

Presentation Material for the 14th Fiscal Period
(September 1, 2012 — February 28, 2013)

(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 9 and 10.

- ① DHI is a residential-focus 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 stable revenue in the medium to long-term and steadily increase our assets under management.
- ③ The **merger** with New City Residence Investment Corporation in April 2010 and expanding asset size enabled DHI to **stabilize distributions by utilizing retained earnings**.
- ④ DHI is realizing steady external growth by **capital increase through two public offerings**; one in October 2011 (¥17.6 billion) and the other in March 2013 (¥11.5 billion), with the current portfolio size of ¥218.4 billion (as of April 11, 2013).

End of 14th Fiscal Period (as of February 28, 2013)

Fiscal Periods	6 months through February and August
Number of Owned Properties	123 [— properties] (122 residential, 1 retail)
Leasable units	9,305 units [124 units]
Total Assets	221,779 million yen [3,484 million yen]
Portfolio Size *1	212,692 million yen [1,657 million yen]
Net Assets	91,846 million yen [(82 million yen)]
Number of Units *2	160,535 [—]
Net Assets per Unit (NAV)	572 thousand yen [(0 thousand yen)] 286 thousand yen [(0 thousand yen)] (after split)
LTV *3	56.6% [0.8%]
Listing Date	March 22, 2006
Sponsor	Daiwa House Industry

*1) Purchase price basis, figures rounded down to the nearest million yen; same below

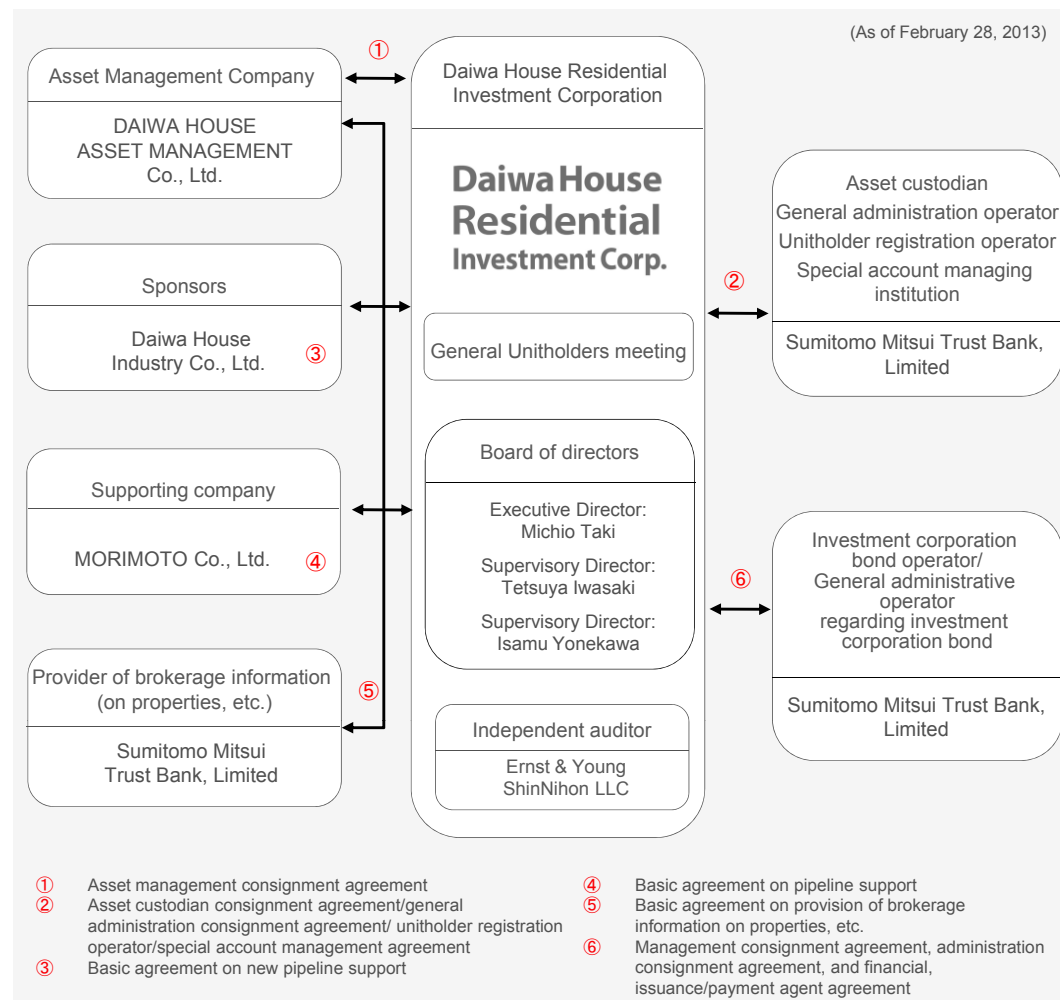
*2) DHI implemented a 2-for-1 split of investment units on March 1, 2013.

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

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

Ratings

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



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

Record-high Distribution

- Significant target achievement
DHI secured a record high distribution of ¥16,947 per unit for the 14th fiscal period (ended Feb. 2013; if excluding loss from disposition of properties) except for the distribution paid for the 12-month fiscal period after DHI listed. This reflected operating income from properties newly acquired during the fiscal period, as well as lower real estate-related expenses such as restoration costs attributable to a decline in the tenant turnover thanks to a higher-than-expected occupancy rate for existing properties. Financing expenses also declined.

The details are on pages 4–6

- Target distribution level upwardly revised
DHI has upwardly revised up its target distribution level for the 15th fiscal period (ending Aug. 2013) from ¥8,250 per unit (after 2 for 1 split) to ¥8,300. DHI has also set the same target for the 16th fiscal period (ending Feb. 2014).

The details are on page 23

Realizing Steady External and Internal Growth

- Asset replacement
In the 14th fiscal period, 2 properties were acquired with a total value of ¥5,009 million (acquisition price basis) while 2 properties including retails were disposed with a total value of ¥3,063 million (disposition price basis), achieving external growth and enhanced portfolio quality.

	Age of Property	NOI yield
2 properties acquired	4.5	5.6%
2 properties disposed	12.9	5.2%

The details are on pages 7–8

- Occupancy rate
The average occupancy rate in the fiscal period rose 0.6 percentage points, and the occupancy rate at end-Feb. 2013 was a record-high 97.6%.

Occupancy rate at end-Aug. 2012 (Average)	Occupancy rate at end-Feb. 2013 (Average)
96.1% (96.1%)	97.6% (96.7%)

The details are on page 12

Enhancement in Financial Stability, etc.

- In January and February 2013, DHI refinanced a total of ¥26,510 million in rehabilitation obligations (obligation succeeded from NCR in the merger), leading to reduction in interest expenses, longer loan terms, and fixed interest rates.

The details are on pages 17–19

- Following many requests from individual investors, DHI conducted a split of its units (with February 28, 2013 as the record date) in order to make it easier for investors to take a stake in the company and to enhance liquidity.

- DHI also announced a public offering on March 1, 2013 to raise capital of ¥11.5 billion; the funds were used to acquire two properties and repay borrowings for a property acquisition.

	As of end-Feb. 2013	After capital increase through PO
LTV	56.6%	53.5%

The details are on page 27

Stable distributions were secured by reversal of retained earnings to supplement ¥192 million of loss from disposition of retail properties.

	13th Fiscal Period Actual (A) (ended Aug. 2012)	14th Fiscal Period Forecast (B) (ended Feb. 2013)	14th Fiscal Period Actual (C) (ended Feb. 2013)	Difference (C) - (A)	Difference (C) - (B)
Net income per unit	¥16,301	¥16,273	¥15,751	¥(550)	¥(522)
Net income per unit excluding gain and loss from disposition of properties	¥16,264	¥16,273	¥16,947	¥683	¥674
Distribution per unit	¥16,264	¥16,500	¥16,947	¥683	¥447

(Note) Per unit amounts are those prior to the split.

Fourteenth and Thirteenth Fiscal Period Results

(unit: million yen)

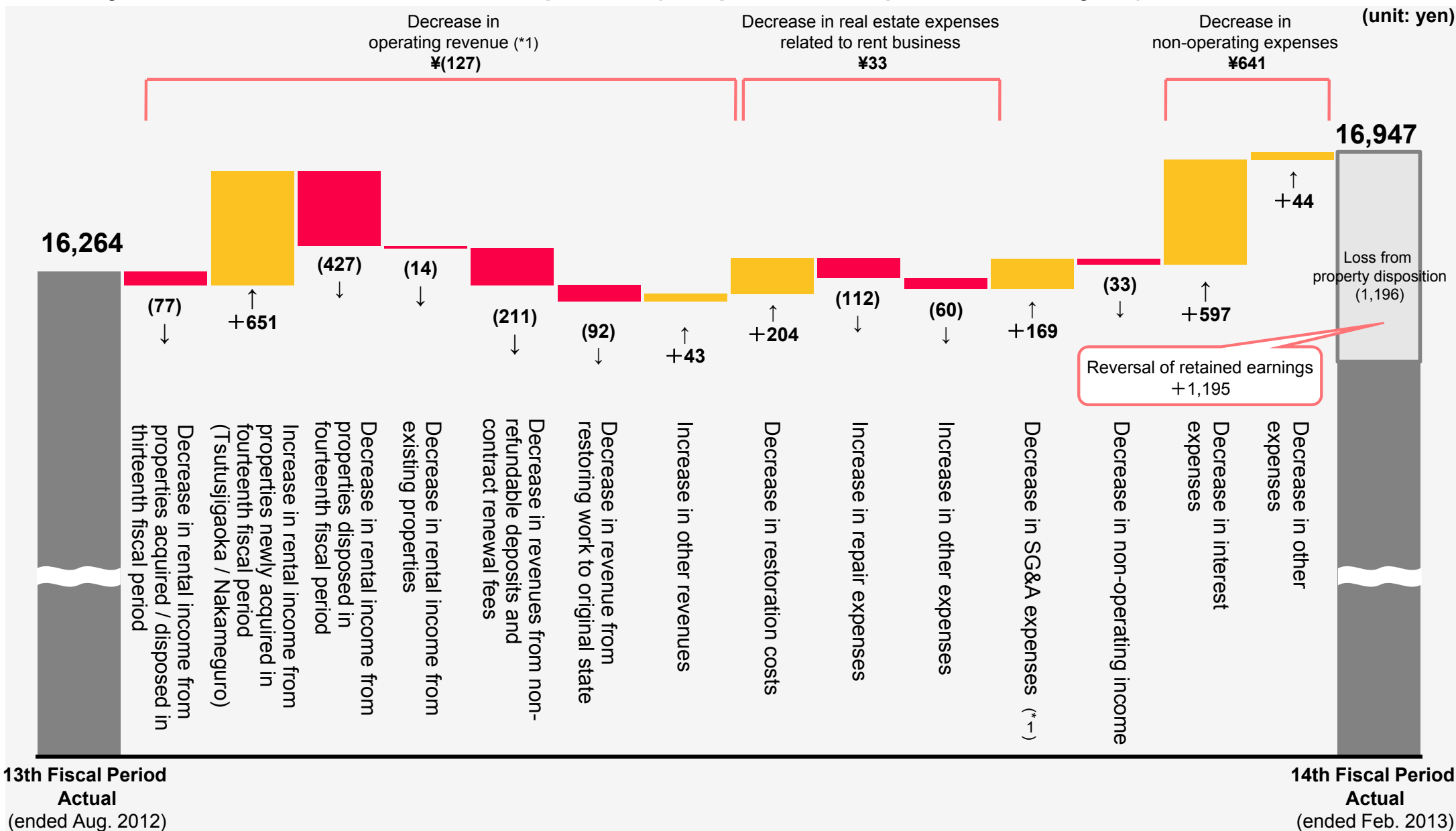
	13th Actual (ended Aug. 2012)	14th Forecast (ended Feb. 2013)	14th Actual (ended Feb. 2013)	Differences between 14th Fiscal Period and 13th Fiscal Period	
Management Period	184 days	181 days	181 days	—	
Operating Revenue (a)	7,746	7,540	7,612	(133)	1.7% decrease
Lease business revenue (b)	7,633	7,540	7,612	(20)	0.3% decrease
Lease business revenue	7,131	7,103	7,152	21	Properties acquired in 13th, 14th fiscal periods: +122, Properties disposed in 13th, 14th fiscal periods: (99)
Other lease business revenue	502	437	460	(41)	Income from non-refundable deposits: (14), contract renewal income: (19), Income from restoration cost: (14)
Gain from disposal of properties	112	—	—	(112)	Decrease of gain from disposition of properties (13th fiscal period)
Operating Expenses (c)	4,054	4,055	4,214	159	
Expenses related to rent business (d)	4,054	4,055	4,022	(32)	
Expenses related to rent business	3,270	3,267	3,265	(5)	Restoration cost: (32), administrative cost: (11), contract renewal fees: (7), repair expenses: +17, real estate commissions: +15, depreciation and amortization :+10
Other expenses related to rent business	783	787	756	(27)	
Loss from disposal of properties	—	—	192	192	Loss from property disposition (Inageya)
Operating Income excl. gain and loss from disposition of properties (b)-(d)	3,578	3,484	3,590	12	0.3% increase
Operating Income (a)-(c)	3,691	3,484	3,398	(292)	7.9% decrease
Non-operating Income	7	0	1	(5)	
Non-operating Expenses	974	873	871	(102)	
Interest expenses	786	723	725	(61)	Decrease from refinancing
Borrowing related expenses	178	145	141	(36)	As above
Other non-operating expenses	9	3	3	(5)	
Ordinary Income	2,724	2,612	2,529	(195)	7.2% decrease (4.2% increase on an ongoing basis *1)
Extraordinary Income and Loss	(106)	—	—	106	Decrease of impairment losses on noncurrent assets 13th fiscal period (NCR Nishi Azabu)
Net Income	2,616	2,612	2,528	(88)	3.4% decrease (4.2% increase on an ongoing basis *1)
Reversal of Retained Earnings	5	(36)	(191)	(197)	
Total Distributions	2,610	2,648	2,720	109	
Net Income per Unit	16,301 yen	16,273 yen	15,751 yen	(550 yen)	
Net Income per Unit excl. gains from property disposal	16,264 yen	16,273 yen	16,947 yen	683 yen	
Reversal of Retained Earnings per Unit	37 yen	(227 yen)	(1,195 yen)	(1,232 yen)	
Distributions per Unit	16,264 yen	16,500 yen	16,947 yen	683 yen	
[outstanding units issued at end of fiscal period :before split]	[160,535 units]	[160,535 units]	[160,535 units]	—	

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

*2) Per unit amounts are those prior to the split.

Fourteenth Fiscal Period (ended February 2013) Term-on-Term Breakdown of Distribution per Unit Change

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

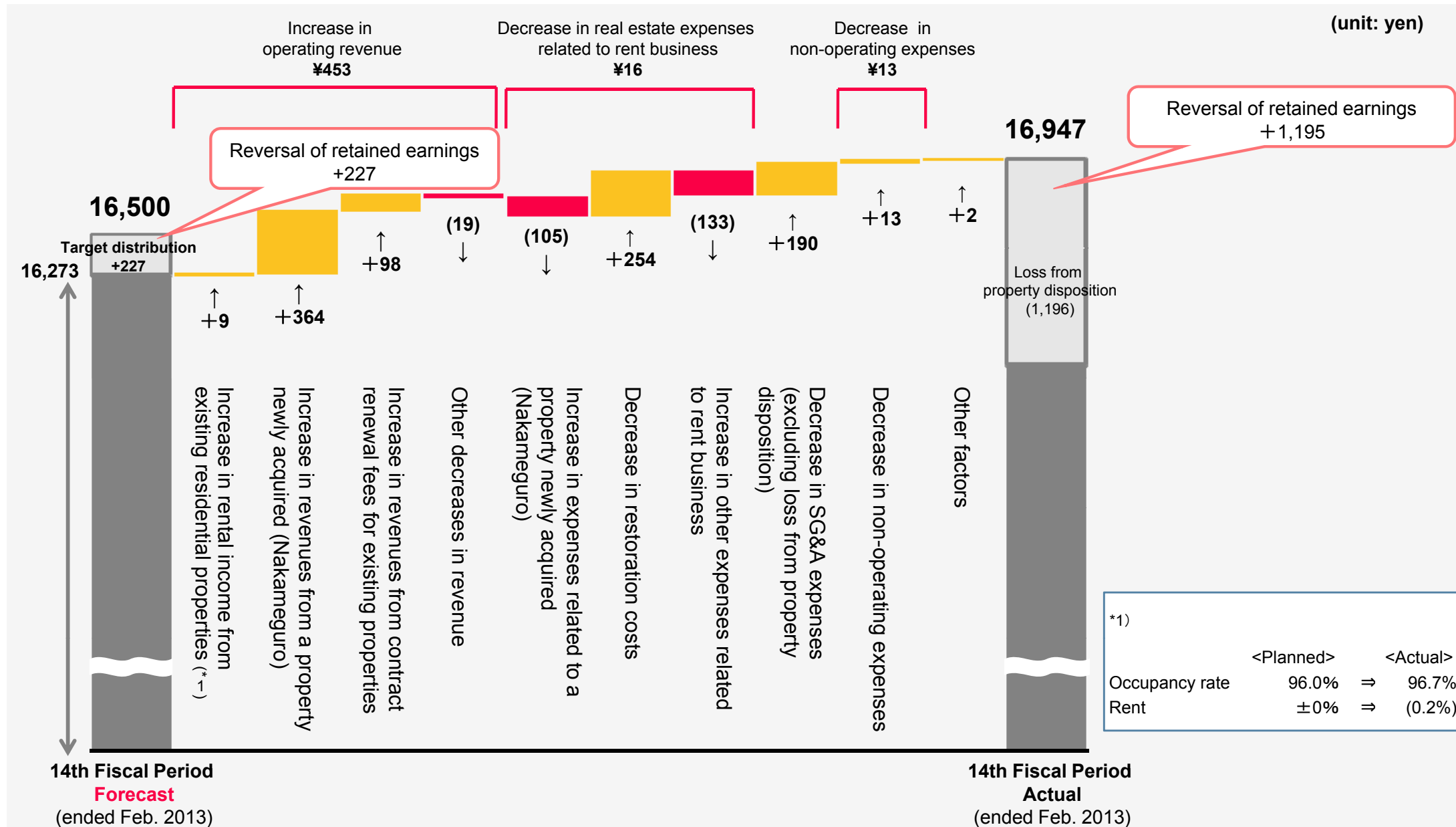


*1) Excluding gain and loss from disposition of properties

*2) Number of outstanding units (before split): 13th fiscal period 160,535, 14th fiscal period 160,535; LTV at the end of the fiscal period: 13th fiscal period 55.8%, 14th fiscal period 56.6%

Difference Between Actual Distribution per Unit in Fourteenth Fiscal Period (ended February 2013) and Initial Forecast

Variance Analysis Against Forecast for Difference per Unit



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



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

Acquired through PO (repayment the loans)	
Property Name	Castalia Nakameguro
Location	Meguro Ward, Tokyo
Structure · Floor	RC, 7F
Completion Date	January, 2008
Leasable Units	101 units
Acquisition Date	November 29, 2012
Acquisition Price	3,800 million yen
Seller	Nomura Real Estate Development Co., Ltd.
NOI yield (*)	5.2%

// Property Acquired in 15th Fiscal Period (ending Aug. 2013)



Acquired through PO	
Property Name	Castalia Ohori Bay Tower
Location	Fukuoka City, Fukuoka
Structure · Floor	RC, 30F
Completion Date	September, 2006
Leasable Units	215 units
Acquisition Date	March 25, 2013
Acquisition Price	2,910 million yen
Seller	Special Limited Liability Company in Japan
NOI yield (*)	7.5%

Property supported by Daiwa House Group	
Acquired through PO	
Property Name	Royal Parks Namba
Location	Osaka City, Osaka
Structure · Floor	RC, 14F
Completion Date	February, 2006
Leasable Units	162 units
Acquisition Date	March 29, 2013
Acquisition Price	2,830 million yen
Seller	Royal Parks Namba Co., Ltd. (Subsidiary of Daiwa House)
NOI yield (*)	7.1%

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

// Asset Replacement Results of Fourteenth Fiscal Period (ended February 2013)

- DHI acquired Castalia Tsutsujigaoka and Castalia Nakameguro
- Of the two remaining retail properties in the portfolio, DHI disposed INAGEYA Yokohama Nishigaoka and is currently working to dispose the other

Property Acquired	Acquisition Date	Acquisition Price ① (million yen)	Appraisal Value ② (million yen)	②-① (million yen)	NOI Yield (%) *1	Age of Property (years)
Castalia Tsutsujigaoka	2012/ 9 / 3	1,209	1,320	111	6.9	3.6
Castalia Nakameguro	2012/ 11 / 29	3,800	4,000	200	5.2	4.9
Total		5,009	5,320	311	5.6	4.5

*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 (million yen)	Disposition Price (million yen)	Gain or loss *2 (million yen)	NOI Yield (%) *3	Age of Property (years)
New City Residence Nishi Azabu Twin Tower	2012/ 9 / 27	2,207	2,210	0	5.0	9.5
INAGEYA Yokohama Nishigaoka	2013/ 1 / 29	1,036	853	(192)	5.8	21.0
Total		3,243	3,063	(192)	5.2	12.9

*2) The figures include expenses related to disposition of properties.

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

**Reduced
property age**

// List of Properties Disposed and Acquired (April 2010 — April 11, 2013)

- Acquisition from
the Daiwa House Group : **59.6%**

	Total of 25 Disposed Properties ① (million yen)	Total of 21 Acquired Properties ② (million yen)	② — ①	Comment
Total Acquisition Price of Disposed Properties (a) - Total Acquisition Price of Acquired Properties (b)	25,078	52,973	27,894	Achieved external growth
Real Estate Appraisal Values (c) *1 *2	23,669 *1	57,138 *2	33,468	—
Difference Between Total Acquisition Price and Real Estate Appraisal Values [(c) - (b)]	—	4,165 [7.0%]	—	Unrealized gain versus real estate appraisal value
Gain and Loss From Property Disposition *3	(102) *4	—	—	Retained earnings were reversed to cover loss from disposition of properties
NOI Yield	5.9% *5	6.5% *6	—	Improved profitability
Acquisition Price per Property	1,003	2,522	1,519	Enhanced operational and administrative efficiency
Total Units	1,031 units	2,592 units	1,561 units	—
Weighted Average Age of Property	9.4 years	4.2 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

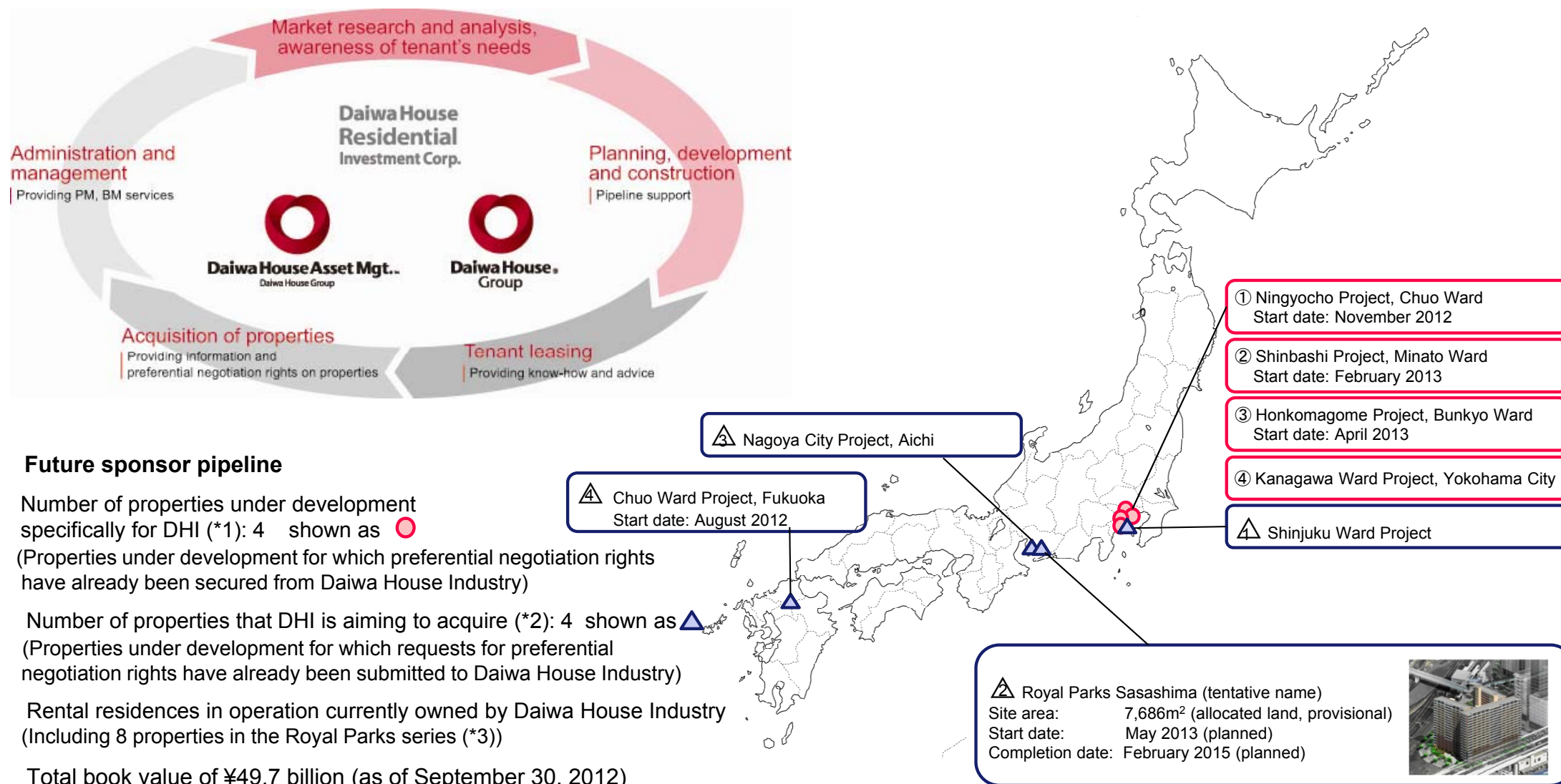
*4) Including gains of ¥12 million on the partial dispose of land at Aprile Tarumi and impairment losses of ¥130 million on NCR Toyoda, impairment losses of ¥106 million on NCR Nishi Azabu Twin Tower

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

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

// Asset Management Strategies Leveraging Daiwa House Group's Comprehensive Strengths

- Expanding DHI's asset portfolio and promoting organic business growth through collaboration with the Daiwa House Group



*1) "Number of properties under development specifically for DHI" are properties that have been planned and are currently being developed by Daiwa House Industry reflecting the asset management company's requests and proposals; DHI has been granted preferential negotiation rights for these properties.

*2) "Number of properties that DHI is aiming to acquire" are properties that have been planned and are currently being developed by Daiwa House Industry reflecting the asset management company's requests and proposals; DHI has submitted requests for preferential negotiation rights for these properties.

*3) Including "Royal Parks Namba," which was acquired by DHI on March 29, 2013.

*4) As of the date of this document, no decision had been reached by DHI regarding the above properties, excluding "Royal Parks Namba."



Initiatives to Housing for Elderly People

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

- In consideration of the diverse problems facing Japan regarding the aging society and nursing, Daiwa House Industry established the "Silver Age Research Center" in 1989 to comprehensively examine healthcare and nursing facilities and create plans and propositions regarding such facilities
- In November 2009, the "Human Care Business Promotion Department" was established with the aim of utilizing the strengths built up by the Daiwa House Group through the Silver Age Research Center across different sections, and operation of business relating to housing for elderly people was accelerated in consideration of the revised Act on Securement of Stable Supply of Elderly Persons' Housing (enforced October 2011)
- In June 2012, Daiwa House Industry acquired all the shares of Toden Life Support Co., Ltd. (then a wholly owned subsidiary of Tokyo Electric Power Company, Incorporated), an operator of three private nursing homes, "Mominoki," in the Tokyo Metropolitan area, making it a subsidiary and changing its name to Daiwa House Life Support Co., Ltd.

// DHI's Initiatives in Housing for Elderly People

- DHI newly created additional policies and criteria regarding investing in housing for elderly people

In October 2012, DHI created additional policies and criteria regarding investing in, a market with growth potential, housing for elderly people (rental residences, care facilities or others scheduled to be occupied exclusively by elderly people living alone or elderly couples with the provision of nursing services, etc., including serviced housing for elderly people and private nursing homes); DHI launched the study for acquiring housing for elderly people based on them.

- Acquisition policy that addresses risk specific to housing for elderly people

In order to mitigate risk specific to housing for elderly people, DHI established policies that, in principle, DHI will invest in properties for which the risk of operating them to house elderly people is limited, by such means as renting out several together to operators the asset management company judges to have the necessary management capabilities and reliability, or investing in properties for which management support from the Daiwa House Group can be expected; DHI began negotiations with Daiwa House Industry about acquiring housing for elderly people based on them.



[Building constructed by Daiwa House Industry]



[Properties owned by Daiwa House Life Support]

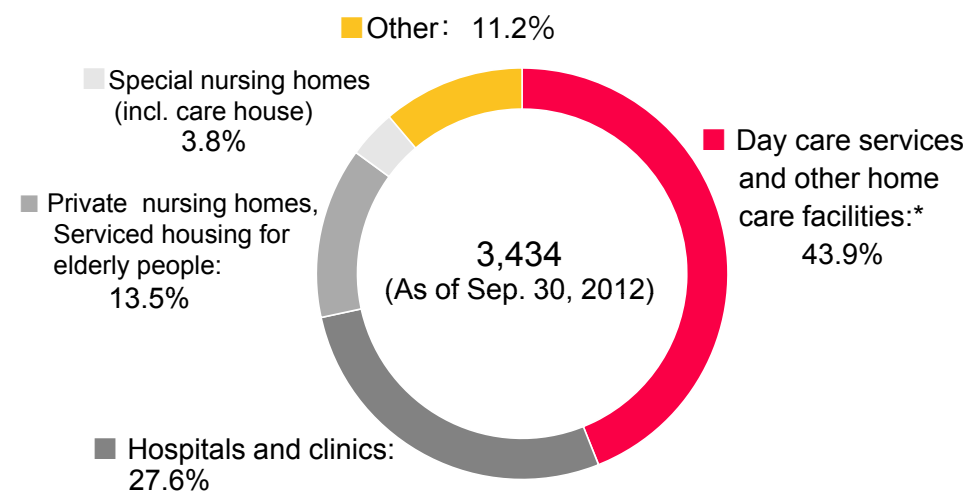
As of the date of this document, no decision had been reached by DHI regarding the properties shown.

// Results of Daiwa House Group's Healthcare Business

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

3,434 orders ¥524.1 billion (results up to end of September 2012)

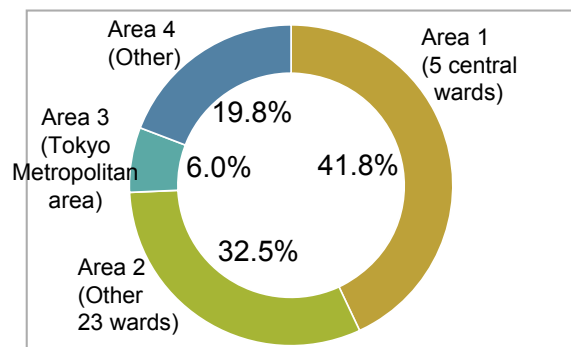
Breakdown of amount of orders
received by Daiwa House Industry



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

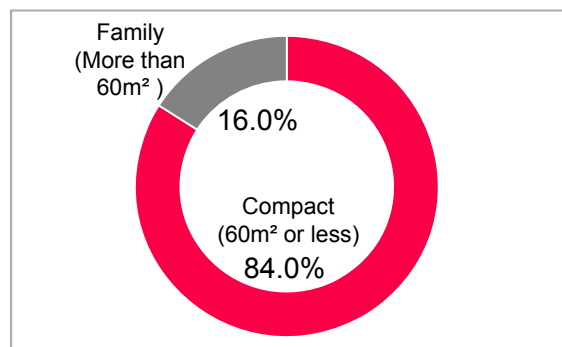
// Portfolio Distribution at end of 14th Fiscal Period (as of February 28, 2013)

By Area



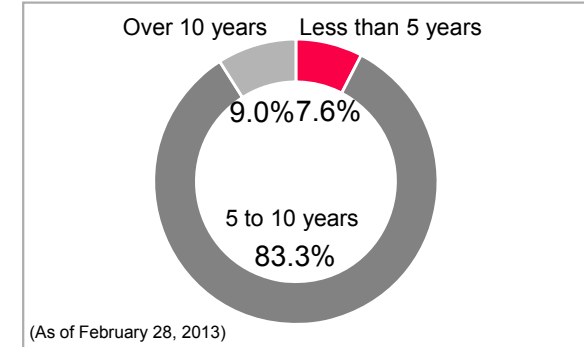
Continued investment particularly in Tokyo Metropolitan area, where population growth is expected, and a certain level of investment in major regional cities, where populations are expected to be concentrated

By Type (Residence)



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

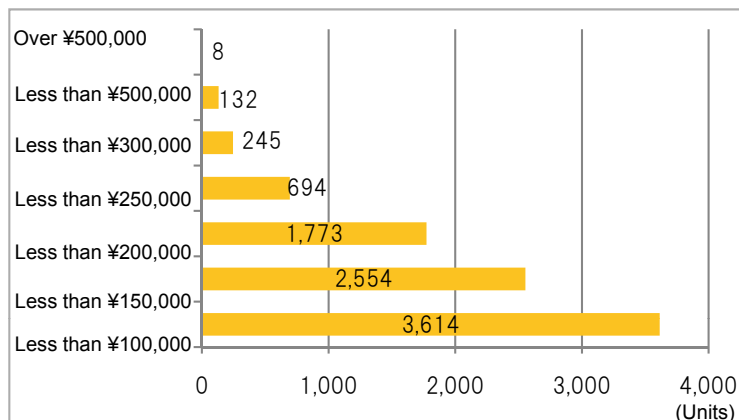
By Age of Property



(As of February 28, 2013)

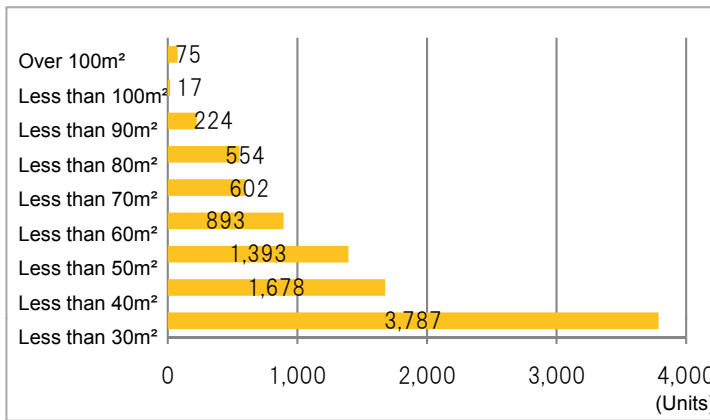
Working to maintain the average age of portfolio properties by property replacement (Average 7.6 years)

Monthly Rent Range (Residence)



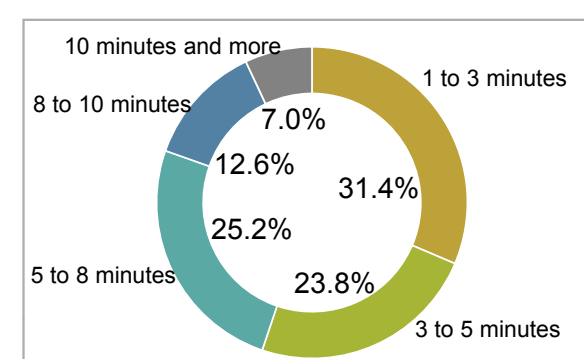
88.0% of investment in properties with monthly rents of less than ¥200,000, for which there is strong rental demand (average ¥128,326)

Leasable Area Range (Residence)



84.0% of investment in compact types of less than 60m² (average 40.20m²)

Access from station (Residence)



93.0% of investment in high competitive properties located less than 10 minutes by foot

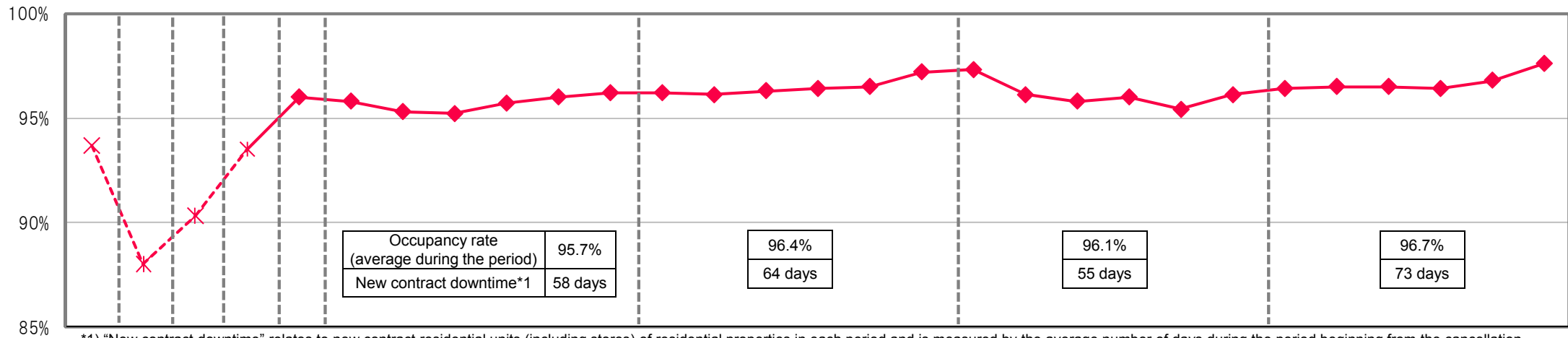
*1) Value by area and by age of property is calculated based on acquisition prices. Value by type is calculated based on the number of residential units in each classification.

*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 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 residential units (excluding stores) described on lease agreements concluded with end tenants and in force as of February 28, 2013 (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.

// Portfolio Occupancy Rate since 2008



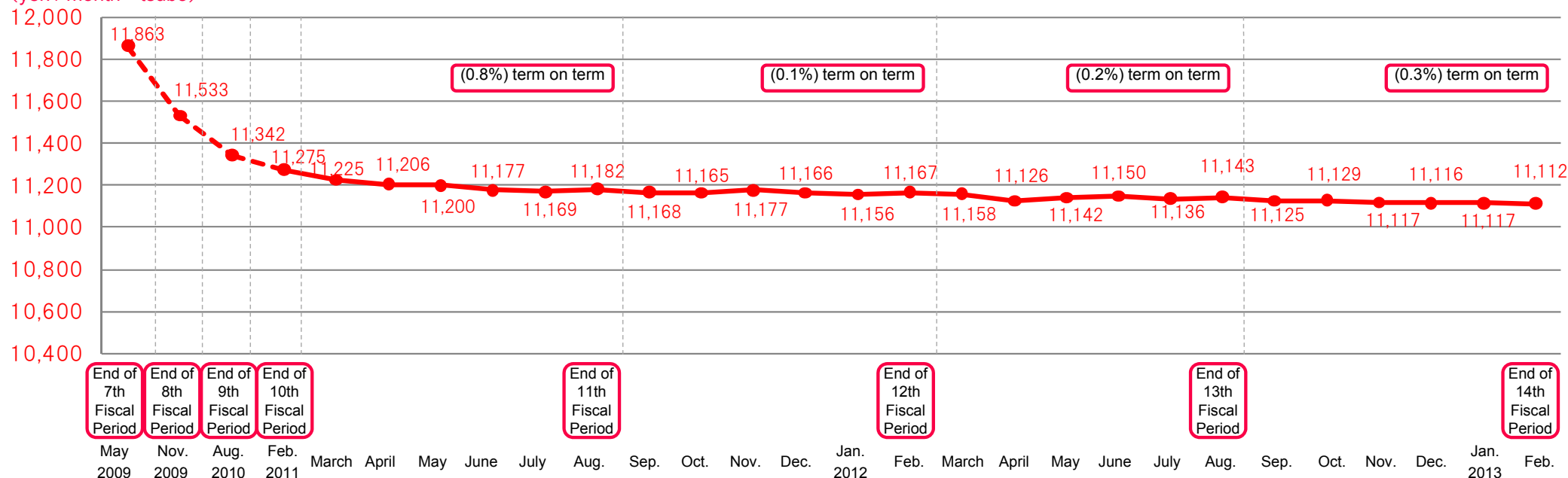
*1) "New contract downtime" relates to new contract residential units (including stores) of residential properties in each period and is measured by the average number of days during the period beginning from the cancellation date of the former contract and ending when lease of the new contract commenced.

6th	7th	8th	9th	10th	11th Fiscal Period (Aug. 2011)						12th Fiscal Period (Feb. 2012)						13th Fiscal Period (Aug. 2012)						14th Fiscal Period (Feb. 2013)					
Nov. 2008	May 2009	Nov. 2009	Aug. 2010	Feb. 2011	Mar. 2011	Apr. 2011	May 2011	June 2011	July 2011	Aug. 2011	Sep. 2011	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012	Mar. 2012	Apr. 2012	May 2012	June 2012	July 2012	Aug. 2012	Sep. 2012	Oct. 2012	Nov. 2012	Dec. 2012	Jan. 2013	Feb. 2013

Total	93.7%	88.0%	90.3%	93.5%	96.0%	95.8%	95.3%	95.2%	95.7%	96.0%	96.2%	96.2%	96.1%	96.3%	96.4%	96.5%	97.2%	97.3%	96.1%	95.8%	96.0%	95.4%	96.1%	96.4%	96.5%	96.5%	96.4%	96.8%	97.6%	
Residential	Area1	93.2%	86.0%	87.9%	90.4%	94.3%	93.4%	93.3%	93.1%	93.0%	93.1%	94.1%	94.3%	94.2%	94.8%	95.1%	94.9%	96.3%	96.5%	94.7%	94.9%	95.1%	93.8%	94.8%	95.4%	95.7%	95.5%	95.1%	95.8%	96.9%
	Area2	95.5%	92.6%	91.7%	93.6%	96.6%	96.8%	96.1%	95.5%	96.2%	96.4%	96.5%	96.5%	96.0%	95.9%	96.1%	96.8%	97.5%	97.1%	96.0%	95.3%	96.1%	96.3%	96.9%	96.6%	96.4%	96.1%	96.4%	96.9%	97.9%
	Area3	95.8%	97.2%	96.9%	96.3%	97.0%	97.3%	96.7%	98.7%	98.4%	98.2%	97.6%	97.5%	98.8%	98.8%	98.5%	98.6%	99.1%	99.6%	98.7%	98.8%	98.8%	98.7%	98.6%	99.0%	99.3%	99.6%	99.4%	99.6%	99.5%
	Area4	91.4%	89.5%	96.2%	95.8%	96.6%	96.5%	95.9%	95.9%	96.9%	97.5%	97.2%	97.0%	96.8%	97.0%	97.1%	96.9%	97.1%	97.5%	96.7%	96.1%	95.8%	95.3%	95.8%	96.3%	96.5%	96.7%	96.7%	97.0%	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%	98.2%	98.2%	98.2%	98.2%	98.2%	98.2%	97.1%	97.1%

// Rent per Tsubo of Existing Properties (103 properties)

(yen / month · tsubo)



*) Based on the rent roll at the end of each month for **103 residential properties**

(from a total of 123 in the portfolio at the end of the 14th fiscal period, excluding 19 properties acquired after the merger and 1 retail property)

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

(yen / month·tsubo)	End of 10th (Feb. 2011)	End of 11th (Aug. 2011)
Rent per Tsubo	11,049	10,963
Term on term	—	(86)
	—	(0.8%)

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

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

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

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

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

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

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

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

End of 13th (Aug. 2012)	End of 14th (Feb. 2013)
10,805	10,788
—	(17)
—	(0.2%)

(Note) Based on the rent roll at the end of each month for **120 residential properties**

(from a total of 123 in the portfolio at the end of the 14th fiscal period, excluding 2 properties acquired in the 14th fiscal period and 1 retail property)

// 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

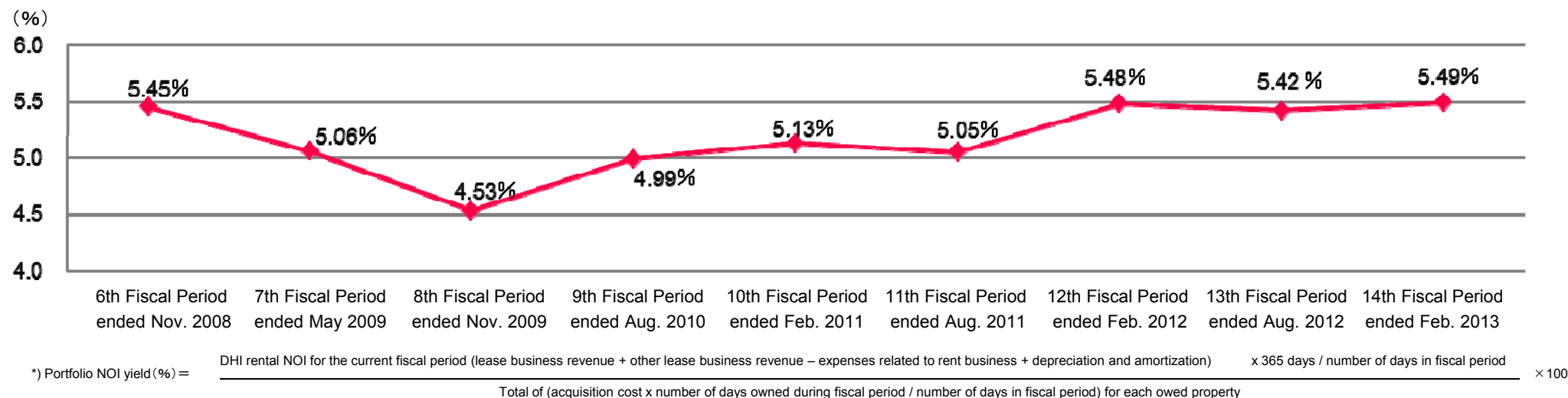
Decline in size of
rent reductions

Fiscal Period		11th Fiscal Period (ended Aug. 2011)			12th Fiscal Period (ended Feb. 2012)			13th Fiscal Period (ended Aug. 2012)			14th Fiscal Period (ended Feb. 2013)		
Area		Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)	Units	Ratio	Amount (thousand yen)
All properties	Rent increase	293	27.9%	2,004	268	30.8%	1,583	366	38.6%	2,102	347	39.2%	2,310
	Rent reduction	600	57.1%	(7,869)	468	53.8%	(5,797)	426	45.0%	(4,703)	429	48.5%	(4,135)
	No change	158	15.0%	—	134	15.4%	—	155	16.4%	—	109	12.3%	—
	Not determined *1	46	—	—	57	—	—	15	—	—	17	—	—
	Total	1,097	100.0%	(5,864)	927	100.0%	(4,213)	962	100.0%	(2,601)	902	100.0%	(1,825)
Area 1	Rent increase	67	20.2%	567	80	27.6%	516	99	29.6%	696	113	35.3%	811
	Rent reduction	211	63.7%	(3,422)	169	58.3%	(2,717)	169	50.4%	(2,859)	167	52.2%	(1,900)
	No change	53	16.0%	—	41	14.1%	—	67	20.0%	—	40	12.5%	—
	Not determined *1	31	—	—	43	—	—	13	—	—	3	—	—
	Total	362	100.0%	(2,854)	333	100.0%	(2,201)	348	100.0%	(2,162)	323	100.0%	(1,089)
Area 2	Rent increase	53	16.1%	382	64	24.7%	382	84	36.8%	423	91	33.6%	378
	Rent reduction	236	71.7%	(2,882)	150	57.9%	(1,751)	107	46.9%	(806)	136	50.2%	(1,119)
	No change	40	12.2%	—	45	17.4%	—	37	16.2%	—	44	16.2%	—
	Not determined *1	7	—	—	8	—	—	2	—	—	12	—	—
	Total	336	100.0%	(2,500)	267	100.0%	(1,369)	230	100.0%	(383)	283	100.0%	(741)
Area 3	Rent increase	10	17.5%	53	10	25.6%	36	8	23.5%	26	2	5.4%	4
	Rent reduction	38	66.7%	(524)	21	53.8%	(319)	20	58.8%	(169)	29	78.4%	(254)
	No change	9	15.8%	—	8	20.5%	—	6	17.6%	—	6	16.2%	—
	Not determined *1	0	—	—	0	—	—	0	—	—	0	—	—
	Total	57	100.0%	(471)	39	100.0%	(283)	34	100.0%	(143)	37	100.0%	(250)
Area 4	Rent increase	163	48.8%	1,002	114	40.4%	649	175	50.0%	956	141	54.9%	1,117
	Rent reduction	115	34.4%	(1,041)	128	45.4%	(1,008)	130	37.1%	(869)	97	37.7%	(862)
	No change	56	16.8%	—	40	14.2%	—	45	12.9%	—	19	7.4%	—
	Not determined *1	8	—	—	6	—	—	0	—	—	2	—	—
	Total	342	100.0%	(39)	288	100.0%	(358)	350	100.0%	87	259	100.0%	255

*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.

// Transition of Portfolio NOI yield



// Implementing Upgrade Work

- Castalia Funabashi: refurbishment of basement storage area and other work (cost: ¥17 million)

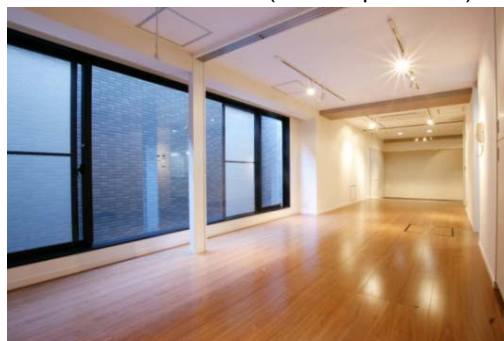
< Details of main refurbishment >

- 1) Basement storage area converted into rental apartment (1LDK: 61.59m²) (leased for ¥100,000 per month, already has an application)
- 2) First floor dining area and toilets converted into motorbike and bicycle parking area
- 3) Two parking bays added (each leased for ¥23,000 per month; one already rented out)

< Before refurbishment (storage area) >



< After refurbishment (rental apartment) >



// Construction Technology Group Established at the Asset Management Company

- A new Construction Technology Group has been established in the Asset Management Department at the asset management company in April 2013 in order to boost the competitiveness of portfolio properties by preventive repair works in large scale and ensure stable management of property assets by carrying out repair plans. The group has a staff of four specialists (including three seconded from the Daiwa House Group).

■ Main activities

- 1) Formulate long-term repair plans and manage repair plans
Establish repair plans that deliver the most cost-effective outcomes over short, medium and long timeframes based on obtaining ongoing engineering reports (legal back up for work), analysis of building condition, and building repair records
- 2) Develop, implement and manage strategic upgrade work
Limit the risk of a decline in rents by developing and implementing upgrade work that maintain and increase the competitiveness of properties
- 3) Constantly review facility maintenance and management operations as well as restoration work for private areas
Achieve the best possible outcomes in terms of costs, aesthetics and function by modeling maintenance and management services and restoration work

// Consolidating Management Operations within Daiwa House Group

■ Changes of property management (PM), building maintenance (BM), and ML companies

Work currently outsourced to external PM, BM and ML companies was consolidated within the Daiwa House Group in order to improve resident satisfaction by raising the quality of property management, while at the same time increasing management efficiency and reducing costs

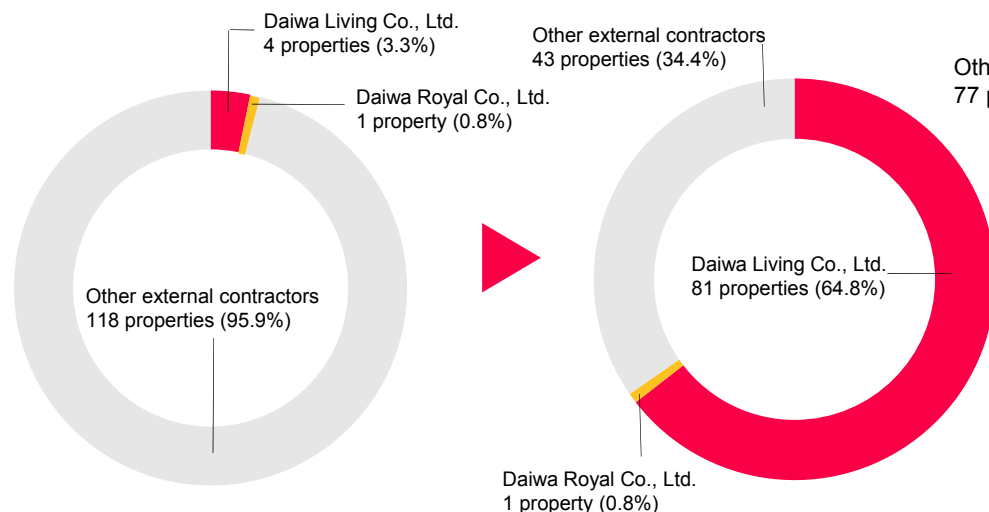
Changes of PM companies

< Prior to changes >
(As of August 31, 2012)

< After changes >
(As of April 11, 2013)

Daiwa House Group

5 properties / 123 total (4.1%) → 82 properties / 125 total (65.6%)



Projected annual cost savings of ¥7,897,000 (*)

(*) Calculated by the asset management company based on actual costs for the 13th fiscal period

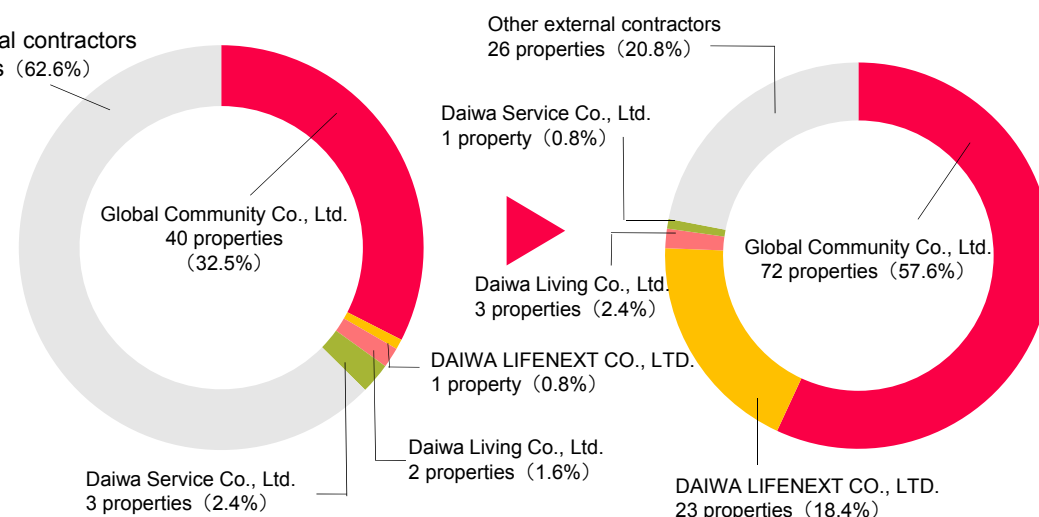
Changes of BM companies

< Prior to changes >
(As of August 31, 2012)

< After changes >
(As of April 11, 2013)

Daiwa House Group

46 properties / 123 total (37.4%) → 99 properties / 125 total (79.2%)



Projected annual cost savings of ¥13,341,000

Changes of ML companies

- 1) Daiwa Living Management Co., Ltd. took over the management of six properties handled by an external ML contractor
- 2) As part of organizational restructuring of the Daiwa House Group, DH Leasing LLC, which serves as a ML company for 71 of DHI's properties, was absorbed and merged with Daiwa Living Management Co., Ltd., effective on March 29, 2013, **reducing ML outsourcing costs by ¥3,000,000 per year**

Consolidation of PM, BM and ML services within the Daiwa House Group

is expected to reduce costs by ¥24,239,000 per year (¥34/unit for each fiscal period)

// Financial Strategy

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

// Improvements to the Financial Position during the 14th Fiscal Period (ended February 2013)

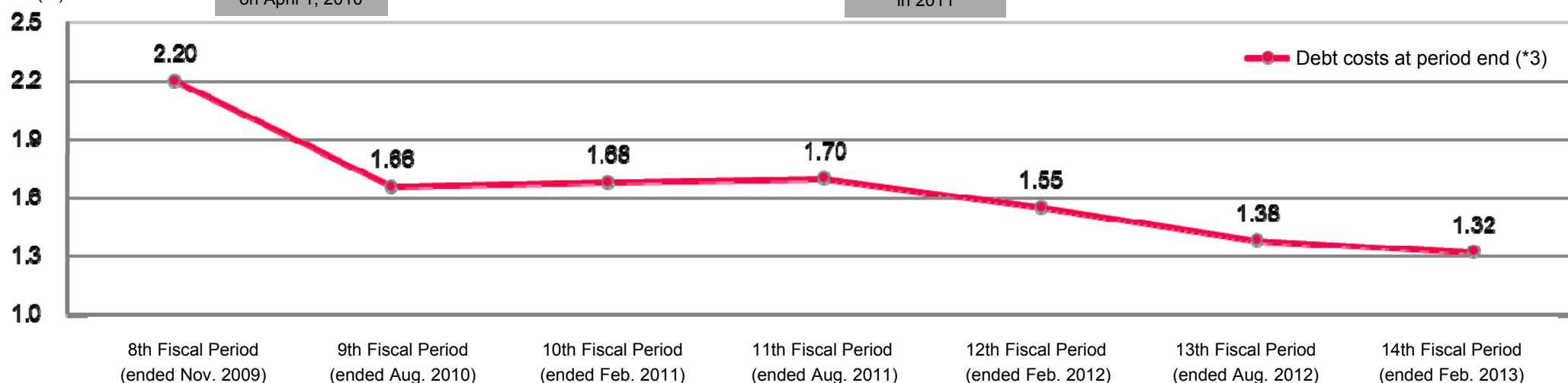
- In January and February 2013, rehabilitation obligations (former loans + former bonds) totaling ¥26.5 billion refinanced as three separate bank loans with periods of three years two months, six years eleven months, and seven years, resulting in longer loan terms, lower spreads and fixed interest rates
- In September 2012, a contract was concluded that revised the terms of the commitment line. The new contract raised the maximum loan amount from ¥6 billion to ¥10 billion, providing the means to flexibly acquire new properties

// Transition of Debt Costs at the End of the Fiscal Period

Debt costs at period end (%)

Merger with NCR on April 1, 2010

Follow-on offering in 2011



*3) Excluding commitment line I

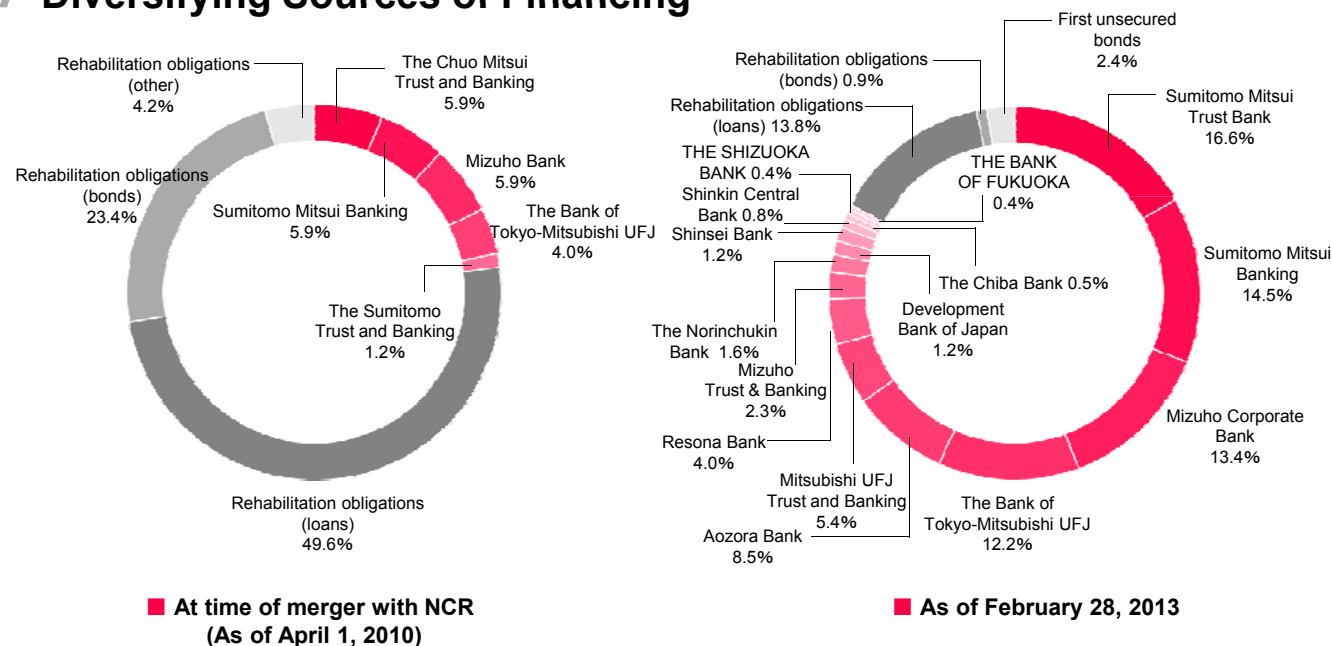
// Progress with Reducing Debt Costs

Date of Refinancing	Amount refinanced (billion yen)	Change in debt costs (*1)	Debt costs per unit change (¥/ fiscal period) (*2)
December, 2010	10.5	1.47% ▶ 1.79%	53
September, 2011	31.8	1.93% ▶ 1.34%	(294)
March, 2012	18.0	1.48% ▶ 1.31%	(47)
July, 2012	12.4	2.24% ▶ 0.93%	(254)
January and February, 2013	26.5	1.32% ▶ 1.04%	(119)

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

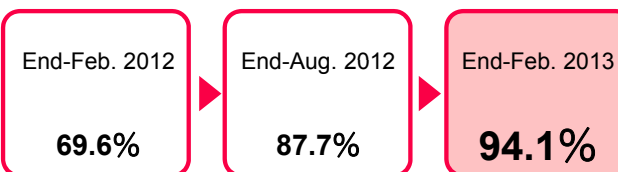
*2) Based on 321,070 units, the number of units after split on March 1, 2013.

// Diversifying Sources of Financing

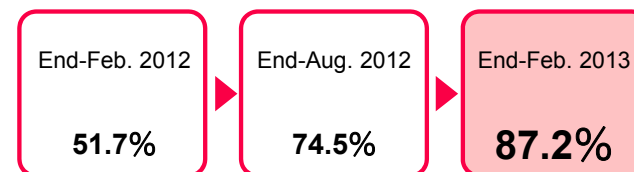


// Breakdown of interest-bearing debt

Increase in ratio of long-term debt



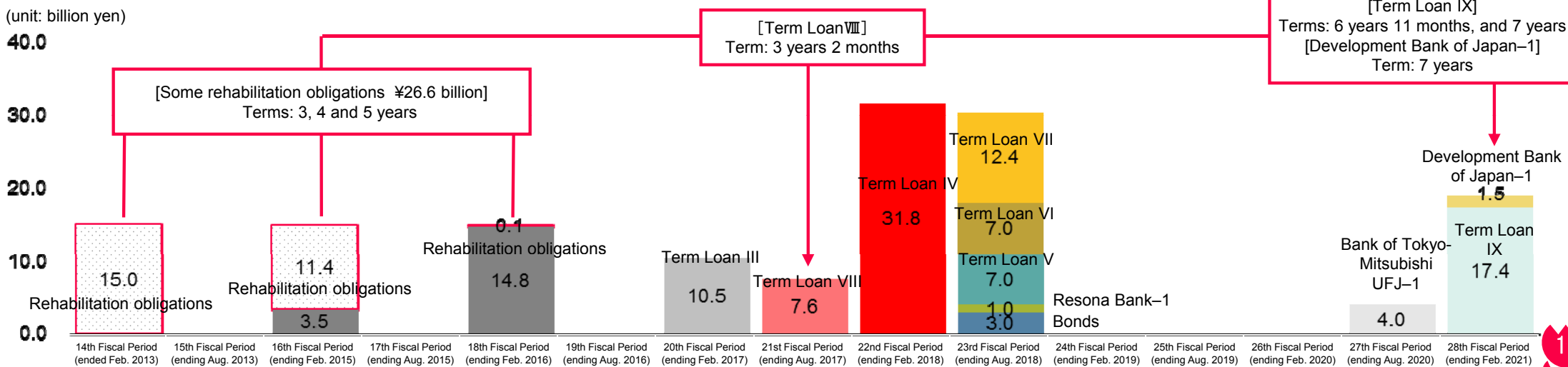
Increase in ratio of loans with fixed rates



// Debt Maturity

Average remaining term: (End of 13th) 3.27 years → (End of 14th) 3.97 years

*Excluding commitment line I



// Status of Interest-bearing Debt

(unit: million yen)

	Lenders	Balance as of March 31, 2013	Interest Rate	Loan Date	Due date	Duration	Description
Term Loan III	7 financial institutions	10,500	1.40% *1 (Fixed) ＜Spread 0.8%＞	December 28, 2010	December 28, 2015	5 years	Unsecured
Term Loan IV	8 financial institutions	31,800	1.096% *1 (Fixed) ＜Spread 0.65%＞	September 30, 2011	September 30, 2016	5 years	Unsecured
Term Loan V	4 financial institutions	7,000	1.025% *1 (Fixed) ＜Spread 0.6%＞	March 27, 2012	March 31, 2017	5 years	Unsecured
Term Loan VI	3 financial institutions	7,000	1.025% *1 (Fixed) ＜Spread 0.6%＞	March 27, 2012	March 31, 2017	5 years	Unsecured
Term Loan VII	4 financial institutions	12,400	0.69536% *1 (Fixed) ＜Spread 0.45%＞	July 31, 2012	July 31, 2017	5 years	Unsecured
Term Loan VIII	8 financial institutions	7,600	0.46% (Variable) ＜Spread 0.3%＞	January 31, 2013	March 31, 2016	3.2 years	Unsecured
Term Loan IX	8 financial institutions	17,410	0.9585% *1 (Fixed) ＜Spread 0.5%＞	January 31, 2013 February 28, 2013	January 31, 2020	6.11 years 7 years	Unsecured
Resona Bank-1	Resona Bank, Ltd.	1,095	0.85% (Variable) ＜Spread 0.6%＞	March 26, 2012	March 31, 2017	5 years	Unsecured
Bank of Tokyo-Mitsubishi UFJ-1	Bank of Tokyo-Mitsubishi UFJ	4,000	1.07% (Fixed)	March 27, 2012	March 27, 2019	7 years	Unsecured
Development Bank of Japan Inc-1	Development Bank of Japan Inc.	1,500	0.96375% (Fixed)	January 31, 2013	January 31, 2020	7 years	Unsecured
Bonds	First Series Unsecured Bonds	3,000	1.12% (Fixed)	March 9, 2012	March 9, 2017	5 years	Unsecured
Rehabilitation Obligations		3,573	1.27% *2 ＜Spread 1.0%＞	January 5, 2010	January 31, 2014	4 years	Unsecured
		14,861	1.72553% (Fixed) ＜Spread 1.1%＞	January 5, 2010	January 30, 2015	5 years	
Total Interest-bearing Debt		121,740					

*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.

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

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

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

// Retained Earnings (Reserve for Distribution) Utilization Policy

- Total retained earnings (reserve for distribution) of ¥19.2 billion (amount after reversal of retained earnings in current fiscal period) currently held is the gain from disposal of properties and gains on redemption by purchase, etc. accrued on top of the ¥19.0 billion gain on negative goodwill on the merger with NCR
- Because the amount is accumulated on the balance sheet as reserve for distribution, so it can be used flexibly for future distributions
- **¥54,798 per unit (*)** (amount after reversal of retained earnings in the current fiscal period) (*) Based on number of units after capital increase [351,870]

Total retained earnings
¥19.2 billion

[¥(191) million term on term]

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

¥1.2 billion

[¥(4.1) billion term on term]

¥18.0 billion

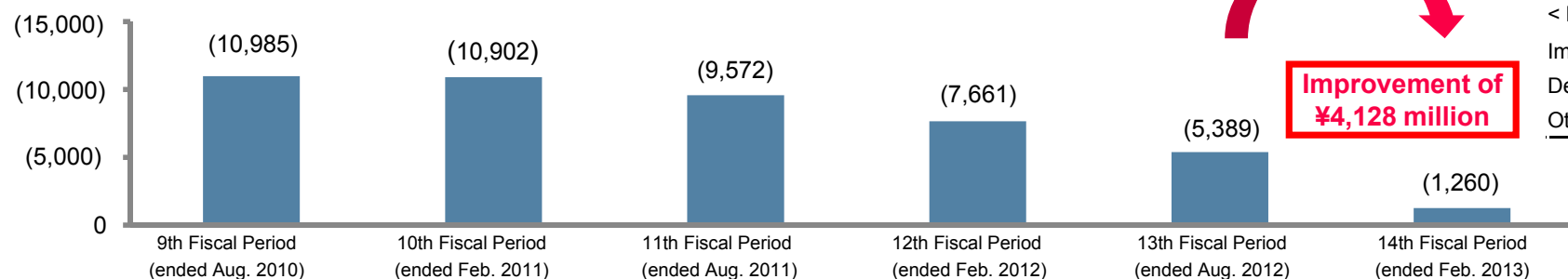
[¥+3.9 billion term on term]

Projecting future loss from disposition of properties, DHI set aside ¥1.2 billion in retained earnings to cover unrealized losses arising from the difference between appraisal value and book value. Distributions is covered by retained earnings when loss from disposition of properties

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

Improvement in unrealized losses

(unit: million yen)



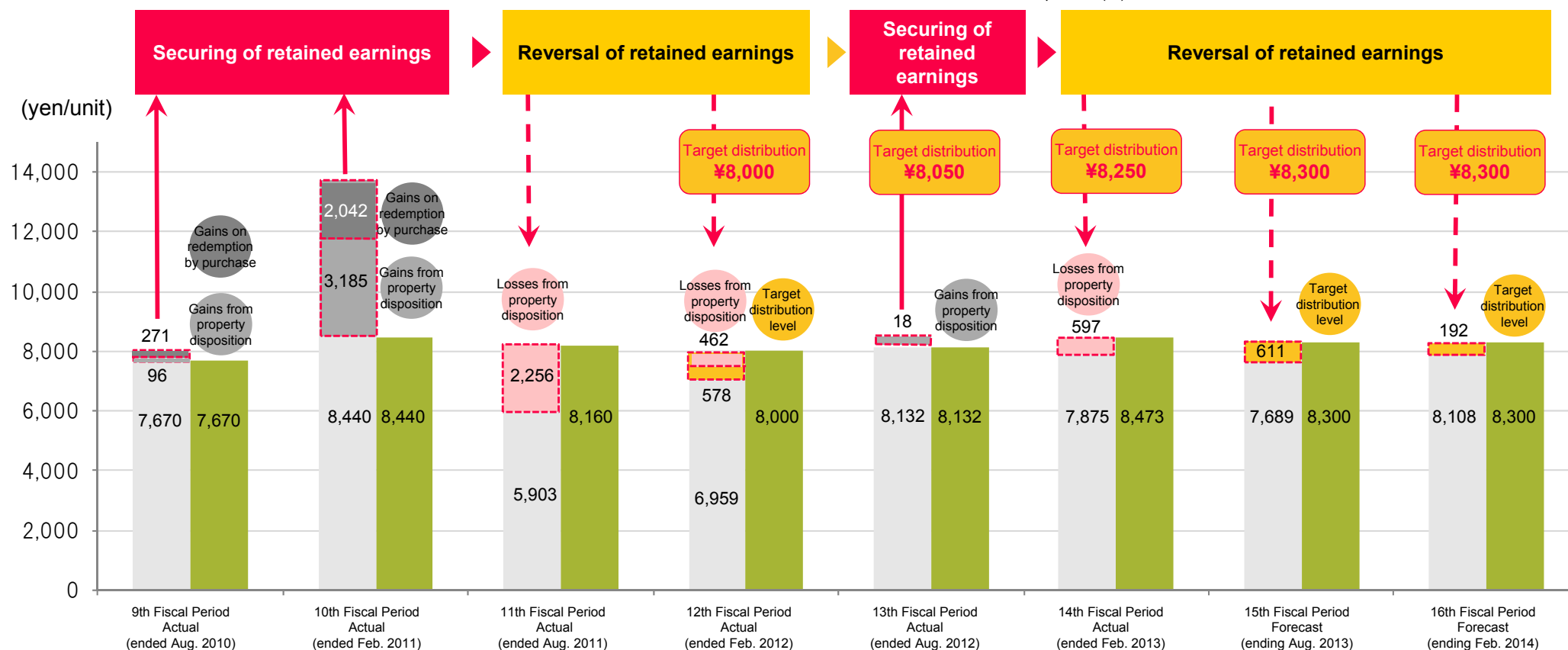
< Breakdown >

	(million yen)
Improvement in appraisal value	2,480
Depreciation and amortization	1,422
Other	225
	4,128

Stabilizing and Increasing Distributions (2)

Efforts to Stabilize Distributions and Target Distribution

■ Net income per unit (excluding gains on redemption by purchase, gains from property disposition and gain on negative goodwill) (*3) ■ Distribution per unit (*3) □ Securing / reversal of retained earnings per unit (*3)



	9th Fiscal Period Actual (ended Aug. 2010)	10th Fiscal Period Actual (ended Feb. 2011)	11th Fiscal Period Actual (ended Aug. 2011)	12th Fiscal Period Actual (ended Feb. 2012)	13th Fiscal Period Actual (ended Aug. 2012)	14th Fiscal Period Actual (ended Feb. 2013)	15th Fiscal Period Forecast (ending Aug. 2013)	16th Fiscal Period Forecast (ending Feb. 2014)
Net income	*2) ¥1,909 million	¥3,245 million	¥1,401 million	¥2,234 million	¥2,616 million	¥2,528 million	¥2,705 million	¥2,852 million
Retained earnings (reversal)	¥87 million	¥1,241 million	¥(535 million)	¥(334 million)	¥5 million	¥(191 million)	¥(214 million)	¥(67 million)
Total distributions	¥1,821 million	¥2,004 million	¥1,937 million	¥2,568 million	¥2,610 million	¥2,720 million	¥2,920 million	¥2,920 million

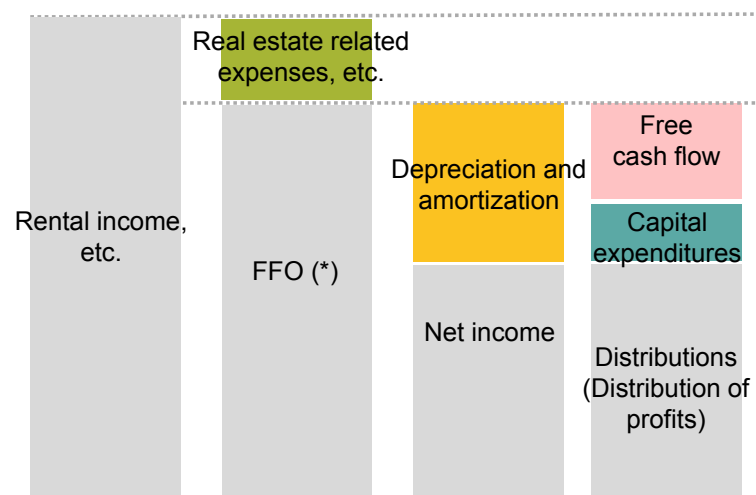
*1) The above graph shows net income per unit, distribution per unit, and securing / reversals of retained earnings per unit.

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

*3) DHI implemented a 2-for-1 split of investment units on March 1, 2013. In order to factor in the impact of this split, net income per unit, distribution per unit, and securing / reversal of retained earnings per unit for the 9th fiscal period through to the 14th fiscal period have been divided by two. The 9th fiscal period (ended Aug. 2010) is the nine-months period from December 1, 2009 to August 31, 2010 due to a change in fiscal period-end.

Stabilizing and Increasing Distributions (3)

// Mechanism of Generating Free Cash Flow



(*) FFO = Net income + depreciation and amortization + other amortization expenses \pm gain / loss from disposition of properties \pm extraordinary income / loss

Stable levels of free cash flow derived from depreciation and amortization each fiscal period allows DHI to use numerous cash management methods

// Usage of Free Cash Flow

	Reinvestment (Acquisition of new properties)	Reduction of Interest-bearing Liabilities	Return to unitholders (distribution increase, unit buybacks)
Impact on distributions	Contribution from revenues from properties	Interest expenses reduced	
Impact on NAV			
Impact on LTV	When properties with unrealized gain are acquired		
Key points	<ul style="list-style-type: none"> - Effective on condition that: - it enables the acquisition of assets that boost profits and increase unrealized gain, - the financial environment is favorable and sufficiently stable 	<ul style="list-style-type: none"> - Given lower priority when the financial environment is stable - Needs consideration when interest rate rise sharply 	<ul style="list-style-type: none"> - Taken as a option when the acquisition of assets that boost profits and increase unrealized gain is not feasible - Includes a negative impact on NAV and LTV while positive on distributions

The amount of funds required to acquire residential properties is relatively small, making it easy to reinvest free cash flow; DHI has therefore selected the reinvestment option for the time being, aiming to increase distributions

// Free Cash Flow Utilizing Policy

- **Stabilizing distributions by utilizing ¥19.2 billion in retained earnings**
Mitigating downside risk to distributions (loss from disposition of properties, dilution from capital increase) and stabilize distributions by setting a target distribution
- **Increase distributions by reinvesting free cash flow (acquire new properties)**
Aiming for increase of distributions through continuous acquisition of new properties utilizing roughly ¥2.5 billion in free cash flow generated each year

// Free Cash Flow Utilization Records

(unit: million yen)

		10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	Total
Free cash flow		2,189	1,090	1,271	1,337	1,317	7,206
Use	Stabilizing distributions	—	535	334	—	191	1,062
	Reinvestment (including planned amounts)	2,189	554	937	1,337	1,125	6,144
Total		2,189	1,090	1,271	1,337	1,317	7,206

- DHI currently plans to use free cash flow to acquire new properties, targeting a distribution per unit of ¥8,300 (achievable with acquisitions worth roughly ¥ 3.5 billion) in the 16th fiscal period (ending Feb. 2014) without reversing retained earnings; DHI is currently able to utilize free cash flow of roughly ¥6 billion (estimate for August 31, 2013).
- By continuous acquisition of new properties using free cash flow, DHI aims to increase distribution per unit above the targeted level of ¥8,300.

Near-term target distribution level

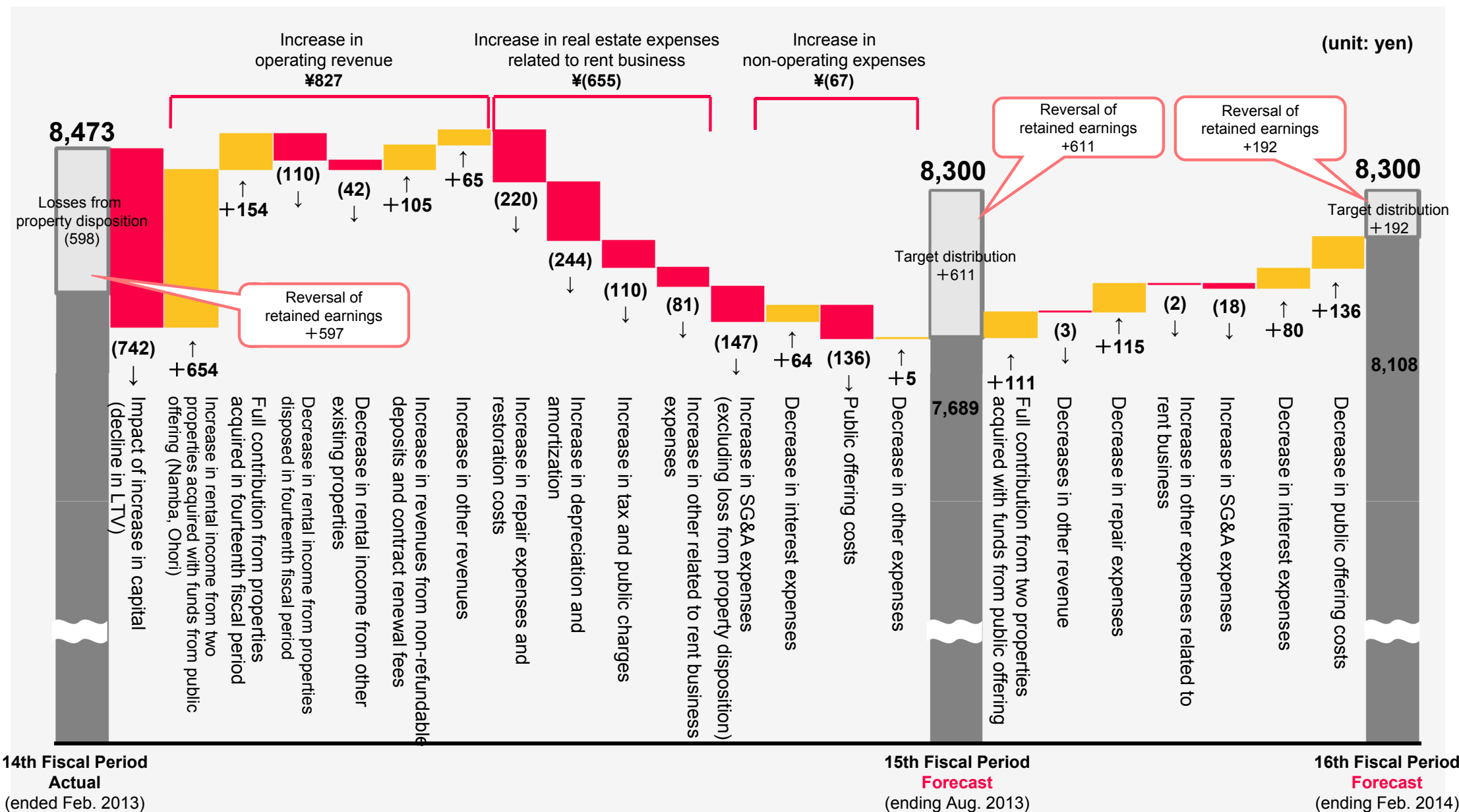
¥8,300 per unit per fiscal period

(unit: million yen)

		13th Fiscal Period Actual (ended Aug. 2012)	14th Fiscal Period Actual (ended Feb. 2013)		15th Fiscal Period Forecast (ending Aug. 2013)		16th Fiscal Period Forecast (ending Feb. 2014)		
				Term on term		Term on term		Term on term	
Operating Revenue		7,746	7,612	(133)	7,903	+290	7,941	+37	
	Lease business revenue	7,633	7,612	(20)	7,903	+290	7,941	+37	
	Gain and loss from disposition of properties	112	(192)	(304)	—	+192	—	—	
Operating Income		3,691	3,398	(292)	3,599	+200	3,671	+71	
	Excl. gain and loss from disposition of properties	3,578	3,590	+12	3,599	+8	3,671	+71	
Ordinary Income		2,724	2,529	(195)	2,705	+176	2,852	+147	
	Excl. gain and loss from disposition of properties	2,611	2,721	+109	2,705	(15)	2,852	+147	
Extraordinary Income / Losses		(106)	—	+106	—	—	—	—	
Net Income		2,616	2,528	(88)	2,705	+176	2,852	+147	
	Excl. extraordinary income / losses	2,611	2,720	+109	2,705	(15)	2,852	+147	
Retained Earnings (Reversal)		5	(191)	(197)	(214)	(23)	(67)	+147	
Total Distributions		2,610	2,720	+109	2,920	+199	2,920	—	
Net Income per Unit		(A)	8,150 yen	7,875 yen	(275) yen	7,689 yen	(186) yen	8,108 yen	419 yen
Net Income per Unit excl. extraordinary income / losses			8,132 yen	8,473 yen	+341 yen	7,689 yen	(784) yen	8,108 yen	419 yen
Reversal of Retained Earnings per Unit		(B)	18 yen	(597) yen	(615) yen	(611) yen	(14) yen	(192) yen	419 yen
Distribution per Unit		(A) - (B)	8,132 yen	8,473 yen	+341 yen	8,300 yen	(173) yen	8,300 yen	—

(Note) DHI implemented a 2-for-1 split of investment units on March 1, 2013. To facilitate comparison, net income, retained earnings (reversal) and distributions for the 13th and 14th fiscal periods, before the split was conducted, have been presented in the figures based on actual results divided by two. Forecasts for the 15th and 16th fiscal periods assume 351,870 units outstanding at the end of each period.

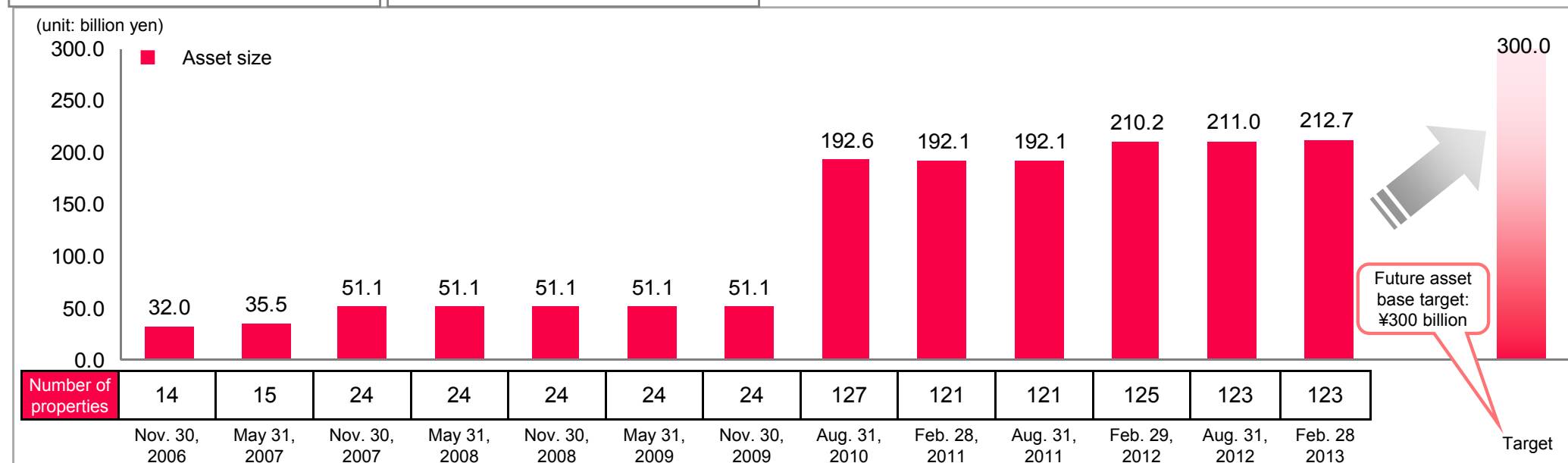
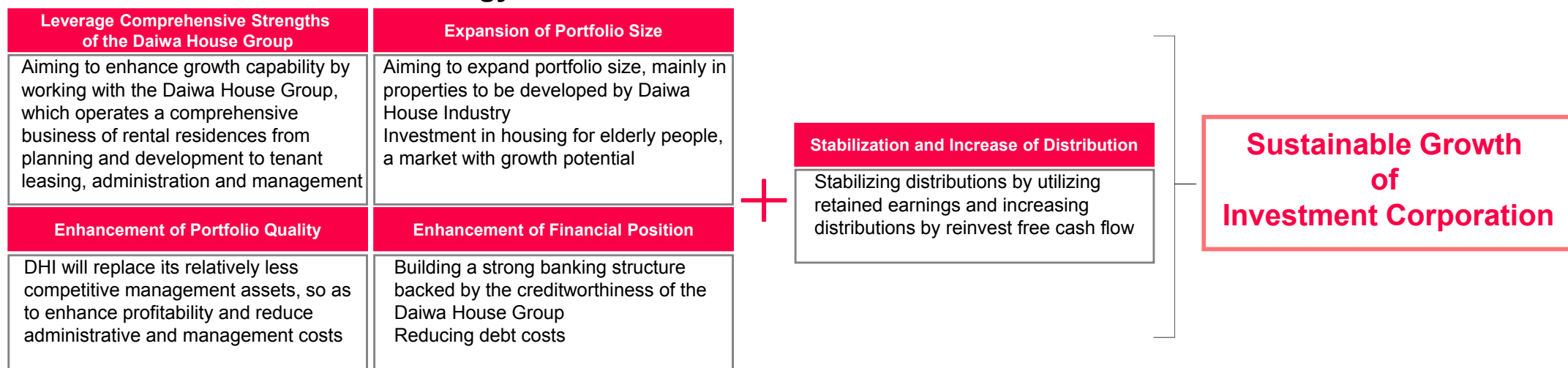
// Analysis of Breakdown of Forecast Distribution per Unit



(*) DHI implemented a 2-for-1 split of investment units on March 1, 2013. To facilitate comparison, distributions for the 14th fiscal period, before the split was conducted, have been presented in the figures based on the actual distribution divided by two. Forecasts for the 15th and 16th fiscal period assume 351,870 units outstanding at the end of each period.

- Achievement of external growth by leveraging the group power of Daiwa House Group
- Enhancement of portfolio quality by replacing properties and carrying out preventive repair
- Reducing property management costs by leveraging the group power of Daiwa House Group, and reduction of debt costs with robust financial base
- Stabilizing distributions by utilizing retained earnings and increasing distributions by free cash flow

// Future Policies of Growth Strategy



APPENDIX

Area 4



Area 1

Daiwa House
Residential
Investment Corp.




Daiwa House Asset Mgt.
Daiwa House Group

Area 2



Area 3

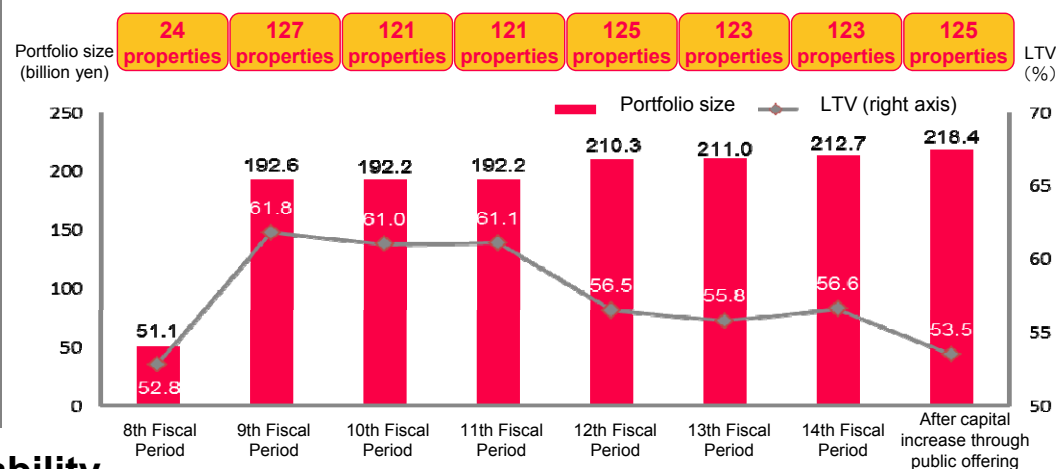


// Offering Highlights

- Expansion of portfolio size and improvement of profitability
- Control of LTV at an appropriate level and strengthening financial position
- Stabilizing and increasing distributions by distribution management

// Overview of Capital Increase through Public Offering

Resolution date of issuance	March 1, 2013
Total issuance price (proceeds from issuance)	¥11.5 billion
Number of units issued	30,800 units
Portfolio size after capital increase (total acquisition price)	¥218.4 billion
Impact of lowering LTV by capital increase	56.6% (14th fiscal period) →53.5% (rough estimate after capital increase through public offering)
Stabilizing distribution by utilizing retained earnings	Target distribution level ¥8,300



// Expansion of Portfolio Size and Improvement of Profitability

(unit: million yen)

Properties newly acquired	Castalia Nakameguro (repayment of the loans)	Castalia Ohori Bay Tower	Royal Parks Namba	Total
Acquisition price (A)	¥3,800	¥2,910	¥2,830	¥9,540
Appraisal value (B)	¥4,000	¥3,520	¥2,940	¥10,460
Difference (A) – (B)	¥(200)	¥(610)	¥(110)	¥(920)
Appraisal value NOI yield *)	5.2%	7.5%	7.1%	6.5%
Seller	Nomura Real Estate Development Co., Ltd.	Special limited liability company in Japan	Royal Parks Namba Co., Ltd.	-
Acquisition date	November 29, 2012	March 25, 2013	March 29, 2013	-

(*) (Direct-capitalization-method net rental income shown in the real estate appraisal report at the time of purchase / acquisition price)




	14th fiscal period (As of Feb. 28, 2013)	Properties acquired with funds from public offering	After capital increase through public offering
Number of properties	123 properties	3 properties	125 properties
Portfolio size	¥212.7 billion	¥9.5 billion yen	¥218.4 billion
Leasable units	9,305 units	478 units	9,682 units

(*) Of properties acquired using funds raised through the public offering, Castalia Nakameguro was acquired during the 14th fiscal period. It has therefore been included in the number of properties, portfolio size and leasable units as of the end of the 14th fiscal period.

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 after revision)	60% or more		30% or less	30% or less
	DHI's Portfolio (as of February 28, 2013)	74.2% (41.8%)		6.0%	19.8%

Future	Target Portfolio				
	Rationale	<p><Area 1></p> <ul style="list-style-type: none"> Currently high proportion of investment in this area, but offers the potential for strong rent rises once the economy recovers No plan to sell properties, but planning to reduce or maintain relative weighting of investment in this area by acquiring properties in other areas <p><Area 2></p> <ul style="list-style-type: none"> Area 2 rents are very stable while occupancy rates are stable. Aim to increase the investment ratio of this area The strengths of Daiwa House Group can be best utilized in this area 		<ul style="list-style-type: none"> A supply of high-quality properties is expected from Daiwa House Study prospect of investing in properties for which Daiwa House Group function as a master 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	Compact	Family
Current	Overview	<ul style="list-style-type: none"> Residences aimed mainly at singles, double income no kids (DINKS) and designed in for their life styles 	<ul style="list-style-type: none"> Residences aimed mainly at families and designed for their life styles
	Dedicated Area	60m ² or less	More than 60m ²
	Investment Policy	70% or more	30% or less
	DHI's Portfolio (Unit basis) (as of February 28, 2013)	84.0%	16.0%
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"> A supply of excellent properties is expected from Daiwa House Study prospect of investing in properties for which Daiwa House Group function as an muster lessee

■ Investment in Housing for Elderly People

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

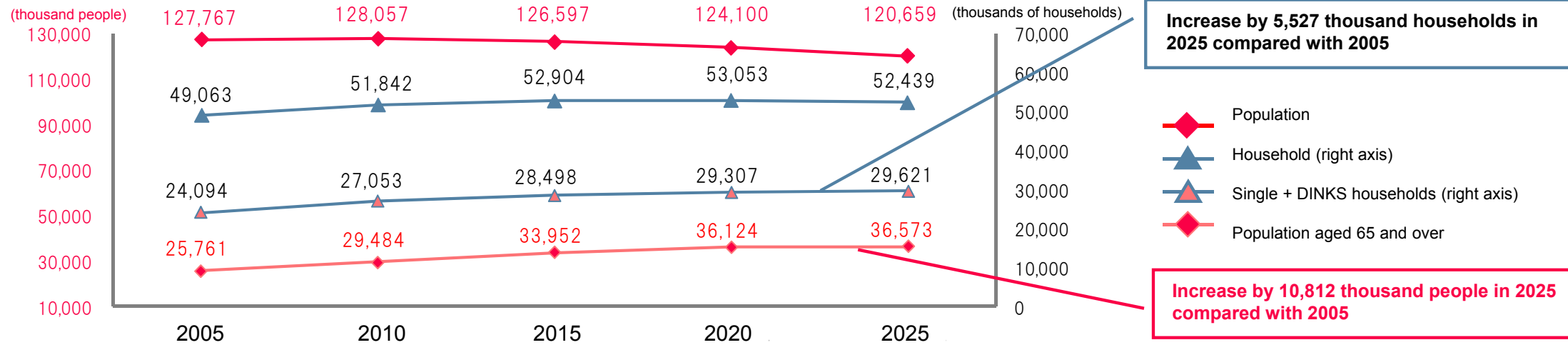
In principle, DHI will invest in properties for which the risk of operating them to house elderly people is limited, by such means as renting out several together to operators DHI judges to have the necessary management capabilities and reliability, or investing in properties for which management support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

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

Building Portfolio: Strengths of DHI Portfolio

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

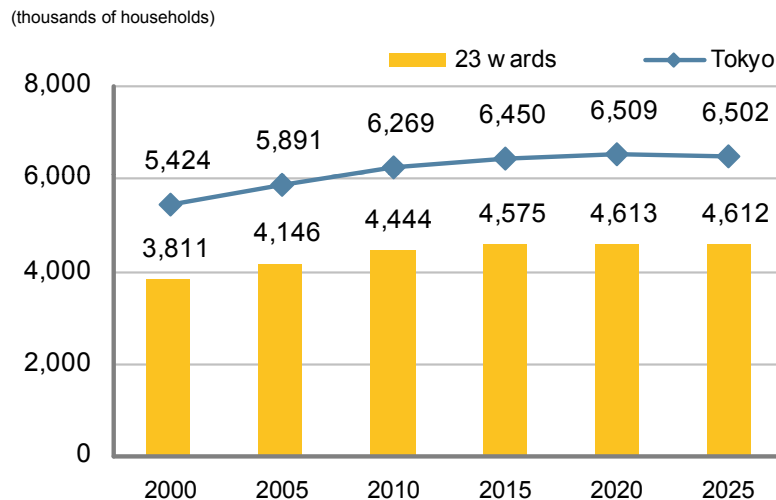
Estimated Population and Number of Households (including forecasts)



(Source) National Institute of Population and Social Security Research "Future Change in Households in Japan" (January 2013) and "Population Projections for Japan: Medium-fertility and Medium-mortality Assumptions" (January 2012)

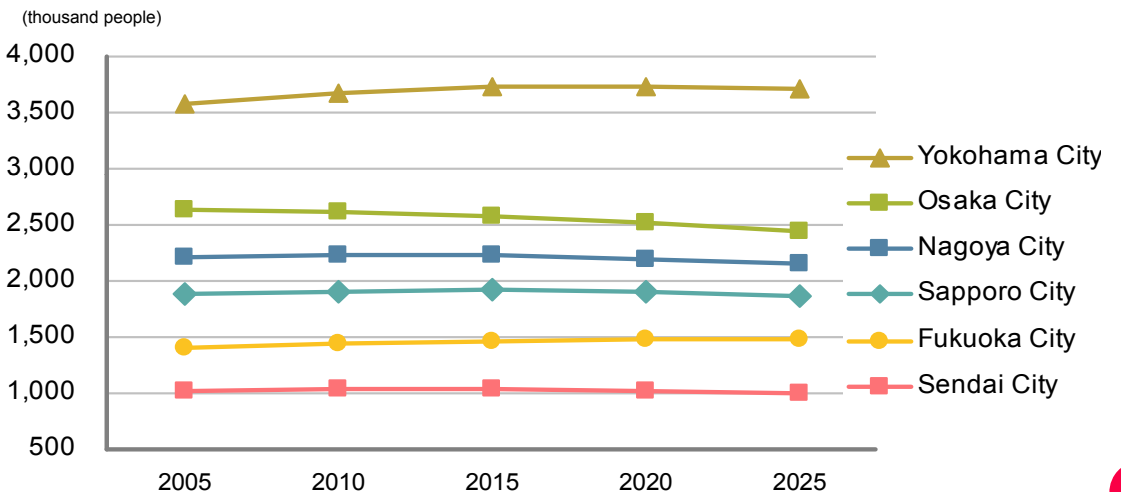
(Source) Statistics Bureau, Ministry of Internal Affairs and Communications "Report on Population Census of Japan" for population in 2005

Estimated Number of Households in Tokyo (including forecasts)



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

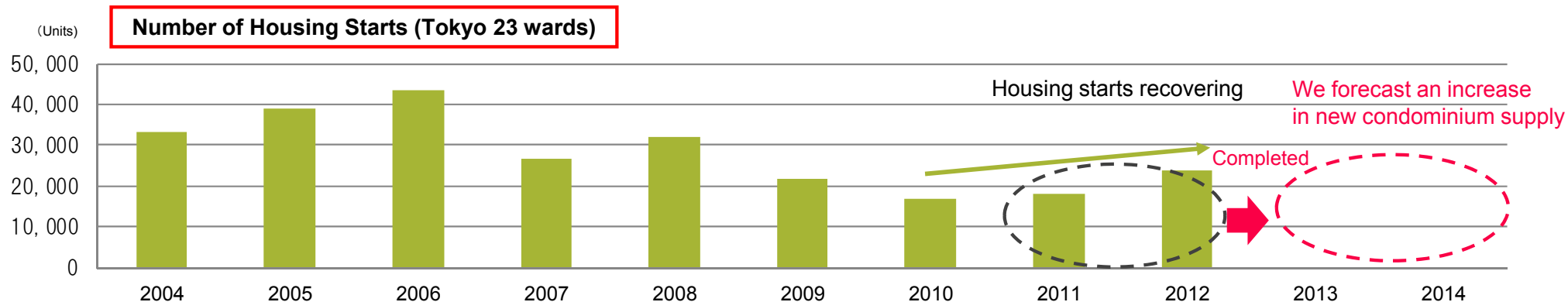
Estimated Population Changes by City (including forecasts)



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

// Number of Housing Starts Trend

- Number of starts for rental condominiums in Tokyo 23 wards were on a recovery trend in 2012, totaling 23,707 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 earth quake-resistance data, and (2) the collapse of emerging condominium developers during the financial crisis post Lehman Shock (2008); however, it got back to a recovery track and we expect new rental condominium supply to increase

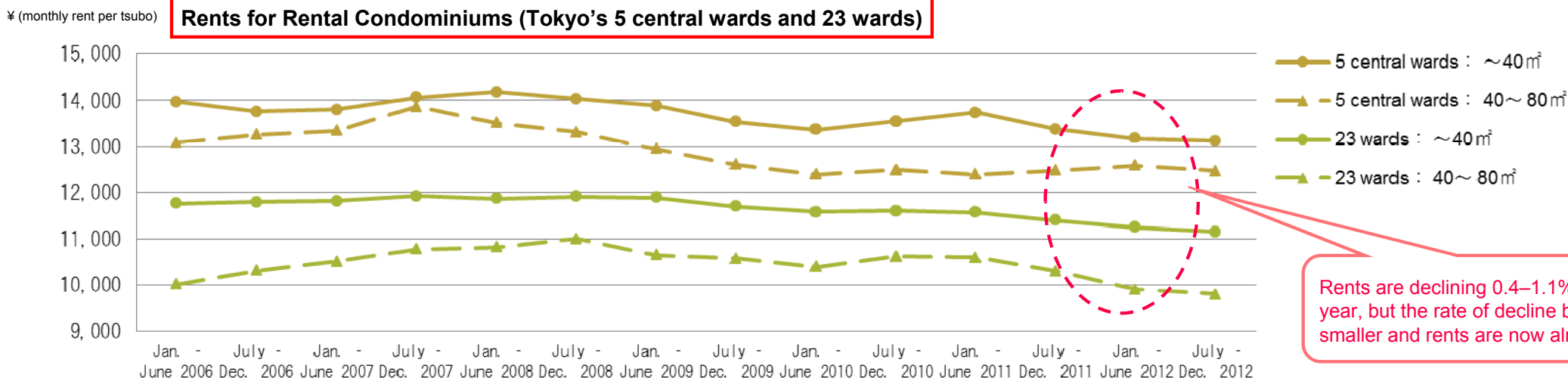


*1) Source: Daiwa House Asset Management Co., Ltd., based on Statistics on Building Starts, Ministry of Land, Infrastructure, Transport and Tourism.

*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

- The decline in condominium rents in Tokyo's 5 central wards and Tokyo's 23 wards has slowed and rents are now almost flat



*1) Source: Daiwa House Asset Management Co., Ltd., based on Survey Results of Housing Market Index 2012 H2, published by the Japan Real Estate Institute (JREI) on March 15, 2013.

*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.

// 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, 2013)

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

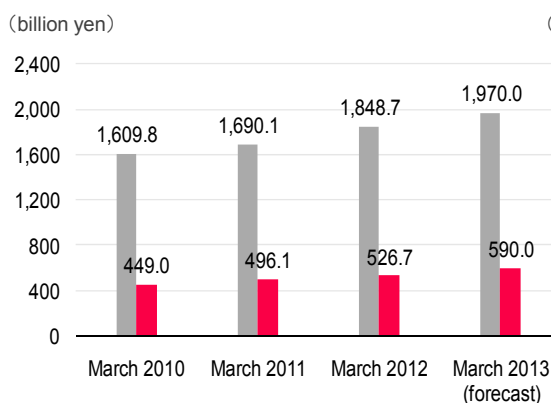
- Using its extensive property planning and development expertise in providing a grand total of around 820,000 rental residences, Daiwa House Industry is developing products that anticipate the needs of residents and landowners
- Daiwa House Industry shows a steady growth in net sales and operating income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

// Number of Rental Residences Managed

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

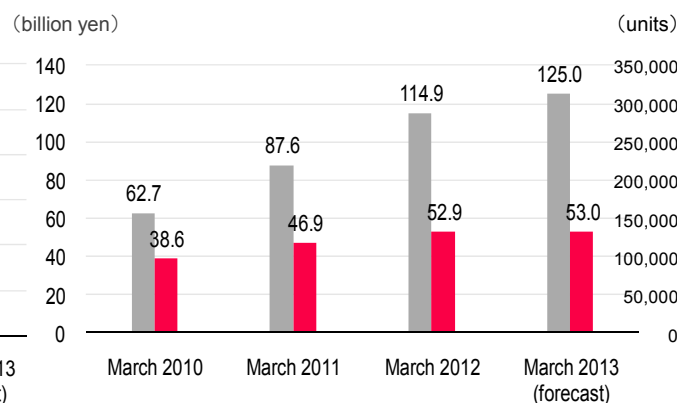
Net Sales (consolidated basis)

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



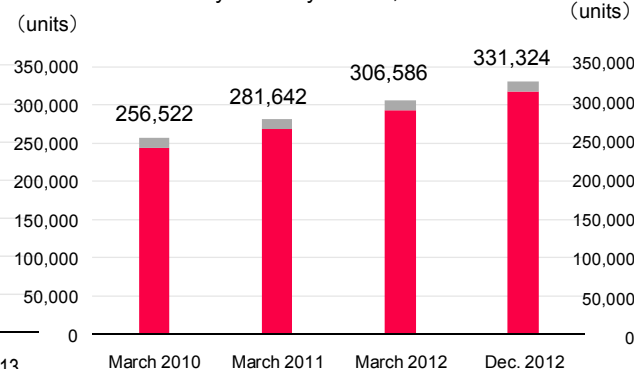
Operating Income (consolidated basis)

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



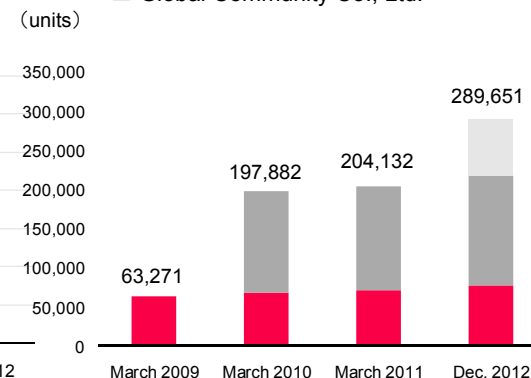
Rental Residences Managed

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



Condominiums Managed

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



(Source) “Financial Factbook” and “Financial Highlights of First Six Months” of Daiwa House Industry.

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2013)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2013	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2012			Appraisal at Feb. 28, 2013			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2012	At Feb. 28, 2013				Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
												CR	DR		TCR	CR		DR	TCR
Area1	1001	Qiz Ebisu	Tanizawa	7,650	7,483	7,470	7,610	(40)	126	140	4.7	4.9	5.0	4.6	4.8	4.9	(0.1)	(0.1)	(0.1)
	1002	Castalia Azabujuban Shichimenzaka	Chuo	4,500	4,374	3,930	3,930	(570)	(444)	0	4.9	4.6	5.1	4.9	4.6	5.1	0.0	0.0	0.0
	1003	Castalia Shibakoen	Tanizawa	2,630	2,536	1,920	1,930	(700)	(606)	10	5.1	5.2	5.4	5.0	5.1	5.3	(0.1)	(0.1)	(0.1)
	1004	Castalia Ginza	Tanizawa	2,520	2,450	1,880	1,890	(630)	(560)	10	5.0	5.1	5.3	4.9	5.0	5.2	(0.1)	(0.1)	(0.1)
	1005	Castalia Hiroo	Tanizawa	2,220	2,174	1,590	1,600	(620)	(574)	10	4.9	5.0	5.2	4.8	4.9	5.1	(0.1)	(0.1)	(0.1)
	1006	Castalia Nihonbashi	Tanizawa	1,200	1,145	1,000	1,030	(170)	(115)	30	5.1	5.2	5.4	5.0	5.1	5.3	(0.1)	(0.1)	(0.1)
	1007	Castalia Hacchobori	Tanizawa	2,300	2,236	1,950	1,990	(310)	(246)	40	5.1	5.2	5.4	5.0	5.1	5.3	(0.1)	(0.1)	(0.1)
	1008	Castalia Azabujuban	Chuo	2,910	2,883	2,370	2,390	(520)	(493)	20	4.9	4.6	5.1	4.9	4.6	5.1	0.0	0.0	0.0
	1009	Castalia Azabujuban II	Chuo	2,690	2,643	2,270	2,270	(420)	(373)	0	4.8	4.5	5.0	4.8	4.5	5.0	0.0	0.0	0.0
	1010	Castalia Shinjuku Natsumezaka	Chuo	1,865	1,836	1,540	1,540	(325)	(296)	0	5.1	4.8	5.3	5.1	4.8	5.3	0.0	0.0	0.0
	1011	Castalia Ginza II	Tanizawa	1,800	1,757	1,470	1,500	(300)	(257)	30	5.0	5.1	5.3	4.9	5.0	5.2	(0.1)	(0.1)	(0.1)
	1012	Castalia Shibuya Sakuragaoka	Tanizawa	1,400	1,387	987	991	(409)	(396)	4	4.9	5.1	5.2	4.8	5.0	5.1	(0.1)	(0.1)	(0.1)
	1015	Castalia Nishi Azabu Kasumicho	Tanizawa	2,143	2,136	1,920	1,930	(213)	(206)	10	5.0	5.1	5.3	4.9	5.0	5.2	(0.1)	(0.1)	(0.1)
	1016	Castalia Ochanomizu	JREI	1,770	1,725	1,850	1,830	60	104	(20)	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	1017	Castalia Sangubashi	Tanizawa	1,393	1,391	1,280	1,310	(83)	(81)	30	5.1	5.3	5.4	5.0	5.2	5.3	(0.1)	(0.1)	(0.1)
	1018	Castalia Suitengu	Tanizawa	1,279	1,244	1,220	1,250	(29)	5	30	5.2	5.2	5.5	5.1	5.1	5.4	(0.1)	(0.1)	(0.1)
	1019	Castalia Suitengu II	Tanizawa	1,138	1,105	1,090	1,090	(48)	(15)	0	5.1	5.2	5.4	5.0	5.1	5.3	(0.1)	(0.1)	(0.1)
	1020	Castalia Shintomicho	Tanizawa	932	901	878	898	(34)	(3)	20	5.2	5.2	5.5	5.1	5.1	5.4	(0.1)	(0.1)	(0.1)
	1021	Castalia Shintomicho II	Tanizawa	825	799	751	768	(57)	(31)	17	5.2	5.2	5.5	5.1	5.1	5.4	(0.1)	(0.1)	(0.1)
	1022	Castalia Harajuku	JREI	887	875	806	793	(94)	(82)	(13)	4.8	4.6	5.0	4.9	4.7	5.1	0.1	0.1	0.1
	1023	Castalia Yoyogi Uehara	JREI	608	598	585	587	(21)	(11)	2	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1024	Castalia Sendagaya	JREI	555	551	536	537	(18)	(14)	1	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1025	Castalia Shinjuku 7 chome	JREI	464	454	447	451	(13)	(3)	4	5.3	5.1	5.5	5.3	5.1	5.5	0.0	0.0	0.0
	1027	Castalia Ningyocho	JREI	947	915	955	963	16	47	8	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1028	Castalia Ningyocho II	JREI	1,070	1,034	1,090	1,100	30	65	10	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1029	Castalia Shin-Ochanomizu	JREI	914	891	903	912	(2)	20	9	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1030	Castalia Higashi Nihonbashi II	JREI	1,370	1,327	1,410	1,420	50	92	10	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1031	Castalia Jinbocho	JREI	1,160	1,128	1,200	1,210	50	81	10	5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
	1032	Castalia Shintomicho III	JREI	675	650	648	652	(23)	1	4	5.1	4.8	5.4	5.1	4.8	5.4	0.0	0.0	0.0

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2013)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2013	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2012	At Feb. 28, 2013			
						③	④			
				①	②	③	④	④-①	④-②	④-③
Area1	1033	Castalia Shinjuku Gyoen	Tanizawa	2,720	2,652	2,570	2,630	(90)	(22)	60
	1034	Castalia Takanawadai	JREI	860	841	887	887	27	45	0
	1035	Castalia Higashi Nihonbashi III	Daiwa	666	644	645	655	(11)	10	10
	1036	Castalia Shinjuku Gyoen II	Tanizawa	486	471	454	462	(24)	(9)	8
	1037	Castalia Shintomicho IV	Daiwa	400	387	374	380	(20)	(7)	6
	1038	Castalia Takanawadai II	JREI	1,190	1,164	1,190	1,180	(10)	15	(10)
	1039	Castalia Minami Azabu	JREI	642	627	591	594	(48)	(33)	3
	1040	Castalia Ginza III	Tanizawa	2,880	2,812	2,550	2,600	(280)	(212)	50
	1041	Castalia Kayabacho	Tanizawa	2,707	2,639	2,570	2,620	(87)	(19)	50
	1042	Castalia Takanawa	Tanizawa	7,430	7,306	6,740	6,850	(580)	(456)	110
	1043	Castalia Higashi Nihonbashi	Chuo	3,520	3,420	3,320	3,400	(120)	(20)	80
	1045	Castalia Shinjuku	Tanizawa	2,950	2,900	2,830	2,900	(50)	0	70
	1046	Castalia Ichigaya	Chuo	940	937	1,220	1,220	280	282	0
	1047	Shibaura Island Bloom Tower	JREI	7,580	7,697	7,880	7,770	190	72	(110)
	1048	Castalia Hatsudai	Daiwa	2,030	2,107	2,180	2,180	150	72	0
Residential Area 1 Subtotal				88,816	87,254	81,947	82,700	(6,116)	(4,554)	753
Area2	2001	Castalia Meguro Kamurozaka	Daiwa	4,500	4,284	3,720	3,730	(770)	(554)	10
	2002	IPSE Toritsudaigaku	Chuo	648	610	506	504	(144)	(106)	(2)
	2004	Castalia Yukigaya	Tanizawa	1,110	1,071	1,010	1,030	(80)	(41)	20
	2005	Castalia Yutenji	Chuo	1,450	1,407	1,180	1,180	(270)	(227)	0
	2006	Castalia Otsuka	Chuo	1,480	1,422	1,390	1,390	(90)	(32)	0
	2007	Castalia Kikukawa	Tanizawa	817	785	716	730	(87)	(55)	14
	2008	Castalia Meguro	JREI	844	833	813	813	(31)	(20)	0
	2009	Castalia Otsuka II	JREI	1,040	1,002	1,010	1,010	(30)	7	0
	2010	Castalia Jiyugaoka	JREI	1,200	1,176	1,210	1,210	10	33	0
	2011	Castalia Mejiro	Chuo	988	960	929	935	(53)	(25)	6
	2012	Castalia Ikebukuro	Daiwa	2,570	2,500	2,300	2,320	(250)	(180)	20
	2013	Castalia Kaname-cho	Tanizawa	1,140	1,109	1,030	1,060	(80)	(49)	30
	2014	Castalia Tower Shinagawa Seaside	Tanizawa	7,380	7,162	7,010	7,180	(200)	17	170
	2015	Castalia Yakumo	Tanizawa	857	842	701	714	(143)	(128)	13
	2016	Castalia Togoshiekimae	JREI	1,560	1,526	1,640	1,650	90	123	10
	2018	Castalia Honjo Azumabashi	Tanizawa	996	964	941	965	(31)	0	24

Appraisal at Aug. 31, 2012			Appraisal at Feb. 28, 2013			End of Previous Fiscal Period Comparison		
Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
5.1	(*)2	5.4	5.0	(*)7	5.3	(0.1)	—	(0.1)
4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0
5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)
5.1	5.3	5.4	5.0	5.2	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)
4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0
4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0
5.0	5.1	5.3	4.9	5.0	5.2	(0.1)	(0.1)	(0.1)
5.2	5.2	5.5	5.1	5.1	5.4	(0.1)	(0.1)	(0.1)
5.1	5.4	5.4	5.0	5.3	5.3	(0.1)	(0.1)	(0.1)
5.5	5.2	5.7	5.4	5.1	5.6	(0.1)	(0.1)	(0.1)
5.1	5.3	5.4	5.0	5.2	5.3	(0.1)	(0.1)	(0.1)
5.1	4.8	5.3	5.1	4.8	5.3	0.0	0.0	0.0
—	4.9	7.0	—	4.9	7.0	—	0.0	0.0
5.0	4.8	5.2	5.0	4.8	5.2	0.0	0.0	0.0
5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
6.0	5.7	6.2	5.9	5.6	6.2	(0.1)	(0.1)	0.0
5.2	5.3	5.5	5.1	5.2	5.4	(0.1)	(0.1)	(0.1)
5.0	4.7	5.2	5.0	4.7	5.2	0.0	0.0	0.0
5.2	4.9	5.4	5.2	4.9	5.4	0.0	0.0	0.0
5.3	5.4	5.6	5.2	5.3	5.5	(0.1)	(0.1)	(0.1)
5.2	4.9	5.4	5.2	4.9	5.4	0.0	0.0	0.0
5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0
5.5	5.2	5.7	5.4	5.1	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)
5.2	5.4	5.5	5.1	5.3	5.4	(0.1)	(0.1)	(0.1)
5.2	5.2	5.5	5.1	5.1	5.4	(0.1)	(0.1)	(0.1)
5.1	5.3	5.4	5.0	5.2	5.3	(0.1)	(0.1)	(0.1)
5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0
5.4	5.5	5.7	5.3	5.4	5.6	(0.1)	(0.1)	(0.1)

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2013)	Appraiser *1	Acquisitio n Price	Book Value at Feb. 28, 2013	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2012			Appraisal at Feb. 28, 2013			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2012	At Feb. 28, 2013				Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
												③	④		④-①	④-②		④-③	CR
Area2	2019	Castalia Kitazawa	JREI	742	723	716	711	(31)	(12)	(5)	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	2020	Castalia Monzennakacho	Tanizawa	503	485	394	413	(90)	0	19	5.3	5.4	5.6	5.5	5.6	5.8	0.2	0.2	0.2
	2023	Castalia Kamiikedai	JREI	198	191	197	197	(1)	1	0	5.8	5.4	6.0	5.8	5.4	6.0	0.0	0.0	0.0
	2024	Castalia Morishita	JREI	832	805	840	853	21	53	13	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	2025	Castalia Wakabayashi koen	Daiwa	776	759	731	735	(41)	84	4	5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)
	2026	Castalia Asakusabashi	Chuo	792	764	759	776	(16)	(47)	17	5.6	5.3	5.8	5.5	5.2	5.7	(0.1)	(0.1)	(0.1)
	2027	Castalia Iriya	Chuo	546	526	552	564	18	171	12	6.0	5.7	6.2	5.9	5.6	6.1	(0.1)	(0.1)	(0.1)
	2028	Castalia Kita Ueno	Tanizawa	2,641	2,550	2,360	2,390	(251)	(30)	30	5.3	5.4	5.6	5.2	5.3	5.5	(0.1)	(0.1)	(0.1)
	2029	Castalia Morishita II	Tanizawa	686	662	698	728	42	81	30	5.3	5.4	5.6	5.2	5.3	5.5	(0.1)	(0.1)	(0.1)
	2030	Castalia Minowa	Tanizawa	1,430	1,379	1,340	1,380	(50)	494	40	5.3	5.4	5.6	5.2	5.3	5.5	(0.1)	(0.1)	(0.1)
	2031	Castalia Oyamadai	Tanizawa	533	522	515	524	(9)	762	9	5.2	5.3	5.5	5.1	5.2	5.4	(0.1)	(0.1)	(0.1)
	2032	Castalia Nakano	JREI	1,060	1,026	1,080	1,080	20	461	0	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	2033	Castalia Yoga	Tanizawa	923	903	958	988	65	28	30	5.1	5.3	5.4	5.0	5.2	5.3	(0.1)	(0.1)	(0.1)
	2034	Castalia Sumiyoshi	Tanizawa	948	914	849	867	(81)	78	18	5.3	5.4	5.6	5.2	5.3	5.5	(0.1)	(0.1)	(0.1)
	2035	Castalia Monzennakacho II	JREI	2,160	2,098	2,250	2,270	110	128	20	5.1	4.9	5.3	5.1	4.9	5.3	0.0	0.0	0.0
	2036	Castalia Oshiage	Tanizawa	1,100	1,060	1,030	1,030	(70)	173	0	5.4	(*3)	5.7	5.3	(*8)	5.6	(0.1)	—	(0.1)
	2037	Castalia Kuramae	Tanizawa	1,260	1,218	1,270	1,300	40	97	30	5.3	(*4)	5.6	5.2	(*9)	5.5	(0.1)	—	(0.1)
	2038	Castalia Nakanobu	Chuo	1,790	1,785	2,230	2,280	490	128	50	5.2	4.9	5.4	5.1	4.8	5.3	(0.1)	(0.1)	(0.1)
	2039	Royal Parks Toyosu	Chuo	7,360	7,317	7,970	8,080	720	0	110	5.7	5.3	6.0	5.6	5.2	5.9	(0.1)	(0.1)	(0.1)
	2040	Castalia Togoshi	Chuo	1,770	1,748	2,160	2,210	440	1	50	5.4	5.1	5.6	5.3	5.0	5.5	(0.1)	(0.1)	(0.1)
	2041	Castalia Ooimachi	Morii	1,181	1,241	1,250	1,270	89	53	20	5.0	4.7	5.3	4.9	4.6	5.2	(0.1)	(0.1)	(0.1)
	2042	Castalia Omori	Chuo	1,500	1,561	1,610	1,640	140	84	30	5.3	5.0	5.5	5.2	4.9	5.4	(0.1)	(0.1)	(0.1)
	2043	Castalia Mishuku	Chuo	1,900	1,971	2,100	2,100	200	(47)	0	5.1	4.8	5.3	5.1	4.8	5.3	0.0	0.0	0.0
	2044	Castalia Arakawa	Chuo	1,660	1,716	1,820	1,890	230	171	70	5.7	5.4	5.9	5.5	5.2	5.7	(0.2)	(0.2)	(0.2)
	2045	Castalia Omori II	Morii	2,370	2,412	2,470	2,510	140	(30)	40	5.1	4.8	5.4	5.0	4.7	5.3	(0.1)	(0.1)	(0.1)
	2046	Castalia Nakameguro (*13)	Morii	3,800	3,871	4,000	4,000	200	81	0	4.8	4.5	5.1	4.8	4.5	5.1	0.0	0.0	0.0
Residential Area 2 Subtotal				69,041	67,878	68,255	69,207	166	1,328	952									
Area3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,644	1,610	1,660	(14)	15	50	5.9	5.6	6.2	5.7	5.4	6.0	(0.2)	(0.2)	(0.2)
	3002	Castalia Tsurumi	Chuo	666	645	667	656	(10)	10	(11)	6.1	5.8	6.4	6.1	5.8	6.4	0.0	0.0	0.0
	3003	Castalia Funabashi	Tanizawa	704	703	690	721	17	17	31	5.9	(*5)	6.2	5.8	(*10)	6.1	(0.1)	—	(0.1)
	3006	Castalia Nishi Funabashi	JREI	783	758	735	730	(53)	(28)	(5)	6.1	5.9	6.3	6.1	5.9	6.3	0.0	0.0	0.0
	3007	Castalia Maihama	Tanizawa	670	648	561	571	(99)	(77)	10	6.0	6.0	6.3	5.9	5.9	6.2	(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 February 28, 2013)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2013	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison
						At Aug. 31, 2012	At Feb. 28, 2013			
						③	④			
				①	②	③	④	④-①	④-②	④-③
Area3	3008	Castalia Ichikawamyoden	Tanizawa	671	651	645	657	(14)	5	12
	3010	Castalia Urayasu	Tanizawa	592	572	548	559	(33)	(13)	11
	3011	Castalia Minamigyotoku	Tanizawa	543	525	494	498	(45)	(27)	4
	3012	NCR Minamigyotoku II	Tanizawa	385	372	346	348	(37)	(24)	2
	3013	Castalia NogeYama	JREI	325	315	276	276	(49)	(39)	0
	3017	Castalia Ichikawa	JREI	461	442	493	495	34	52	2
	3018	Royal Parks Hanakoganei	Daiwa	5,300	5,550	5,650	5,650	350	99	0
Residential Area 3 Subtotal				12,774	12,831	12,715	12,821	47	(10)	106
Area4	4001	Castalia Shinsakae	Chuo	1,920	1,810	1,460	1,450	(470)	(360)	(10)
	4008	Aprile Tarumi	JREI	1,340	1,268	1,300	1,300	(40)	31	0
	4009	Crest Kusatsu	Tanizawa	3,004	2,836	2,690	2,730	(274)	(106)	40
	4010	Castalia Sakaisuji Honmachi	Tanizawa	1,490	1,431	1,460	1,500	10	68	40
	4011	Castalia Shin-Umeda	Tanizawa	1,376	1,314	1,400	1,430	54	115	30
	4012	Castalia Abeno	Tanizawa	4,368	4,222	4,100	4,140	(228)	(82)	40
	4014	Castalia Sakae	Chuo	1,010	968	1,040	1,050	40	81	10
	4015	Castalia Nipponbashi Kouzu	Tanizawa	3,570	3,399	3,350	3,410	(160)	10	60
	4016	Castalia Maruyama Urasando	Tanizawa	411	395	419	439	28	43	20
	4017	Castalia Maruyama Omotesando	Tanizawa	1,740	1,677	1,670	1,730	(10)	52	60
	4018	Castalia Higashi Hie	Tanizawa	960	919	905	937	(23)	17	32
	4019	Castalia Tower Nagahoribashi	Chuo	3,400	3,242	3,630	3,750	350	507	120
	4020	Castalia Sannomiya	Daiwa	1,230	1,176	1,300	1,330	100	153	30
	4021	Castalia Kotodaikoen	Daiwa	481	458	473	478	(3)	19	5
	4022	Castalia Ichibancho	Daiwa	783	752	770	783	0	30	13
	4023	Castalia Omachi	Daiwa	656	623	606	630	(26)	6	24
	4024	Castalia Uemachidai	Daiwa	2,190	2,104	2,320	2,320	130	215	0
	4025	Castalia Tower Higobashi	Chuo	2,670	2,571	3,000	3,040	370	468	40
	4026	Big Tower Minami Sanjo	Daiwa	1,740	1,669	2,160	2,170	430	500	10
	4027	Castalia Fushimi	JREI	2,260	2,233	2,600	2,650	390	416	50
	4028	Castalia Meieki Minami	Morii	720	734	788	801	81	66	13

Appraisal at Aug. 31, 2012			Appraisal at Feb. 28, 2013			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
5.9	6.1	6.3	5.8	6.0	6.2	(0.1)	(0.1)	(0.1)
5.9	5.9	6.3	5.8	5.8	6.2	(0.1)	(0.1)	(0.1)
5.8	5.8	6.1	5.7	5.7	6.0	(0.1)	(0.1)	(0.1)
5.8	5.8	6.1	5.7	5.7	6.0	(0.1)	(0.1)	(0.1)
6.0	5.8	6.2	6.0	5.8	6.2	0.0	0.0	0.0
6.0	5.8	6.2	6.0	5.8	6.2	0.0	0.0	0.0
5.9	(*6)	6.1	5.9	(*11)	6.1	0.0	—	0.0
5.9	5.6	6.2	5.9	5.6	6.2	0.0	0.0	0.0
6.6	6.4	6.8	6.6	6.4	6.8	0.0	0.0	0.0
7.7	7.8	8.0	7.6	7.7	7.9	(0.1)	(0.1)	(0.1)
5.8	5.9	6.1	5.7	5.8	6.0	(0.1)	(0.1)	(0.1)
5.9	6.0	6.2	5.8	5.9	6.1	(0.1)	(0.1)	(0.1)
5.8	5.9	6.1	5.7	5.8	6.0	(0.1)	(0.1)	(0.1)
5.8	5.5	6.1	5.8	5.5	6.1	0.0	0.0	0.0
5.9	6.0	6.2	5.8	5.9	6.1	(0.1)	(0.1)	(0.1)
6.2	6.2	6.5	6.1	6.1	6.4	(0.1)	(0.1)	(0.1)
6.2	6.2	6.5	6.1	6.1	6.4	(0.1)	(0.1)	(0.1)
6.1	6.3	6.4	6.0	6.2	6.3	(0.1)	(0.1)	(0.1)
5.6	5.3	5.9	5.6	5.3	5.9	0.0	0.0	0.0
6.0	5.8	6.2	6.0	5.8	6.2	0.0	0.0	0.0
6.3	6.3	6.5	6.3	6.3	6.5	0.0	0.0	0.0
6.3	6.3	6.5	6.3	6.3	6.5	0.0	0.0	0.0
6.3	6.3	6.5	6.3	6.3	6.5	0.0	0.0	0.0
5.6	5.4	5.8	5.6	5.4	5.8	0.0	0.0	0.0
5.6	5.3	5.9	5.6	5.3	5.9	0.0	0.0	0.0
6.1	5.9	6.3	6.1	5.9	6.3	0.0	0.0	0.0
5.8	5.6	6.0	5.7	5.5	5.9	(0.1)	(0.1)	(0.1)
5.7	5.4	6.0	5.6	5.3	5.9	(0.1)	(0.1)	(0.1)

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of February 28, 2013)	Appraiser *1	Acquisition Price	Book Value at Feb. 28, 2013	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Aug. 31, 2012			Appraisal at Feb. 28, 2013			End of Previous Fiscal Period Comparison		
						At Aug. 31, 2012	At Feb. 28, 2013				Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method		Direct Capitalizatio n Method	DCF Method	
				①	②	③	④	④-①	④-②	④-③	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
Area 4	4029	Castalia Yakuin	Morii	930	986	998	1,020	90	33	22	5.7	5.4	6.0	5.6	5.3	5.9	(0.1)	(0.1)	(0.1)
	4030	Castalia Mibu	JREI	1,193	1,240	1,220	1,240	47	0	20	5.9	5.7	6.1	5.9	5.7	6.1	0.0	0.0	0.0
	4031	Castalia Tsutsujigaoka (*13)	Morii	1,209	1,289	1,320	1,350	141	60	30	6.1	5.8	6.4	6.0	5.7	6.3	(0.1)	(0.1)	(0.1)
	Residential Area 4 Subtotal			40,651	39,328	41,009	41,678	1,027	2,349	669									
Area 4	8002	FOLEO TOWN Tsutsui	Daiwa	1,410	1,413	1,040	1,040	(370)	(373)	0	6.7	6.5	7.2	6.7	6.5	7.2	0.0	0.0	0.0
Retail Properties Subtotal				1,410	1,413	1,040	1,040	(370)	(373)	0									
Total				212,692	208,706	204,966	207,446	(5,246)	(1,260)	2,480									

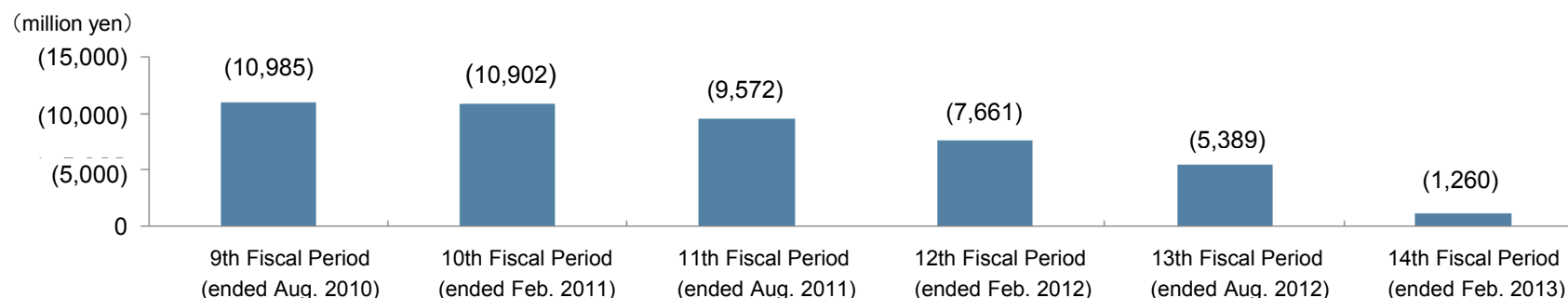
CR is CAP Rate, DR is Discount Rate, TCR is Terminal Cap Rate.

Book value comparison improved ¥4,128 million from the previous period

Real estate appraisal values have improved for 5 consecutive fiscal periods

- *1) Under "Appraiser," "Tanizawa" is Tanizawa Sogo Appraisal Co., Ltd. "Chuo" is Chuo Real Estate Appraisal Co., Ltd. "Daiwa" is Daiwa Real Estate Appraisal Co., Ltd. and "JREI" is Japan Real Estate Institute, "Morii" is Morii Appraisal & Investment Consulting, Inc.
- *2) 5.2% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates). *3) 5.7% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates).
- *4) 5.5% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates). *5) 6.1% (1 to 4 years after appraisal dates), 5.7% (5 to 11 years after appraisal dates).
- *6) 5.7% (1 to 10 years after appraisal dates), 6.1% (11 to 82 years after appraisal dates). *7) 5.1% (1 to 10 years after appraisal dates), 5.2 (11 year after appraisal dates).
- *8) 5.6% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates). *9) 5.4% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates).
- *10) 6.0% (1 to 4 years after appraisal dates), 5.6% (5 to 11 years after appraisal dates). *11) 5.7% (1 to 10 years after appraisal dates), 6.1% (11 to 81 years after appraisal dates).
- *12) 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.
- *13) For properties acquired in 14th fiscal period (February 2013), based on appraisal value as of acquisition date. Date of appraisal are November 1, 2012 (Castalia Nakameguro) and August 1, 2012 (Castalia Tsutsujigaoka).

Improvement in unrealized losses



Portfolio Data (as of April 11, 2013)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area1	1001	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,230.39	96	7,650	3.5	7,610
	1002	Castalia Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,492.93	96	4,500	2.1	3,930
	1003	Castalia Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	1.2	1,930
	1004	Castalia Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	1.2	1,890
	1005	Castalia Hiroo	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,621.59	24	2,220	1.0	1,600
	1006	Castalia Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73	51	1,200	0.5	1,030
	1007	Castalia Hacchobori	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	1.1	1,990
	1008	Castalia Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	1.3	2,390
	1009	Castalia Azabujuban II	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	1.2	2,270
	1010	Castalia Shinjuku Natsumezaka	10-1 Kikuicho, Shinjuku Ward, Tokyo (*5)	1,917.62	41	1,865	0.9	1,540
	1011	Castalia Ginza II	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	0.8	1,500
	1012	Castalia Shibuya Sakuragaoka	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	0.6	991
	1015	Castalia Nishi Azabu Kasumicho	1-3-12 Nishi Azabu, Minato Ward, Tokyo	2,779.77	37	2,143	1.0	1,930
	1016	Castalia Ochanomizu	3-24-1 Kanda Ogawamachi, Chiyoda Ward, Tokyo	2,559.21	44	1,770	0.8	1,830
	1017	Castalia Sangubashi	4-52-12 Yoyogi, Shibuya Ward, Tokyo	1,898.47	26	1,393	0.6	1,310
	1018	Castalia Suitengu	2-8-13 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,940.94	62	1,279	0.6	1,250
	1019	Castalia Suitengu II	1-38-16 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,858.34	55	1,138	0.5	1,090
	1020	Castalia Shintomicho	3-10-10 Irifune, Chuo Ward, Tokyo	1,444.52	40	932	0.4	898
	1021	Castalia Shintomicho II	2-6-4 Irifune, Chuo Ward, Tokyo	1,244.54	33	825	0.4	768
	1022	Castalia Harajuku	3-55-3 Sendagaya, Shibuya Ward, Tokyo	1,225.26	21	887	0.4	793
	1023	Castalia Yoyogi Uehara	1-17-16 Uehara, Shibuya Ward, Tokyo	811.95	25	608	0.3	587
	1024	Castalia Sendagaya	2-9-10 Sendagaya, Shibuya Ward, Tokyo	803.03	21	555	0.3	537
	1025	Castalia Shinjuku 7 chome	7-17-16 Shinjuku, Shinjuku Ward, Tokyo	957.60	23	464	0.2	451
	1027	Castalia Ningyocho	7-15 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,747.90	32	947	0.4	963
	1028	Castalia Ningyocho II	8-12 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,826.80	38	1,070	0.5	1,100
	1029	Castalia Shin-Ochanomizu	2-3-3 Kanda Awajicho, Chiyoda Ward, Tokyo (*5)	1,308.38	32	914	0.4	912
	1030	Castalia Higashi Nihonbashi II	12-11 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	2,117.46	63	1,370	0.6	1,420
	1031	Castalia Jinbocho	2-40-8 Kanda Jimbocho, Chiyoda Ward, Tokyo	1,628.80	60	1,160	0.5	1,210

Portfolio Data (as of April 11, 2013)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area1	1032	Castalia ShintomichoⅢ	2-8-8 Irifune, Chuo Ward, Tokyo	972.51	41	675	0.3	652
	1033	Castalia Shinjuku Gyoen	2-14-4 Shinjuku, Shinjuku Ward, Tokyo	3,594.16	108	2,720	1.2	2,630
	1034	Castalia Takanawadai	3-4-12 Takanawa, Minato Ward, Tokyo	1,147.44	32	860	0.4	887
	1035	Castalia Higashi NihonbashiⅢ	3-5-6 Higashi Nihonbashi, Chuo Ward, Tokyo	1,105.20	48	666	0.3	655
	1036	Castalia Shinjuku Gyoen Ⅱ	1-29-15 Shinjuku, Shinjuku Ward, Tokyo	668.79	27	486	0.2	462
	1037	Castalia ShintomichoⅣ	3-10-8 Irifune, Chuo Ward, Tokyo	681.00	20	400	0.2	380
	1038	Castalia Takanawadai Ⅱ	3-5-6 Takanawa, Minato Ward, Tokyo	1,567.84	40	1,190	0.5	1,180
	1039	Castalia Minami Azabu	2-2-27 Minami Azabu, Minato Ward, Tokyo	882.67	24	642	0.3	594
	1040	Castalia GinzaⅢ	8-18-2 Ginza, Chuo Ward, Tokyo	3,494.42	96	2,880	1.3	2,600
	1041	Castalia Kayabacho	2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo	4,602.95	88	2,707	1.2	2,620
	1042	Castalia Takanawa	2-17-12 Takanawa, Minato Ward, Tokyo	10,408.26	169	7,430	3.4	6,850
	1043	Castalia Higashi Nihonbashi	9-14 Nihonbashi Yokoyamacho, Chuo Ward, Tokyo	6,442.28	103	3,520	1.6	3,400
	1045	Castalia Shinjuku	2-6-11 Shinjuku, Shinjuku Ward, Tokyo	3,150.80	122	2,950	1.4	2,900
	1046	Castalia Ichigaya	14-4 Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo (*5)	1,546.34	50	940	0.4	1,220
	1047	Shibaura Island Bloom Tower	4-20-2, 3, 4, Shibaura, Minato Ward, Tokyo	16,849.50	213	7,580	3.5	7,770
	1048	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	3,077.05	81	2,030	2.1	2,180
Area2	2001	Castalia Meguro Kamurozaka	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	0.3	3,730
	2002	IPSE Toritsudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	0.5	504
	2004	Castalia Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30	52	1,110	0.7	1,030
	2005	Castalia Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35	29	1,450	0.7	1,180
	2006	Castalia Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	0.4	1,390
	2007	Castalia Kikukawa	2-1-12 Kikukawa, Sumida Ward, Tokyo	1,168.18	43	817	0.4	730
	2008	Castalia Meguro	2-1-13 Meguro, Meguro Ward, Tokyo	1,414.73	26	844	0.5	813
	2009	Castalia Otsuka Ⅱ	2-32-20 Higashi Ikebukuro, Toshima Ward, Tokyo	1,784.50	54	1,040	0.5	1,010
	2010	Castalia Jiyugaoka	1-20-1 Jiyugaoka, Meguro Ward, Tokyo	1,472.47	40	1,200	0.5	1,210
	2011	Castalia Mejiro	2-8-16 Takada, Toshima Ward, Tokyo	1,658.90	29	988	1.2	935
	2012	Castalia Ikebukuro	3-1-12 Nishi Ikebukuro, Toshima Ward, Tokyo	3,644.35	87	2,570	0.5	2,320
	2013	Castalia Kaname-cho	5-26-10 Nishi Ikebukuro, Toshima Ward, Tokyo	1,624.06	73	1,140	3.4	1,060
	2014	Castalia Tower Shinagawa Seaside	4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo	12,732.35	208	7,380	2.1	7,180

Portfolio Data (as of April 11, 2013)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area2	2015	Castalia Yakumo	2-20-5 Yakumo, Meguro Ward, Tokyo	1,276.91	18	857	0.4	714
	2016	Castalia Togoshiekimae	1-7-16 Hiratsuka, Shinagawa Ward, Tokyo	2,014.12	64	1,560	0.7	1,650
	2018	Castalia Honjo Azumabashi	3-7-11 Honjo, Sumida Ward, Tokyo	2,255.88	35	996	0.5	965
	2019	Castalia Kitazawa	1-15-5 Kitazawa, Setagaya Ward, Tokyo	1,220.16	15	742	0.3	711
	2020	Castalia Monzennakacho	1-17-12 Fukuzumi, Koto Ward, Tokyo	887.94	31	503	0.2	413
	2023	Castalia Kamiikedai	1-4-15 Kamiikedai, Ota Ward, Tokyo	414.45	12	198	0.1	197
	2024	Castalia Morishita	1-16-12 Morishita, Koto Ward, Tokyo	1,383.90	38	832	0.4	853
	2025	Castalia Wakabayashi koen	4-39-4 Wakabayashi, Setagaya Ward, Tokyo	1,425.43	23	776	0.4	735
	2026	Castalia Asakusabashi	2-16-21 Yanagibashi, Taito Ward, Tokyo	1,537.84	32	792	0.4	776
	2027	Castalia Iriya	3-1-28 Shitaya, Taito Ward, Tokyo	1,415.15	22	546	0.2	564
	2028	Castalia Kita Ueno	1-15-5 Kita Ueno, Taito Ward, Tokyo	4,197.66	102	2,641	1.2	2,390
	2029	Castalia Morishita II	2-12-11 Shin Ohashi, Koto Ward, Tokyo	1,275.60	40	686	0.3	728
	2030	Castalia Minowa	5-24-4 Negishi, Taito Ward, Tokyo	2,406.41	78	1,430	0.7	1,380
	2031	Castalia Oyamadai	7-14-13 Todoroki, Setagaya Ward, Tokyo	857.32	28	533	0.2	524
	2032	Castalia Nakano	2-12-13 Arai, Nakano Ward, Tokyo	1,613.86	42	1,060	0.5	1,080
	2033	Castalia Yoga	1-3-12 Tamagawadai, Setagaya Ward, Tokyo	1,472.38	45	923	0.4	988
	2034	Castalia Sumiyoshi	2-8-11 Sumiyoshi, Koto Ward, Tokyo	1,362.60	60	948	0.4	867
	2035	Castalia Monzennakacho II	2-2-9 Tomioka, Koto Ward, Tokyo	3,038.98	94	2,160	1.0	2,270
	2036	Castalia Oshiage	3-5-2 Mukojima, Sumida Ward, Tokyo	1,785.24	60	1,100	0.5	1,030
	2037	Castalia Kuramae	3-9-4 Kuramae, Taito Ward, Tokyo	1,994.93	67	1,260	0.6	1,300
	2038	Castalia Nakanobu	4-7-11 Nakanobu, Shinagawa Ward, Tokyo	2,421.82	83	1,790	0.8	2,280
	2039	Royal Parks Toyosu	3-5-21 Toyosu, Koto Ward, Tokyo	18,112.03	276	7,360	3.4	8,080
	2040	Castalia Togoshi	5-2-1 Togoshi, Shinagawa Ward, Tokyo	2,629.59	120	1,770	0.8	2,210
	2041	Castalia Ooimachi	4-2-11 Ooi, Shinagawa Ward, Tokyo	1,413.75	65	1,181	0.5	1,270
	2042	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	2,046.36	60	1,500	0.7	1,640
	2043	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Toyko	2,654.53	53	1,900	0.9	2,100
	2044	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	3,797.92	70	1,660	0.8	1,890
	2045	Castalia Omori II	1-8-13, Omori kita, Omori Ward, Tokyo	2,818.70	112	2,370	1.1	2,510
	2046	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	3,166.71	101	3,800	1.7	4,000

Portfolio Data (as of April 11, 2013)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area3	3001	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa	4,208.83	59	1,674	0.8	1,660
	3002	Castalia Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	1,452.09	32	666	0.3	656
	3003	Castalia Funabashi	4-4-8 Honcho, Funabashi City, Chiba	1,552.01	87	704	0.3	721
	3006	Castalia Nishi Funabashi	4-19-16 Nishifuna, Funabashi City, Chiba	1,597.32	81	783	0.4	730
	3007	Castalia Maihama	5-14-17 Fujimi, Urayasu City, Chiba	1,287.72	61	670	0.3	571
	3008	Castalia Ichikawamyoden	2-14-20 Shioyaki, Ichikawa City, Chiba	1,218.00	58	671	0.3	657
	3010	Castalia Urayasu	3-30-4 Arai, Ichikawa City, Chiba	1,074.53	51	592	0.3	559
	3011	Castalia Minamigyotoku	4-1-26 Minami Gyotoku, Ichikawa City, Chiba	1,031.81	49	543	0.2	498
	3012	Castalia Minamigyotoku II	4-1-5 Minami Gyotoku, Ichikawa City, Chiba	724.63	35	385	0.2	348
	3013	Castalia Nogeyama	1-8 Hinodecho, Naka Ward, Yokohama City, Kanagawa (*5)	744.90	30	325	0.1	276
	3017	Castalia Ichikawa	1-24-3 Ichikawa, Ichikawa City, Chiba	876.89	40	461	0.2	495
	3018	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	18,153.57	279	5,300	2.4	5,650
Area4	4001	Castalia Shinsakae	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi	3,548.48	131	1,920	0.9	1,450
	4008	Aprile Tarumi	7-3-1 Takamaru, Tarumi Ward, Kobe City, Hyogo	6,545.25	99	1,340	0.6	1,300
	4009	Crest Kusatsu	5-3-27 Kasayama, Kusatsu City, Shiga	13,452.80	540	3,004	1.4	2,730
	4010	Castalia Sakaisuji Honmachi	1-3-7 Kyutaromachi, Chuo Ward, Osaka City, Osaka	3,471.39	117	1,490	0.7	1,500
	4011	Castalia Shin-Umeda	6-8-21 Nakatsu, Kita Ward, Osaka City, Osaka	3,279.90	108	1,376	0.6	1,430
	4012	Castalia Abeno	2-4-37 Abenosuji, Abeno Ward, Osaka City, Osaka	10,832.11	153	4,368	2.0	4,140
	4014	Castalia Sakae	4-16-10 Sakae, Naka Ward, Nagoya City, Aichi	2,836.00	73	1,010	0.5	1,050
	4015	Castalia Nipponbashi Kouzu	2-4-6 Kouzu, Chuo Ward, Osaka City, Osaka	9,334.47	262	3,570	1.6	3,410
	4016	Castalia Maruyama Urasando	21-1-47 Minami 2 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	1,522.89	36	411	0.2	439
	4017	Castalia Maruyama Omotesando	21-2-1 Kita 1 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	6,100.31	146	1,740	0.8	1,730
	4018	Castalia Higashi Hie	5-31 Hiemachi, Hakata Ward, Fukuoka City, Fukuoka	3,061.60	115	960	0.4	937
	4019	Castalia Tower Nagahoribashi	1-15-25 Shimanouchi, Chuo Ward, Osaka City, Osaka	8,747.40	133	3,400	1.6	3,750
	4020	Castalia Sannomiya	3-2-31 Isobedori, Chuo Ward, Kobe City, Hyogo	3,071.60	112	1,230	0.6	1,330

Portfolio Data (as of April 11, 2013)

Area *1	No.	Property Name	Address (Residence indication)	Leasable Area (m ²)	Leasable Units (units)	Acquisition Price (mn yen) *2	Acquisition Price Ratio (%) *3	Appraisal Values (mn yen) *4
Area4	4021	Castalia Kotodaikoen	3-10-24 Kokubuncho, Aoba Ward, Sendai City, Miyagi	1,684.10	50	481	0.2	478
	4022	Castalia Ichibancho	1-6-27, 30 Ichibancho, Aoba Ward, Sendai City, Miyagi	2,800.32	68	783	0.4	783
	4023	Castalia Omachi	2-5-8 Omachi, Aoba Ward, Sendai City, Miyagi	2,149.08	72	656	0.3	630
	4024	Castalia Uemachidai	4-1-12 Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	5,415.39	69	2,190	1.0	2,320
	4025	Castalia Tower Higobashi	1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka	6,230.20	194	2,670	1.2	3,040
	4026	Big Tower Minami Sanjo	2-15-1 Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido (*5)	8,661.19	179	1,740	0.8	2,170
	4027	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	7,022.69	123	2,260	1.0	2,650
	4028	Castalia Meieki Minami	1-12-22, Meiekinami, Nakamura Ward, Nagoya City, Aichi	1,822.10	70	720	0.3	801
	4029	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	2,784.83	118	930	0.4	1,020
	4030	Castalia Mibu	79, Mibu, Aiai-chou, Nakagyo Ward, Kyoto City, Kyoto (*5)	2,828.39	78	1,193	0.5	1,240
	4031	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	4,471.11	84	1,209	0.6	1,350
	4032	Castalia Ohori Bay Tower	1-6-6, Minato, Chuo-ku, Fukuoka city, Fukuoka	11,089.75	215	2,910	1.3	(*6) 3,520
	4033	Royal Parks Namba	2-2-40, Minato machi, Naniwa-ku, Osaka city, Osaka	10,354.15	162	2,830	1.3	(*6) 2,940
Total of Residential Properties (124 properties)				401,468.41	9,672	217,022	99.4	212,866
Area4	8002	FOLEO TOWN Tsutsui	531-1 Tsutsuimachi, Yamato Koriyama City, Nara (*5)	4,022.27	11	1,410	0.6	1,040
Total of Retail Properties (1 properties)				4,022.27	11	1,410	0.6	1,040
Total Owned Assets (125 properties)				405,490.68	9,683	218,432	100.0	213,906

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

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

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

*4) "Appraisal Values" column indicates real estate appraisal values as of February 28, 2013. Amounts rounded to ¥ million units.

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

*6) The appraisal values as of acquisition.

*7) "Leasable floor area" is the floor area of the real estate or the real estate in trust that are leasable based on information as of February 28, 2013.

Summary of Financial Results

	8th Fiscal Period (ended Nov. 2009)	9th Fiscal Period (ended Aug. 2010)	10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	Variation Between 13th Fiscal Period
Operating days	183 days	274 days	181 days	184 days	182 days	184 days	181 days	(3 days)
Operating Revenue	1,478 mn yen	6,514 mn yen	7,793 mn yen	6,728 mn yen	7,421 mn yen	7,746 mn yen	7,612 mn yen	(133 mn yen)
[gains from property disposition]	—	22 mn yen	1,062 mn yen	0 mn yen	—	112 mn yen	—	(112 mn yen)
Operating Income	742 mn yen	2,951 mn yen	3,796 mn yen	2,478 mn yen	3,434 mn yen	3,691 mn yen	3,398 mn yen	(292 mn yen)
[losses from property disposition]	—	—	305 mn yen	501 mn yen	63 mn yen	—	192 mn yen	+192 mn yen
Ordinary Income	437 mn yen	1,845 mn yen	2,761 mn yen	1,437 mn yen	2,357 mn yen	2,724 mn yen	2,529 mn yen	(195 mn yen)
Net Income	436 mn yen	20,918 mn yen	3,245 mn yen	1,401 mn yen	2,234 mn yen	2,616 mn yen	2,528 mn yen	(88 mn yen)
Distribution Per Unit	8,862 yen	15,341 yen	16,880 yen	16,320 yen	16,000 yen	16,264 yen	16,947 yen	+683 yen
Payout Ratio * 1	100.0%	6.5%	61.8%	138.2%	109.1%	99.8%	107.6%	+7.8%
Outstanding Units Issued at End of Fiscal Period	49,260 units	118,735 units	118,735 units	118,735 units	160,535 units	160,535 units	160,535 units	—
Real Estate Lease Business Revenue	1,478 mn yen	6,491 mn yen	6,731 mn yen	6,728 mn yen	7,421 mn yen	7,633 mn yen	7,612 mn yen	(20 mn yen)
Real Estate Expenses Related To Rent Business	590 mn yen	2,714 mn yen	2,982 mn yen	3,053 mn yen	3,167 mn yen	3,270 mn yen	3,265 mn yen	(5 mn yen)
Real Estate Lease Business Income	888 mn yen	3,777 mn yen	3,748 mn yen	3,674 mn yen	4,254 mn yen	4,362 mn yen	4,347 mn yen	(15 mn yen)
Rent NOI	1,162 mn yen	4,850 mn yen	4,895 mn yen	4,850 mn yen	5,618 mn yen	5,774 mn yen	5,770 mn yen	(4 mn yen)
NOI Yield * 2	4.53%	4.99%	5.13%	5.05%	5.48%	5.42%	5.49%	+0.07%

<Portfolio at End of Fiscal Period>

Number of Owned Properties	24	127	121	121	125	123	123	+0
Total Acquisition Price *2	51,139 mn yen	192,603 mn yen	192,176 mn yen	192,192 mn yen	210,282 mn yen	211,035 mn yen	212,692 mn yen	+1,657 mn yen
Leasable Units	1,350 units	8,139 units	8,314 units	8,402 units	9,164 units	9,181 units	9,305 units	+124 units
	[Store: 30 units]	[Store: 63 units]	[Store: 67 units]	[Store: 69 units]	[Store: 74 units]	[Store: 78 units]	[Store: 82 units]	[Store: +4 units]
Properties Acquired (Disposed) in The Fiscal Period *3	—	107/ 142,128 mn yen	4/ 13,130 mn yen	3/ 3,401 mn yen	6/ 18,933 mn yen	2/ 4,030 mn yen	2/ 5,009 mn yen	+0/ +979 mn yen
Properties Disposed in the Fiscal Period *3	—	4/ 709 mn yen	10/ 14,572 mn yen	3/ 2,900 mn yen	2/ 766 mn yen	4/ 3,324 mn yen	2/ 3,063 mn yen	(2)/ (261 mn yen)
Average Occupancy Rate in the Fiscal Period *4	89.2%	90.1% 92.8%	95.1%	95.7%	96.4%	96.1%	96.7%	+0.6%
Occupancy Rate at End of Fiscal Period	90.3%	93.5%	96.0%	96.2%	97.2%	96.1%	97.6%	+1.5%

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

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

*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

	8th Fiscal Period (ended Nov. 2009)	9th Fiscal Period (ended Aug. 2010)	10th Fiscal Period (ended Feb. 2011)	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	Variation Between 13th Fiscal Period
Operating days	183 days	274 days	181 days	184 days	182 days	184 days	181 days	(3 days)
Total Assets	54,280 mn yen	201,545 mn yen	202,092 mn yen	200,699 mn yen	221,703 mn yen	218,295 mn yen	221,779 mn yen	+3,484 mn yen
Net Assets	24,439 mn yen	73,162 mn yen	74,586 mn yen	73,984 mn yen	91,880 mn yen	91,928 mn yen	91,846 mn yen	(82 mn yen)
Unitholders' Capital	24,002 mn yen	24,002 mn yen	24,002 mn yen	24,002 mn yen	41,602 mn yen	41,602 mn yen	41,602 mn yen	—
Total Outstanding Units Issued	49,260 units	118,735 units	118,735 units	118,735 units	160,535 units	160,535 units	160,535 units	—
Net Assets Per Unit	496,125 yen	616,183 yen	628,176 yen	623,103 yen	572,339 yen	572,640 yen	572,127 yen	(513 yen)
Distribution Per Unit	8,862 yen	15,341 yen	16,880 yen	16,320 yen	16,000 yen	16,264 yen	16,947 yen	+683 yen
Payout Ratio * 1	100.0%	6.5%	61.8%	138.2%	109.1%	99.8%	107.6%	+7.8%
Return on Assets (ROA) *2	1.6%	1.9%	2.8%	1.4%	2.2%	2.5%	2.3%	(0.2%)
Return on Equity (ROE) *3	3.6%	57.1%	8.9%	3.7%	5.4%	5.6%	5.5%	(0.1%)
Net Asset Ratio at End of Fiscal Period *4	45.0%	36.3%	36.9%	36.9%	41.4%	42.1%	41.4%	(0.7%)
Number of Properties	24	127	121	121	125	123	123	+0
Leasable Units	1,350 units [Store: 30 units]	8,139 units [Store: 63 units]	8,314 units [Store: 67 units]	8,402 units [Store: 69 units]	9,164 units [Store: 74 units]	9,181 units [Store: 78 units]	9,305 units [Store: 82 units]	+124 units [Store: +4 units]
Leasable Area *5	57,660.40㎡ [Store: 10,450.47㎡]	337,589.55㎡ [Store: 12,521.02㎡]	341,034.63㎡ [Store: 13,898.46㎡]	340,892.79㎡ [Store: 13,851.34㎡]	383,773.51㎡ [Store: 15,114.21㎡]	381,992.54㎡ [Store: 15,581.95㎡]	383,991.17㎡ [Store: 13,360.86㎡]	+1,998.63㎡ [Store: (2,221.09㎡)]
Average Occupancy Rate in the Fiscal Period *6	89.2%	90.1% 92.8%	95.1%	95.7%	96.4%	96.1%	96.7%	+0.6%
Occupancy Rate at End of Fiscal Period	90.3%	93.5%	96.0%	96.2%	97.2%	96.1%	97.6%	+1.5%
Current Depreciation and Amortization	274 mn yen	1,072 mn yen	1,146 mn yen	1,176 mn yen	1,363 mn yen	1,411 mn yen	1,422 mn yen	+10 mn yen
Rent NOI *7	1,162 mn yen	4,850 mn yen	4,895 mn yen	4,850 mn yen	5,618 mn yen	5,774 mn yen	5,770 mn yen	(4 mn yen)
FFO Per Unit *8	14,548 yen	24,427 yen	26,541 yen	26,228 yen	23,570 yen	25,075 yen	25,828 yen	+753 yen
Debt Service Coverage Ratio *9	4.5x	25.7x	6.0x	3.9x	5.4x	6.1x	6.5x	+0.4x
Total Interest-bearing Liabilities	28,674 mn yen	124,590 mn yen	123,325 mn yen	122,653 mn yen	125,325 mn yen	121,834 mn yen	125,540 mn yen	+3,706 mn yen
LTV (interest-bearing liabilities/total assets)	52.8%	61.8%	61.0%	61.1%	56.5%	55.8%	56.6%	+0.8%

*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 2,221.32㎡ 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.

*10) Per unit amounts are those prior to the split.

Assets

(unit: thousand yen)

Category	Thirteenth Fiscal Period (as of August 31, 2012)		Fourteenth Fiscal Period (as of February 28, 2013)		Variation
	Share (%)		Share (%)		
Assets					
Current assets					
Cash and deposits	2,969,663		6,506,958		3,537,295
Cash and deposits in trust	5,020,022		4,118,396		(901,625)
Operating accounts receivable	52,959		40,861		(12,097)
Prepaid expenses	231,595		297,628		66,032
Deferred tax assets	0		5,691		5,691
Other	2,964		680		(2,283)
Allowance for doubtful accounts	(9,358)		(7,816)		1,541
Total current assets	8,267,846	3.8	10,962,400	5.0	2,694,554
Noncurrent assets					
Property, plant and equipment					
Buildings	27,979,362		27,992,162		12,799
Accumulated depreciation	(1,315,986)		(1,599,314)		(283,328)
Buildings, net	26,663,376		26,392,847		(270,528)
Structures	238,845		239,126		280
Accumulated depreciation	(11,674)		(14,268)		(2,594)
Structures, net	227,171		224,857		(2,314)
Machinery and equipment	432,205		432,205		0
Accumulated depreciation	(36,253)		(44,138)		(7,884)
Machinery and equipment, net	395,952		388,067		(7,884)
Tools, furniture and fixtures	647,236		648,997		1,760
Accumulated depreciation	(114,346)		(138,312)		(23,965)
Tools, furniture and fixtures, net	532,890		510,685		(22,204)
Land	21,150,419		21,150,419		0
Buildings in trust	87,014,046		88,023,245		1,009,198
Accumulated depreciation	(5,799,643)		(6,756,378)		(956,734)
Buildings in trust, net	81,214,403		81,266,867		52,463
Structures in trust	655,981		677,748		21,767
Accumulated depreciation	(45,861)		(52,659)		(6,798)
Structures in trust, net	610,120		625,089		14,968
Machinery and equipment in trust	1,320,493		1,363,827		43,333
Accumulated depreciation	(246,618)		(291,669)		(45,050)
Machinery and equipment in trust, net	1,073,874		1,072,157		(1,716)
Tools, furniture and fixtures in trust	290,791		296,693		5,901
Accumulated depreciation	(78,819)		(92,331)		(13,511)
Tools, furniture and fixtures in trust, net	211,972		204,362		(7,610)
Land in trust	73,763,336		74,632,549		869,213
Total property, plant and equipment	205,843,516	94.3	206,467,903	93.1	624,386

Balance Sheet

■ Assets

(unit: thousand yen)

Category	Thirteenth Fiscal Period (as of August 31, 2012)		Fourteenth Fiscal Period (as of February 28, 2013)		Variation
	Share (%)		Share (%)		
Assets					
Intangible assets					
Leasehold rights in trust	2,244,584		2,239,038		(5,545)
Right of trademark	4,612		6,248		1,636
Total intangible assets	2,249,197	1.0	2,245,287	1.0	(3,909)
Investments and other assets					
Long-term prepaid expenses	703,379		875,114		171,735
Guarantee deposits	10,030		10,030		0
Lease deposits in trust	1,200,020		1,200,020		0
Total investments and other assets	1,913,429	0.9	2,085,165	0.9	171,735
Total noncurrent assets	210,006,143	96.2	210,798,356	95.0	792,212
Deferred assets					
Bonds issuance costs	21,183		18,830		(2,353)
Total Deferred assets	21,183	0.0	18,830	0.0	(2,353)
Total assets	218,295,174	100.0	221,779,586	100.0	3,484,412

Liabilities and Net Assets

(unit: thousand yen)

Category	Thirteenth Fiscal Period (as of August 31, 2012)		Fourteenth Fiscal Period (as of February 28, 2013)		Variation
	Share (%)		Share (%)		
Liabilities					
Current liabilities					
Operating accounts payable	389,397		311,702		(77,694)
Short-term loans	0		3,800,000		3,800,000
Current portion of long-term loans payable	0		0		0
Accounts payable-other	113,193		106,802		(6,390)
Accrued expenses	530,550		525,202		(5,348)
Income taxes payable	605		605		0
Consumption tax payable	61,465		0		(61,465)
Advances received	716,182		773,348		57,166
Deposits received	166,082		190,780		24,698
Current portion of rehabilitation debt	15,012,890		3,573,845		(11,439,045)
Total current liabilities	16,990,366	7.8	9,282,286	4.2	(7,708,079)
Non current liabilities					
Investment Corporation Bonds	3,000,000		3,000,000		0
Long-term loans payable	73,795,000		100,305,000		26,510,000
Tenant leasehold and security deposits	327,220		328,754		1,534
Tenant leasehold and security deposits in trust	1,839,111		1,762,835		(76,275)
Asset retirement obligations	387,898		392,301		4,402
Rehabilitation debt	30,026,737		14,861,887		(15,164,850)
Total noncurrent liabilities	109,375,968	50.1	120,650,779	54.4	11,274,811
Total liabilities	126,366,334	57.9	129,933,066	58.6	3,566,731
Net assets					
Unitholders' equity					
Unitholders' capital	41,602,436		41,602,436		0
Surplus					
Capital surplus	28,241,587		28,241,587		0
Reserve for distribution	19,467,899		19,473,874		5,975
Unappropriated retained earnings (undisposed loss)	2,616,916		2,528,622		(88,294)
Total surplus	50,326,403		50,244,084		(82,319)
Total unitholders' equity	91,928,839	42.1	91,846,520	41.4	(82,319)
Total net assets	91,928,839	42.1	91,846,520	41.4	(82,319)
Total liabilities and net assets	218,295,174	100.0	221,779,586	100.0	3,484,412

Notes and Remarks for Fourteenth Fiscal Period

(unit: million yen)

1. Cash and deposits	
Investment corporation title	6,506
Trust bank title	4,118
(of which, equivalent to deposit)	2,091
Balance	8,533
2. Interest-bearing liabilities	
Total interest-bearing liabilities	125,540
3. Allowance for doubtful accounts	
Total allowance for doubtful accounts	7
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.

(unit: thousand yen)

Category	Thirteenth Fiscal Period (Mar. 1, 2012 – Aug. 31, 2012)	Fourteenth Fiscal Period (Sep. 1, 2012 – Feb. 28, 2013)	Variation
Operating revenue			
Lease business revenue	7,131,007	7,152,415	21,407
Other lease business revenue	502,243	460,518	(41,725)
Gain from disposition of properties	112,869	0	(112,869)
Total operating revenue	7,746,121	7,612,933	(133,187)
Operating expenses			
Expenses related to rent business	3,270,619	3,265,383	(5,235)
Loss from disposition of properties	0	192,067	192,067
Asset management fee	488,247	483,135	(5,111)
Asset custody fee	21,791	21,833	41
Administrative service fees	72,631	72,058	(573)
Directors' compensations	6,600	6,600	0
Provision of allowance for doubtful accounts	0	2,417	2,417
Other operating expenses	194,643	170,771	(23,871)
Total operating expenses	4,054,533	4,214,266	159,732
Operating income	3,691,587	3,398,666	(292,920)
Non-operating income			
Interest income	693	619	(74)
Reversal of allowance for doubtful accounts	2,921	0	(2,921)
Other	3,390	1,120	(2,270)
Total non-operating income	7,005	1,739	(5,266)
Non-operating expenses			
Interest expenses	770,560	708,995	(61,564)
Interest expenses on bonds	16,109	16,523	414
Retirement of bonds issuance cost	2,353	2,353	0
Borrowing related expenses	178,222	141,742	(36,479)
Unit issuance expenses	0	0	0
Other	6,828	1,563	(5,265)
Total non-operating expenses	974,074	871,179	(102,895)
Ordinary income	2,724,518	2,529,227	(195,291)
Extraordinary income			
Gain on redemption by purchase of rehabilitation obligations	0	0	0
Other	0	0	0
Total extraordinary income	0	0	0
Extraordinary loss			
Impairment losses	106,996	0	(106,996)
Loss on disaster	-	-	-
Total extraordinary losses	106,996	0	(106,996)
Income before income taxes	2,617,521	2,529,227	(88,294)
Income taxes-current	605	605	0
Total income taxes	605	605	0
Net income	2,616,916	2,528,622	(88,294)
Retained earnings brought forward	-	-	-
Unappropriated retained earnings (undisposed loss)	2,616,916	2,528,622	(88,294)

Financial statements pertaining to distribution of funds

(unit: yen)

Category	Thirteenth Fiscal Period (Mar. 1, 2012 – Aug. 31, 2012)	Fourteenth Fiscal Period (Sep. 1, 2012 – Feb. 28, 2013)	Variation
I. Unappropriated retained earnings	2,616,916,861	2,528,622,143	(88,294,718)
II. Reversal of reserve for distribution	-	191,964,502	191,964,502
III. Distribution amount [Distribution per unit]	2,610,941,240 [16,264]	2,720,586,645 [16,947]	109,645,405 [683]
IV. Reserve of reserve for distribution	5,975,621	-	(5,975,621)
V. Retained earnings carried forward	-	-	-

Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

Category	Thirteenth Fiscal Period (Mar. 1, 2012 – Aug. 31, 2012)	Fourteenth Fiscal Period (Sep. 1, 2012 – Feb. 28, 2013)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	6,922,889	6,933,010	10,120
Common service fees	208,117	219,404	11,287
Subtotal	7,131,007	7,152,415	21,407
Other lease business revenue			
Facility charges	193,530	201,432	7,901
Incidental revenue	35,311	39,063	3,751
Other lease business revenue	273,401	220,022	(53,378)
Subtotal	502,243	460,518	(41,725)
Total real estate lease business revenue	7,633,251	7,612,933	(20,317)
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	793,286	788,112	(5,174)
Utility expenses	104,040	112,031	7,991
Tax and public charges	393,807	386,957	(6,849)
Repair expenses	103,176	121,121	17,944
Insurance expenses	11,624	10,812	(812)
Restoration cost	206,729	173,939	(32,789)
Custodian fees	47,736	57,919	10,183
Depreciation and amortization	1,411,821	1,422,775	10,954
Other operating expenses	198,396	191,713	(6,683)
Total real estate expenses related to rent business	3,270,619	3,265,383	(5,235)
C. Real estate lease business income (A – B)	4,362,631	4,347,549	(15,081)

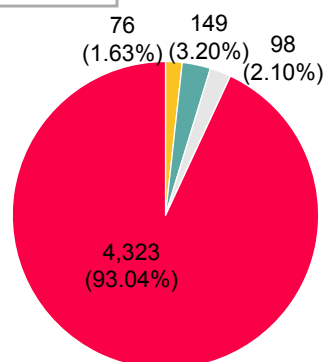
Statistical Table of DHI Unitholders

Number of Unitholders

Unitholder type		Previous Fiscal Period (13th Fiscal Period) (as of August 31, 2012)		Current Fiscal Period (14th Fiscal Period) (as of February 28, 2013)		Variation
		Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)
Individuals and others		4,223	93.05	4,323	93.04	100
Financial institutions		59	1.30	60	1.29	1
	Banks and trust banks	32	0.70	37	0.79	5
	City banks	1	0.02	0	0.00	(1)
	Regional banks	20	0.44	24	0.51	4
	Trust banks	11	0.24	13	0.27	2
	Life insurance companies	7	0.15	7	0.15	0
	Non-life insurance companies	2	0.04	1	0.02	(1)
	Other financial	18	0.39	15	0.32	(3)
	Credit unions	12	0.26	9	0.19	(3)
	Other	6	0.13	6	0.12	0
Other domestic corporations		100	2.20	98	2.10	(2)
Foreign corporations and individuals		136	2.99	149	3.20	13
Securities companies		20	0.44	16	0.34	(4)
Total		4,538	100.00	4,646	100.00	108

Number of Unitholders

Total number of Unitholders: 4,646



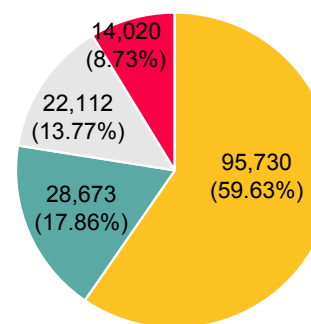
- Financial institutions (including securities companies)
- Foreign corporations and individuals
- Other domestic corporations
- Individuals and others

Number of Units

Unitholder type		Previous Fiscal Period (13th Fiscal Period) (as of August 31, 2012)		Current Fiscal Period (14th Fiscal Period) (as of February 28, 2013)		Variation
		Number of Units (units)	Ratio (%)	Number of Units (units)	Ratio (%)	Number of Units (units)
Individuals and others		14,699	9.15	14,020	8.73	(679)
Financial institutions		95,235	59.32	94,532	58.88	(703)
	Banks and trust banks	85,985	53.56	85,767	53.42	(218)
	City banks	325	0.20	0	0.00	(325)
	Regional banks	7,674	4.78	9,569	5.96	1,895
	Trust banks	77,986	48.57	76,198	47.46	(1,788)
	Life insurance companies	5,120	3.18	4,242	2.64	(878)
	Non-life insurance companies	573	0.35	563	0.35	(10)
	Other financial	3,557	2.21	3,960	2.46	403
	Credit unions	1,366	0.85	991	0.61	(375)
	Other	2,191	1.36	2,969	1.84	778
Other domestic corporations		22,276	13.87	22,112	13.77	(164)
Foreign corporations and individuals		26,998	16.81	28,673	17.86	1,675
Securities companies		1,327	0.82	1,198	0.74	(129)
Total		160,535	100.00	160,535	100.00	0

Number of Units

Outstanding units issued: 160,535 units



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

Major Unitholders of DHI

Name	13th Fiscal Period (as of August 31, 2012)		14th Fiscal Period (as of February 28, 2013)		Variation
	Number of Units Held (units)	Percentage of Total (%)	Number of Units Held (units)	Percentage of Total (%)	
Japan Trustee Services Bank, Ltd. (investment account)	35,512	22.12	38,433	23.94	2,921
Daiwa House Industry Co., Ltd.	18,860	11.74	18,860	11.74	0
The Master Trust Bank of Japan, Ltd. (investment account)	14,743	9.18	14,064	8.76	(679)
Trust & Custody Services Bank, Ltd. (securities investment trust account)	11,067	6.89	9,532	5.93	(1,535)
The Nomura Trust and Banking Co., Ltd. (investment trust account)	9,532	5.93	7,742	4.82	(1,790)
Nomura Bank (Luxembourg) S.A.	4,108	2.55	5,343	3.32	1,235
Standard Chartered Bank, Hong Kong Account, DBS Vickers (HK) Ltd Clients	3,450	2.14	3,450	2.14	0
Trust & Custody Services Bank, Ltd. (money trust tax account)	2,966	1.84	3,002	1.86	36
HSBC Private Bank (Suisse) SA Singapore-Trust A/C Clients	2,234	1.39	2,966	1.84	732
JOYO BANK, Ltd.	2,179	1.35	1,837	1.14	(342)
Total	104,651	65.18	105,229	65.54	578

Questionnaire for Unitholders in 13th Fiscal Period

A questionnaire was sent to all unitholders together with the asset management report for the 13th fiscal period, and completed questionnaires were returned by 1,134 unitholders (25.0% of the total).

Gender	「Male」 77%、 「Female」 22%、 「No answer」 0.4%	Reason for investing in DHI (*)	「Distribution yield」 70%、 「Creditworthiness of sponsor」 28%、 「Recommendation by securities company」 23%、 「Low unit price」 20%、 「Comparison with other REITs」 19%
Age	「60 and over」 54%、 「50s」 17%、 「40s」 14%	Approach to investing in DHI	「Long-term holding」 72%、 「Increasing investment」 9%
Occupation	「Unemployed/retired」 34%、 「Company employee」 23%、 「Full-time homemaker」 11%、 「Self-employed」 10%	Reasons for long-term holding (*)	「Stability of distributions」 77%、 「Expectation of rise in unit price」 29%、 「High quality of owned properties」 22%
Years as a unitholder	「10 years and over」 53%、 「Less than 10 years」 25%	Highest priority in investment approach decision (*)	「Distribution yield」 83%、 「Profitability」 40%、 「Quality of owned properties」 27%、 「Track record」 24%、 「Real estate market trends」 18%、 「Unit price」 17%
		Satisfaction with DHI's IR activities	「Satisfied/somewhat satisfied」 88%、 「Somewhat dissatisfied」 8%

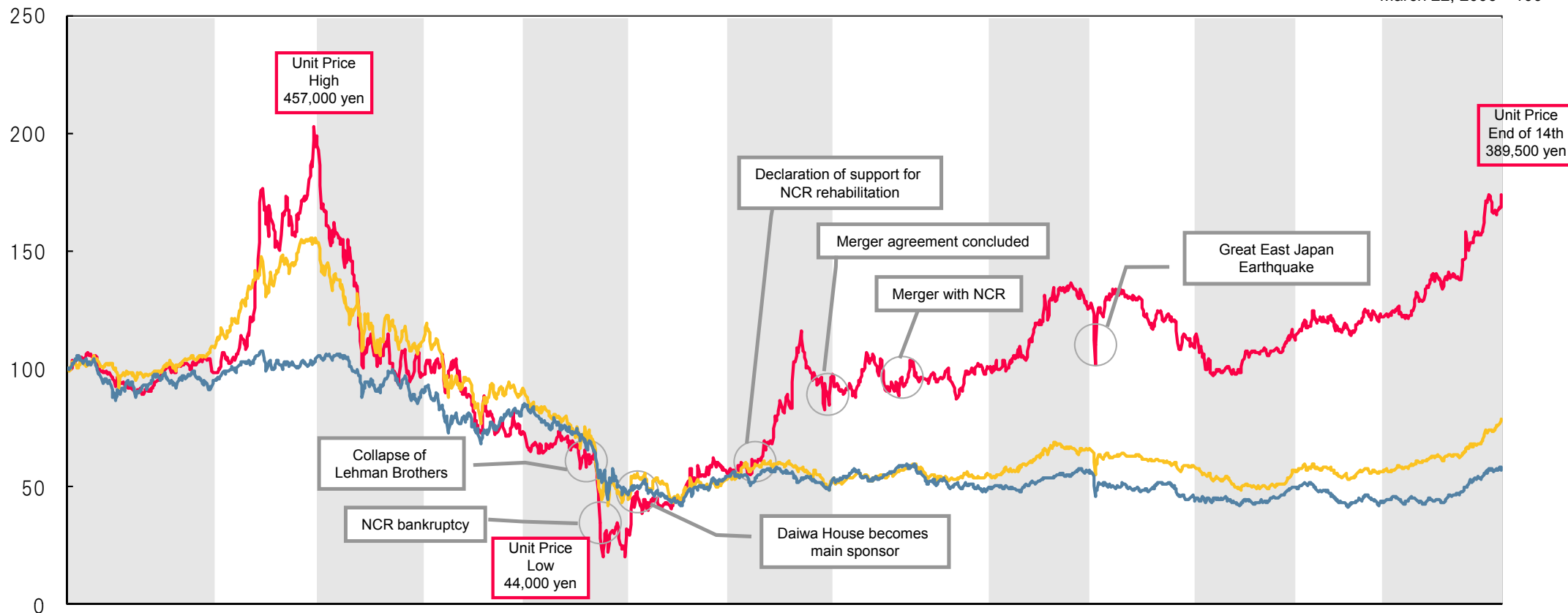
*) Multiple answers allowed.

Unit Prices since 2006

Investment Unit
Price Index
REIT Index
TOPIX

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

March 22, 2006 = 100



2nd Fiscal Period	3rd Fiscal Period	4th Fiscal Period	5th Fiscal Period	6th Fiscal Period	7th Fiscal Period	8th Fiscal Period	9th Fiscal Period	10th Fiscal Period	11th Fiscal Period	12th Fiscal Period	13th Fiscal Period	14th Fiscal Period
(March 22, 2006 — Nov. 30, 2006)	(Dec. 1, 2006 — May 31, 2007)	(June 1, 2007 — Nov. 30, 2007)	(Dec. 1, 2007 — May 31, 2008)	(June 1, 2008 — Nov. 30, 2008)	(Dec. 1, 2008 — May 29, 2009)	(June 1, 2009 — Nov. 30, 2009)	(Dec. 1, 2009 — Aug. 31, 2010)	(Sep. 1, 2010 — Feb. 28, 2011)	(March 1, 2011 — Aug. 31, 2011)	(Sep. 1, 2011 — Feb. 29, 2012)	(March 1, 2012 — Aug. 31, 2012)	(Sep. 1, 2012 — Feb. 28, 2013)

The investment unit price index shows the indexation of TSE's closing price of DHI's investment unit.
DHI implemented a 2-for-1 split of investment units on March 1, 2013.
Factoring in the impact of the Split on March 1, 2013, the investment unit price are divided by two.

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