911	944	949	26	37	5
	2034	NCR Sumiyoshi	Tanizawa	948	925	850	845	△103	△80	△5
	2035	NCR Monzennakacho East	JREI	2,160	2,120	2,180	2,230	70	109	50
	2036	NCR Oshiage	Tanizawa	1,100	1,074	1,030	1,030	△70	△44	0
	2037	NCR Kuramae	Tanizawa	1,260	1,233	1,230	1,270	10	36	40
	2038	IPSE Nakanobu	Chuo	1,790	1,809	2,210	2,210	420	400	0
	2039	Royal Parks Toyosu	Chuo	7,360	7,525	7,720	7,830	470	304	110
	2040	IPSE Togoshi	Chuo	1,770	1,780	2,130	2,140	370	359	10
	2041	Castalia Ooimachi	Morii	1,181	1,257	1,230	1,250	69	△7	20
	2042	Castalia Omori	Chuo	1,500	1,587	1,600	1,600	100	12	0
	2043	Castalia Mishuku	Chuo	1,900	1,997	2,050	2,110	210	112	60
Residential Area 2 Subtotal				63,200	62,770	60,999	61,604	△1,596	△1,166	605
Area 3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,664	1,550	1,550	△124	△114	0
	3002	IPSE Tsurumi	Chuo	666	655	653	668	2	12	15
	3003	NCR Funabashi Honcho	Tanizawa	704	698	656	665	△39	△33	9
	3005	NCR Toyoda (*15)	Tanizawa	864	712	848	835	△29	122	△13

Appraisal at Aug. 31, 2011			Appraisal at Feb. 29, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
5.3	5.1	5.5	5.2	5.0	5.4	△0.1	△0.1	△0.1
5.5	5.3	5.7	5.5	5.3	5.7	0	0	0
5.5	5.6	5.8	5.4	5.5	5.7	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.2	5.0	5.4	0	0	0
5.7	5.8	6.0	5.6	5.7	5.9	△0.1	△0.1	△0.1
5.9	5.5	6.1	5.8	5.4	6.0	△0.1	△0.1	△0.1
5.3	5.1	5.5	5.2	5.0	5.4	△0.1	△0.1	△0.1
5.3	5.1	5.5	5.2	5.0	5.4	△0.1	△0.1	△0.1
5.7	5.4	5.9	5.6	5.3	5.8	△0.1	△0.1	△0.1
6.0	5.7	6.2	6.0	5.7	6.2	0	0	0
5.4	5.5	5.7	5.3	5.4	5.6	△0.1	△0.1	△0.1
5.5	5.6	5.8	5.4	5.5	5.7	△0.1	△0.1	△0.1
5.4	5.5	5.7	5.3	5.4	5.6	△0.1	△0.1	△0.1
5.3	(*3)	5.6	5.2	(*9)	5.5	△0.1	—	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.3	5.5	5.6	5.2	5.4	5.5	△0.1	△0.1	△0.1
5.4	5.5	5.7	5.3	5.4	5.6	△0.1	△0.1	△0.1
5.2	5.0	5.4	5.1	4.9	5.3	△0.1	△0.1	△0.1
5.5	(*4)	5.8	5.4	(*10)	5.7	△0.1	—	△0.1
5.4	(*5)	5.7	5.3	(*11)	5.6	△0.1	—	△0.1
5.3	5.0	5.5	5.2	4.9	5.4	△0.1	△0.1	△0.1
5.9	5.5	6.2	5.7	5.3	6.0	△0.2	△0.2	△0.2
5.5	5.2	5.7	5.4	5.1	5.6	△0.1	△0.1	△0.1
5.2	4.9	5.5	5.0	4.7	5.3	△0.2	△0.2	△0.2
5.3	5.0	5.5	5.3	5.0	5.5	0	0	0
5.1	4.8	5.5	5.1	4.8	5.3	0	0	△0.2
6.1	5.8	6.4	6.1	5.8	6.4	0	0	0
6.1	5.8	6.4	6.1	5.8	6.4	0	0	0
6.1	(*6)	6.4	6.0	(*12)	6.3	△0.1	—	△0.1
6.7	6.8	7.0	6.7	6.8	7.0	0	0	0

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



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 29, 2012)	Appraiser *1	Acquisition Price	Book Value at Feb. 29, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2011	at Feb. 29, 2012			
				①	②	③	④	④-①	④-②	④-③

Appraisal at Aug. 31, 2011			Appraisal at Feb. 29, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR

Area 3	3006	NCR Nishi Funabashi	JREI	783	767	699	722	△61	△45	23	6.4	6.2	6.6	6.2	6.0	6.4	△0.2	△0.2	△0.2
	3007	NCR Maihama	Tanizawa	670	654	566	565	△105	△89	△1	6.0	6.0	6.3	6.0	6.0	6.3	0	0	0
	3008	NCR Ichikawamyoden	Tanizawa	671	657	647	650	△21	△7	3	6.0	6.2	6.4	5.9	6.1	6.3	△0.1	△0.1	△0.1
	3010	NCR Urayasu	Tanizawa	592	579	551	553	△39	△26	2	6.0	6.0	6.4	5.9	5.9	6.3	△0.1	△0.1	△0.1
	3011	NCR Minamigyotoku I	Tanizawa	543	531	503	499	△44	△32	△4	6.0	6.0	6.3	5.9	5.9	6.2	△0.1	△0.1	△0.1
	3012	NCR Minamigyotoku II	Tanizawa	385	376	353	350	△35	△26	△3	6.0	6.0	6.3	5.9	5.9	6.2	△0.1	△0.1	△0.1
	3013	NCR NogeYama	JREI	325	318	274	274	△51	△44	0	6.1	5.9	6.3	6.1	5.9	6.3	0	0	0
	3017	Park Terrance Ichikawa	JREI	461	448	481	489	28	40	8	6.2	6.0	6.4	6.1	5.9	6.3	△0.1	△0.1	△0.1
	3018	Royal Parks Hanakoganei	Daiwa	5,300	5,697	5,560	5,640	340	△57	80	6.0	5.8	(*7)	5.9	5.7	(*13)	△0.1	△0.1	—
Residential Area 3 Subtotal				13,638	13,762	13,341	13,460	△178	△302	119									
Area 4	4001	Fourteen Hills East Tower	Chuo	1,920	1,844	1,470	1,460	△460	△384	△10	6.1	5.8	6.4	6.1	5.8	6.4	0	0	0
	4008	Aprile Tarumi (*17)	JREI	1,340	1,303	1,290	1,290	△50	△13	0	6.6	6.4	6.8	6.6	6.4	6.8	0	0	0
	4009	Crest Kusatsu	Tanizawa	3,004	2,886	2,730	2,730	△274	△156	0	7.7	7.8	8.0	7.7	7.8	8.0	0	0	0
	4010	NCR Honmachi East	Tanizawa	1,490	1,448	1,440	1,470	△20	21	30	5.9	6.0	6.2	5.8	5.9	6.1	△0.1	△0.1	△0.1
	4011	NCR Shin-Umeda	Tanizawa	1,376	1,335	1,370	1,390	14	54	20	6.0	6.1	6.3	5.9	6.0	6.2	△0.1	△0.1	△0.1
	4012	NCR Abeno	Tanizawa	4,368	4,275	4,040	4,090	△278	△185	50	5.9	6.0	6.2	5.8	5.9	6.1	△0.1	△0.1	△0.1
	4014	NCR Sakae	Chuo	1,010	983	1,000	1,000	△10	16	0	6.0	5.7	6.3	6.0	5.7	6.3	0	0	0
	4015	NCR Nipponbashi Kouzu	Tanizawa	3,570	3,459	3,330	3,360	△210	△99	30	6.0	6.1	6.3	5.9	6.0	6.2	△0.1	△0.1	△0.1
	4016	NCR Maruyama Urasando	Tanizawa	411	400	405	418	7	17	13	6.3	6.3	6.6	6.2	6.2	6.5	△0.1	△0.1	△0.1
	4017	NCR Maruyama Omotesando	Tanizawa	1,740	1,697	1,600	1,650	△90	△47	50	6.3	6.3	6.6	6.2	6.2	6.5	△0.1	△0.1	△0.1
	4018	NCR Hakataekihigashi	Tanizawa	960	935	893	899	△61	△36	6	6.2	6.4	6.5	6.1	6.3	6.4	△0.1	△0.1	△0.1
	4019	NCR Shinsaibashi East Tower	Chuo	3,400	3,299	3,520	3,530	130	230	10	5.7	5.4	6.0	5.7	5.4	6.0	0	0	0
	4020	NCR Sannomiya	Daiwa	1,230	1,195	1,240	1,280	50	84	40	6.3	6.1	6.5	6.1	5.9	6.3	△0.2	△0.2	△0.2
	4021	NCR Kotodaikoen	Daiwa	481	466	460	466	△15	0	6	6.5	6.5	6.7	6.4	6.4	6.6	△0.1	△0.1	△0.1
	4022	NCR Ichibancho	Daiwa	783	763	740	750	△33	△13	10	6.5	6.5	6.7	6.4	6.4	6.6	△0.1	△0.1	△0.1
	4023	NCR Omachi	Daiwa	656	634	586	594	△62	△40	8	6.5	6.5	6.7	6.4	6.4	6.6	△0.1	△0.1	△0.1
	4024	NCR Uemachidai	Daiwa	2,190	2,135	2,210	2,280	90	144	70	5.9	5.7	6.1	5.7	5.5	5.9	△0.2	△0.2	△0.2
	4025	NCR Higobashi Tower	Chuo	2,670	2,604	2,780	2,890	220	285	110	5.7	5.4	6.0	5.7	5.4	6.0	0	0	0
	4026	Big Tower Minami Sanjo	Daiwa	1,740	1,722	2,160	2,160	420	437	0	6.2	6.0	6.4	6.1	5.9	6.3	△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 29, 2012)	Appraiser *1	Acquisition Price	Book Value at Feb. 29, 2012	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						at Aug. 31, 2011	at Feb. 29, 2012			
				①	②	③	④	④-①	④-②	④-③
Area 4	4027	Lexington Square Fushimi	JREI	2,260	2,282	2,520	2,480	220	197	△40
	4028	Castalia Meieki Minami (*7)	Morii	720	748	767	779	59	30	12
	4029	Besta Yakuin	Morii	930	1,006	951	960	30	△46	9
	4030	Castalia Mibu	JREI	1,193	1,263	1,210	1,210	17	△53	0
Residential Area 4 Subtotal				39,442	38,694	38,712	39,136	△306	441	424
Area 3	8001	INAGEYA Yokohama Nishigaoka	JREI	1,000	1,040	869	849	△151	△191	△20
Area 4	8002	FOLEO TOWN Tsutsui	Daiwa	1,410	1,420	1,130	1,040	△370	△380	△90
Retail Properties Subtotal				2,410	2,461	1,999	1,889	△521	△572	△110
Owned Assets of the Twelfth Fiscal Period Total				210,282	208,543	200,122	200,882	△9,400	△7,661	760

Appraisal at Aug. 31, 2011			Appraisal at Feb. 29, 2012			End of Previous Fiscal Period Comparison		
Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
6.0	5.8	6.2	6.0	5.8	6.2	0	0	0
5.9	5.6	6.2	5.8	5.5	6.1	△0.1	△0.1	△0.1
6.1	5.8	6.4	6.0	5.7	6.3	△0.1	△0.1	△0.1
5.9	5.7	6.1	5.9	5.7	6.1	0	0	0
6.1	5.7	6.2	6.2	5.9	6.4	0.1	0.2	0.2
6.7	6.5	7.2	6.7	6.5	7.2	0	0	0

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

**Book value comparison improved
¥1,911 million from the previous period**

**End of previous fiscal period comparison of
real estate appraisal value improved and
turned into a positive figure**

- *1) Under "Appraiser," "Tanizawa" is Tanizawa Sogo Appraisal Co., Ltd. "Chuo" is Chuo Real Estate Appraisal Co., Ltd. "Daiwa" is Daiwa Real Estate Appraisal Co., Ltd. and "JREI" is Japan Real Estate Institute, "Morii" is Morii Appraisal & Investment Consulting, Inc.
- *2) 5.3% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates).
- *3) 5.5% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates).
- *4) 5.8% (1 to 10 years after appraisal dates), 5.6% (11th year after appraisal dates).
- *5) 5.6% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates).
- *6) 6.3% (1 to 4 years after appraisal dates), 5.9% (5 to 11 years after appraisal dates).
- *7) 5.8% (1 to 10 years after appraisal dates), 6.2% (11 to 83 years after appraisal dates).
- *8) 5.2% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates).
- *9) 5.4% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates).
- *10) 5.7% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates).
- *11) 5.5% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates).
- *12) 6.2% (1 to 4 years after appraisal dates), 5.8% (5 to 11 years after appraisal dates).
- *13) 5.7% (1 to 10 years after appraisal dates), 6.1% (11 to 82 years after appraisal dates).
- *14) 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.
- *15) Disposed on March 26, 2012.
- *16) Disposed on March 7, 2012.
- *17) Partial trust beneficiary rights in real estate disposed on March 15, 2012.



Portfolio Data (as of April 10, 2012)

Area *1	No.	Property Name *2	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 1	1001	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,230.39	96	7,650	3.6	7,740
	1002	IPSE Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,493.23	96	4,500	2.1	3,920
	1003	IPSE Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	1.2	1,920
	1004	IPSE Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	1.2	1,870
	1005	Next Form Nishiazabu	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,621.59	24	2,220	1.0	1,620
	1006	IPSE Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73	51	1,200	0.6	999
	1007	IPSE Tokyo East	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	1.1	1,970
	1008	IPSE Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	1.4	2,390
	1009	IPSE Azabujuban DUO	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	1.3	2,280
	1010	IPSE Shinjuku Natsumezaka	10 Kikuicho, Shinjuku Ward, Tokyo (*6)	1,917.62	41	1,865	0.9	1,540
	1011	UNIROYAL Ginza	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	0.8	1,470
	1012	IPSE Shibuya Tiers	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	0.7	985
	1014	NCR Nishi Azabu Twin Tower	2-26-20 Nishi Azabu, Minato Ward, Tokyo	3,295.93	60	2,352	1.1	2,230
	1015	NCR Nishi Azabu	1-3-12 Nishi Azabu, Minato Ward, Tokyo	2,795.89	37	2,143	1.0	1,960
	1016	NCR Ochanomizu	3-24-1 Kanda Ogawamachi, Chiyoda Ward, Tokyo	2,553.01	44	1,770	0.8	1,840
	1017	NCR Sangubashi	4-52-12 Yoyogi, Shibuya Ward, Tokyo	1,898.47	26	1,393	0.7	1,290
	1018	NCR Nihonbashi East	2-8-13 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,940.94	62	1,279	0.6	1,220
	1019	NCR Nihonbashi West	1-38-16 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,858.34	55	1,138	0.5	1,090
	1020	NCR Ginza Twin I	3-10-10 Irifune, Chuo Ward, Tokyo	1,444.52	40	932	0.4	876
	1021	NCR Ginza Twin II	2-6-4 Irifune, Chuo Ward, Tokyo	1,244.54	33	825	0.4	745
	1022	NCR Harajuku	3-55-3 Sendagaya, Shibuya Ward, Tokyo	1,225.26	21	887	0.4	786
	1023	NCR Yoyogi Uehara	1-17-16 Uehara, Shibuya Ward, Tokyo	811.95	25	608	0.3	573
	1024	NCR Sendagaya	2-9-10 Sendagaya, Shibuya Ward, Tokyo	803.03	21	555	0.3	524
	1025	NCR Shinjuku 7 chome	7-17-16 Shinjuku, Shinjuku Ward, Tokyo	957.60	23	464	0.2	445
	1027	NCR Nihonbashi Ningyocho I	7-15 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,747.90	32	947	0.4	940
	1028	NCR Nihonbashi Ningyocho II	8-12 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,826.80	38	1,070	0.5	1,070
	1029	NCR Shin-Ochanomizu	2-3-4 Kanda Awajicho, Chiyoda Ward, Tokyo (*6)	1,308.38	32	914	0.4	883
	1030	NCR Nihonbashi Ningyocho III	12-11 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	2,117.46	63	1,370	0.6	1,390
	1031	NCR Jinbocho II	2-40-8 Kanda Jimbocho, Chiyoda Ward, Tokyo	1,628.80	60	1,160	0.5	1,180



Portfolio Data (as of April 10, 2012)

Area *1	No.	Property Name *2	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 1	1032	NCR Ginza East III	2-8-8 Irifune, Chuo Ward, Tokyo	972.51	41	675	0.3	634
	1033	NCR Shinjuku Gyoen I	2-14-4 Shinjuku, Shinjuku Ward, Tokyo	3,594.16	108	2,720	1.3	2,560
	1034	NCR Takanawadai	3-4-12 Takanawa, Minato Ward, Tokyo	1,147.44	32	860	0.4	866
	1035	NCR Nihonbashi Ningyocho IV	3-5-6 Higashi Nihonbashi, Chuo Ward, Tokyo	1,105.20	48	666	0.3	643
	1036	NCR Shinjuku Gyoen II	1-29-15 Shinjuku, Shinjuku Ward, Tokyo	668.79	27	486	0.2	451
	1037	NCR Ginza East IV	3-10-8 Irifune, Chuo Ward, Tokyo	681.00	20	400	0.2	373
	1038	NCR Takanawadai II	3-5-6 Takanawa, Minato Ward, Tokyo	1,567.84	40	1,190	0.6	1,180
	1039	NCR Minami Azabu	2-2-27 Minami Azabu, Minato Ward, Tokyo	882.67	24	642	0.3	582
	1040	NCR Ginza	8-18-2 Ginza, Chuo Ward, Tokyo	3,494.42	96	2,880	1.4	2,580
	1041	NCR Nihonbashi Suitengu	2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo	4,602.95	88	2,707	1.3	2,570
	1042	NCR Takanawa	2-17-12 Takanawa, Minato Ward, Tokyo	10,408.26	169	7,430	3.5	6,850
	1043	NCR Higashi Nihonbashi	9-14 Nihonbashi Yokoyamacho, Chuo Ward, Tokyo	6,442.28	103	3,520	1.7	3,290
	1045	NCR Shinjuku	2-6-11 Shinjuku, Shinjuku Ward, Tokyo	3,150.80	122	2,950	1.4	2,830
	1046	IPSE Ichigaya	14-4 Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo (*6)	1,546.34	50	940	0.4	1,210
	1047	Shibaura Island Bloom Tower	4-20-2, 3, 4, Shibaura, Minato Ward, Tokyo	16,849.50	213	7,580	3.6	7,880
	1048	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	3,077.05	81	2,030	1.0	2,180
Area 2	2001	Meguro Kamurozaka Residencia	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	2.1	3,720
	2002	IPSE Toritsudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	0.3	505
	2004	IPSE Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30	52	1,110	0.5	1,010
	2005	IPSE Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35	29	1,450	0.7	1,170
	2006	IPSE Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	0.7	1,390
	2007	IPSE Kikukawa	2-1-12 Kikukawa, Sumida Ward, Tokyo	1,168.18	43	817	0.4	715
	2008	NCR Meguro	2-1-13 Meguro, Meguro Ward, Tokyo	1,414.73	26	844	0.4	805
	2009	NCR Otsuka	2-32-20 Higashi Ikebukuro, Toshima Ward, Tokyo	1,784.50	54	1,040	0.5	998
	2010	NCR Jiyugaoka	1-20-1 Jiyugaoka, Meguro Ward, Tokyo	1,472.47	40	1,200	0.6	1,190
	2011	NCR Mejiro East	2-8-16 Takada, Toshima Ward, Tokyo	1,658.90	29	988	0.5	931
	2012	NCR Ikebukuro	3-1-12 Nishi Ikebukuro, Toshima Ward, Tokyo	3,644.35	87	2,570	1.2	2,300
	2013	NCR Kaname-cho	5-26-10 Nishi Ikebukuro, Toshima Ward, Tokyo	1,624.06	73	1,140	0.5	1,030
	2014	Castalia Tower Shinagawa Seaside	4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo	12,732.35	208	7,380	3.5	7,000



Portfolio Data (as of April 10, 2012)

Area *1	No.	Property Name *2	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 2	2015	NCR Yakumo	2-20-5 Yakumo, Meguro Ward, Tokyo	1,276.91	18	857	0.4	707
	2016	NCR Togoshiekimae	1-7-16 Hiratsuka, Shinagawa Ward, Tokyo	2,014.12	64	1,560	0.7	1,630
	2017	NCR Todoroki	1-16-7 Nakamachi, Setagaya Ward, Tokyo	2,859.04	22	1,210	0.6	1,180
	2018	NCR Honjo Azumabashi	3-7-11 Honjo, Sumida Ward, Tokyo	2,255.88	35	996	0.5	938
	2019	NCR Kitazawa	1-15-5 Kitazawa, Setagaya Ward, Tokyo	1,220.16	15	742	0.3	710
	2020	NCR Monzennakacho	1-17-12 Fukuzumi, Koto Ward, Tokyo	887.94	31	503	0.2	459
	2023	NCR Kamiikedai	1-4-15 Kamiikedai, Ota Ward, Tokyo	414.45	12	198	0.1	197
	2024	NCR Morishita	1-16-12 Morishita, Koto Ward, Tokyo	1,383.90	38	832	0.4	820
	2025	NCR Wakabayashi koen	4-39-4 Wakabayashi, Setagaya Ward, Tokyo	1,425.43	23	776	0.4	735
	2026	NCR Asakusabashi	2-16-21 Yanagibashi, Taito Ward, Tokyo	1,537.84	32	792	0.4	758
	2027	NCR Iriya	3-1-28 Shitaya, Taito Ward, Tokyo	1,415.15	22	546	0.3	551
	2028	NCR Ueno Tower	1-15-5 Kita Ueno, Taito Ward, Tokyo	4,197.66	102	2,641	1.2	2,350
	2029	NCR Morishita West	2-12-11 Shin Ohashi, Koto Ward, Tokyo	1,275.60	40	686	0.3	683
	2030	NCR Minowa	5-24-4 Negishi, Taito Ward, Tokyo	2,406.41	78	1,430	0.7	1,340
	2031	NCR Jiyugaoka West	7-14-13 Todoroki, Setagaya Ward, Tokyo	857.32	28	533	0.3	509
	2032	NCR Nakano	2-12-13 Arai, Nakano Ward, Tokyo	1,613.86	42	1,060	0.5	1,080
	2033	NCR Yoga	1-3-12 Tamagawadai, Setagaya Ward, Tokyo	1,472.38	45	923	0.4	949
	2034	NCR Sumiyoshi	2-8-11 Sumiyoshi, Koto Ward, Tokyo	1,362.60	60	948	0.4	845
	2035	NCR Monzennakacho East	2-2-9 Tomioka, Koto Ward, Tokyo	3,038.98	94	2,160	1.0	2,230
	2036	NCR Oshiage	3-5-2 Mukojima, Sumida Ward, Tokyo	1,785.24	60	1,100	0.5	1,030
	2037	NCR Kuramae	3-9-4 Kuramae, Taito Ward, Tokyo	1,994.93	67	1,260	0.6	1,270
	2038	IPSE Nakanobu	4-7-11 Nakanobu, Shinagawa Ward, Tokyo	2,421.82	83	1,790	0.8	2,210
	2039	Royal Parks Toyosu	3-5-21 Toyosu, Koto Ward, Tokyo	18,112.03	276	7,360	3.5	7,970
	2040	IPSE Togoshi	5-2-1 Togoshi, Shinagawa Ward, Tokyo	2,629.59	120	1,770	0.8	2,140
	2041	Castalia Ooimachi	4-2-11 Ooi, Shinagawa Ward, Tokyo	1,413.75	65	1,181	0.6	1,250
	2042	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	2,046.36	60	1,500	0.7	1,600
	2043	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Toyko	2,654.53	53	1,900	0.9	2,100
	2044	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	3,797.92	70	1,660	0.8	(*8) 1,830
	2045	Castalia Omori II	1-8-13, Omori kita, Omori Ward, Tokyo	2,818.70	112	2,370	1.1	(*8) 2,460



Portfolio Data (as of April 10, 2012)

Area *1	No.	Property Name *2	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 3	3001	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa	4,208.83	59	1,674	0.8	1,550
	3002	IPSE Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	1,452.09	32	666	0.3	668
	3003	NCR Funabashi Honcho	4-4-8 Honcho, Funabashi City, Chiba	1,496.40	86	704	0.3	665
	3006	NCR Nishi Funabashi	4-19-16 Nishifuna, Funabashi City, Chiba	1,597.32	81	783	0.4	722
	3007	NCR Maihama	5-14-17 Fujimi, Urayasu City, Chiba	1,287.72	61	670	0.3	565
	3008	NCR Ichikawamyoden	2-14-20 Shioyaki, Ichikawa City, Chiba	1,218.00	58	671	0.3	650
	3010	NCR Urayasu	3-30-4 Arai, Ichikawa City, Chiba	1,074.53	51	592	0.3	553
	3011	NCR Minamigyotoku I	4-1-26 Minami Gyotoku, Ichikawa City, Chiba	1,031.81	49	543	0.3	499
	3012	NCR Minamigyotoku II	4-1-5 Minami Gyotoku, Ichikawa City, Chiba	724.63	35	385	0.2	350
	3013	NCR Nogeyama	1-6 Hinodecho, Naka Ward, Yokohama City, Kanagawa (*6)	744.90	30	325	0.2	274
	3017	Park Terrance Ichikawa	1-24-3 Ichikawa, Ichikawa City, Chiba	876.89	40	461	0.2	489
	3018	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	18,153.57	279	5,300	2.5	5,640
Area 4	4001	Fourteen Hills East Tower	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi	3,548.48	131	1,920	0.9	1,460
	4008	Aprile Tarumi (*7)	7-3-1 Takamaru, Tarumi Ward, Kobe City, Hyogo	6,545.25	99	1,340	0.6	1,290
	4009	Crest Kusatsu	5-3-27 Kasayama, Kusatsu City, Shiga	13,452.80	540	3,004	1.4	2,730
	4010	NCR Honmachi East	1-3-7 Kyutaromachi, Chuo Ward, Osaka City, Osaka	3,471.39	117	1,490	0.7	1,470
	4011	NCR Shin-Umeda	6-8-21 Nakatsu, Kita Ward, Osaka City, Osaka	3,279.90	108	1,376	0.6	1,390
	4012	NCR Abeno	2-4-37 Abenosuji, Abeno Ward, Osaka City, Osaka	10,832.11	153	4,368	2.1	4,090
	4014	NCR Sakae	4-16-10 Sakae, Naka Ward, Nagoya City, Aichi	2,836.00	73	1,010	0.5	1,000
	4015	NCR Nipponbashi Kouzu	2-4-6 Kouzu, Chuo Ward, Osaka City, Osaka	9,334.47	262	3,570	1.7	3,360
	4016	NCR Maruyama Urasando	21-1-47 Minami 2 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	1,522.89	36	411	0.2	418
	4017	NCR Maruyama Omotesando	21-2-1 Kita 1 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	6,100.31	146	1,740	0.8	1,650
	4018	NCR Hakataekihigashi	5-31 Hiemachi, Hakata Ward, Fukuoka City, Fukuoka	3,061.60	115	960	0.5	899
	4019	NCR Shinsaibashi East Tower	1-15-25 Shimanouchi, Chuo Ward, Osaka City, Osaka	8,747.40	133	3,400	1.6	3,530
	4020	NCR Sannomiya	3-2-31 Isobedori, Chuo Ward, Kobe City, Hyogo	3,071.60	112	1,230	0.6	1,280



Portfolio Data (as of April 10, 2012)

Area *1	No.	Property Name *2	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *3	Acquisition Price Ratio (%) *4	Appraisal Values (mn yen) *5
Area 4	4021	NCR Kotodaikoen	3-10-24 Kokubuncho, Aoba Ward, Sendai City, Miyagi	1,684.10	50	481	0.2	466
	4022	NCR Ichibancho	1-6-27, 30 Ichibancho, Aoba Ward, Sendai City, Miyagi	2,800.32	68	783	0.4	750
	4023	NCR Omachi	2-5-8 Omachi, Aoba Ward, Sendai City, Miyagi	2,149.08	72	656	0.3	594
	4024	NCR Uemachidai	4-1-12 Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	5,415.39	69	2,190	1.0	2,280
	4025	NCR Higobashi Tower	1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka	6,230.20	194	2,670	1.3	2,890
	4026	Big Tower Minami Sanjo	2-15-1 Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido (*6)	8,661.19	179	1,740	0.8	2,160
	4027	Lexington Square Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	7,022.69	123	2,260	1.1	2,480
	4028	Castalia Meieki Minami	1-12-22, Meiekininami, Nakamura Ward, Nagoya City, Aichi	1,822.10	70	720	0.3	779
	4029	Besta Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	2,784.83	118	930	0.4	960
	4030	Castalia Mibu	79, Mibu, Aiai-chou, Nakagyo Ward, Kyoto City, Kyoto (*6)	2,828.39	78	1,193	0.6	1,210
Total of Residential Properties (122 properties)				378,495.28	9,191	209,835	98.9	201,491
Area 3	8001	INAGEYA Yokohama Nishigaoka	1-2-1 Nishigaoka, Izumi Ward, Yokohama City, Kanagawa (*6)	2,343.26	1	1,000	0.5	849
Area 4	8002	FOLEO TOWN Tsutsui	531-1 Tsutsuimachi, Yamato Koriyama City, Nara (*6)	4,022.27	11	1,410	0.7	1,040
Total of Retail Properties (2 properties)				6,365.53	12	2,410	1.1	1,889
Total Owned Assets (124 properties)				384,860.81	9,203	212,245	100.0	203,380

*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) In the Property Name column, "NCR" means New City Residence.

*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 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.

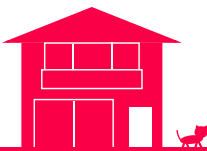
*5) "Appraisal Values" column indicates real estate appraisal values as of February 29, 2012. Amounts rounded to ¥ million units.

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

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

*8) The appraisal values as of acquisition.

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



Summary of Financial Results

	6th Fiscal Period (ended Nov. 2008)	7th Fiscal Period (ended May 2009)	8th Fiscal Period (ended Nov. 2009)	9th Fiscal Period (ended Aug. 2010)	10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	Variation Between 11th Fiscal Period
Operating days	183 days	182 days	183 days	274 days	181 days	184 days	182 days	(2 days)
Operating Revenue	1,675 mn yen	1,558 mn yen	1,478 mn yen	6,514 mn yen	7,793 mn yen	6,728 mn yen	7,421 mn yen	+692 mn yen
[gains from property disposition]	—	—	—	22 mn yen	1,062 mn yen	0 mn yen	—	(0 mn yen)
Operating Income	949 mn yen	854 mn yen	742 mn yen	2,951 mn yen	3,796 mn yen	2,478 mn yen	3,434 mn yen	+956 mn yen
[losses from property disposition]	—	—	—	—	305 mn yen	501 mn yen	63 mn yen	(438 mn yen)
Ordinary Income	619 mn yen	549 mn yen	437 mn yen	1,845 mn yen	2,761 mn yen	1,437 mn yen	2,357 mn yen	+919 mn yen
Net Income	612 mn yen	548 mn yen	436 mn yen	20,918 mn yen	3,245 mn yen	1,402 mn yen	2,234 mn yen	+832 mn yen
Distribution Per Unit	12,434 yen	11,138 yen	8,862 yen	15,341 yen	16,880 yen	16,320 yen	16,000 yen	(320 yen)
Payout Ratio * 1	100.0%	100.0%	100.0%	6.5%	61.8%	138.2%	109.1%	(29.1%)
Outstanding Units Issued at End of Fiscal Period	49,260 units	49,260 units	49,260 units	118,735 units	118,735 units	118,735 units	160,535 units	+41,800 units
Real Estate Lease Business Revenue	1,675 mn yen	1,558 mn yen	1,478 mn yen	6,491 mn yen	6,731 mn yen	6,728 mn yen	7,421 mn yen	+693 mn yen
Real Estate Expenses Related To Rent Business	550 mn yen	542 mn yen	590 mn yen	2,714 mn yen	2,982 mn yen	3,053 mn yen	3,167 mn yen	+113 mn yen
Real Estate Lease Business Income	1,125 mn yen	1,016 mn yen	888 mn yen	3,777 mn yen	3,748 mn yen	3,674 mn yen	4,254 mn yen	+579 mn yen
Rent NOI	1,398 mn yen	1,289 mn yen	1,162 mn yen	4,850 mn yen	4,895 mn yen	4,850 mn yen	5,618 mn yen	+767 mn yen
NOI Yield * 2	5.45%	5.06%	4.53%	4.99%	5.13%	5.05%	5.48%	+0.43%

<Portfolio at End of Fiscal Period>

Number of Owned Properties	24	24	24	127	121	121	125	+4
Total Acquisition Price *2	51,139 mn yen	51,139 mn yen	51,139 mn yen	192,603 mn yen	192,176 mn yen	192,192 mn yen	210,282 mn yen	+18,090 mn yen
Leasable Units	1,350 units	1,350 units	1,350 units	8,139 units	8,314 units	8,402 units	9,164 units	+762 units
	[store: 30units]	[store: 30units]	[store: 30units]	[store: 63units]	[store: 67 units]	[store: 69 units]	[store: 74 units]	[store: +5 units]
Properties Acquired (Disposed) in The Fiscal Period *3	—	—	—	107/ 142,128 mn yen	4/ 13,130 mn yen	3/ 3,401 mn yen	6/ 18,933 mn yen	+3/ +15,532 mn yen
Properties Disposed in the Fiscal Period *3	—	—	—	4/ 709 mn yen	10/ 14,572 mn yen	3/ 2,900 mn yen	2/ 766 mn yen	(1)/ (2,133 mn yen)
Average Occupancy Rate in the Fiscal Period *4	94.4%	89.9%	89.2%	90.1% 92.8%	95.1%	95.7%	96.4%	+0.7%
Occupancy Rate at End of Fiscal Period	93.7%	88.0%	90.3%	93.5%	96.0%	96.2%	97.2%	+1.0%

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

*2) NOI yield is calculated by dividing the rent NOI (lease business revenue + other lease business revenue – real estate expenses related to rent business + depreciation and amortization), pro rata over 365 days, from the total acquisition price of the end of each period. However, for the ninth fiscal period and tenth fiscal period, NOI yield is calculated using the average acquisition price of the period calculated based on the number of the days of each property owned.

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

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



Selected Financial Data

	6th Fiscal Period (ended Nov. 2008)	7th Fiscal Period (ended May 2009)	8th Fiscal Period (ended Nov. 2009)	9th Fiscal Period (ended Aug. 2010)	10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	Variation Between 11th Fiscal Period
Operating days	183 days	182 days	183 days	274 days	181 days	184 days	182 days	(2 days)
Total Assets	54,618 mn yen	54,456 mn yen	54,280 mn yen	201,545 mn yen	202,092 mn yen	200,699 mn yen	221,703 mn yen	+21,004 mn yen
Net Assets	24,615 mn yen	24,551 mn yen	24,439 mn yen	73,162 mn yen	74,586 mn yen	73,984 mn yen	91,880 mn yen	+17,896 mn yen
Unitholders' Capital	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	41,602 mn yen	+17,599 mn yen
Total Outstanding Units Issued	49,260 units	49,260 units	49,260 units	118,735 units	118,735 units	118,735 units	160,535 units	+41,800 units
Net Assets Per Unit	499,712 yen	498,402 yen	496,125 yen	616,183 yen	628,176 yen	623,103 yen	572,339 yen	(50,764 yen)
Distribution Per Unit	12,434 yen	11,138 yen	8,862 yen	15,341 yen	16,880 yen	16,320 yen	16,000 yen	(320 yen)
Payout Ratio * 1	100.0%	100.0%	100.0%	6.5%	61.8%	138.2%	109.1%	(29.1%)
Return on Assets (ROA) *2	2.2%	2.0%	1.6%	1.9%	2.8%	1.4%	2.2%	+0.8%
Return on Equity (ROE) *3	5.0%	4.5%	3.6%	57.1%	8.9%	3.7%	5.4%	+1.7%
Net Asset Ratio at End of Fiscal Period *4	45.1%	45.1%	45.0%	36.3%	36.9%	36.9%	41.4%	+4.6%
Number of Properties	24	24	24	127	121	121	125	+4
Leasable Units	1,350 units [Store: 30 units]	1,350 units [Store: 30 units]	1,350 units [Store: 30 units]	8,139 units [Store: 63 units]	8,314 units [Store: 67 units]	8,402 units [Store: 69 units]	9,164 units [Store: 74 units]	+762 units [Store: +5 units]
Leasable Area *5	57,660.40m ² [Store: 10,450.47m ²]	57,660.40m ² [Store: 10,450.47m ²]	57,660.40m ² [Store: 10,450.47m ²]	337,589.55m ² [Store: 12,521.02m ²]	341,034.63m ² [Store: 13,898.46m ²]	340,892.79m ² [Store: 13,851.34m ²]	383,773.51m ² [Store: 15,114.21m ²]	+42,880.72m ² [Store: +1,262.87m ²]
Average Occupancy Rate in the Fiscal Period *6	94.4%	89.9%	89.2%	90.1% 92.8%	95.1%	95.7%	96.4%	+0.7%
Occupancy Rate at End of Fiscal Period	93.7%	88.0%	90.3%	93.5%	96.0%	96.2%	97.2%	+1.0%
Current Depreciation and Amortization	272 mn yen	273 mn yen	274 mn yen	1,072 mn yen	1,146 mn yen	1,176 mn yen	1,363 mn yen	+187 mn yen
Rent NOI *7	1,398 mn yen	1,289 mn yen	1,162 mn yen	4,850 mn yen	4,895 mn yen	4,850 mn yen	5,618 mn yen	+767 mn yen
FFO Per Unit *8	18,095 yen	16,818 yen	14,548 yen	24,427 yen	26,541 yen	26,228 yen	23,570 yen	(2,658 yen)
Debt Service Coverage Ratio *9	4.7x	4.8x	4.5x	25.7x	6.0x	3.9x	5.4x	+1.5x
Total Interest-bearing Liabilities	28,685 mn yen	28,685 mn yen	28,674 mn yen	124,590 mn yen	123,325 mn yen	122,653 mn yen	125,325 mn yen	+2,672 mn yen
LTV (interest-bearing liabilities/total assets)	52.5%	52.7%	52.8%	61.8%	61.0%	61.1%	56.5%	(4.6%)

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

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

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

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

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

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

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

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

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



Balance Sheet

■ Assets

(unit: thousand yen)

Category	Eleventh Fiscal Period (as of August 31, 2011) Share (%)	Twelfth Fiscal Period (as of February 29, 2012) Share (%)	Variation
Assets			
Current assets			
Cash and deposits	4,350,254	6,286,819	1,936,565
Cash and deposits in trust	4,880,168	4,890,336	10,167
Operating accounts receivable	109,237	98,397	(10,840)
Prepaid expenses	167,999	198,111	30,112
Deferred tax assets	43,175	101,809	58,633
Other	624	7,894	7,270
Allowance for doubtful accounts	(21,379)	(20,784)	595
Total current assets	9,530,079 4.7	11,562,584 5.2	2,032,504
Noncurrent assets			
Property, plant and equipment			
Buildings	27,616,500	28,157,619	541,118
Accumulated depreciation	(758,619)	(1,044,396)	(285,776)
Buildings, net	26,857,881	27,113,223	255,341
Structures	233,703	237,174	3,470
Accumulated depreciation	(6,672)	(9,210)	(2,537)
Structures, net	227,031	227,964	933
Machinery and equipment	417,987	432,205	14,217
Accumulated depreciation	(20,483)	(28,368)	(7,884)
Machinery and equipment, net	397,504	403,837	6,332
Tools, furniture and fixtures	643,168	644,106	938
Accumulated depreciation	(67,106)	(90,895)	(23,789)
Tools, furniture and fixtures, net	576,062	553,211	(22,850)
Land	20,923,344	21,393,132	469,788
Buildings in trust	71,613,114	86,344,743	14,731,629
Accumulated depreciation	(3,960,458)	(4,906,522)	(946,064)
Buildings in trust, net	67,652,656	81,438,221	13,785,564
Structures in trust	535,446	651,501	116,055
Accumulated depreciation	(23,892)	(34,666)	(10,773)
Structures in trust, net	511,554	616,835	105,281
Machinery and equipment in trust	1,030,530	1,315,940	285,409
Accumulated depreciation	(164,141)	(205,143)	(41,001)
Machinery and equipment in trust, net	866,388	1,110,797	244,408
Tools, furniture and fixtures in trust	281,813	292,737	10,924
Accumulated depreciation	(48,061)	(65,073)	(17,011)
Tools, furniture and fixtures in trust, net	233,751	227,664	(6,086)
Land in trust	70,844,184	73,208,489	2,364,305
Total property, plant and equipment	189,090,358 94.2	206,293,377 93.1	17,203,019



Balance Sheet

■ Assets

(unit: thousand yen)

Category	Eleventh Fiscal Period (as of August 31, 2011)		Twelfth Fiscal Period (as of February 29, 2012)		Variation
	Share (%)		Share (%)		
Assets					
Intangible assets					
Leasehold rights in trust	1,521,476		2,250,129		728,653
Right of trademark	2,186		1,901		(285)
Total intangible assets	1,523,662	0.8	2,252,030	1.0	728,368
Investments and other assets					
Long-term prepaid expenses	103,960		356,006		252,046
Guarantee deposits	10,334		10,030		(304)
Lease deposits in trust	440,769		1,229,521		788,752
Total investments and other assets	555,063	0.3	1,595,558	0.7	1,040,494
Total noncurrent assets	191,169,085	95.3	210,140,967	94.8	18,971,882
Total assets	200,699,164	100.0	221,703,552	100.0	21,004,387



Balance Sheet

Liabilities and Net Assets

(unit: thousand yen)

Category	Eleventh Fiscal Period (as of August 31, 2011)		Twelfth Fiscal Period (as of February 29, 2012)		Variation
	Share (%)		Share (%)		
Liabilities					
Current liabilities					
Operating accounts payable	522,578		285,463		(237,114)
Short-term loans	-		3,200,000		3,200,000
Current portion of long-term loans payable	28,352,000		12,519,000		(15,833,000)
Accounts payable-other	156,260		131,991		(24,269)
Accrued expenses	406,900		482,222		75,321
Income taxes payable	605		605		-
Advances received	607,946		841,654		233,708
Deposits received	173,809		226,140		52,331
Current portion of rehabilitation debt	16,019,513		22,435,033		6,415,519
Total current liabilities	46,239,613	23.0	40,122,110	18.1	(6,117,502)
Non current liabilities					
Long-term loans payable	10,500,000		42,300,000		31,800,000
Tenant leasehold and security deposits	316,421		333,971		17,550
Tenant leasehold and security deposits in trust	1,693,047		1,811,945		118,897
Asset retirement obligations	184,241		383,545		199,303
Rehabilitation debt	67,781,664		44,871,495		(22,910,168)
Total noncurrent liabilities	80,475,375	40.1	89,700,958	40.5	9,225,583
Total liabilities	126,714,989	63.1	129,823,069	58.6	3,108,080
Net assets					
Unitholders' equity					
Unitholders' capital	24,002,588		41,602,436		17,599,848
Surplus					
Capital surplus	28,241,587		28,241,587		-
Reserve for distribution	20,338,145		19,802,245		(535,900)
Unappropriated retained earnings (undisposed loss)	1,401,854		2,234,214		832,359
Total surplus	49,981,587		50,278,046		296,458
Total unitholders' equity	73,984,175	36.9	91,880,482	41.4	17,896,307
Total net assets	73,984,175	36.9	91,880,482	41.4	17,896,307
Total liabilities and net assets	200,699,164	100.0	221,703,552	100.0	21,004,387

Notes and Remarks for Twelfth Fiscal Period

(unit: million yen)

1. Cash and deposits

Investment corporation title	6,286
Trust bank title	4,890
(of which, equivalent to deposit)	2,145
Balance	9,031

2. Interest-bearing liabilities

Total interest-bearing liabilities	125,325
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3. Allowance for doubtful accounts

Total allowance for doubtful accounts	20
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4. Change in Unitholders' capital

Total Unitholders' capital	41,602
June 2005: Established with private offering	300
December 2005: Increase capital through third party allotment	1,430
March 2006: Increase capital through public offering	18,238
March 2007: Increase capital through third party allotment	4,034
October 2011: Increase capital through public offering	15,999
November 2011: Increase capital through third party allotment	1,599

Unitholders' Capital and Total Outstanding Units Issued

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

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

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



Income Statement

(unit: thousand yen)

Category	Eleventh Fiscal Period (Mar. 1, 2011 – Aug. 31, 2011)	Twelfth Fiscal Period (Sep. 1, 2011 – Feb. 29, 2012)	Variation
Operating revenue			
Lease business revenue	6,297,632	6,951,985	654,353
Other lease business revenue	430,679	469,388	38,708
Gain from disposition of properties	648	-	(648)
Total operating revenue	6,728,960	7,421,373	692,413
Operating expenses			
Expenses related to rent business	3,053,848	3,167,042	113,194
Asset management fee	501,850	63,408	(438,441)
Asset management fee	404,357	445,962	41,604
Asset custody fee	19,990	21,457	1,466
Administrative service fees	65,438	69,977	4,538
Directors' compensations	6,600	6,600	-
Provision of allowance for doubtful accounts	-	7,032	7,032
Other operating expenses	198,592	205,494	6,902
Total operating expenses	4,250,678	3,986,975	(263,703)
Operating income	2,478,282	3,434,398	956,116
Non-operating income			
Interest income	825	730	(94)
Reversal of allowance for doubtful accounts	11,391	-	(11,391)
Other	1,931	1,889	(42)
Total non-operating income	14,148	2,620	(11,528)
Non-operating expenses			
Interest expenses	876,366	825,519	(50,846)
Borrowing related expenses	177,610	191,746	14,136
Unit issuance expenses	-	59,352	59,352
Other	1,215	3,217	2,002
Total non-operating expenses	1,055,193	1,079,837	24,644
Ordinary income	1,437,237	2,357,181	919,943
Extraordinary income			
Gain on redemption by purchase of rehabilitation obligations	22,670	7,079	(15,591)
Other	270	1,224	954
Total extraordinary income	22,941	8,304	(14,637)
Extraordinary loss			
Impairment losses	-	130,666	130,666
Loss on disaster	57,722	-	(57,722)
Total extraordinary losses	57,722	130,666	72,944
Income before income taxes	1,402,457	2,234,819	832,362
Income taxes-current	605	605	-
Total income taxes	605	605	-
Net income	1,401,852	2,234,214	832,362
Retained earnings brought forward	2	-	(2)
Unappropriated retained earnings (undisposed loss)	1,401,854	2,234,214	832,359

Financial statements pertaining to distribution of funds

(unit: yen)

Category	Eleventh Fiscal Period (Mar. 1, 2011 – Aug. 31, 2011)	Twelfth Fiscal Period (Sep. 1, 2011 – Feb. 29, 2012)	Variation
I. Unappropriated retained earnings	1,401,854,778	2,234,214,043	832,359,265
II. Reversal of reserve for distribution	535,900,422	334,345,957	(201,554,465)
III. Distribution amount [Distribution per unit]	1,937,755,200 [16,320]	2,568,560,000 [16,000]	630,804,800 [(320)]
IV. Reserve of reserve for distribution	-	-	-
V. Retained earnings carried forward	-	-	-

Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

Category	Eleventh Fiscal Period (Mar. 1, 2011 – Aug. 31, 2011)	Twelfth Fiscal Period (Sep. 1, 2011 – Feb. 29, 2012)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	6,120,280	6,756,200	635,920
Common service fees	177,351	195,784	18,432
Subtotal	6,297,632	6,951,985	654,353
Other lease business revenue			
Facility charges	158,472	187,516	29,043
Incidental revenue	27,527	31,910	4,382
Other lease business revenue	244,679	249,962	5,282
Subtotal	430,679	469,388	38,708
Total real estate lease business revenue	6,728,311	7,421,373	693,062
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	825,833	791,837	(33,995)
Utility expenses	95,925	100,707	4,781
Tax and public charges	364,789	356,797	(7,991)
Repair expenses	172,474	134,136	(38,337)
Insurance expenses	10,932	12,294	1,362
Restoration cost	219,647	181,346	(38,301)
Custodian fees	50,891	50,903	12
Depreciation and amortization	1,176,164	1,363,674	187,509
Other operating expenses	137,189	175,344	38,155
Total real estate expenses related to rent business	3,053,848	3,167,042	113,194
C. Real estate lease business income (A – B)	3,674,463	4,254,331	579,867



Major Unitholders

Major Unitholders of DHI (as of February 29, 2012)

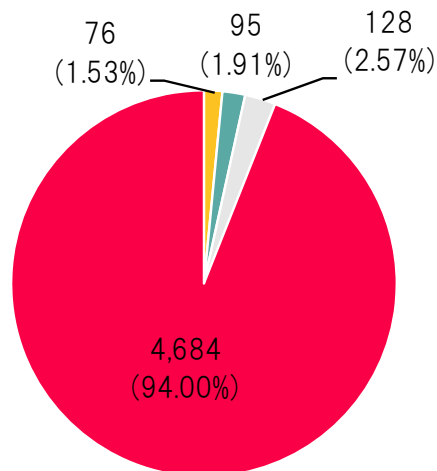
Name	Number of Units Held (units)	Percentage of Total (%)
Japan Trustee Services Bank, Ltd. (investment account)	27,467	17.10
Daiwa House Industry Co., Ltd.	18,860	11.74
The Nomura Trust and Banking Co., Ltd. (investment trust account)	13,155	8.19
Trust & Custody Services Bank, Ltd. (securities investment trust account)	12,348	7.69
The Master Trust Bank of Japan, Ltd. (investment account)	11,974	7.45
Standard Chartered Bank, Hong Kong Account, DBS Vickers (HK) Ltd Clients	3,450	2.14
Nomura Bank (Luxembourg) S.A.	3,405	2.12
BNP-Paribas Securities services Luxembourg-Jasdec Securities	2,966	1.84
Fuji Fire and Marine Insurance Co., Ltd.	2,663	1.65
The Chuo Mitsui Trust and Banking Company, Limited	2,234	1.39

Shareholder of the Asset Manager (as of February 29, 2012)

Name	Number of Shares Held (units)	Percentage of Shares (%)
Daiwa House Industry Co., Ltd.	12,000	100.0
Total	12,000	100.0

Number of Unitholders

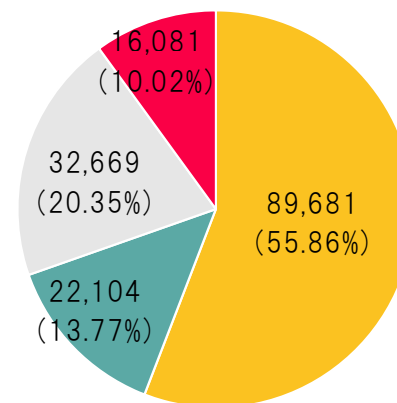
Total number of Unitholders: 4,983



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

Number of Units

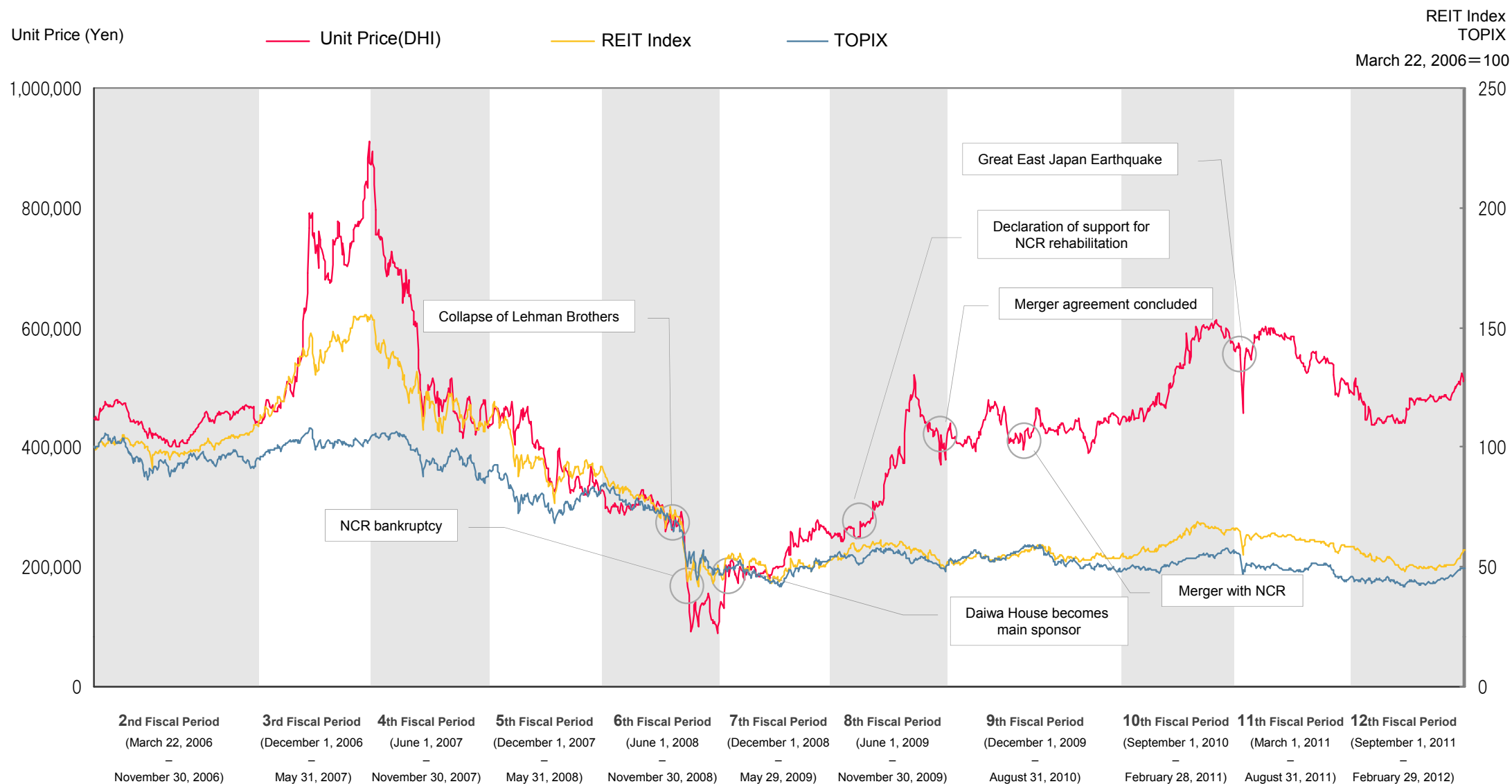
Outstanding units issued: 160,535 units



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



Unit Prices since 2006





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