



Daiwa House Residential Investment Corporation



**Presentation Material for the 20th fiscal Period
(September 1, 2015 — February 29, 2016)**

(Asset Management Company)

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

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

Management Highlight

Page	
2	Overview of Daiwa House Residential Investment Corporation ("DHI")
3	20th Fiscal Period Results Highlights
4	20th Fiscal Period (ended Feb. 2016) Result and 21th Fiscal Period (ending Aug. 2016) Forecast
5	20th Fiscal Period (ended Feb. 2016) and 21st Fiscal Period (ending Aug. 2016) Breakdown of Net Income
6	Internal Growth (1) Occupancy Rate Trend
7	Internal Growth (2) Rents at Tenant Replacement

A P P E N D I X

Page	
8	Internal Growth (3) NOI YieldPortfolio
9	Distribution (Residence)
10	Financial Conditions (1) Financial Strategy and Debt Costs
11	Financial Conditions (2) Status of Interest-bearing Debt
12	Conditions of Unrealized Gain and Loss and NAV Per Unit
13	Non-conformance with the Minister's Certification of Seismic Isolation Materials Manufactured by Toyo Tire & Rubber Co., Ltd.

Page	
15 ~19	Appraisal Value Comparison Table
20 ~21	Summary of Financial Results / Selected Financial Data
22 ~24	Balance Sheet
25	Income Statement
26 ~27	Unitholders
28	Unit Prices since 2006

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

Overview

- ① DHI is a residential-focused J-REIT that mainly invests in **residential properties** with stable rent and occupancy rate.
- ② DHI closely works in cooperation with our sponsor, **Daiwa House Group**, to secure a steady increase in our assets under management.
- ③ **Stabilize distributions** by utilizing **retained earnings 17.8 billion yen***).

*) The amount of retained earnings indicates after a reversal of internal reserves as end of February 2016. The amount before such reversal is 18.0 billion yen.

19th Fiscal period (as of August 31, 2015)

Number of Owned Properties	141 Properties
Leasable Units	11,345 units
Total Leasable Area	503,899.79 m ²
Total Assets	258,400 million yen
Portfolio Size *1)	255,376 million yen
Net Assets	111,352 million yen
Number of Outstanding Units Issued	747,740 units
Net Assets per Unit	148 thousand yen
NAV per Unit	185 thousand yen
Occupancy Rate (average during the period)	95.9 %
Total Interest-bearing Liabilities	141,663 million yen
LTV *2)	54.8 %

20th Fiscal period (as of February 29, 2016)

142 Properties
11,426 units
505,935.16 m²
258,590 million yen
256,349 million yen
111,194 million yen
747,740 units
148 thousand yen
191 thousand yen
96.1 %
141,663 million yen
54.8 %

Variation

+1 Properties
+81 units
+2,035.37 m ²
+189 million yen
+973 million yen
△157 million yen
△0 thousand yen
+6 thousand yen
+0.2 point

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

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

*1) Purchase price basis; same as below

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

External Growth

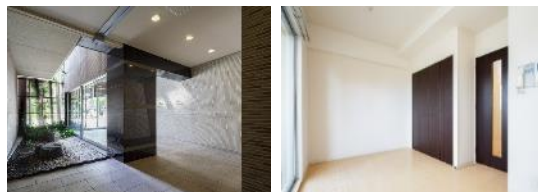
■ External growth achievements

【Portfolio Size】

	18th Fiscal Period (as of Feb. 28, 2015)	19th Fiscal Period (as of Aug. 31, 2015)	20th Fiscal Period (as of Feb. 29, 2016)
Number of Properties	136 properties	141 properties	142 properties
Portfolio Size	237.6 billion yen	255.3 billion yen	256.3 billion yen

Properties Acquired in 20th Fiscal Period (ended Feb. 2016)

< Castalia Kyoto Nishioji >



Location	Kyoto city, Kyoto
Structure / Floor	RC, 11F
Completion	August 2006
NOI yield *)	5.6%
Acquisition Price	973 million yen
Acquisition Date	November 2, 2015
Seller	Company engaged in general business in Japan

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

Internal Growth

■ Rents at Tenant Replacement

Rents bottomed out in 16th fiscal period (ended Feb. 2014) and have increased steadily. In 20th fiscal period (ended Feb. 2016), rents increased by **764 thousand yen** in total.

	18th Fiscal Period (as of Feb. 28, 2015)	19th Fiscal Period (as of Aug. 31, 2015)	20th Fiscal Period (as of Feb. 29, 2016)
Rent Increases / Decreases	(50) thousand yen	+1,580 thousand yen	+764 thousand yen

The details are on page 7

■ Occupancy Rate

Average occupancy rate of **96.1%** was secured in 20th fiscal period. This is higher than the forecast (95.0%).

	18th Fiscal Period (as of Feb. 28, 2015)	19th Fiscal Period (as of Aug. 31, 2015)	20th Fiscal Period (as of Feb. 29, 2016)
Occupancy Rate (Average during the Period)	96.8%	95.9%	96.1%
Occupancy Rate (End of Fiscal Period)	97.1%	95.9%	96.0%

The details are on page 6

■ Long-term Repair Work, etc. were Executed Ahead of Schedule

As operating revenue was on track to exceed the forecast, long-term repair work, etc. scheduled for next fiscal period and beyond were executed ahead of schedule, thus reducing the future cost burden.

(unit: million yen)

	19th Actual (as of Aug. 31, 2015)	20th Forecast (as of Feb. 29, 2016)	20th Actual (as of Feb. 29, 2016)
Repair Expenses	239	261	383
Restoration Costs	291	228	208
CAPEX	293	860	968
Total	824	1,349	1,560

20th Fiscal Period (ended February 2016) Result and 21th Fiscal Period (ending August 2016) Forecast

(unit: million yen)

	20th Forecast *1)	20th Actual	21th Forecast	20th Actual (compared with forecast)		21st Forecast (compared with most recent actual results)	
	(ended Feb. 2016)	(ended Feb. 2016)	(ending Aug. 2016)	Variation	Ratio	Variation	Ratio
Management Period	182 days	182 days	184 days				
Operating Revenue	9,565	9,662	9,645	+96	+1.0%	(16)	(0.2)%
Operating Expenses	5,625	5,715	5,714	+89	+1.6%	(0)	(0.0)%
Expenses related to rent business	4,594	4,688	4,724	+93	+2.0%	+36	+0.8%
Other expenses	1,031	1,027	990	(4)	(0.4) %	(36)	(3.6)%
Operating Income	3,939	3,947	3,930	+7	+0.2%	(16)	(0.4)%
Ordinary Income	3,158	3,177	3,193	+19	+0.6%	+15	+0.5%
Net Income	3,157	3,177	3,192	+19	+0.6%	+15	+0.5%
Reversal of retained earnings (10% of depreciation and amortization)	199	200	202	+1	+0.6%	+2	+1.0%
Securing of retained earnings (Toyo Tire problem)	—	(12)	(23)	(12)	—	(10)	(85.7)%
Total Distributions	3,357	3,365	3,372	+8	+0.2%	+6	+0.2%

- As a result of high occupancy rates and property acquisitions, operating revenue increased for 6 consecutive fiscal periods. Operating income slightly exceeded the forecast, even though repair work, etc. was executed ahead of schedule.
- Ordinary income through net income was higher than the forecast mainly as a result of a lower base rate on loans and reduced borrowing costs due to refinancing.
- Concerning restoration costs of vacant properties relating to the Toyo Tire problem, as construction will be concentrated after the repair work for the exchange of the substandard seismic isolation materials, a portion of retained earnings has been allocated to evenly spread the impact on the financial performance.

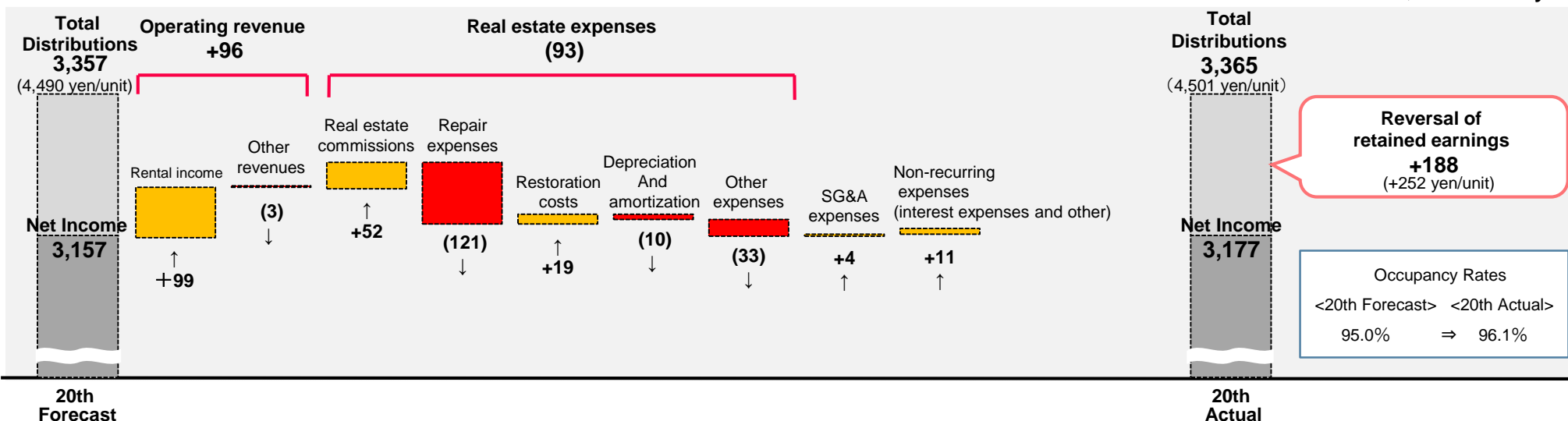
<Per unit Information>

Net Income per Unit	4,223 yen	4,248 yen	4,269 yen	+25 yen	+0.6%	+21 yen	+0.5%
Reversal of Retained Earnings per Unit	267 yen	252 yen	240 yen	(15) yen	(5.6)%	(12) yen	(4.8)%
Distribution per Unit	4,490 yen	4,501 yen	4,510 yen	+11 yen	+0.2%	+9 yen	+0.2%
Outstanding Units issued at end of fiscal period	[747,740] units	[747,740] units	[747,740] units				

*1) Forecasts for the 20th fiscal period announced on October 8, 2015.

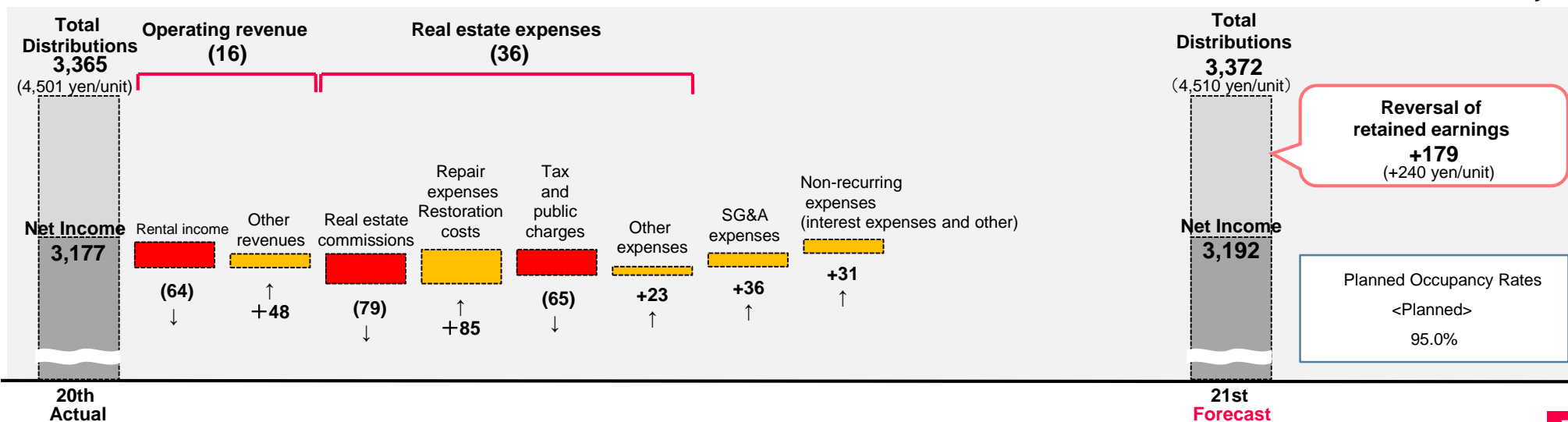
// 20th Fiscal Period (ended Feb. 2016) Breakdown of Actual Net Income (compared with forecast)

(unit: million yen)

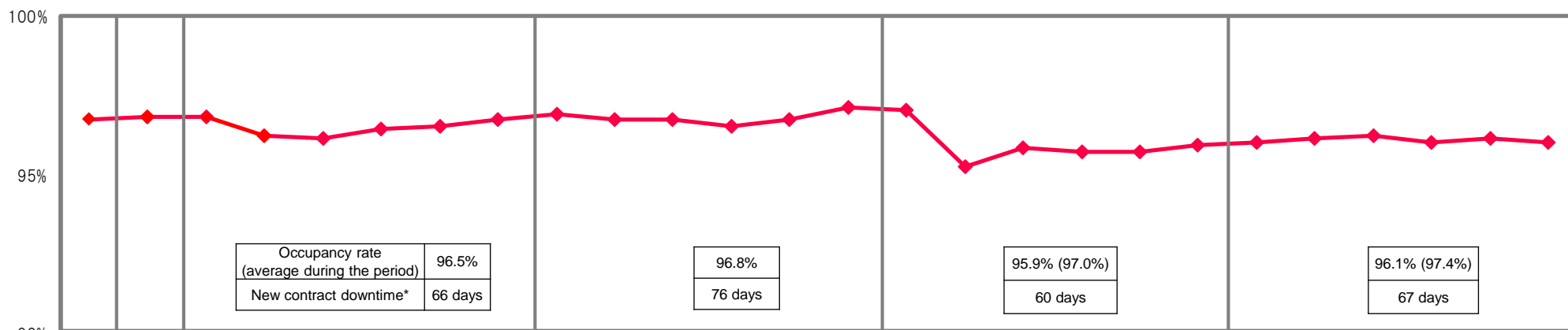


// 21st Fiscal Period (ending Aug. 2016) Breakdown of Forecast Net Income (compared with previous fiscal period)

(unit: million yen)



// Portfolio Occupancy Rate



* "New contract downtime" is the average number of days between the cancellation date of the former contract and the starting date of the new contract for the new contract residential units (including stores) of residential properties during each period.

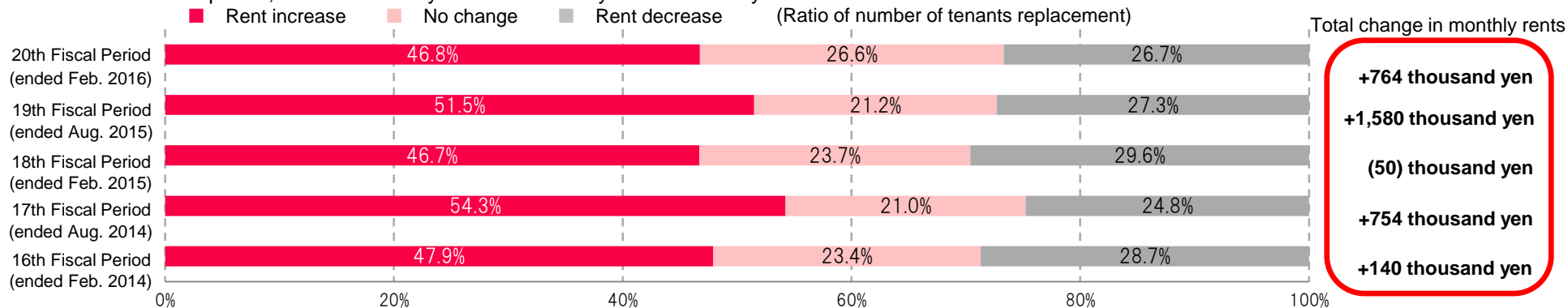
15th	16th	17th Fiscal Period (August 2014)						18th Fiscal Period (February 2015)					19th Fiscal Period (August 2015)							20th Fiscal Period (February 2016)						
Aug.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2015 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2016 Jan.	Feb.	
	96.7	96.8	96.8	96.2	96.1	96.4	96.5	96.7	96.9	96.7	96.7	96.5	96.7	97.1	97.0 (97.4)	95.2 (96.6)	95.8 (97.0)	95.7 (97.0)	95.7 (96.9)	95.9 (97.1)	96.0 (97.3)	96.1 (97.4)	96.2 (97.5)	96.0 (97.3)	96.1 (97.4)	96.0 (97.3)
	96.6	96.3	96.2	95.1	94.7	95.4	95.2	95.7	96.0	96.0	96.4	95.9	96.7	97.1	97.3	96.2	96.4	96.3	96.5	96.9	96.5	96.9	97.5	97.3	97.8	97.2
	96.3	96.8	96.9	96.2	95.8	95.5	95.6	95.4	95.4	95.6	95.8	95.7	95.9	97.1	97.0	96.3	96.9	96.8	96.5	96.7	97.0	97.3	97.6	97.5	97.4	97.4
	99.9	98.5	99.3	99.0	99.1	99.2	99.2	99.2	99.4	99.4	99.6	99.5	99.4	99.6	99.6	99.4	99.5	99.6	99.6	99.6	99.7	99.7	99.6	99.5	99.3	99.8
	96.2	96.8	96.2	96.0	96.3	96.7	97.1	97.5	97.8	96.9	96.3	96.2	96.2	96.1	95.6 (96.8)	91.6 (95.7)	91.7 (95.9)	91.7 (95.8)	91.7 (95.8)	91.8 (96.0)	92.3 (96.5)	92.0 (96.3)	91.8 (96.0)	91.4 (95.6)	91.4 (95.6)	91.4 (95.5)
	100	-																								

*) The figures in parentheses of Area 4 indicate occupancy rate exclude Crest Kusatsu.

Internal Growth (2) Rents at Tenant Replacement

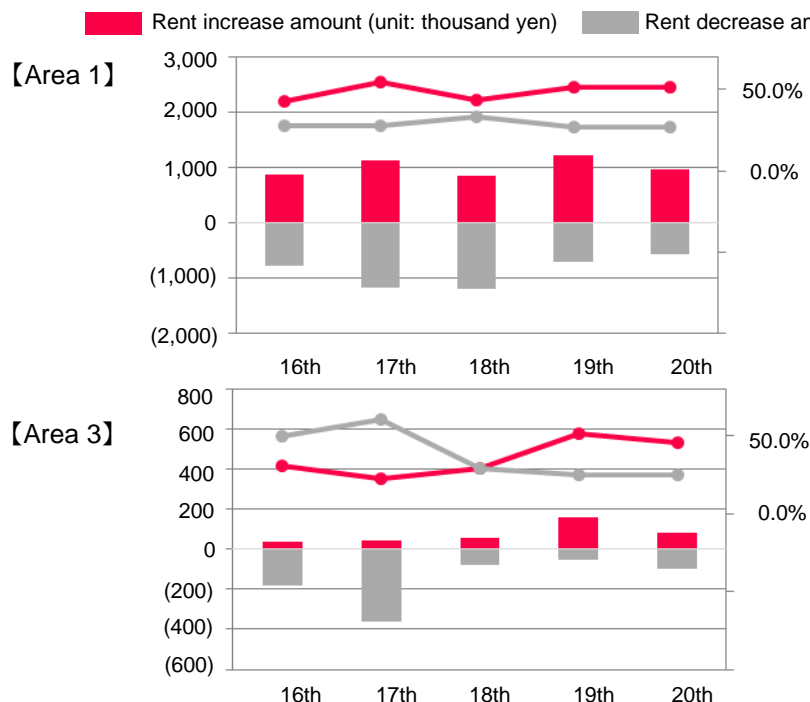
// Rents at Tenant Replacement

- Following a positive turnaround for rents in the 16th fiscal period, steady rent increases at the time of tenant replacement have generally continued.
- In the 20th fiscal period, the total monthly rent increased by 764 thousand yen.



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

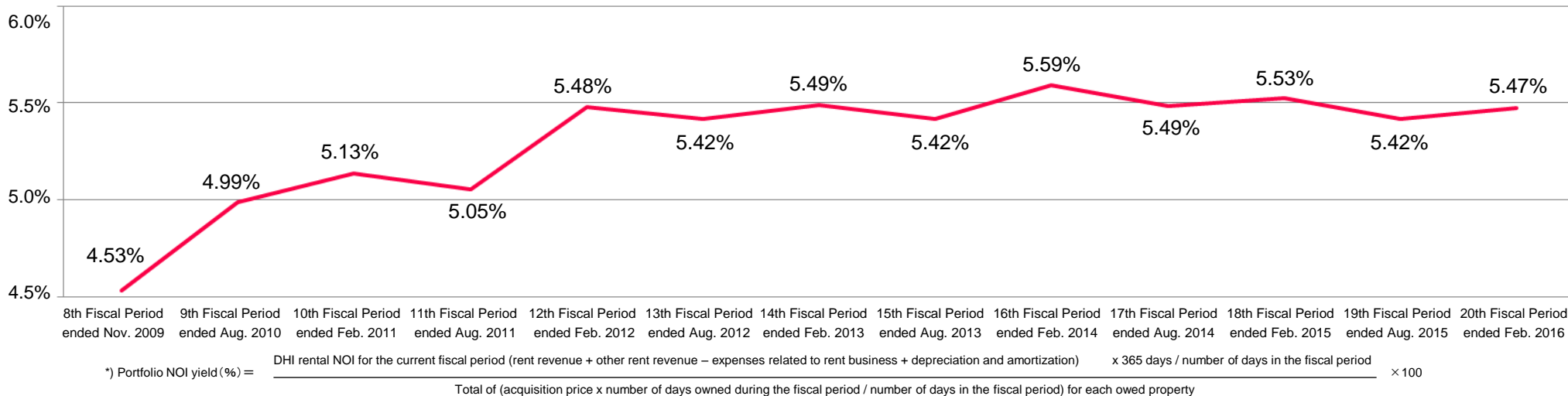
- Rents increased in all Area.



【Area 2】

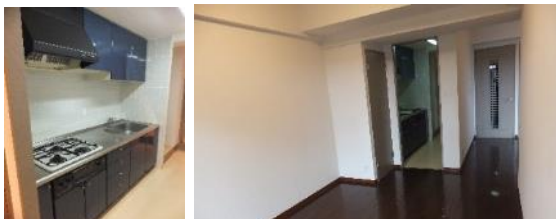
【Area 4】

// Portfolio NOI yield Trend

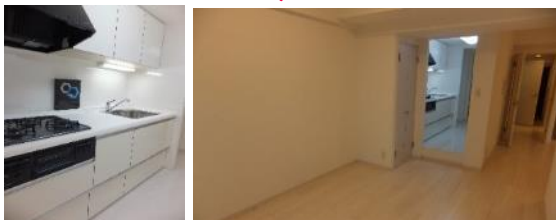


// Implementing Upgrade Work

■ Castalia Harajuku (Age 15 years)



DHI conducted building-wide renovations including new equipments.
The white base color gives a warmer ambience.



■ Crest Kusatsu (Age 17 years, condominium complex for students)



DHI conducted building-wide large-scale renovations to produce bright and lively spaces



■ Castalia Nishi Funabashi (Age 15 years)



The age-revealing design was changed and the look at nighttime was brightened

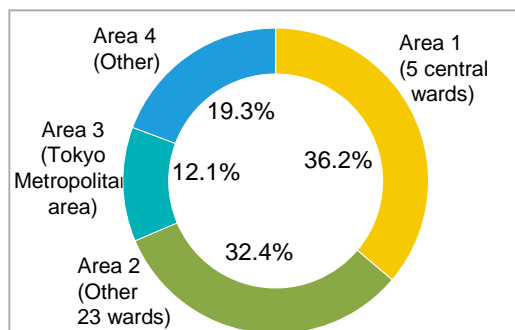


Portfolio Distribution (Residence)

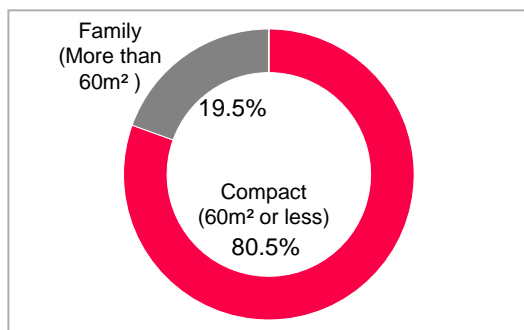
// Portfolio Distribution (as of February 29, 2016)

- Continued investment particularly in Tokyo Metropolitan area, where population growth is expected, and investment in major regional cities, where populations are expected to be concentrated
- Investment primarily in compact types (60m² or less: 80.5%) with monthly rents of less than 200,000 yen per unit per month (87.5%), with relatively low total rents and more stable occupancy rates and rent levels

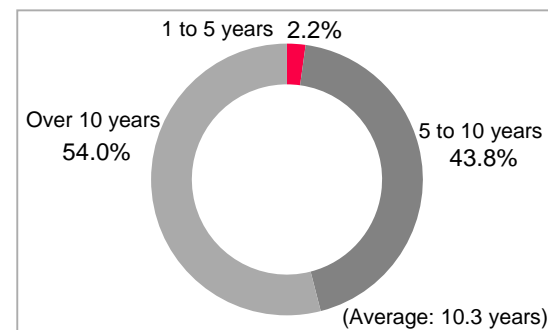
By Area



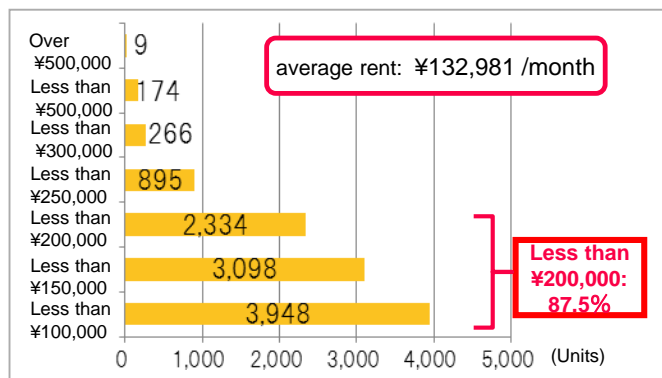
By Type



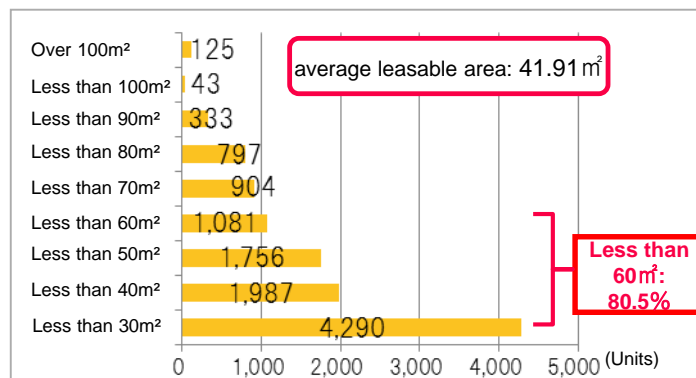
By Age of Property



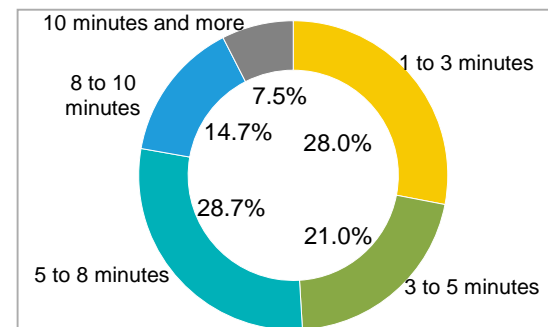
Monthly Rent Range



Leasable Area Range



Walking Distance from Station



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

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

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

*4) "Monthly rents" is defined as monthly rents for 142 residential units (excluding Senior Housing, stores) described on lease agreements concluded with end tenants and in force as of February 29, 2016 (including common service fees, but not usage fees for attached facilities such as monthly parking bays and storage rooms, and consumption taxes); for rent guarantee properties with master leases, monthly rent for each unit is calculated by equally apportioning the monthly master rent to each unit based on floor area.

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

// Financial Strategy

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

// Financial Position during the 20th Fiscal Period (ended February 2016)

- The LTV level at the end of the period has not changed owing to the acquisition of Castalia Kyoto Nishioji using funds on hand.
End of 19th 54.8% → End of 20th 54.8%
- Through refinancing, DHI is continually reducing debt costs (see “Progress of Reducing Debt Costs” on right) and extending loan terms.

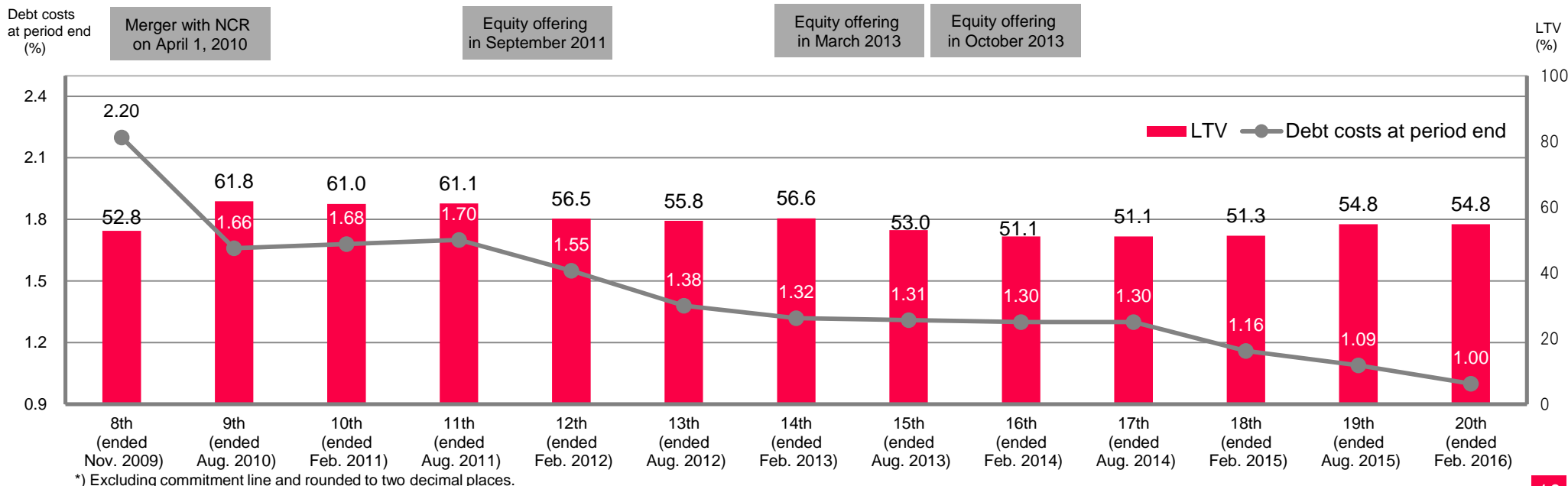
// Progress of Reducing Debt Costs

Date of refinancing	Amount refinanced (billion yen)	Change in debt costs ^{*1}	Debt costs per unit change (yen/ fiscal period) ^{*2}
September 2011	31.8	1.93% ▶ 1.34%	(147)
March 2012	18.0	1.48% ▶ 1.31%	(23)
July 2012	12.4	2.24% ▶ 0.93%	(127)
January and February 2013	26.5	1.32% ▶ 1.04%	(59)
January 2014	3.5	1.28% ▶ 1.04%	(5)
January 2015	14.8	1.78% ▶ 0.64%	(114)
December 2015	10.5	1.79% ▶ 0.75%	(73)

^{*1}) Base rate + spread + other financing related expenses

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

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



// Status of Interest-bearing Debt (as of February 29, 2016)

(unit: million yen)

Loans	Lenders	Balance	Interest Rate	Drawdown Date	Maturity	Duration
Term Loan 4	8 financial institutions	31,800	1.096% * (Fixed) < Spread 0.65% >	Sep. 30, 2011	Sep. 30, 2016	5 years
Term Loan 5	4 financial institutions	7,000	1.025% * (Fixed) < Spread 0.6% >	Mar. 27, 2012	Mar. 31, 2017	5 years
Term Loan 6	3 financial institutions	7,000	1.025% * (Fixed) < Spread 0.6% >	Mar. 27, 2012	Mar. 31, 2017	5 years
Term Loan 7	4 financial institutions	12,400	0.69536% * (Fixed) < Spread 0.45% >	July 31, 2012	July 31, 2017	5 years
Term Loan 8	8 financial institutions	7,600	0.37545% (Variable) < Spread 0.3% >	Jan. 31, 2013	Mar. 31, 2016	3.2 years
Term Loan 9	8 financial institutions	17,410	0.9585% * (Fixed) < Spread 0.5% >	Jan. 31, 2013 Feb. 28, 2013	Jan. 31, 2020	6.11 years 7 years
Term Loan 10	9 financial institutions	6,858	0.6076% * (Fixed) < Spread 0.3% >	Jan. 30, 2015	Jan. 31, 2022	7 years
Term Loan 11	12 financial institutions	10,000	0.661% * (Fixed) < Spread 0.3% >	May 1, 2015	Apr. 28, 2022	7 years
Term Loan 12	7 financial institutions	10,500	0.585% * (Fixed) < Spread 0.3% >	Dec. 28, 2015	Dec. 28, 2022	7 years
Resona Bank-1	Resona Bank, Ltd.	1,095	0.77091% (Variable) < Spread 0.6% >	Mar. 26, 2012	Mar. 31, 2017	5 years
Bank of Tokyo-Mitsubishi UFJ-1	Bank of Tokyo-Mitsubishi UFJ	4,000	1.07% (Fixed)	Mar. 27, 2012	Mar. 27, 2019	7 years
Development Bank of Japan Inc-1	Development Bank of Japan Inc.	1,500	0.96375% (Fixed)	Jan. 31, 2013	Jan. 31, 2020	7 years
Norinchukin Bank-1	Norinchukin Bank	3,500	0.89825% * (Fixed) < Spread 0.4% >	Jan. 31, 2014	Jan. 31, 2021	7 years
Development Bank of Japan Inc-2	Development Bank of Japan Inc.	2,000	0.8825% (Fixed)	Jan. 30, 2015	Jan. 31, 2024	9 years
Mizuho Bank-1	Mizuho Bank, Ltd.	3,250	0.25045% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
Bank of Tokyo-Mitsubishi UFJ-2	Bank of Tokyo-Mitsubishi UFJ	3,250	0.25045% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
Sumitomo Mitsui Trust Bank-1	Sumitomo Mitsui Trust Bank	1,750	0.25045% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
Sumitomo Mitsui Banking Corporation-1	Sumitomo Mitsui Banking Corporation	1,750	0.25045% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
No. 1 Bonds	No. 1 Unsecured Bonds	3,000	1.12% (Fixed)	Mar. 9, 2012	Mar. 9, 2017	5 years
No. 2 Bonds	No. 2 Unsecured Bonds	3,000	0.35% (Fixed)	Jan. 22, 2015	Jan. 22, 2021	6 years
No. 3 Bonds	No. 3 Unsecured Bonds	3,000	0.67% (Fixed)	Jan. 22, 2015	Jan. 22, 2025	10 years

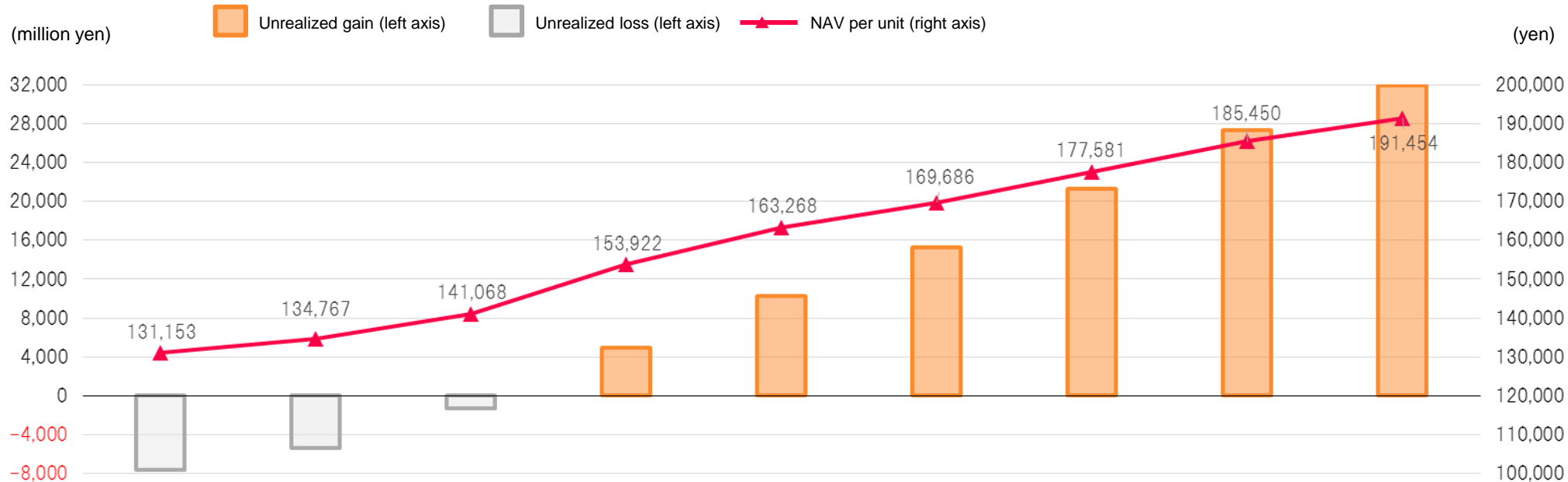
Total Interest-bearing Debt (million yen)

141,663

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

Conditions of Unrealized Gain and Loss and NAV Per Unit

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



	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	19th Fiscal Period (ended Aug. 2015)	20th Fiscal Period (ended Feb. 2016)
Unrealized gain and loss (million yen)	(7,661)	(5,389)	(1,260)	4,914	10,292	15,258	21,328	27,311	31,963
Appraisal CAP Rate *2)	5.7%	5.6%	5.6%	5.5%	5.4%	5.3%	5.2%	5.1%	5.1%
Area 1	5.3%	5.2%	5.2%	5.1%	5.0%	4.9%	4.8%	4.7%	4.6%
Area 2	5.5%	5.5%	5.4%	5.3%	5.2%	5.1%	4.9%	4.9%	4.8%
Area 3	6.5%	6.4%	6.3%	6.3%	6.1%	6.2%	6.0%	5.9%	5.9%
Area 4	6.4%	6.3%	6.3%	6.2%	6.1%	6.0%	5.9%	5.8%	5.7%

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

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

// Background of Non-conformance with the Minister's Certification of Seismic Isolation Materials Manufactured by Toyo Tire & Rubber Co., Ltd.

- March 13, 2015 (Fri.) In response to "Concerning non-conformance, etc., with the Minister's certification of seismic isolation materials manufactured by Toyo Tire & Rubber Co., Ltd." announced by the Ministry of Land, Infrastructure, Transport and Tourism ("MLIT"), DHI started investigations of its portfolio properties.
- March 17, 2015 (Tue.) Toyo Tire & Rubber Co., Ltd. ("Toyo Tire") notified DHI of the use of seismic isolation materials (seismic isolation rubber bearings for building construction) ("seismic isolation rubber") that are substandard to the performance standards for certification by MLIT at one of its portfolio properties (the "applicable property").

// Confirmation of the Safety of the Applicable Property and Replacement and Repair Works

- DHI confirmed that MLIT had third-parties to conduct evaluations regarding the result of investigations on the structural safety from Toyo Tire, and publicly announced on March 31, 2015 that the applicable property is resistant to earthquakes with a seismic intensity of 6-upper to 7 or equivalent, and there is no risk of collapsing from such earthquakes.
- On May 29, 2015, DHI received a commitment from Toyo Tire that it would exchange all the substandard seismic isolation materials of the applicable property, and that it would bear the procurement costs for the replacement material for the exchange, the construction costs for the installation of the replacement material, and the cost of structural calculation and the cost of design changes, etc. assuming the replacement material.
- DHI intends to confirm schedules and construction dates, etc. with Toyo Tire for exchange of substandard seismic isolation materials and work toward a resolution as soon as possible.

// Impact on the Financial Performance

- Although leasing activities for the applicable property have resumed, because the leasing activities are being conducted based on the assumption that the substandard seismic isolation materials will be exchanged, it is difficult to secure a stable occupancy rate.
- In relation to the operation of the applicable property, DHI is in negotiation with Toyo Tire and Toyo Chemical Industrial Products Co., Ltd. ("Toyo Tire, etc.") concerning compensation demands for lost income incurred for the period until when the exchange of the substandard seismic isolation materials is completed and the occupancy rate of the applicable property normalizes. DHI has entered into a Compensation Agreement with Toyo Tire, etc. on October 30, 2015.
- In principle, DHI plans to put restoration work on hold until the exchange of the substandard seismic isolation materials is completed. Therefore, as construction work costs, etc. are expected to be concentrated at the time of completing of such exchange. DHI plans to make a funding allocation for repair costs, etc. of the affected buildings from the current fiscal period, allocating a total of 35,583 thousand yen in retained earnings, 12,454 thousand yen in 20th fiscal period (ended Feb. 2016) and 23,129 thousand yen in the 21st fiscal period (ending Aug. 2016) to evenly spread the impact on the financial performance.



APPENDIX

Daiwa House
Residential
Investment Corp.



Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of Feb. 29, 2016)	Appraiser *1)	Acquisition Price	Book Value at Feb. 29, 2016	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2015	At Feb. 29, 2016			
				①	②	③	④	④-①	④-②	④-③
Area1	1001	Qiz Ebisu	Tanizawa	7,650	7,309	8,070	8,160	510	850	90
	1002	Castalia Azabujuban Shichimenzaka	Chuo	4,500	4,238	4,050	4,080	(420)	(158)	30
	1003	Castalia Shibakoen	Tanizawa	2,630	2,453	2,010	2,080	(550)	(373)	70
	1004	Castalia Ginza	Tanizawa	2,520	2,387	2,070	2,120	(400)	(267)	50
	1005	Castalia Hiroo	Tanizawa	2,220	2,109	1,770	1,800	(420)	(309)	30
	1006	Castalia Nihonbashi	Tanizawa	1,200	1,096	1,100	1,120	(80)	23	20
	1007	Castalia Hacchohori	Tanizawa	2,300	2,153	2,100	2,150	(150)	(3)	50
	1008	Castalia Azabujuban	Chuo	2,910	2,825	2,580	2,620	(290)	(205)	40
	1009	Castalia Azabujuban II	Chuo	2,690	2,568	2,430	2,430	(260)	(138)	0
	1010	Castalia Shinjuku Natsumezaka	Chuo	1,865	1,791	1,650	1,680	(185)	(111)	30
	1011	Castalia Ginza II	Tanizawa	1,800	1,697	1,630	1,650	(150)	(47)	20
	1012	Castalia Shibuya Sakuragaoka	Tanizawa	1,400	1,354	1,110	1,130	(270)	(224)	20
	1015	Castalia Nishi Azabu Kasumicho	Tanizawa	2,143	2,148	2,080	2,140	(3)	(8)	60
	1016	Castalia Ochanomizu	JREI	1,770	1,688	2,010	2,050	280	361	40
	1017	Castalia Sangubashi	Tanizawa	1,393	1,416	1,450	1,460	67	43	10
	1018	Castalia Suitengu	Tanizawa	1,279	1,216	1,300	1,320	41	103	20
	1019	Castalia Suitengu II	Tanizawa	1,138	1,082	1,170	1,180	42	97	10
	1020	Castalia Shintomicho	Tanizawa	932	884	958	980	48	95	22
	1021	Castalia Shintomicho II	Tanizawa	825	786	841	860	35	73	19
	1022	Castalia Harajuku	JREI	887	866	864	885	(2)	18	21
	1023	Castalia Yoyogi Uehara	JREI	608	640	660	676	68	35	16
	1024	Castalia Sendagaya	JREI	555	553	570	580	25	26	10
	1025	Castalia Shinjuku 7 chome	JREI	464	446	492	502	38	55	10
	1027	Castalia Ningyocho	JREI	947	880	1,130	1,150	203	269	20
	1028	Castalia Ningyocho II	JREI	1,070	998	1,280	1,300	230	301	20
	1029	Castalia Shin-Ochanomizu	JREI	914	869	1,010	1,030	116	160	20
	1030	Castalia Higashi Nihonbashi II	JREI	1,370	1,285	1,570	1,610	240	324	40
	1031	Castalia Jinbocho	JREI	1,160	1,098	1,350	1,380	220	281	30
	1032	Castalia Shintomicho III	JREI	675	627	714	728	53	100	14
	1033	Castalia Shinjuku Gyoen	Tanizawa	2,720	2,657	2,910	2,950	230	292	40
	1034	Castalia Takanawadai	JREI	860	825	935	950	90	124	15
	1035	Castalia Higashi Nihonbashi III	Daiwa	666	623	728	747	81	123	19

Appraisal at Aug. 31, 2015			Appraisal at Feb. 29, 2016			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
4.2	4.4	4.4	4.1	4.3	4.3	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
4.5	4.6	4.7	4.4	4.5	4.6	(0.1)	(0.1)	(0.1)
4.4	4.5	4.6	4.3	4.4	4.5	(0.1)	(0.1)	(0.1)
4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.5	4.6	4.7	4.4	4.5	4.6	(0.1)	(0.1)	(0.1)
4.3	4.5	4.5	4.2	4.4	4.4	(0.1)	(0.1)	(0.1)
4.5	4.6	4.7	4.4	4.5	4.6	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.7	4.7	4.4	4.6	4.6	(0.1)	(0.1)	(0.1)
4.7	4.7	4.9	4.6	4.6	4.8	(0.1)	(0.1)	(0.1)
4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
4.7	4.7	4.9	4.6	4.6	4.8	(0.1)	(0.1)	(0.1)
4.7	4.7	4.9	4.6	4.6	4.8	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.6	4.3	4.9	4.5	4.2	4.8	(0.1)	(0.1)	(0.1)
4.6	*2)	4.8	4.5	*3)	4.7	(0.1)	—	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(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)

Area	No.	Property Name (Owned properties as of Feb. 29, 2016)	Appraiser *1)	Acquisition Price	Book Value at Feb. 29, 2016	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2015	At Feb. 29, 2016			
						③	④			
				①	②	③	④	④-①	④-②	④-③
Area1	1036	Castalia Shinjuku Gyoen II	Tanizawa	486	459	475	480	(6)	20	5
	1037	Castalia Shintomicho IV	Daiwa	400	381	421	430	30	48	9
	1038	Castalia Takanawadai II	JREI	1,190	1,151	1,270	1,300	110	148	30
	1039	Castalia Minami Azabu	JREI	642	618	656	670	28	51	14
	1040	Castalia Ginza III	Tanizawa	2,880	2,764	2,800	2,840	(40)	75	40
	1041	Castalia Kayabacho	Tanizawa	2,707	2,560	2,910	2,960	253	399	50
	1042	Castalia Takanawa	Tanizawa	7,430	7,188	7,460	7,520	90	331	60
	1043	Castalia Higashi Nihonbashi	Chuo	3,520	3,319	3,870	3,890	370	570	20
	1045	Castalia Shinjuku	Tanizawa	2,950	2,871	3,240	3,280	330	408	40
	1046	Castalia Ichigaya	Chuo	940	899	1,290	1,300	360	400	10
	1047	Shibaura Island Bloom Tower	JREI	7,580	7,173	8,430	8,540	960	1,366	110
	1048	Castalia Hatsudai	Daiwa	2,030	2,027	2,270	2,300	270	272	30
	1049	Castalia Hatsudai II	Morii	1,900	1,908	2,090	2,090	190	181	0
	1050	Castalia Ebisu	Morii	1,420	1,436	1,610	1,610	190	173	0
Residential Area 1 Subtotal				92,136	88,344	93,384	94,708	2,572	6,363	1,324
Area2	2001	Castalia Meguro Kamurozaka	Daiwa	4,500	4,137	3,980	4,060	(440)	(77)	80
	2002	Castalia Toritsudaigaku	Chuo	648	611	546	552	(96)	(59)	6
	2004	Castalia Yukigaya	Tanizawa	1,110	1,027	1,110	1,070	(40)	42	(40)
	2005	Castalia Yutenji	Chuo	1,450	1,356	1,220	1,220	(230)	(136)	0
	2006	Castalia Otsuka	Chuo	1,480	1,363	1,550	1,590	110	226	40
	2007	Castalia Kikukawa	Tanizawa	817	751	780	788	(29)	36	8
	2008	Castalia Meguro	JREI	844	838	910	931	87	92	21
	2009	Castalia Otsuka II	JREI	1,040	1,008	1,170	1,200	160	191	30
	2010	Castalia Jiyugaoka	JREI	1,200	1,166	1,300	1,330	130	163	30
	2011	Castalia Mejiro	Chuo	988	945	1,020	1,030	42	84	10
	2012	Castalia Ikebukuro	Daiwa	2,570	2,438	2,570	2,630	60	191	60
	2013	Castalia Kaname-cho	Tanizawa	1,140	1,082	1,170	1,190	50	107	20
	2014	Castalia Tower Shinagawa Seaside	Tanizawa	7,380	6,957	8,150	8,360	980	1,402	210
	2015	Castalia Yakumo	Tanizawa	857	835	734	744	(113)	(91)	10
	2016	Castalia Togoshiekimae	JREI	1,560	1,490	1,860	1,890	330	399	30
	2018	Castalia Honjo Azumabashi	Tanizawa	996	981	1,040	1,060	64	78	20
	2019	Castalia Kitazawa	JREI	742	739	771	793	51	53	22
	2020	Castalia Monzennakacho	Tanizawa	503	469	490	500	(3)	30	10

(unit: %)

Appraisal at Aug. 31, 2015			Appraisal at Feb. 29, 2016			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
4.6	4.8	4.8	4.5	4.7	4.7	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.5	4.6	4.7	4.4	4.5	4.6	(0.1)	(0.1)	(0.1)
4.7	4.7	4.9	4.6	4.6	4.8	(0.1)	(0.1)	(0.1)
4.6	4.9	4.8	4.5	4.8	4.7	(0.1)	(0.1)	(0.1)
4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
4.5	4.7	4.7	4.4	4.6	4.6	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
—	4.3	6.4	—	4.2	6.3	—	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.3	4.1	4.5	4.2	4.0	4.4	(0.1)	(0.1)	(0.1)
4.2	4.0	4.4	4.1	3.9	4.3	(0.1)	(0.1)	(0.1)
/	/	/	/	/	/	/	/	/
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
5.4	5.2	5.7	5.3	5.1	5.6	(0.1)	(0.1)	(0.1)
4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
4.7	4.4	4.9	4.6	4.3	4.8	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.9	4.7	5.1	4.8	4.6	5.0	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.7	4.9	4.9	4.6	4.8	4.8	(0.1)	(0.1)	(0.1)
4.7	4.7	4.9	4.6	4.6	4.8	(0.1)	(0.1)	(0.1)
4.6	4.8	4.8	4.5	4.7	4.7	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.9	5.0	5.1	4.8	4.9	5.0	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
5.1	5.2	5.3	5.0	5.1	5.2	(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 Feb. 29, 2016)	Appraiser *1)	Acquisition Price	Book Value at Feb. 29, 2016	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2015	At Feb. 29, 2016			
						①	②	③	④	④-①
Area2	2023	Castalia Kamiikedai	JREI	198	185	209	212	14	26	3
	2024	Castalia Morishita	JREI	832	776	956	975	143	198	19
	2025	Castalia Wakabayashi koen	Daiwa	776	751	781	793	17	41	12
	2026	Castalia Asakusabashi	Chuo	792	743	869	887	95	143	18
	2027	Castalia Iriya	Chuo	546	510	614	622	76	111	8
	2028	Castalia Kita Ueno	Tanizawa	2,641	2,463	2,520	2,570	(71)	106	50
	2029	Castalia Morishita II	Tanizawa	686	635	750	766	80	130	16
	2030	Castalia Minowa	Tanizawa	1,430	1,326	1,480	1,510	80	183	30
	2031	Castalia Oyamadai	Tanizawa	533	508	578	581	48	72	3
	2032	Castalia Nakano	JREI	1,060	992	1,170	1,200	140	207	30
	2033	Castalia Yoga	Tanizawa	923	882	1,080	1,110	187	227	30
	2034	Castalia Sumiyoshi	Tanizawa	948	876	960	984	36	107	24
	2035	Castalia Monzennakacho II	JREI	2,160	2,031	2,530	2,590	430	558	60
	2036	Castalia Oshiage	Tanizawa	1,100	1,017	1,090	1,090	(10)	72	0
	2037	Castalia Kuramae	Tanizawa	1,260	1,173	1,390	1,420	160	246	30
	2038	Castalia Nakanobu	Chuo	1,790	1,710	2,550	2,560	770	849	10
	2039	Royal Parks Toyosu	Chuo	7,360	6,708	8,740	9,170	1,810	2,461	430
	2040	Castalia Togoshi	Chuo	1,770	1,655	2,470	2,490	720	834	20
	2041	Castalia Ooimachi	Morii	1,181	1,194	1,450	1,450	269	255	0
	2042	Castalia Omori	Chuo	1,500	1,485	1,810	1,760	260	274	(50)
	2043	Castalia Mishuku	Chuo	1,900	1,893	2,320	2,280	380	386	(40)
	2044	Castalia Arakawa	Chuo	1,660	1,620	2,150	2,100	440	479	(50)
	2045	Castalia Omori II	Morii	2,370	2,331	2,720	2,790	420	458	70
	2046	Castalia Nakameguro	Morii	3,800	3,812	4,290	4,400	600	587	110
	2047	Castalia Meguro Chojamaru	Morii	2,030	2,044	2,300	2,300	270	255	0
	2048	Castalia Meguro Takaban	Morii	1,750	1,779	1,880	1,890	140	110	10
	2049	Castalia Omori III	Morii	1,520	1,524	1,720	1,720	200	195	0
	2050	Morino Tonari	JREI	1,020	1,071	1,150	1,170	150	98	20
	2051	Castalia Meguro Tairamachi	Morii	1,165	1,230	1,240	1,240	75	9	0
	2052	Royal Parks SEASIR	Morii	4,350	4,537	4,740	4,820	470	282	80
	2053	Castalia Honkomagome	Morii	1,520	1,566	1,610	1,650	130	83	40
	Residential Area 2 Subtotal				82,396	79,244	90,488	92,038	9,642	12,793

Appraisal at Aug. 31, 2015			Appraisal at Feb. 29, 2016			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
5.2	4.8	5.4	5.1	4.7	5.3	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)
4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.5	4.7	4.7	4.4	4.6	4.6	(0.1)	(0.1)	(0.1)
4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.8	*4)	5.0	4.7	*5)	4.9	(0.1)	—	(0.1)
4.7	*6)	4.9	4.6	*7)	4.8	(0.1)	—	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
5.0	4.7	5.3	4.9	4.6	5.2	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.3	4.1	4.5	4.2	4.1	4.4	(0.1)	0.0	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.2	4.0	4.4	4.1	3.9	4.3	(0.1)	(0.1)	(0.1)
4.2	4.0	4.4	4.1	3.9	4.3	(0.1)	(0.1)	(0.1)
4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
4.2	4.0	4.4	4.1	3.9	4.3	(0.1)	(0.1)	(0.1)
5.7	*8)	5.9	5.6	*9)	5.8	(0.1)	—	(0.1)
4.7	4.5	4.9	4.6	4.4	4.8	(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 Feb. 29, 2016)	Appraiser *1)	Acquisition Price	Book Value at Feb. 29, 2016	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2015	At Feb. 29, 2016			
				①	②	③	④	④-①	④-②	④-③
Area3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,612	1,860	1,900	226	287	40
	3002	Castalia Tsurumi	Chuo	666	615	706	717	51	101	11
	3003	Castalia Funabashi	Tanizawa	704	695	765	774	70	78	9
	3006	Castalia Nishi Funabashi	JREI	783	767	871	887	104	119	16
	3007	Castalia Maihama	Tanizawa	670	625	630	635	(35)	9	5
	3008	Castalia Ichikawamyoden	Tanizawa	671	634	703	703	32	68	0
	3010	Castalia Urayasu	Tanizawa	592	561	608	609	17	47	1
	3011	Castalia Minamigyotoku	Tanizawa	543	515	489	490	(53)	(25)	1
	3012	NCR Minamigyotoku II	Tanizawa	385	366	337	338	(47)	(28)	1
	3013	Castalia Nogeeyama	JREI	325	305	316	317	(8)	11	1
	3017	Castalia Ichikawa	JREI	461	422	503	513	52	90	10
	3018	Royal Parks Hanakoganei	Daiwa	5,300	5,115	5,980	5,800	500	684	(180)
	3019	Castalia Musashikosugi	Morii	1,680	1,690	1,860	1,900	220	209	40
	3020	Royal Parks Wakabadai	Daiwa	4,360	4,315	4,630	4,700	340	384	70
	3021	Pacific Royal Court Minatomirai Urban Tower	Morii	9,100	9,493	10,200	10,400	1,300	906	200
	3022	L-Place Shinkoyasu	JREI	1,720	1,805	1,920	1,960	240	154	40
	3023	Royal Parks Musasikosugi	Morii	1,060	1,100	1,260	1,270	210	169	10
Residential Area 3 (excl. senior housing property) Subtotal				30,694	30,643	33,638	33,913	3,219	3,269	275
Area4	4001	Castalia Shinsakae	Chuo	1,920	1,701	1,530	1,550	(370)	(151)	20
	4008	Aprile Tarumi	JREI	1,340	1,213	1,520	1,550	210	336	30
	4009	Crest Kusatsu	Tanizawa	3,004	3,003	2,030	1,940	(1,064)	(1,063)	(90)
	4010	Castalia Sakaisuji Honmachi	Tanizawa	1,490	1,372	1,640	1,580	90	207	(60)
	4011	Castalia Shin-Umeda	Tanizawa	1,376	1,255	1,470	1,400	24	144	(70)
	4012	Castalia Abeno	Tanizawa	4,368	4,107	4,490	4,580	212	472	90
	4014	Castalia Sakae	Chuo	1,010	942	1,150	1,180	170	237	30
	4015	Castalia Nipponbashi Kouzu	Tanizawa	3,570	3,232	3,610	3,660	90	427	50
	4016	Castalia Maruyama Urasando	Tanizawa	411	377	475	486	75	108	11
	4017	Castalia Maruyama Omotesando	Tanizawa	1,740	1,607	1,870	1,910	170	302	40
	4018	Castalia Higashi Hie	Tanizawa	960	881	1,010	965	5	83	(45)
	4019	Castalia Tower Nagahoribashi	Chuo	3,400	3,092	4,280	4,340	940	1,247	60
	4020	Castalia Sannomiya	Daiwa	1,230	1,120	1,430	1,440	210	319	10

Appraisal at Aug. 31, 2015			Appraisal at Feb. 29, 2016			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
5.2	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	*10)	5.5	5.2	*11)	5.4	(0.1)	—	(0.1)
5.5	5.3	5.7	5.4	5.2	5.6	(0.1)	(0.1)	(0.1)
5.5	5.5	5.7	5.4	5.4	5.6	(0.1)	(0.1)	(0.1)
5.4	5.6	5.7	5.3	5.5	5.6	(0.1)	(0.1)	(0.1)
5.4	5.4	5.7	5.3	5.3	5.6	(0.1)	(0.1)	(0.1)
5.3	5.3	5.5	5.2	5.2	5.4	(0.1)	(0.1)	(0.1)
5.3	5.3	5.5	5.2	5.2	5.4	(0.1)	(0.1)	(0.1)
5.5	5.3	5.7	5.4	5.2	5.6	(0.1)	(0.1)	(0.1)
5.5	*12)	5.7	5.4	*13)	5.6	(0.1)	—	(0.1)
4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
5.6	*14)	5.8	5.5	*15)	5.7	(0.1)	—	(0.1)
5.2	*16)	5.4	5.1	*17)	5.3	(0.1)	—	(0.1)
5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)
5.2	*18)	5.4	5.1	*19)	5.3	(0.1)	—	(0.1)
5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)
5.8	5.6	6.0	5.7	5.5	5.9	(0.1)	(0.1)	(0.1)
7.1	7.2	7.3	7.1	7.2	7.3	0.0	0.0	0.0
5.3	5.4	5.5	5.2	5.3	5.4	(0.1)	(0.1)	(0.1)
5.4	5.5	5.6	5.3	5.4	5.5	(0.1)	(0.1)	(0.1)
5.3	5.4	5.5	5.2	5.3	5.4	(0.1)	(0.1)	(0.1)
5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
5.4	5.5	5.6	5.3	5.4	5.5	(0.1)	(0.1)	(0.1)
5.5	5.5	5.7	5.4	5.4	5.6	(0.1)	(0.1)	(0.1)
5.5	5.5	5.7	5.4	5.4	5.6	(0.1)	(0.1)	(0.1)
5.4	5.6	5.6	5.3	5.5	5.5	(0.1)	(0.1)	(0.1)
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.4	5.2	5.6	5.3	5.1	5.5	(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 Feb. 29, 2016)	Appraiser *1)	Acquisition Price	Book Value at Feb. 29, 2016	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2015	At Feb. 29, 2016			
						①	②	③	④	④-①
Area 4	4021	Castalia Kotodaikoen	Daiwa	481	434	516	525	44	90	9
	4022	Castalia Ichibancho	Daiwa	783	719	879	896	113	176	17
	4023	Castalia Omachi	Daiwa	656	589	689	702	46	112	13
	4024	Castalia Uemachidai	Daiwa	2,190	2,027	2,480	2,530	340	502	50
	4025	Castalia Tower Higobashi	Chuo	2,670	2,480	3,480	3,490	820	1,009	10
	4026	Big Tower Minami Sanjo	Daiwa	1,740	1,476	2,390	2,440	700	963	50
	4027	Castalia Fushimi	JREI	2,260	2,099	2,980	2,980	720	880	0
	4028	Castalia Meieki Minami	Morii	720	697	904	897	177	199	(7)
	4029	Castalia Yakuin	Morii	930	927	1,160	1,080	150	152	(80)
	4030	Castalia Mibu	JREI	1,193	1,168	1,420	1,470	277	301	50
	4031	Castalia Tsutsujigaoka	Morii	1,208	1,209	1,590	1,660	452	450	70
	4032	Castalia Ohori Bay Tower	Morii	2,910	2,841	3,730	3,780	870	938	50
	4033	Royal Parks Namba	Daiwa	2,830	2,751	3,020	3,050	220	298	30
	4034	Castalia Shigahondori	JREI	1,730	1,705	2,090	2,130	400	424	40
	4035	Castalia Kyoto Nishioji *23)	Morii	973	1,049	1,000	1,030	57	(19)	30
Residential Area 4 Subtotal				49,093	46,086	54,833	55,241	6,148	9,154	408
Area 3	6001	Urban Living Inage	Daiwa	930	921	1,130	1,190	260	268	60
	6002	Aburatsubo Marina HILLS	JREI	1,100	1,135	1,250	1,250	150	114	0
	Residential Area 3 (senior housing property) Subtotal			2,030	2,057	2,380	2,440	410	382	60
Total				256,349	246,376	274,723	278,340	21,991	31,963	3,617

Appraisal at Aug. 31, 2015			Appraisal at Feb. 29, 2016			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
5.7	5.7	5.9	5.6	5.6	5.8	(0.1)	(0.1)	(0.1)
5.7	5.7	5.9	5.6	5.6	5.8	(0.1)	(0.1)	(0.1)
5.7	5.7	5.9	5.6	5.6	5.8	(0.1)	(0.1)	(0.1)
5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.6	5.4	5.8	5.5	5.3	5.7	(0.1)	(0.1)	(0.1)
5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
5.0	4.8	5.2	4.7	4.5	4.9	(0.3)	(0.3)	(0.3)
5.0	4.8	5.2	4.9	4.7	5.1	(0.1)	(0.1)	(0.1)
5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
5.3	5.1	5.5	5.1	4.9	5.3	(0.2)	(0.2)	(0.2)
5.3	5.1	5.5	5.3	5.1	5.5	0.0	0.0	0.0
5.9	*20)	6.2	5.8	*21)	6.1	(0.1)	—	(0.1)
5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)
5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
/	/	/	/	/	/	/	/	/
6.0	5.8	6.2	5.7	5.5	5.9	(0.3)	(0.3)	(0.3)
6.2	6.0	6.4	6.2	6.0	6.4	0.0	0.0	0.0
/	/	/	/	/	/	/	/	/

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

Total unrealized gain is ¥31,963 million based on book value comparison

Real estate appraisal values have improved for
11 consecutive fiscal periods

- *1) Under "Appraiser," "Tanizawa" is Tanizawa Sogo Appraisal Co., Ltd. "Chuo" is Chuo Real Estate Appraisal Co., Ltd. "Daiwa" is Daiwa Real Estate Appraisal Co., Ltd. and "JREI" is Japan Real Estate Institute, "Morii" is Morii Appraisal & Investment Consulting, Inc.
- *2) 4.7% (1 to 10 years after appraisal dates), 4.8% (11th year after appraisal dates).
- *4) 5.1% (1 to 10 years after appraisal dates), 4.9% (11th year after appraisal dates).
- *6) 4.9% (1 to 10 years after appraisal dates), 4.8% (11th year after appraisal dates).
- *8) 5.5% (1 to 10 years after appraisal dates), 5.9% (11th year after appraisal dates to the expiry of the land lease).
- *10) 5.5% (1 to 4 years after appraisal dates), 5.1% (5 to 11 years after appraisal dates).
- *12) 5.3% (1 to 10 years after appraisal dates), 5.7% (11th year after appraisal dates to the expiry of the land lease).
- *14) 5.4% (1 to 10 years after appraisal dates), 5.8% (11th year after appraisal dates to the expiry of the land lease).
- *16) 5.0% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates to the expiry of the land lease).
- *18) 5.0% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates to the expiry of the land lease).
- *20) 5.8% (1 to 10 years after appraisal dates), 6.2% (11th year after appraisal dates to the expiry of the land lease).
- *22) 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.
- *23) Data at August 31, 2015 for properties acquired in 20th fiscal period (ended February 2016), based on appraisal value as of acquisition date. Date of appraisal is August 31, 2015 for Castalia Kyoto Nishioji.
- *3) 4.7% (1 to 10 years after appraisal dates), 4.7% (11th year after appraisal dates).
- *5) 5.0% (1 to 10 years after appraisal dates), 4.8% (11th year after appraisal dates).
- *7) 5.3% (1 to 10 years after appraisal dates), 5.7% (11th year after appraisal dates).
- *9) 5.4% (1 to 10 years after appraisal dates), 5.8% (11th year after appraisal dates to the expiry of the land lease).
- *11) 5.3% (1 to 3 years after appraisal dates), 5.0% (4 to 11 years after appraisal dates).
- *13) 5.2% (1 to 10 years after appraisal dates), 5.6% (11th year after appraisal dates to the expiry of the land lease).
- *15) 5.3% (1 to 10 years after appraisal dates), 5.7% (11th year after appraisal dates to the expiry of the land lease).
- *17) 4.9% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates to the expiry of the land lease).
- *19) 4.9% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates to the expiry of the land lease).
- *21) 5.7% (1 to 10 years after appraisal dates), 6.1% (11th year after appraisal dates to the expiry of the land lease).

Summary of Financial Results

	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	19th Fiscal Period (ended Aug. 2015)	20th Fiscal Period (ended Feb. 2016)	Variation Between 19th Fiscal Period
Operating days	181 days	184 days	181 days	184 days	181 days	184 days	182 days	(2) days
Operating Revenue	7,612 mn yen	7,971 mn yen	8,316 mn yen	8,578 mn yen	8,693 mn yen	9,356 mn yen	9,662 mn yen	+306 mn yen
[gains from property disposition]	—	3 mn yen	—	—	—	—	—	—
Operating Income	3,398 mn yen	3,661 mn yen	3,559 mn yen	3,906 mn yen	3,881 mn yen	3,925 mn yen	3,947 mn yen	+21 mn yen
[losses from property disposition]	192 mn yen	—	385 mn yen	—	—	—	—	—
Ordinary Income	2,529 mn yen	2,780 mn yen	2,704 mn yen	3,082 mn yen	3,081 mn yen	3,146 mn yen	3,177 mn yen	+31 mn yen
Net Income	2,528 mn yen	2,779 mn yen	2,703 mn yen	3,081 mn yen	3,080 mn yen	3,145 mn yen	3,177 mn yen	+31 mn yen
Distribution Per Unit	16,947 yen	8,300 yen	8,688 yen	8,686 yen	8,691 yen	4,460 yen	4,501 yen	+41 yen
Payout Ratio	107.6%	104.1%	117.8%	105.4%	105.5%	106.0%	106.0%	—
Outstanding Units Issued at End of Fiscal Period	160,535 units	351,870 units	373,870 units	373,870 units	373,870 units	747,740 units	747,740 units	—
Real Estate Lease Business Revenue	7,612 mn yen	7,968 mn yen	8,316 mn yen	8,578 mn yen	8,693 mn yen	9,356 mn yen	9,662 mn yen	+306 mn yen
Real Estate Expenses Related To Rent Business	3,265 mn yen	3,520 mn yen	3,545 mn yen	3,769 mn yen	3,875 mn yen	4,438 mn yen	4,688 mn yen	+249 mn yen
Real Estate Lease Business Income	4,347 mn yen	4,447 mn yen	4,771 mn yen	4,808 mn yen	4,817 mn yen	4,917 mn yen	4,974 mn yen	+56 mn yen
Rent NOI	5,770 mn yen	5,971 mn yen	6,361 mn yen	6,472 mn yen	6,507 mn yen	6,814 mn yen	6,986 mn yen	+171 mn yen
NOI Yield * 1	5.49%	5.42%	5.59%	5.49%	5.53%	5.42%	5.47%	+0.05%

<Portfolio at End of Fiscal Period>

Number of Owned Properties	123	127	132	134	136	141	142	+1
Total Acquisition Price	212,692 mn yen	221,091 mn yen	229,981 mn yen	235,361 mn yen	237,626 mn yen	255,376 mn yen	256,349 mn yen	+973 mn yen
Leasable Units	9,305 units	9,814 units	10,170 units	10,390 units	10,429 units	11,345 units	11,426 units	+81 units
	[Store: 82 units]	[Store: 90 units]	[Store: 79 units]	[Store: 101 units]	[Store: 101 units]	[Store: 108 units]	[Store: 108 units]	—
Properties Acquired (Disposed) in The Fiscal Period *2	2/ 5,009 mn yen	4/ 8,400 mn yen	6/ 10,300 mn yen	2/ 5,380 mn yen	2/ 2,265 mn yen	5/ 17,750 mn yen	1/ 973 mn yen	(4)/ (16,777) mn yen
Properties Disposed in the Fiscal Period *2	2/ 3,063 mn yen	0/ 49 mn yen	1/ 990 mn yen	0/ —	0/ —	0/ —	0/ —	0/ —
Average Occupancy Rate in the Fiscal Period	96.7%	96.5%	96.5%	96.5%	96.8%	95.9%	96.1%	+0.2%
Occupancy Rate at End of Fiscal Period	97.6%	96.7%	96.8%	96.7%	97.1%	95.9%	96.0%	+0.1%

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

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

Selected Financial Data

	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	19th Fiscal Period (ended Aug. 2015)	20th Fiscal Period (ended Feb. 2016)	Variation Between 19th Fiscal Period
Operating days	181 days	184 days	181 days	184 days	181 days	184 days	182 days	(2) days
Total Assets	221,779 mn yen	229,781 mn yen	237,934 mn yen	238,092 mn yen	238,730 mn yen	258,400 mn yen	258,590 mn yen	+189 mn yen
Net Assets	91,846 mn yen	103,406 mn yen	111,789 mn yen	111,622 mn yen	111,455 mn yen	111,352 mn yen	111,194 mn yen	(157) mn yen
Unitholders' Capital	41,602 mn yen	53,104 mn yen	61,703 mn yen	61,703 mn yen	61,703 mn yen	61,703 mn yen	61,703 mn yen	—
Total Outstanding Units Issued	160,535 units	351,870 units	373,870 units	373,870 units	373,870 units	747,740 units	747,740 units	—
Net Assets Per Unit	572,127 yen	293,878 yen	299,006 yen	298,560 yen	298,113 yen	148,918 yen	148,707 yen	(211) yen
Distribution Per Unit	16,947 yen	8,300 yen	8,688 yen	8,686 yen	8,691 yen	4,460 yen	4,501 yen	+41 yen
Payout Ratio	107.6%	104.1%	117.8%	105.4%	105.5%	106.0%	106.0%	—
Return on Assets (ROA) *1	2.3%	2.4%	2.3%	2.6%	2.6%	2.5%	2.5%	—
Return on Equity (ROE) *2	5.5%	5.6%	5.1%	5.5%	5.6%	5.6%	5.7%	+0.1%
Equity ratio *3	41.4%	45.0%	47.0%	46.9%	46.7%	43.1%	43.0%	(0.1)%
Number of Properties	123	127	132	134	136	141	142	+1
Leasable Units	9,305 units [Store: 82 units]	9,814 units [Store: 90 units]	10,170 units [Store: 79 units]	10,390 units [Store: 101 units]	10,429 units [Store: 101 units]	11,345 units [Store: 108 units]	11,426 units [Store: 108 units]	+81 units [—]
Leasable Area	383,991.17 m ² [Store: 13,360.86 m ²]	414,829.86 m ² [Store: 14,240.48 m ²]	423,076.61 m ² [Store: 10,218.21 m ²]	446,112.78 m ² [Store: 18,978.50 m ²]	451,292.44 m ² [Store: 18,978.50 m ²]	503,899.79 m ² [Store: 20,314.32 m ²]	505,935.16 m ² [Store: 20,314.32 m ²]	+2,035.37 m ² [—]
Average Occupancy Rate in the Fiscal Period	96.7%	96.5%	96.5%	96.5%	96.8%	95.9%	96.1%	+0.2%
Occupancy Rate at End of Fiscal Period	97.6%	96.7%	96.8%	96.7%	97.1%	95.9%	96.0%	+0.1%
Current Depreciation and Amortization	1,422 mn yen	1,523 mn yen	1,589 mn yen	1,663 mn yen	1,689 mn yen	1,897 mn yen	2,012 mn yen	+115 mn yen
Rent NOI *4	5,770 mn yen	5,971 mn yen	6,361 mn yen	6,472 mn yen	6,507 mn yen	6,814 mn yen	6,986 mn yen	+171 mn yen
FFO Per Unit *5	25,828 yen	12,229 yen	12,523 yen	12,700 yen	12,875 yen	6,752 yen	6,948 yen	+196 yen
Debt Service Coverage Ratio *6	6.5x	7.4x	7.4x	8.2x	8.4x	9.3x	9.6x	+0.3x
Total Interest-bearing Liabilities	125,540 mn yen	121,740 mn yen	121,666 mn yen	121,666 mn yen	122,463 mn yen	141,663 mn yen	141,663 mn yen	—
LTV (interest-bearing liabilities/total assets)	56.6%	53.0%	51.1%	51.1%	51.3%	54.8%	54.8%	—

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

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

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

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

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

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

■ Assets

(unit: thousand yen)

Category	19th Fiscal Period (as of August 31, 2015) Share (%)		20th Fiscal Period (as of February 29, 2016) Share (%)		Variation
Assets					
Current assets					
Cash and deposits	3,294,129		3,777,892		483,762
Cash and deposits in trust	4,374,627		4,219,302		(155,325)
Operating accounts receivable	85,467		96,884		11,416
Prepaid expenses	348,569		319,970		(28,599)
Deferred tax assets	78,484		0		(78,484)
Other	43,078		45,357		2,278
Allowance for doubtful accounts	(3,441)		(3,921)		(480)
Total current assets	8,220,917	3.2	8,455,484	3.3	234,567
Noncurrent assets					
Property, plant and equipment					
Buildings	28,480,803		29,006,699		525,896
Accumulated depreciation	(3,035,187)		(3,331,692)		(296,506)
Buildings, net	25,445,617		25,675,007		229,389
Structures	251,188		255,331		4,142
Accumulated depreciation	(27,929)		(30,835)		(2,906)
Structures, net	223,259		224,495		1,236
Machinery and equipment	456,634		479,422		22,787
Accumulated depreciation	(84,389)		(93,704)		(9,316)
Machinery and equipment, net	372,245		385,717		13,471
Tools, furniture and fixtures	670,176		676,340		6,164
Accumulated depreciation	(250,013)		(271,600)		(21,587)
Tools, furniture and fixtures, net	420,164		404,740		(15,423)
Land	21,908,825		22,453,013		544,187
Construction in progress	0		0		0
Buildings in trust	118,204,930		118,906,184		701,253
Accumulated depreciation	(12,921,817)		(14,440,415)		(1,518,598)
Buildings in trust, net	105,283,114		104,465,769		(817,344)
Structures in trust	954,449		993,333		38,883
Accumulated depreciation	(135,317)		(156,015)		(20,698)
Structures in trust, net	819,133		837,318		18,184
Machinery and equipment in trust	1,900,424		1,928,225		27,801
Accumulated depreciation	(572,157)		(643,786)		(71,630)
Machinery and equipment in trust, net	1,328,268		1,284,439		(43,828)
Tools, furniture and fixtures in trust	437,363		531,039		93,675
Accumulated depreciation	(183,456)		(204,800)		(21,344)
Tools, furniture and fixtures in trust, net	253,907		326,238		72,331
Land in trust	85,002,219		85,002,219		0
Construction in progress in trust	12,000		0		(12,000)
Total property, plant and equipment	241,068,755	93.3	241,058,958	93.2	(9,796)

■ Assets

(unit: thousand yen)

Category	19th Fiscal Period (as of August 31, 2015)		20th Fiscal Period (as of February 29, 2016)		Variation
	Share (%)		Share (%)		
Assets					
Intangible assets					
Leasehold rights in trust	5,354,762		5,317,233		(37,528)
Software	2,326		2,033		(292)
Right of trademark	3,731		3,385		(346)
Total intangible assets	5,360,820	2.1	5,322,652	2.1	(38,167)
Investments and other assets					
Long-term prepaid expenses	445,727		453,702		7,975
Guarantee deposits	10,195		10,261		66
Lease deposits in trust	3,250,134		3,250,134		0
Total investments and other assets	3,706,057	1.4	3,714,098	1.4	8,041
Total noncurrent assets	250,135,633	96.8	250,095,710	96.7	(39,923)
Deferred assets					
Bonds issuance costs	43,982		38,956		(5,025)
Total Deferred assets	43,982	0.0	38,956	0.0	(5,025)
Total assets	258,400,533	100.0	258,590,152	100.0	189,618

■ Liabilities and Net Assets

(unit: thousand yen)

Category	19th Fiscal Period (as of August 31, 2015) Share (%)		20th Fiscal Period (as of February 29, 2016) Share(%)		Variation
Liabilities					
Current liabilities					
Operating accounts payable	667,598		1,056,563		388,965
Short-term loans	10,000,000		10,000,000		0
Current portion of long-term loans payable	18,100,000		39,400,000		21,300,000
Accounts payable-other	169,783		107,811		(61,971)
Accrued expenses	543,089		520,944		(22,145)
Income taxes payable	605		605		0
Consumption tax payable	0		40,265		40,265
Advances received	903,634		899,666		(3,968)
Deposits received	258,258		308,560		50,302
Total current liabilities	30,642,969	11.9	52,334,417	20.2	21,691,448
Non current liabilities					
Investment Corporation Bonds	9,000,000		9,000,000		0
Long-term loans payable	104,563,000		83,263,000		(21,300,000)
Tenant leasehold and security deposits	302,369		288,518		(13,850)
Tenant leasehold and security deposits in trust	2,124,653		2,089,742		(34,910)
Asset retirement obligations	415,079		419,792		4,712
Total noncurrent liabilities	116,405,102	45.0	95,061,053	36.8	(21,344,048)
Total liabilities	147,048,071	56.9	147,395,471	57.0	347,399
Net assets					
Unitholders' equity					
Unitholders' capital	61,703,224		61,703,224		0
Surplus					
Capital surplus	28,241,587		28,241,587		0
Reserve for distribution	18,261,746		18,072,729		(189,016)
Unappropriated retained earnings (undisposed loss)	3,145,903		3,177,139		31,235
Total surplus	49,649,237		49,491,456		(157,781)
Total unitholders' equity	111,352,461	43.1	111,194,680	43.0	(157,781)
Total net assets	111,352,461	43.1	111,194,680	43.0	(157,781)
Total liabilities and net assets	258,400,533	100.0	258,590,152	100.0	189,618

■ Notes and Remarks for 20th Fiscal Period

(unit: million yen)

1. Cash and deposits	
Investment corporation title	3,294
Trust bank title	4,374
(of which, equivalent to deposit)	2,427
Balance	5,241
2. Interest-bearing liabilities	141,663
3. Allowance for doubtful accounts	3
4. Change in Unitholders' capital	
Total Unitholders' capital	61,703
June 2005: Established with private offering	300
December 2005: Increase capital through third party allotment	1,430
March 2006: Increase capital through public offering	18,238
March 2007: Increase capital through third party allotment	4,034
October 2011: Increase capital through public offering	15,999
November 2011: Increase capital through third party allotment	1,599
March 2013: Increase capital through public offering	10,455
April 2013: Increase capital through third party allotment	1,045
October 2013: Increase capital through public offering	7,817
November 2013: Increase capital through third party allotment	781

■ Unitholders' Capital and Total Outstanding Units Issued

Date	Unitholders' Capital (yen)	Total Unitholders' Capital (yen)	Total Units Issued (unit)	Total Outstanding Units Issued (unit)
June 7, 2005 *1	300,000,000	300,000,000	600	600
Dec. 19, 2005	1,430,000,000	1,730,000,000	2,860	3,460
March 20, 2006	18,238,500,000	19,968,500,000	37,800	41,260
March 2, 2007	4,034,088,000	24,002,588,000	8,000	49,260
April 1, 2010 *2	-	24,002,588,000	69,475	118,735
October 4, 2011	15,999,862,000	40,002,450,000	38,000	156,735
Nov. 2, 2011	1,599,986,200	41,602,436,200	3,800	160,535
March 1, 2013 *3	Split of investment units			321,070
March 18, 2013	10,455,984,000	52,058,420,200	28,000	349,070
April 17, 2013	1,045,598,400	53,104,018,600	2,800	351,870
October 28, 2013	7,817,460,000	60,921,478,600	20,000	371,870
Nov. 19, 2013	781,746,000	61,703,224,600	2,000	373,870
March 1, 2015 *4	Split of investment units			747,740

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

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

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

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

(unit: thousand yen)

Category	19th Fiscal Period (Mar. 1, 2015 – Aug. 31, 2015)	20th Fiscal Period (Sep. 1, 2015 – Feb. 29, 2016)	Variation
Operating revenue			
Lease business revenue	8,716,329	9,076,818	360,489
Other lease business revenue	639,773	585,507	(54,266)
Gain from disposition of properties	0	0	0
Total operating revenue	9,356,103	9,662,326	306,222
Operating expenses			
Expenses related to rent business	4,438,425	4,688,094	249,669
Loss from disposition of properties	0	0	0
Asset management fee	620,236	645,418	25,182
Asset custody fee	21,424	23,065	1,640
Administrative service fees	57,810	62,720	4,909
Directors' compensations	6,600	6,600	0
Bad debts expenses	0	0	0
Provision of allowance for doubtful accounts	1,223	1,551	328
Other operating expenses	284,534	287,675	3,140
Total operating expenses	5,430,254	5,715,125	284,871
Operating income	3,925,849	3,947,200	21,351
Non-recurring income			
Interest income	505	515	10
Reversal of allowance for doubtful accounts	0	0	0
Other	4,533	4,164	(369)
Total non-recurring income	5,039	4,679	(359)
Non-recurring expenses			
Interest expenses	575,549	572,250	(3,299)
Interest expenses on bonds	32,543	31,748	(795)
Retirement of bonds issuance cost	5,025	5,025	0
Borrowing related expenses	169,651	163,502	(6,149)
Unit issuance expenses	0	0	0
Other	1,608	1,608	(0)
Total non-recurring expenses	784,379	774,135	(10,244)
Ordinary income	3,146,508	3,177,744	31,235
Extraordinary income			
Other	0	0	0
Total extraordinary income	0	0	0
Extraordinary loss			
Impairment losses	0	0	0
Total extraordinary losses	0	0	0
Income before income taxes	3,146,508	3,177,744	31,235
Income taxes-current	605	605	0
Total income taxes	605	605	0
Net income	3,145,903	3,177,139	31,235
Retained earnings brought forward	-	-	-
Unappropriated retained earnings (undisposed loss)	3,145,903	3,177,139	31,235

Financial statements pertaining to distribution of funds

(unit: yen)

Category	19th Fiscal Period (Mar. 1, 2015 – Aug. 31, 2015)	20th Fiscal Period (Sep. 1, 2015 – Feb. 29, 2016)	Variation
I. Unappropriated retained earnings	3,145,903,429	3,177,139,345	31,235,916
II. Reversal of reserve for distribution	189,016,971	201,258,483	12,241,512
III. Distribution amount [Distribution per unit]	3,334,920,400 [4,460]	3,365,577,740 [4,501]	30,657,340 -
IV. Reserve of reserve for distribution	-	12,454,198	12,454,198
V. Retained earnings carried forward	-	-	-

Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

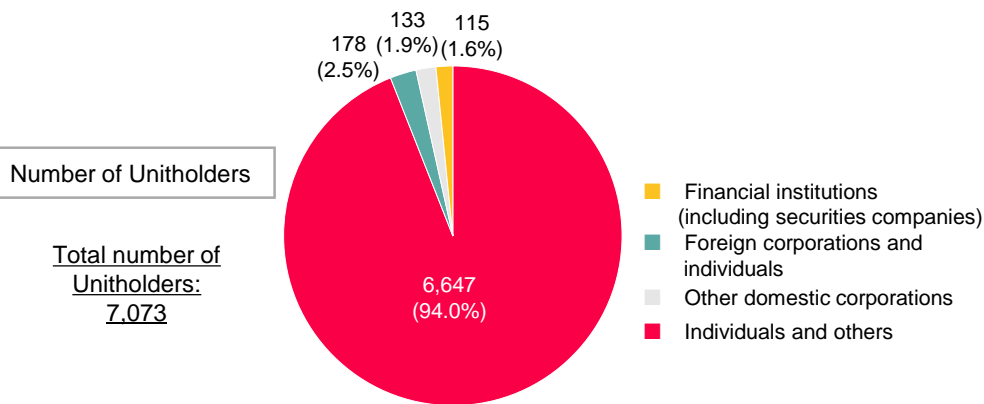
Category	19th Fiscal Period (Mar. 1, 2015 – Aug. 31, 2015)	20th Fiscal Period (Sep. 1, 2015 – Feb. 29, 2016)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	8,422,768	8,772,019	349,250
Common service fees	293,561	304,799	11,238
Subtotal	8,716,329	9,076,818	360,489
Other lease business revenue			
Facility charges	284,130	291,639	7,509
Incidental revenue	52,750	51,426	(1,324)
Other lease business revenue	302,892	242,441	(60,451)
Subtotal	639,773	585,507	(54,266)
Total real estate lease business revenue	9,356,103	9,662,326	306,222
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	910,356	879,036	(31,319)
Utility expenses	135,789	130,371	(5,418)
Tax and public charges	489,716	489,583	(132)
Repair expenses	239,183	383,566	144,382
Insurance expenses	14,000	14,342	342
Restoration cost	291,732	208,470	(83,262)
Custodian fees	46,844	55,676	8,832
Depreciation and amortization	1,897,265	2,012,584	115,319
Other operating expenses	420,329	514,462	100,925
Total real estate expenses related to rent business	4,438,425	4,688,094	249,669
C. Real estate lease business income (A – B)	4,917,678	4,974,231	56,553

Unitholders (Statistical Data of Unitholders)

Statistical Data of Unitholders

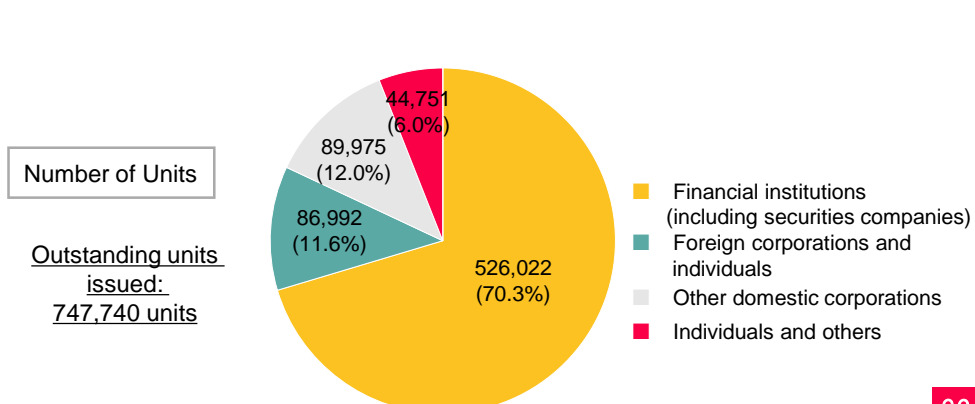
Breakdown by Number of Unitholders

Unitholder type		Previous Fiscal Period (19th Fiscal Period) (as of August 31, 2015)		Current Fiscal Period (20th Fiscal Period) (as of February 29, 2016)		Variation
		Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)	Ratio (%)	
Individuals and others		6,566	93.8	6,647	94.0	81
Financial institutions		101	1.4	100	1.4	(1)
Banks and trust banks	Banks and trust banks	52	0.7	52	0.7	0
	City banks	1	0.01	1	0.01	0
	Regional banks	38	0.5	38	0.5	0
	Trust banks	13	0.2	13	0.2	0
	Life insurance companies	9	0.1	9	0.1	0
	Non-life insurance companies	3	0.04	2	0.03	(1)
	Other financial	37	0.5	37	0.5	0
	Credit unions	28	0.4	27	0.4	(1)
	Other	9	0.1	10	0.1	1
Other domestic corporations		138	2.0	133	1.9	(5)
Foreign corporations and individuals		175	2.5	178	2.5	3
Securities companies		18	0.3	15	0.2	(3)
Total		6,998	100.00	7,073	100.00	75



Breakdown by Number of Units Held

Unitholder type		Previous Fiscal Period (19th Fiscal Period) (as of August 31, 2015)		Current Fiscal Period (20th Fiscal Period) (as of February 29, 2016)		Variation
		Number of Units (units)	Ratio (%)	Number of Units (units)	Ratio (%)	
Individuals and others		46,301	6.2	44,751	6.0	(1,550)
Financial institutions		519,507	69.5	514,877	68.9	(4,630)
Banks and trust banks	Banks and trust banks	463,248	62.0	459,971	61.5	(3,277)
	City banks	665	0.1	1,211	0.2	546
	Regional banks	87,154	11.7	85,576	11.4	(1,578)
	Trust banks	375,429	50.2	373,184	49.9	(2,245)
	Life insurance companies	23,903	3.2	22,208	3.0	(1,695)
	Non-life insurance companies	14,714	2.0	14,474	1.9	(240)
	Other financial	17,642	2.4	18,224	2.4	582
	Credit unions	9,705	1.3	10,266	1.4	561
	Other	7,937	1.1	7,958	1.1	21
Other domestic corporations		89,299	11.9	89,975	12.0	676
Foreign corporations and individuals		83,076	11.1	86,992	11.6	3,916
Securities companies		9,557	1.3	11,145	1.5	1,588
Total		747,740	100.00	747,740	100.00	0



// Major Unitholders of DHI

Name	19th Fiscal Period (as of August 31, 2015)		20th Fiscal Period (as of February 29, 2016)		Variation
	Number of Units Held (units)	Percentage of Total (%)	Number of Units Held (units)	Percentage of Total (%)	
Japan Trustee Services Bank, Ltd. (trust account)	211,884	28.3	207,181	27.7	(4,703)
Daiwa House Industry Co., Ltd.	75,440	10.1	75,440	10.1	0
The Master Trust Bank of Japan, Ltd. (trust account)	65,880	8.8	72,588	9.7	6,708
Trust & Custody Services Bank, Ltd. (securities investment trust account)	38,533	5.2	35,192	4.7	(3,341)
The Nomura Trust and Banking Co., Ltd. (investment trust account)	23,328	3.1	24,417	3.3	1,089
SCBHK AC DBS VICKERS (HK) LIMITED—CLIENT A/C	13,800	1.8	13,800	1.8	0
The Chugoku Bank, Ltd.	12,942	1.7	13,604	1.8	662
The Fuji Fire and Marine Insurance Co., Ltd.	12,530	1.7	12,530	1.7	0
THE BANK OF NEW YORK—JASDECNON—TREATY ACCOUNT	11,046	1.5	11,046	1.5	0
Trust & Custody Services Bank, Ltd. (money trust tax account)	11,103	1.5	10,840	1.4	(263)
Total	476,486	63.7	476,638	63.7	152

// Questionnaire for Unitholders in 19th Fiscal Period

A questionnaire was sent to all unitholders together with the asset management report for the 19th fiscal period, and completed questionnaires were returned by 1,985 unitholders (28.4% of the total).

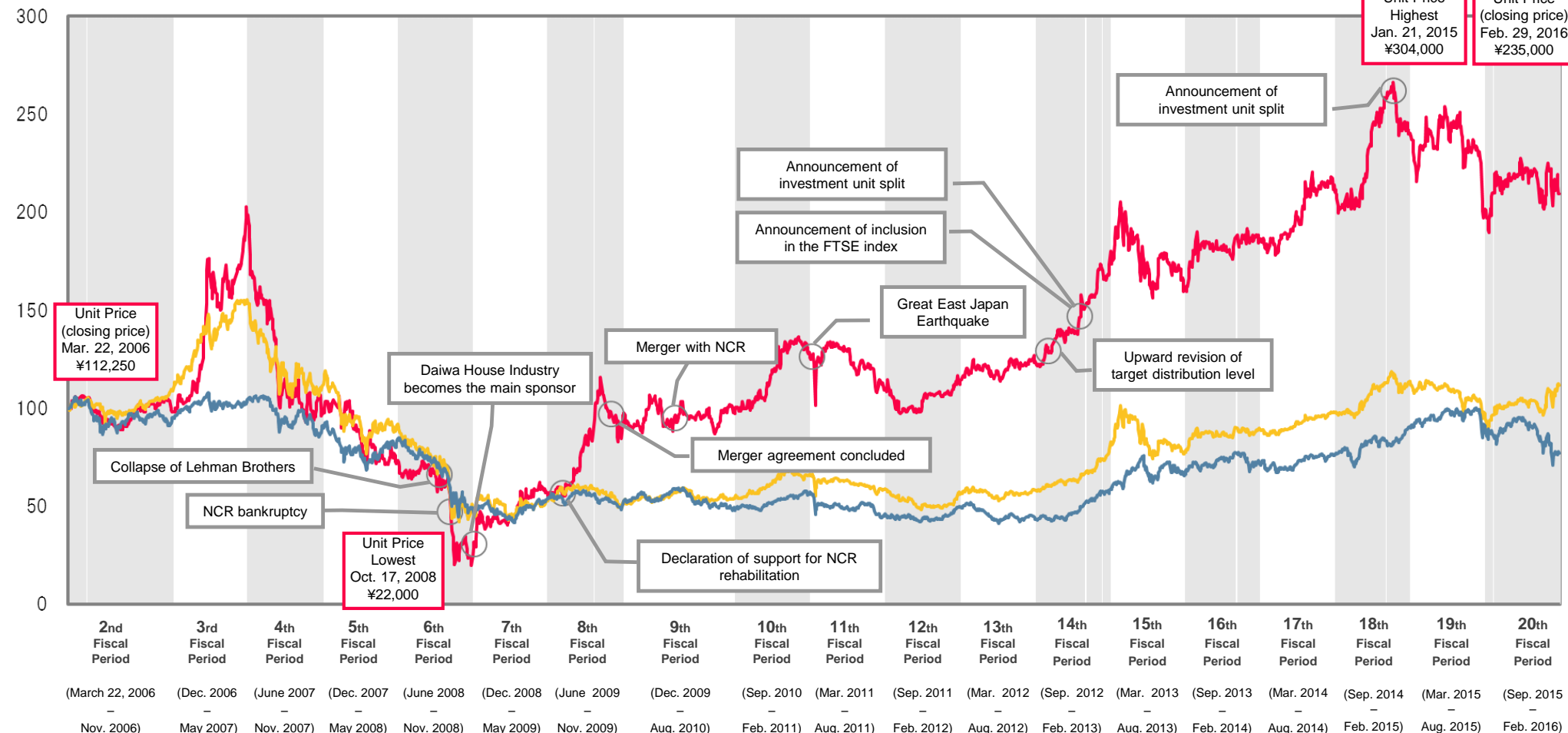
Gender	「Male」 74%, 「Female」 26%, 「No answer」 0.4%	Reason for investing in DHI (*)	「Distribution yield」 69%, 「Creditworthiness of sponsor」 38%, 「Low unit price」 21%, 「Growth potential」 20%, 「Comparison with other REITs」 16%, 「Recommendation by securities company」 12%
Age	「60 and over」 56%, 「50s」 18%, 「40s」 15%	Approach to investing in DHI	「Long-term holding」 68%, 「Long-term holding + Increasing investment」 19%, 「Increasing investment」 3%
Occupation	「Unemployed/retired」 33%, 「Company employee」 25%, 「Full-time homemaker」 14%, 「Self-employed」 11%	Reasons for Increasing and long-term holding (*)	「Stability of distributions」 73%, 「Creditworthiness of sponsor」 30%, 「Expectation of rise in unit price」 27%, 「Special Benefit Program for Unitholders」 22%, 「High quality of owned properties」 15%
		Highest priority in investment approach decision (*)	「Distribution yield」 81%, 「Profitability」 34%, 「Creditworthiness of sponsor」 29%, 「Special Benefit Program for Unitholders」 23%, 「Track record」 22%, 「Quality of owned properties」 20%

*) Multiple answers allowed.

Investment Unit
Price Index
REIT Index
TOPIX

— Investment Unit Price Index (Daiwa House Residential Investment Corporation) — TSE REIT Index — TOPIX

March 22, 2006 = 100



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

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

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

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