

April 15, 2016

Financial Results for the Fiscal Period Ended February 29, 2016 (September 1, 2015 - February 29, 2016)

Real estate investment trust unit issuer: **Daiwa House Residential Investment Corporation (“DHI”)**

Listing: Tokyo Stock Exchange

Securities code: 8984

URL: <http://daiwahouse-resi-reit.co.jp/eng/>

Representative: Jiro Kawanishi, Executive Director

Asset manager: Daiwa House Asset Management Co., Ltd.

Representative: Koichi Tsuchida, CEO & President

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Scheduled date of submitting Securities Report: May 27, 2016

Scheduled date of starting distribution payments: May 16, 2016

Supplementary materials for the financial results provided: Yes

Results briefing for the period: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period Ended February 29, 2016 (September 1, 2015 – February 29, 2016)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended February 29, 2016	9,662	3.3	3,947	0.5	3,177	1.0	3,177	1.0
Fiscal period ended August 31, 2015	9,356	7.6	3,925	1.1	3,146	2.1	3,145	2.1

	Net Income per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended February 29, 2016	4,248	2.9	1.2	32.9
Fiscal period ended August 31, 2015	4,207	2.8	1.3	33.6

(Note) Please refer to “Per Unit Information” on page 38 for the number of investment units used as the basis for calculating net income per unit.

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings per unit)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended February 29, 2016	4,501	3,365	0	0	106.0	3.0
Fiscal period ended August 31, 2015	4,460	3,334	0	0	106.0	3.0

(Note 1) The funds from which distributions are paid out for the Fiscal period ended February 29, 2016 are the amount including the reversal of internal reserves (reserved for distribution) (188 million yen) and differ from “net income”

(Note 2) The funds from which distributions are paid out for the Fiscal period ended August 31, 2015 are the amount including the reversal of internal reserves (reserved for distribution) (189 million yen) and differ from “net income”.

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2016	258,590	111,194	43.0	148,707
As of August 31, 2015	258,400	111,352	43.1	148,918

(4) Cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended February 29, 2016	5,257	(1,597)	(3,331)	7,997
Fiscal period ended August 31, 2015	3,796	(18,923)	15,953	7,668

2. Forecasts of Operating Results for the Fiscal Period from March 1, 2016 to August 31, 2016

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net Income		Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending August 31, 2016	9,645	(0.2)	3,930	(0.4)	3,193	0.5	3,192	0.5	4,510	0

(Reference) Forecasted net income per unit

For the fiscal period ending August 31, 2016: ¥4,269

(Note 1) The funds from which distributions are paid out for the Fiscal period ending August 31, 2016 are the amount including the reversal of internal reserves (reserved for distribution) (179 million yen) and differ from “net income”.

(Note 2) As stated in “Notice Concerning Execution of Merger Agreement Between Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation” released by Daiwa House Residential Investment Corporation (hereinafter referred to as “DHI”) and Daiwa House REIT Investment Corporation (hereinafter referred to as “DHR”; collectively with DHI, the “Investment Corporations”) on April 15, 2016, the Investment Corporations decided, at their respective board of directors meetings held on April 15, 2016, to implement an absorption-type merger with DHI as the surviving corporation and DHR as the absorbed corporation (hereinafter referred to as the “Merger”) with the effective date being September 1, 2016 and executed a merger agreement as of April 15, 2016. For the prospective future performance after the Merger for the fiscal period ending February 28, 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017), please refer to “Notice Concerning Forecasts of Financial Results for the Fiscal Periods Ending February 2017 and Ending August 2017 Following the Merger of Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation” released by the Investment Corporations on April 15, 2016. For the overview of the Merger, please refer to “2. Operating Policies and Results, (2) Operating Results, iii) Significant events after balance sheet date, (B) The Merger between DHI and Daiwa House REIT Investment Corporation” on page 12.

*** Other**

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- a. Changes in accounting policies due to amendment of accounting standards and other regulations: None
- b. Changes in accounting policies due to reasons other than a. above: None
- c. Changes in accounting estimates: None
- d. Retrospective restatement: None

(2) Total number of investment units issued

- a. Total number of investment units issued at the end of the period (including treasury investment units)

As of February 29, 2016	747,740 units
As of August 31, 2015	747,740 units
- b. Number of treasury investment units at the end of the period

As of February 29, 2016	0 units
As of August 31, 2015	0 units

(Note) Please refer to “Per Unit Information” on page 38 for the number of investment units used as the basis for calculating net income per unit.

*** Status of auditing procedures**

This financial results report is not subject to auditing procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter referred to as the “FIEA”), and as of the time of disclosure of the financial results report, DHI had not completed auditing procedures pursuant to the FIEA.

*** Remarks on appropriate use of forecasts of operating results and other special notes**

The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available and on certain assumptions deemed reasonable. The actual operating and other results may differ significantly from those presented herein as a consequence of numerous factors. These forecasts also do not guarantee the amount of distributions. Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Period Ending August 31, 2016” on page 15 and 16 for information on assumptions for the forecasts of operating results.

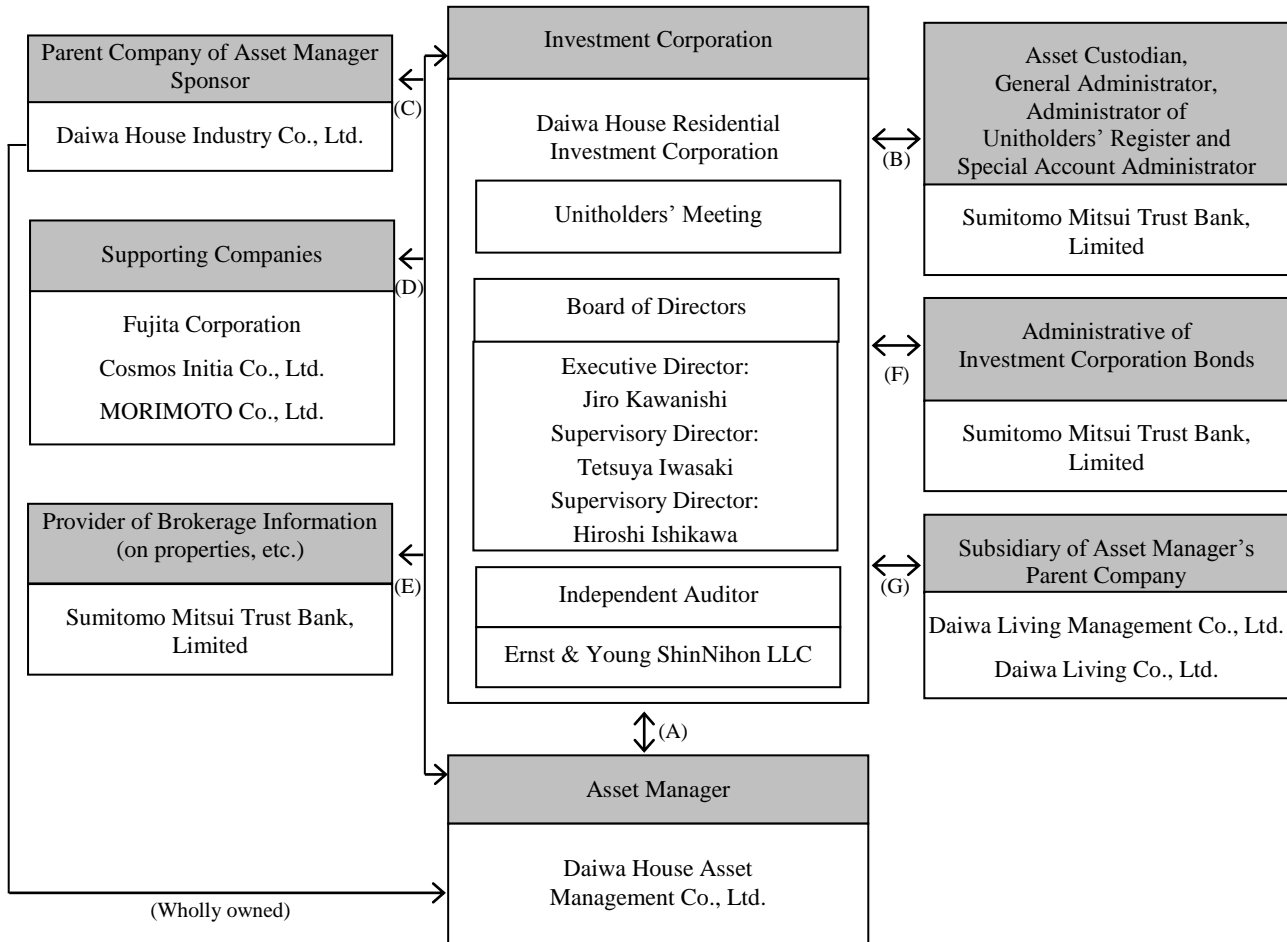
Disclaimer:

This English translation has been prepared for general reference purposes only. DHI shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on April 15, 2016.

1. The Investment Corporation and Related Corporations

Jiro Kawanishi, an Executive Director, and Tetsuya Iwasaki and Hiroshi Ishikawa, Supervisory Directors, were elected at the ninth general meeting of unitholders of DHI held on November 25, 2015, and took up their positions as of December 1, 2015.

The organizational structure of DHI as of the date of this financial results report is as follows:



(A) Asset management consignment agreement

(B) Asset custodian consignment agreement, General administration consignment agreement, Unitholder registration operator / Special account management agreement

(C) Basic agreement on new pipeline support

(D) Basic agreement on pipeline support

(E) Basic agreement on provision of brokerage information on properties, etc.

(F) Financial, issuance / payment agent agreement

(G) Master lease agreement, Periodic building lease agreement

(Note) For details, please refer to “5. Reference Information, 2. Status of Lease or Sublease to Major Tenants” below.

2. Operating Policies and Results

(1) Operating policies

As there have been no significant changes in policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (submitted on November 24, 2015; prepared in Japanese only), the disclosure is omitted.

(2) Operating results

i) Summary of results for the current fiscal period

(A) Transition of the Investment Corporation

DHI is a real estate investment trust (J-REIT) that specializes in investing in residential facilities, whose sponsor is Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”) and whose asset management company is Daiwa House Asset Management Co., Ltd. (hereinafter referred to as “the Asset Manager”), a fully owned subsidiary of Daiwa House.

DHI was listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on March 22, 2006, and due to a merger with New City Residence Investment Corporation (hereinafter referred to as “NCR”) that came into effect on April 1, 2010 (hereinafter referred to as “the merger with NCR”), the scale of its assets expanded from 24 properties (total acquisition price (Note 1) of ¥51,139 million) (as of November 30, 2009) to 129 properties (total acquisition price of ¥190,537 million) (as of April 1, 2010). As of the end of the current fiscal period (February 29, 2016; the same shall apply hereinafter), the scale of its assets exceeded ¥250,000 million, with more than 11,400 leasable units, making it a leading residential REIT (Note 2).

DHI seeks to strengthen its growth potential by working in concert with the Daiwa House Group (Note 3), which is developing its comprehensive range of operations, stretching from the planning, development and construction of rental housing to tenant leasing, sales, management and investment. In addition, DHI has sought to expand its portfolio primarily consisting of properties developed by Daiwa House, while also investing in housing for the elderly (Note 4), following a policy of continuous external growth.

Moreover, in addition to accelerating its long-term repair plans, DHI is improving its profitability by replacing relatively uncompetitive properties and reducing management and investment costs. It uses the creditworthiness of the Daiwa House Group as a backdrop to build robust relationships with banks and cuts the cost of debt while it manages earning distribution by leveraging retained earnings (reserve for distribution) and tax loss carryforwards.

(Note 1) “Acquisition price” is the purchase price as stipulated in the purchase agreement (not including costs related to the acquisition, settlement of taxes and public dues or consumption tax) of properties to be owned by DHI. However, the acquisition price of properties previously owned by NCR is the appraisal value as of February 28, 2010, the date of the merger with NCR. The same shall apply hereinafter.

(Note 2) “Residential REIT” is an investment corporation listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market that invests primarily in residential facilities.

(Note 3) The Daiwa House Group comprises Daiwa House, 142 consolidated subsidiaries including Daiwa Living Co., Ltd. that primarily engages in rental housing management, 2 non-consolidated subsidiaries, 25 equity-method affiliates and 2 non-equity-method affiliates as of March 31, 2016. The Asset Manager is a member of the group. The same shall apply hereinafter.

(Note 4) “Housing for the elderly” means senior housing with nursing care services, private nursing homes, or other rental housing or nursing care facilities that are targeted exclusively at elderly single persons or married couples. The same shall apply hereinafter.

(B) Performance

(a) Acquisition of property

DHI acquired the following property on November 2, 2015 with its own funds.

Property Name	Castalia Kyoto Nishioji
Asset Type	Real estate
Acquisition Price (Note 1)	¥973,000 thousand
Seller (Note 2)	Company engaged in general business in Japan
Execution Date of Agreement	October 15, 2015
Acquisition Date	November 2, 2015

(Note 1) Excluding such amounts as expenses related to the acquisition, settlement of taxes and public dues, etc., and consumption taxes.

(Note 2) The name of the seller is not disclosed as the seller has not consented to such disclosure. The seller is not a party having a special interest in DHI or the Asset Manager.

(b) Operating results for the current fiscal period

The average occupancy rate for owned properties in the current fiscal period was 96.1%, topping the average occupancy rate of 95.0% that was the basis for the forecast of results disclosed in the financial report for the period ended August 2015 (referred as the “forecast of results” in this section), while rents for new tenants trended positively. As a result, DHI achieved a favorable level of rental revenue.

Due to this favorable revenue in the rent business, repair and restoration work that had been scheduled for the next fiscal period onward was brought forward. On the other hand, by virtue of high occupancy rates, fees paid to intermediaries to find new tenants were low, leading to lower expenses in the real estate leasing business. As a result, operating revenue surpassed the forecast of results by ¥7 million.

In addition, because interest rates were lower than assumed in the forecast of results, net income came in higher than the forecast of results by ¥19 million.

As a consequence of these results, the DHI's asset holdings came to 142 properties with a total value of ¥256,349 million (acquisition price basis), consisting of 11,426 leasable units and leasable area of 505,935.16m²

As of the end of the current fiscal period, the occupancy rate was 96.0%.

(C) Overview of financing

DHI successfully extended the term of loans and reduced the debt cost by refinancing the loan of ¥10,500 million that became due on December 28, 2015 with a new seven-year loan.

As a result, the balance of interest-bearing debt outstanding as at the end of this fiscal period amounted to ¥141,663 million, and its LTV_(Note) was 54.8%.

(Note) LTV (Loan-To-Value) refers to the proportion of interest-bearing debt to total assets.

The credit rating of DHI as of February 29, 2016 obtained from the external credit rating agencies is as follows:

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

(D) Difference between real estate appraisal value and book value

Unrealized gain improved by ¥4.6 billion to ¥31.9 billion from the end of the previous fiscal period mainly due to the decline in the capitalization rate used in determining appraisal value.

(Note) “Unrealized gain” is the positive valuation difference when the appraisal value exceeds the book value of real estate properties. (Negative valuation difference is referred as unrealized loss.) The same hereinafter. Please note that

unrealized gain is not guaranteed to be realized as a result of the sales of real estate.

(E) Utilization Policy of Retained Earnings (Reserve for Distribution)

(a) Retained Earnings (Reserve for Distribution)

As of February 29, 2016, DHI had a total of ¥44,500 million of tax loss carryforwards and a total of ¥18,072 million of retained earnings (reserve for distribution) before reversal for the current fiscal period (after reversal, ¥17,884 million).

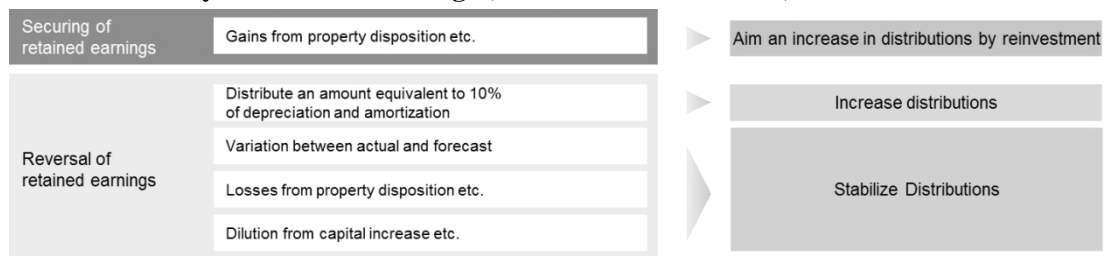
In situations where there have been gains on the sale of real estate, and so forth, and where net income for the current period has been higher than initially expected, DHI has accumulated all or part of that profit as retained earnings by utilizing tax loss carryforwards.

In order to make earnings distributions deductible for tax purposes, J-REITs must distribute more than 90% of distributable earnings, but J-REITs that have tax loss carryforwards can reduce their taxable income to the extent of tax loss carryforwards. By utilizing tax loss carryforwards inherited from the merger with NCR, DHI is able to accumulate as retained earnings in cases where net income exceeds the initial forecast due to gains on sales of real estate without having taxes imposed until August 2018 to the extent that the tax loss carryforwards are available.

Meanwhile, DHI stabilized earnings distributions through the utilization of retained earnings (reserve for distribution) when DHI set the target earnings distribution level that was considered to be achievable in the future, but the earnings distributions per unit were projected to be insufficient considering the targeted earnings distribution level due to losses on sales of real estate, and so forth, or due to extraordinary losses.

Furthermore, in order to achieve steady growth of DHI and stable earning distributions over the medium to long-term, with regard to retained earnings (reserve for distribution), DHI ceased setting a target level for earnings distributions and has made distributions to unitholders with an additional amount based on a certain rule since the 16th fiscal period ended February 28, 2014. Retained earnings (reserve for distribution) are managed in accordance with the policy described in “(b) Distribution Policy” below.

Utilization Policy of Retained Earnings (Reserve for Distribution)



(b) Distribution Policy

- (i) With the amount where the amount equivalent to capital expenditure is deducted from the amount equivalent to depreciation and amortization as the upper limit, the amount which will be decided by DHI will be reversed from internal reserves (reserve for distribution) and used to add to net income.

Furthermore, as of the date of the report, it is DHI's policy for the time being to set the target of the amount to be added to each fiscal period's net income to be the amount equivalent to 10% of the amount equivalent to depreciation and amortization of each fiscal period. However, this amount to be added is subject to change with due consideration to the external environment such as the economy, the overall situation of the J-REIT market, and the situation of DHI's owned assets and its financial situation.

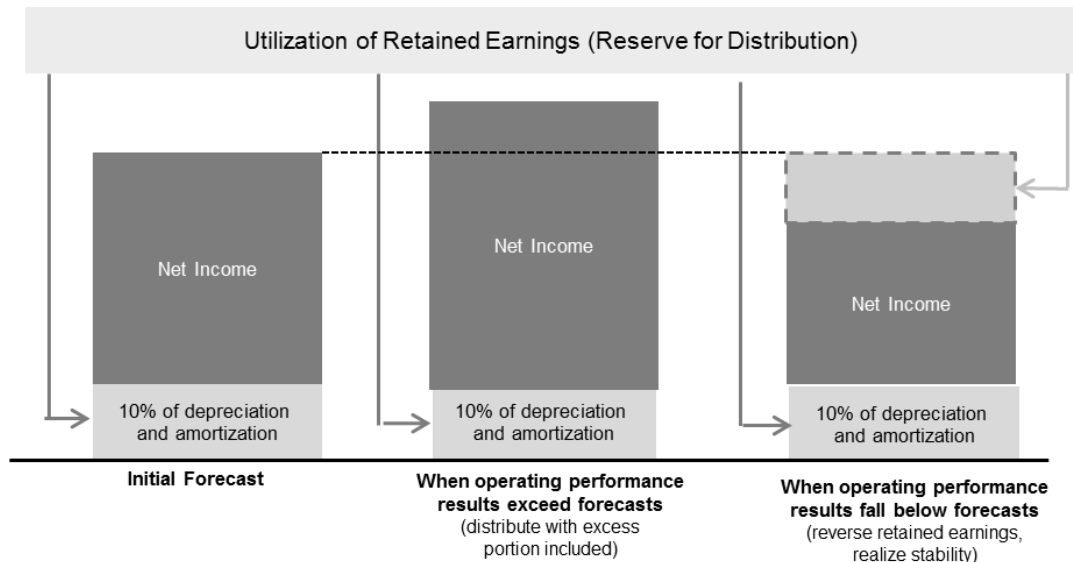
- (ii) Stabilization (Note) of distributions will be aimed for by reversing internal reserves in case net income falls below the initially expected amount due to extraordinary losses such as loss from disposition of properties, in case of the dilution of distribution due to capital increase, in case sufficient revenues could not be secured due to short operation periods of properties acquired during a fiscal period along with a capital increase, or in the case of extraordinary expenses such as issuance expenses arising.

- (iii) In case the operating performance results fall below forecasts, stabilization (Note) of distributions will be aimed at by reversing internal reserves for the portion of the operating performance results that were lower than forecasts.

In addition to the amount equivalent to 10% of depreciation and amortization in accordance with the policy above, since the 17th fiscal period ended August 31, 2014, internal reserves (reserve for distribution) have been reversed in the amount equivalent to losses on sales of real estate, and so forth. For the current fiscal period, retained earnings (reserve for distribution) were reversed in the amount of ¥268 per unit, which is the equivalent of 10% of depreciation and amortization.

DHI's reversals of internal reserves are utilization of internal reserves (reserve in preparation of distribution) and do not fall under distributions in excess of earnings (return of unitholders' capital).

Diagram of Distribution Policy



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

(F) Toyo Tire & Rubber seismic isolation materials falsification

(a) Seismic isolation materials falsification and our response

After receiving the Ministry of Land, Infrastructure, Transport and Tourism's announcement of March 13, 2015 "Concerning substandard, etc., to the Minister's certification of seismic isolation materials manufactured by Toyo Tire & Rubber Co., Ltd." it became clear on March 17, 2015 that one property (hereinafter referred to as "the concerned property") owned by DHI had used seismic isolation materials (seismic isolation rubber for buildings, hereinafter referred to as "substandard seismic isolation materials") that did not meet the performance standard of the Minister's certification.

With regard to "Report from Toyo Tire & Rubber Co., Ltd concerning the investigation into the structural safety of buildings regarding the fraudulent use of seismic isolation materials" released by the Ministry of Land, Infrastructure, Transport and Tourism on March 31, 2015, DHI has confirmed that a third party was requested to evaluate the inspection results of the report on structural safety received by the Ministry from Toyo Tire & Rubber Co., Ltd. (hereinafter referred to as "Toyo Tire") and that the Ministry made an announcement to the effect that there is no risk that the concerned property would collapse due to earthquake with a seismic intensity of 6 Higher or 7.

In addition, on May 29, 2015, DHI received confirmation from Toyo Tire that it will replace all substandard seismic isolation materials used in the concerned property and that it will bear the expense for procurement of replacement products, installation of the replacement products and structural calculations and design revision, and so forth, based on the replacement products.

DHI will confirm with Toyo Tire the schedule and the date of completion for the replacement of the substandard seismic isolation materials and work to resolve the issue as soon as possible.

(b) Conclusion of an Agreement on Compensation for Damages

DHI has reinstated leasing activities for the concerned property, but these leasing activities are conditional on the assumption that the substandard seismic isolation materials will be replaced. As such, the occupancy rate of the concerned property has been declining.

For this reason, on October 30, 2015, DHI concluded an “Agreement on Compensation for Damages” with Toyo Tire and Toyo Chemical Industrial Products Co., Ltd, that requires Toyo Tire to compensate lost earnings related to the management of the concerned property until the replacement of the substandard seismic isolation materials is complete and the occupancy rate of the concerned property has returned to the normal level.

(c) Securing Internal Reserves for Restoration Work

DHI expects that a substantial period of time will be required for the completion of the replacement of the substandard seismic isolation materials and believes that during that time the likelihood of new tenants moving into unoccupied units in the concerned property is low. Accordingly, DHI is currently reconsidering the timing for restoration work.

DHI plans to begin restoration work all at once after the completion of the replacement of the substandard seismic isolation materials, but it is expected that the expenses for this construction work on the concerned property will be incurred in a short period of time at the point of completion of the work.

For that reason, DHI has decided to set aside the costs to be incurred for the construction work at the concerned property. During the 20th fiscal period ended February 29, 2016 and the 21st fiscal period ending August 31, 2016, DHI set aside ¥12,454 thousand and ¥23,129 thousand, respectively, in total ¥35,583 thousand, as internal reserves to level out the impact on profits and losses.

(G) Overview of financial results

As a result of the above-mentioned investment management activities, DHI posted operating revenue of ¥9,662 million, operating income of ¥3,947 million, ordinary income of ¥3,177 million and net income of ¥3,177 million (net income per unit of ¥4,248).

According to the policy of utilizing retained earnings (reserve for distribution), ¥200 million (¥268 per investment unit), which was the amount equivalent to 10% of depreciation and amortization for the fiscal period, was distributed from a reversal of retained earnings (reserve for distribution) in addition to the net income while the provision of ¥12 million for restoration work (¥16 per investment unit) was transferred to retained earnings. Accordingly, the total distribution amounted to ¥3,365 million (¥4,501 per investment unit).

ii) Outlook for next fiscal period

(A) Investment Environment

From October to December 2015, Japan’s real GDP (2nd preliminary estimate) contracted by an annual rate of 1.1% year -on -year, and with the stronger yen and lower share prices that have been in place since the beginning of 2016 depressing corporate results and consumer sentiment, it is likely that the Japanese economy will remain lacking in strength for the time being.

With some voicing concern about rising U.S. interest rates and the slowdown in the Chinese economy, there is a risk of downturn in overseas economies, but with support from factors such as progress in destocking inventories, increases in real wages and the formation of a supplementary budget, it seems as if business conditions will gradually regain their underlying strength.

According to the Land Value LOOK Report for the fourth quarter of 2015 announced by The Ministry of Land, Infrastructure, Transport and Tourism in February 2016, the pricing trend in the major cities and 100 intensively used districts in the fourth quarter of 2015 (October 1, 2015 - January 1, 2016) was that 89 districts rose (87 in the previous report), 11 districts were unchanged (previously 13) and zero districts posted declines (previously zero), with districts showing an increase accounting for approximately 90% of the total.

The main reasons for the number of rising districts remaining at a high level are thought to include a sign of recovery in the office rent market caused by improvements in occupancy rates, primarily in the major

metropolitan areas, rising demand from visitors to Japan leading to higher demand for stores and hotels and progress made in large-scale redevelopment operations. Against this background, monetary easing has created a favorable environment for raising funds which, combined with the above factors, has resulted in continued strong interest in real estate investment from institutional investors.

DHI expects increases in unrealized gains and enhanced liquidity for the real estate it holds, but because land prices are rising and construction costs have increased sharply, we judge that opportunities to acquire properties externally at a rate of return that DHI considers desirable will be very limited going forward.

Meanwhile, in the rental housing market, rental demand is stable, and we project that both occupancy rates and rent levels will remain firm for DHI's properties.

Going forward, if the economic recovery becomes clearer and if personal consumption bounces back, rent levels can be expected to rise even further.

(B) Financial Strategy

DHI strives to increase the number of financial institutions engaged, extend terms of loans and diversify repayment deadlines and financial methods by strengthening our relationship with Daiwa House Industry Co., Ltd. in addition to maintaining sound relationships with the existing financial institutions.

DHI will further strive to reduce borrowing costs, to extend terms of loans and to diversify repayment deadlines through refinancing under favorable conditions corresponding to the condition of the financial market.

(C) Future Operating Policies and Issues to Be Addressed

(a) The Merger between DHI and Daiwa House REIT Investment Corporation

DHI has, by means of its previous investment strategy, worked to achieve continuous external growth and stable earnings distributions, and by securing stable earnings over the long term and steady growth in assets has sought to enhance investment unit value, but the issue of the moment is that with the LTV ratio stuck at high levels, opportunities for a portfolio specialized in residential facilities to achieve internal growth are limited.

Under these circumstances, in addition to dealing with the above issues, as one course of action to drive further growth for DHI, it agreed with DHR, which invests in logistics and commercial properties, to begin discussion about the merger of DHI and DHR (collectively referred to as the "Investment Corporations"), and DHI has since given this matter serious consideration. As a result, DHI judged that a merger with DHR would be the measure most conducive to the maximization of unitholder value through enhancing earnings distributions by means of steady growth in the size of its assets and by securing stable profits. Investment corporations resolved at meetings of their respective Boards of Directors held on April 15, 2016 and concluded a merger agreement (hereinafter referred to as the "Merger Agreement"), coming into effect on September 1, 2016, whereby DHI will be the surviving corporation and DHR will be dissolved in an absorption-type merger (hereinafter referred to as the "Merger"). For details on the Merger Agreement, refer to "(iii) Significant events after balance sheet date, (B) The Merger between DHI and Daiwa House REIT Investment Corporation" and "Notice Concerning Execution of Merger Agreement Between Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation" released by the Investment Corporations on April 15, 2016.

(b) New Policy for Earnings Distributions

Following the merger, beginning from the 22nd fiscal period from September 1, 2016 to February 28, 2017, DHI will amend part of its distribution policy, ceasing distributions from retained earnings in the amount equivalent to 10% of the depreciation and amortization. Under the new policy, the amount equivalent to amortization of goodwill will be reversed from the reserve for distribution to top up earnings distribution payments.

(D) Forecasts of operating results for the fiscal period ending August 31, 2016

	Operating revenues	Operating income	Ordinary income	Net Income	Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending August 31, 2016	9,645	3,930	3,193	3,192	4,510	0

(Note 1) Funds for payment of the distributions for the fiscal period ending August 31, 2016 are the amount including reversal of retained earnings (reserves for distribution) (¥179 million), etc. and differ from “Net income.”

(Note 2) As stated in “Notice Concerning Execution of Merger Agreement Between Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation” released by the Investment Corporations on April 15, 2016, the Investment Corporations decided, at their respective board of directors meetings held on April 15, 2016, to implement the Merger with the effective date being September 1, 2016 and executed a merger agreement as of April 15, 2016. For the prospective future performance for the fiscal period ending February 28, 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017), please refer to “Notice Concerning Forecasts of Financial Results for the Fiscal Periods Ending February 2017 and Ending August 2017 Following the Merger of Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation” released by the Investment Corporations on April 15, 2016. For the overview of the Merger, please refer to “2. Operating Policies and Results, (2) Operating Results, iii) Significant events after balance sheet date, (B) The Merger between DHI and Daiwa House REIT Investment Corporation” on page 12.

Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Period Ending August 31, 2016” on page 15 and 16 for information on assumptions for the above forecasts. Due to changes in the circumstances surrounding DHI, actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

(A) Fund procurement and repayment

- (a) DHI repaid a loan of ¥7,600 million that become due on March 31, 2016 and executed the following new loan as refinance funds on the same date.

Lender	Amount (millions of yen)	Interest rate	Loan date	Repayment deadline	Repayment method	Collateral
Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd. The Norinchukin Bank The Chiba Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Shizuoka Bank, Ltd. The Bank of Fukuoka	7,600	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.20%	March 31, 2016	March 29, 2019	Repayment in full on the due date	Unsecured without warranty

- (b) At a meeting of the Board of Directors held on April 15, 2016, DHI decided to conclude a modification agreement to extend the repayment date of ¥10,000 million of short-term loans due on April 28, 2016.

The details of said loans after modifications effected by the modification agreement are as follows:

Lender	Amount (millions of yen)	Interest rate	Loan date	Repayment deadline	Repayment method	Collateral
Mizuho Bank, Ltd.	3,250	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.175%	May 1, 2015	April 28, 2017	Repayment in full on the due date	Unsecured without warranty
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250					
Sumitomo Mitsui Trust Bank, Limited	1,750					
Sumitomo Mitsui Banking Corporation	1,750					

(B) The Merger between DHI and Daiwa House REIT Investment Corporation

The Investment Corporations resolved at meetings of their respective Boards of Directors held on April 15, 2016 to execute the Merger, coming into effect on September 1, 2016 and concluded the Merger Agreement as of April 15, 2016.

(a) Purpose of the Merger

The Investment Corporations have to date used their individual strengths to work towards securing stable income over the medium to long term and steadily growing their assets, with the aim of sustainably increasing unitholder value. However, each faces its own challenges: DHI's LTV ratio remains high, and its portfolio specialized in residential properties offers limited opportunities for internal growth, while DHR has few available strategies for positioning in the logistics REIT sector or for efficiently swapping out investments and achieving internal growth at its current portfolio size. It was with this in mind that the Investment Corporations first agreed to begin negotiations for a merger as one option for addressing these challenges and promoting the future growth of both companies. After long deliberations, the Investment Corporations determined that the Merger was the most effective strategy for maximizing unitholder value based on stable income and stabilized/improved distribution through solid growth of the portfolio. As such, the Investment Corporations have executed the Merger Agreement on April 15, 2016.

The Investment Corporations expect the following to result from the Merger: (i) enhanced external growth potential and further internal growth opportunities through the shift to a diversified REIT, (ii) improvement of the surviving company's position in the J-REIT market and asset-management flexibility through scale enhancement, and (iii) acceleration of growth leveraging the value chain of the Daiwa House Group's integrated capabilities, among other positive effects.

The Daiwa House Group, the sponsor, has set its management vision of "Endless Heart" and "the Daiwa House Group – working to co-create value for individuals, communities and peoples' lifestyles," and has committed itself to "contributing to society" through business development in diversified categories to meet social needs and through aggressive innovation and the development of new categories. As a public company, it has realized the "creation of shareholders' value" that generates greater economic value than the capital cost, steadily over the medium -to -long -term. The Investment Corporations will follow this philosophy as a member of the Daiwa House Group.

The surviving corporation after the Merger will shift to a diversified REIT that invests in new types of properties, such as hotels, office buildings, and so on, in addition to those that the Investment Corporations have dealt in to date. Its policy will be to utilize the full strength of the Daiwa House Group to strengthen its growth capabilities, improve the profitability and quality of its portfolio, and achieve sustainable external growth and stable dividends.

Furthermore, following the Merger, in order for the surviving investment corporation to efficiently manage the asset holdings, with the effectuation of the Merger as a condition precedent, an absorption-type merger will be executed effective on September 1, 2015 whereby the Asset Manager will be the surviving corporation and Daiwa House REIT Management Co., Ltd., which is the asset management company of DHR, will be dissolved (hereinafter referred to as "the Asset Manager Merger").

For details of the Merger and the Asset Manager Merger, please refer to "Notification of the conclusion of merger agreement between Daiwa House Residential Investment Corporation and Daiwa House REIT Investment Corporation" and "Notification of the conclusion of merger agreement between Daiwa House Asset Management Co., Ltd. and Daiwa House Residential Investment Corporation," announced by Investment Corporations on April 15, 2016.

(b) Method of the Merger

The Merger will be an absorption-type merger wherein DHI will be the surviving corporation and DHR will be dissolved.

(c) Merger Ratio

In the Merger, each investment unit of DHR will be exchanged for 2.2 investment units of DHI. As a result, for DHR's unitholders, the number of investment units granted will include fractions of less than one unit. These fractional investment units shall, in accordance with the provisions of the law, be sold in the market and the proceeds from the sale of these fractional units shall be granted to unitholders in

proportion to their fractional units.

(d) Cash payment upon the Merger

Instead of cash distributions to DHR's unitholders for the operating period ending on the day before the date on which the merger comes into effect, DHI will make a cash distribution on the merger within a reasonable period of time after the date on which the merger becomes effective, to the unitholders listed or recorded in the final unitholders' register as of the day the date on which the merger comes into effect (in accordance with the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations, this excludes the unitholders of the DHI requesting the repurchase of their investment units) (hereinafter referred to as the "Allotted Investors") a distribution amount equivalent to the cash distribution for the same operating period (DHR's distributable earnings as of the day before the date on which the Merger comes into effect, divided by the number of investment units issued and outstanding of DHR on the day before the date on which the merger comes into effect, from which the number of investment units held by unitholders other than the allotted unitholders has been subtracted).

(Reference Materials)

Acquisition of Assets

On April 15, 2016, DHI concluded a purchase agreement to acquire the following property, and intends to acquire the property with the effectuation of the Merger as a condition precedent. As of April 15, 2016, DHR has concluded an agreement to the effect that it will acquire D Project Hibiki Nada, D Project Morioka II, Sports Depo/ Golf 5 Kokura IC store and Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha Omoromachi) on September 28, 2016. DHI is scheduled to inherit the position, rights and obligations of the buyer under the purchase agreement for the properties DHR is scheduled to acquire. The effectuation of the Merger is a condition precedent to the planned acquisition of these properties. For the description of these properties, please refer to "Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and Leasing of Assets" released by Investment Corporations on April 15, 2016.

Property name	Castalia Ningyocho III (Roygent Ningyocho) (Note 3)
Asset type	Trust beneficiary rights in real estate (Note 4)
Expected acquisition price (Note 1)	¥2,000,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Date of purchase agreement	April 15, 2016
Scheduled acquisition date	September 28, 2016
Funds for acquisition	Loans and own funds
Property name	Royal Parks Umejima
Asset type	Trust beneficiary rights in real estate (Note 4)
Expected acquisition price (Note 1)	¥2,020,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Date of purchase agreement	April 15, 2016
Scheduled acquisition date	September 28, 2016
Funds for acquisition	Loans and own funds

(Note 1) Acquisition price does not include expenses incurred in connection with the acquisition, settlement of taxes and public dues, and consumption taxes.

(Note 2) As the seller is a party having a special interest in DHI and/or the Asset Manager, the transaction was executed in accordance with certain procedures prescribed in the internal rule "regulations on transactions with interested parties" of the Asset Manager.

(Note 3) DHI plans to change the property name. The name after the change is provided with the name as of the date of this report in parentheses.

(Note 4) The asset to be acquired stands as physical real estate as of April 15, 2016. By the planned acquisition date, the current owner will entrust the property to a trustee, and DHI will acquire trust beneficiary rights in the entrusted property.

(3) Investment Risk

The following risk is added to the “Investment Risk” in the latest Securities Report (submitted on November 24, 2015):

Risk concerning the merger with DHR

DHI and DHR decided, at their respective board of directors meetings held on April 15, 2016, to implement the Merger with the effective date being September 1, 2016 and executed a merger agreement on April 15, 2016.

However, in order for the Merger to take effect, it is necessary to satisfy conditions including gaining approval at the respective general meeting of unitholders of the Investment Corporations. If the Merger is not executed for any reason whatsoever, an impact such as a decline in the investment unit price of DHI may arise or revenue, etc. of DHI may be adversely affected, and consequently unitholders may suffer a loss.

Even if the Merger is implemented, realization of synergy effect expected from the Merger is not guaranteed and unitholders may suffer a loss.

Assumptions for Forecasts of Operating Results for the Fiscal Period Ending August 31, 2016

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending August 31, 2016: March 1, 2016 to August 31, 2016 (184 days)
Assets under management	<ul style="list-style-type: none"> DHI has assumed that there will be no changes until August 31, 2016 in the composition of DHI's portfolio (meaning acquisition of new properties or sale of properties already acquired) associated with the total of 142 properties consisting of real estate properties and trust beneficiary rights in real estate owned by DHI as of February 29, 2016. Changes in the composition of the Portfolio may, however, occur.
Investment units issued and outstanding	<ul style="list-style-type: none"> DHI assumes that a total number of 747,740 units will not change through to August 31, 2016.
Operating revenues	<ul style="list-style-type: none"> Operating revenue include rent income, common area charges income, parking space income, incidental revenue, utilities income, key money, etc. Each of these items is calculated based on historical data and future projections. The fiscal period average of month-end occupancy rates is expected to be 95.0%.
Operating expenses	<ul style="list-style-type: none"> Operating expenses include management fees, utilities expenses, non-life insurance expenses, depreciation and amortization, trust compensations, repair expenses, etc. For property tax, urban planning tax and depreciative property tax, 555 million yen is forecast for the Fiscal Period ending August 31, 2016. As for property tax and urban planning tax which are to be settled with the previous owner (previous beneficiary) according to the number of days owned in conjunction with the new acquisition of real estate, etc., they are calculated into the acquisition cost and are therefore not recorded as expense. Each of these items is calculated based on historical data and future projections. Selling, general and administrative expenses are estimated based on actual values or rates, etc. of each item individually. Depreciation and amortization is calculated based on the straight-line method. Depreciation and amortization is expected to be 2,029 million yen for the Fiscal Period ending August 31, 2016.
Balance of Interest-bearing liabilities	<ul style="list-style-type: none"> The balance of outstanding interest-bearing debt as of February 29, 2016 was ¥141,663 million. DHI has assumed that DHI implements refinancing of ¥7,600 million on March 31, 2016 in line with the repayment of a loan of the same amount that becomes due as described in "iii) Significant events after balance sheet date" above and concludes a modification agreement to extend the repayment date of ¥10,000 million in short-term debt due for repayment on April 28, 2016 for another year, and the balance of outstanding interest-bearing debt will be unchanged until August 31, 2016 since then.
Non-operating expenses	<ul style="list-style-type: none"> Interest expenses, etc. (including borrowing related expenses) are expected to be 737 million yen for the Fiscal Period ending August 31, 2016.

Item	Assumptions
Distribution per unit	<ul style="list-style-type: none"> • In regard to distributions (distributions per unit), DHI has assumed that distributions are paid to the extent of the amount of earnings, in accordance with the distribution policy prescribed in DHI's Articles of Incorporation, and, in addition to this, DHI has assumed that, separate from net income, a part of retained earnings (reserve for distribution) will be reversed and used as a source of distributions, based on the "(i)Summary of results for the current fiscal period, (E) Utilization Policy of Retained Earnings (Reserve for Distribution)" as indicated above. On these assumptions, DHI is scheduled to reverse retained earnings (reserve for distribution) in an amount equivalent to 10% of depreciation and amortization during the 20th period (¥202 million (¥271 per investment unit)) while setting aside ¥23 million (¥30 per investment unit) to pay for the restoration work outlined above in "(i)Summary of results for the current fiscal period, (F) Toyo Tire & Rubber seismic isolation materials falsification, (c) Securing Internal Reserves for Restoration Work." For these reasons, DHI has assumed that a total of ¥179 million (¥240 per investment unit) will be used as a source of distributions • The amount of distributions per unit may vary due to factors such as acquisition or sale of real estate, etc., changes in rent income in conjunction with changes in tenants, etc., unanticipated need for repairs, fluctuations in the real estate market, etc., fluctuations in interest rates, the actual decided number and issue value of new investment units to be issued, and changes in other conditions surrounding DHI.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • DHI does not currently anticipate distributions in excess of earnings per unit as of the date of this financial results report.
Others	<ul style="list-style-type: none"> • DHI assumes that there will be no amendments to laws and regulations, the taxation system, accounting standards, listing regulations, Investment Trusts Association rules, etc. that would affect the above forecasts. • DHI assumes that there will be no unforeseen material changes in general economic conditions, real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)
Assets		
Current Assets		
Cash and bank deposits	¥3,294,129	¥3,777,892
Cash and bank deposits in trust	4,374,627	4,219,302
Rental receivables	85,467	96,884
Prepaid expenses	348,569	319,970
Consumption taxes receivable	78,484	—
Other current assets	43,078	45,357
Allowance for doubtful accounts	(3,440)	(3,921)
Total current assets	8,220,917	8,455,484
Fixed assets		
Property and equipment		
Building	28,480,803	29,006,699
Accumulated depreciation	(3,035,186)	(3,331,692)
Building (net)	25,445,617	25,675,007
Structures	251,188	255,331
Accumulated depreciation	(27,928)	(30,835)
Structures (net)	223,259	224,495
Machinery and equipment	456,634	479,422
Accumulated depreciation	(84,388)	(93,704)
Machinery and equipment (net)	372,245	385,717
Tools, furniture and fixtures	670,176	676,340
Accumulated depreciation	(250,012)	(271,600)
Tools, furniture and fixtures (net)	420,164	404,740
Land	21,908,825	22,453,013
Building in trust	118,204,930	118,906,184
Accumulated depreciation	(12,921,816)	(14,440,415)
Building in trust (net)	105,283,114	104,465,769
Structures in trust	954,449	993,333
Accumulated depreciation	(135,316)	(156,015)
Structures in trust (net)	819,133	837,318
Machinery and equipment in trust	1,900,424	1,928,225
Accumulated depreciation	(572,156)	(643,786)
Machinery and equipment in trust (net)	1,328,268	1,284,439
Tools, furniture and fixtures in trust	437,363	531,039
Accumulated depreciation	(183,455)	(204,800)
Tools, furniture and fixtures in trust (net)	253,907	326,238
Land in trust	85,002,219	85,002,219
Construction in progress in trust	12,000	—
Total property and equipment	241,068,755	241,058,958
Intangible assets		
Leasehold rights in trust	5,354,762	5,317,233
Software	2,326	2,033
Trademark rights	3,731	3,385
Total intangible assets	¥5,360,820	¥5,322,652

(Thousands of yen)

	Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)
Investments and other assets		
Long-term prepaid expenses	¥445,727	¥453,702
Guaranteed deposits	10,195	10,261
Lease and guarantee deposits in trust	3,250,134	3,250,134
Total investment and other assets	3,706,057	3,714,098
Total fixed assets	250,135,633	250,095,710
Deferred assets		
Investment corporation bond issuance costs	43,982	38,956
Total deferred assets	43,982	38,956
Total assets	258,400,533	258,590,152
Liabilities		
Current liabilities		
Trade payable	667,598	1,056,563
Short-term loans	*1 10,000,000	*1 10,000,000
Current portion of long term loans	18,100,000	39,400,000
Other payable	169,783	107,811
Accrued expenses	543,089	520,944
Income taxes payable	605	605
Consumption taxes payable	–	40,265
Rent received in advance	903,634	899,666
Deposits received	258,258	308,560
Total current liabilities	30,642,969	52,334,417
Long-term liabilities		
Investment corporation bonds	9,000,000	9,000,000
Long-term loans	104,563,000	83,263,000
Tenant leasehold and security deposits	302,369	288,518
Tenant leasehold and security deposits in trust	2,124,653	2,089,742
Asset retirement obligations	415,079	419,792
Total long-term liabilities	116,405,102	95,061,053
Total liabilities	147,048,071	147,395,471
Net assets		
Unitholders' equity		
Unitholders' capital	61,703,224	61,703,224
Surplus		
Capital surplus	28,241,587	28,241,587
Voluntary retained earnings		
Reserve for distribution	18,261,746	18,072,729
Total voluntary retained earnings	18,261,746	18,072,729
Retained earnings	3,145,903	3,177,139
Total surplus	49,649,237	49,491,456
Total unitholders' equity	111,352,461	111,194,680
Total net assets	*2 111,352,461	*2 111,194,680
Total liabilities and net assets	¥258,400,533	¥258,590,152

(2) Statements of Income

(Thousands of yen)

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Operating revenues		
Rental revenues	*1 ¥8,716,329	*1 ¥9,076,818
Other rental revenues	*1 639,773	*1 585,507
Total operating revenues	9,356,103	9,662,326
Operating expenses		
Real estate rental expenses	*1 4,438,425	*1 4,688,094
Asset management fees	620,236	645,418
Asset custodian and consignment fees	21,424	23,065
Administrative service and consignment fees	57,810	62,720
Directors' remuneration	6,600	6,600
Provision of allowance for doubtful accounts	1,223	1,551
Other operating expenses	284,534	287,675
Total operating expenses	5,430,254	5,715,125
Operating income	3,925,849	3,947,200
Non-operating income		
Interest income	505	515
Gain on exclusion of distribution payable	4,518	4,021
Other	15	142
Total non-operating income	5,039	4,679
Non-operating expenses		
Interest expenses	575,549	572,250
Interest expenses on investment corporation bond	32,543	31,748
Amortization of investment corporation bond issuance costs	5,025	5,025
Financing-related expenses	169,651	163,502
Other	1,608	1,608
Total non-operating expenses	784,379	774,135
Ordinary income	3,146,508	3,177,744
Income before income taxes	3,146,508	3,177,744
Income taxes	605	605
Total income taxes	605	605
Net income	3,145,903	3,177,139
Retained earnings	¥3,145,903	¥3,177,139

(3) Statements of Unitholders' Equity

Previous fiscal period (From March 1, 2015 to August 31, 2015)

(Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital	Surplus					Total unitholders' equity	
		Capital surplus	Voluntary retained earnings		Retained earnings	Total surplus		
			Reserve for distribution	Total voluntary retained earnings				
Beginning balance	61,703,224	28,241,587	18,430,566	18,430,566	3,080,483	49,752,638	111,455,862	111,455,862
Changes during the fiscal period								
Reversal of reserve for distribution			(168,820)	(168,820)	168,820	—	—	—
Dividends from retained earnings					(3,249,304)	(3,249,304)	(3,249,304)	(3,249,304)
Net income					3,145,903	3,145,903	3,145,903	3,145,903
Total changes during the fiscal period	—	—	(168,820)	(168,820)	65,419	(103,400)	(103,400)	(103,400)
Ending balance	* 61,703,224	28,241,587	18,261,746	18,261,746	3,145,903	49,649,237	111,352,461	111,352,461

Current fiscal period (From September 1, 2015 to February 29, 2016)

(Thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital	Surplus					Total unitholders' equity	
		Capital surplus	Voluntary retained earnings		Capital surplus	Total surplus		
			Reserve for distribution	Total voluntary retained earnings				
Beginning balance	61,703,224	28,241,587	18,261,746	18,261,746	3,145,903	49,649,237	111,352,461	111,352,461
Changes during the fiscal period								
Reversal of reserve for distribution			(189,016)	(189,016)	189,016	—	—	—
Dividends from retained earnings					(3,334,920)	(3,334,920)	(3,334,920)	(3,334,920)
Net income					3,177,139	3,177,139	3,177,139	3,177,139
Total changes during the fiscal period	—	—	(189,016)	(189,016)	31,235	(157,781)	(157,781)	(157,781)
Ending balance	* 61,703,224	28,241,587	18,072,729	18,072,729	3,177,139	49,491,456	111,194,680	111,194,680

(4) Statements of Cash Distributions

(Yen)

	Previous fiscal period (Reference) (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
I. Unappropriated income	3,145,903,429	3,177,139,345
II. Reversal of reserve for distribution	189,016,971	200,892,593
III. Distributions [Distributions per investment unit]	3,334,920,400 [4,460]	3,365,577,740 [4,501]
IV. Reserve fund for distribution	—	12,454,198
V. Earnings carried forward	—	—

Method of calculation of cash dividends	<p>In accordance with Section 37.1.1 of the Articles of Incorporation set forth by DHI for distributions of cash dividends, the amount of dividends payable is limited by the amount of income and more than 90% of income available for distribution of dividends of DHI as set forth in Section 67.15 of the Special Taxation Measures Law.</p> <p>Also, DHI implemented its policy of stabilized distributions by utilizing the reserve fund for distribution.</p> <p>In accordance with the foresaid policy, ¥3,334,920,400 (¥4,460 per unit) was set as the amount for distribution of dividends. The amount is the total of the current period's unappropriated income of ¥3,145,903,429 and the reversal of reserve for distribution of ¥189,016,971.</p> <p>No cash distribution exceeding the income amount set forth in Section 37.1.2 of the Articles of Incorporation of DHI shall be made.</p>	<p>In accordance with Section 37.1.1 of the Articles of Incorporation set forth by DHI for distributions of cash dividends, the amount of dividends payable is limited by the amount of income and more than 90% of income available for distribution of dividends of DHI as set forth in Section 67.15 of the Special Taxation Measures Law.</p> <p>Also, DHI implemented its policy of stabilized distributions by utilizing the reserve fund for distribution.</p> <p>In accordance with the foresaid policy, ¥3,365,577,740 (¥4,501 per unit) was set as the amount for distribution of dividends. The amount is the total of the current period's unappropriated income of ¥3,177,139,345 and the reversal of reserve for distribution of ¥200,892,593 less provision of reserve for distribution of ¥12,454,198.</p> <p>No cash distribution exceeding the income amount set forth in Section 37.1.2 of the Articles of Incorporation of DHI shall be made.</p>
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(5) Statements of Cash Flows

(Thousands of yen)

	From March 1, 2015 to August 31, 2015	From September 1, 2015 to February 29, 2016
Cash flows from operating activities		
Income before income taxes	¥3,146,508	¥3,177,744
Depreciation and amortization	1,897,265	2,012,584
Amortization of investment corporation bond issuance costs	5,025	5,025
Amortization of trademark rights	359	346
Amortization of software	292	292
Loss on retirement of noncurrent assets	2,640	45,399
Interest income	(505)	(515)
Interest expense	608,093	603,998
Change in rental receivables	(43,148)	(11,416)
Change in consumption taxes receivable	(101,191)	118,750
Change in advance payments	(28,844)	28,599
Change in trade payables	209,654	(38,039)
Change in other payables	(7,018)	(5,288)
Change in accrued expenses	32,557	5,013
Change in deposits received	2,907	40,803
Change in rent received in advance	38,362	(35,145)
Change in long-term prepaid expenses	24,589	(7,975)
Change in allowance for doubtful accounts	562	480
Change in lease and guarantee deposits in trust	(1,293,218)	—
Other	(95,395)	(52,198)
Subtotal	4,399,496	5,888,462
Interest received	505	515
Interest paid	(602,876)	(631,157)
Income taxes paid	(612)	(581)
Net cash provided by operating activities	3,796,512	5,257,238
Cash flows from investing activities		
Purchases of property and equipment	(53,670)	(1,095,441)
Purchases of property and equipment in trust	(17,105,008)	(548,305)
Purchases of intangible fixed assets	(259)	—
Purchases of intangible fixed assets in trust	(2,030,432)	—
Proceeds from tenant leasehold and security deposits	34,350	24,879
Payment of tenant leasehold and security deposits	(18,914)	(16,362)
Proceeds from tenant leasehold and security deposits in trust	383,229	131,252
Payment of tenant leasehold and security deposits in trust	(132,945)	(93,312)
Net cash used in investing activities	(18,923,652)	(1,597,290)
Cash flows from financing activities		
Proceeds from short-term loans	10,000,000	—
Repayment of short-term loans	(800,000)	—
Proceeds from long-term loans	10,000,000	10,500,000
Repayment of long-term loans	—	(10,500,000)
Dividend payment	(3,246,851)	(3,331,511)
Net cash provided by (used in) financing activities	15,953,148	(3,331,511)
Net increase in cash and cash equivalents	826,009	328,437
Cash and cash equivalents at beginning of period	6,842,747	7,668,757
Cash and cash equivalents at end of period	* ¥7,668,757	* ¥7,997,194

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Method of depreciation of noncurrent assets	<p>(1)Property, plant and equipment (including properties in trust) The straight-line method is used. The useful lives of major property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>2 to 69 years</td></tr> <tr> <td>Structures</td><td>6 to 63 years</td></tr> <tr> <td>Machinery and equipment</td><td>7 to 29 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 28 years</td></tr> </table> <p>(2)Intangible assets (including properties in trust) The straight-line method is used. The useful life of major intangible assets is shown below.</p> <table> <tr> <td>Software</td><td>5 years</td></tr> </table> <p>The leasehold rights (fixed-term land lease right in general) are amortized on a straight-line basis over the life of each contract.</p>	Buildings	2 to 69 years	Structures	6 to 63 years	Machinery and equipment	7 to 29 years	Tools, furniture and fixtures	2 to 28 years	Software	5 years
Buildings	2 to 69 years										
Structures	6 to 63 years										
Machinery and equipment	7 to 29 years										
Tools, furniture and fixtures	2 to 28 years										
Software	5 years										
2. Accounting method for deferred assets	<p>Investment corporation bond issuance costs Costs are amortized on the straight-line basis over the term of the bonds.</p>										
3. Recognition of provision	<p>Allowance for doubtful accounts To prepare for losses from bad debt, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectability in the case of specific receivables such as highly doubtful receivables.</p>										
4. Recognition of revenues and expenses	<p>Property-related taxes For property tax, city planning tax, and depreciation asset tax for real estate properties, etc., held, the amount of tax levied corresponding to the fiscal period is recorded as real estate rental expenses. The settlement money for property tax that is paid to the transferor upon acquisition of real estate properties is not recorded as real estate rental expenses but included in the acquisition costs of the related properties.</p>										
5. Method of hedge accounting	<p>(1)Method of hedge accounting Deferral hedge accounting is used. However, the special treatment is applied for interest-rate swaps that meet certain conditions.</p> <p>(2)Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3)Hedging policy DHI utilizes derivative financial instruments in accordance with basic risk management policies for the purpose of heading risks specified in the Articles of Incorporation of DHI.</p> <p>(4)Method of assessing hedge effectiveness Hedging effectiveness is assessed and validated by comparing the cumulative gains or losses on the hedging instrument with the cumulative gains or losses on the underlying hedged item. However, the assessment of hedge effectiveness is omitted for the interest rate swaps meeting specific criteria.</p>										

6. Scope of cash in the statements of cash flows (cash and cash equivalents)	Cash in the statements of cash flows (cash and cash equivalents) include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.
7. Other important matters forming the basis of preparation of financial statements	<p>(1) Accounting treatment of trust beneficiary rights in real estate</p> <p>For trust beneficiary rights in real estate, each of the trust assets and liabilities as well as all income generated and expenses incurred in trusts are recorded in the relevant balance sheet and income statement accounts.</p> <p>Of the trust assets, the following assets are separately presented in the balance sheet due to their materiality:</p> <ul style="list-style-type: none"> i) Cash and bank deposits in trust ii) Buildings and structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust iii) Leasehold rights in trust iv) Lease and guarantee deposits in trust v) Tenant leasehold and security deposits in trust <p>(2) Consumption taxes</p> <p>Consumption taxes withheld and consumption taxes paid are not included in the accompanying statements of income and retained earnings. Non-deductible consumption taxes for acquisition of assets are added on to the acquisition cost of each asset.</p>

(8) Notes to Financial Statements

Notes to Balance Sheets

*1. Commitment line contracts

DHI has entered into separate commitment line agreements with four respective trading banks.

(Thousands of yen)

	Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)
Total amount of commitment line	10,000,000	10,000,000
Outstanding loans at end of the period	—	—
Amount unutilized at end of the period	10,000,000	10,000,000

*2. Minimum net assets stipulated in Article 67, paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Thousands of yen)

Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)
50,000	50,000

Notes to Statements of Income

*1. Breakdown of income (loss) from real estate leasing business

	(Thousands of yen)			
	Previous fiscal period (From March 1, 2015 to August 31, 2015)		Current fiscal period (From September 1, 2015 to February 29, 2016)	
A. Real estate rental revenues				
Real estate rental revenues				
Rental income	8,422,768		8,772,019	
Common service fees	293,561	8,716,329	304,799	9,076,818
Other rental revenues				
Facility charges	284,130		291,639	
Incidental revenues	52,750		51,426	
Other rental business revenues	302,892	639,773	242,441	585,507
Total rental business revenues		9,356,103		9,662,326
B. Real estate rental expenses				
Real estate rental expenses				
Management fees	903,562		879,036	
Utilities	135,789		130,371	
Taxes and public dues	489,716		489,583	
Repairs	239,183		383,566	
Insurance premiums	14,000		14,342	
Restoration costs	291,732		208,470	
Custodian fees	46,844		55,676	
Depreciation and amortization	1,897,265		2,012,584	
Other operating expenses	420,329	4,438,425	514,462	4,688,094
Total real estate rental expenses		4,438,425		4,688,094
C. Income (loss) from real estate rental business (A – B)		4,917,678		4,974,231

*2. Transactions with major unitholders

	(Thousands of yen)	
	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Business transactions		
Operating revenues	82,809	82,809
Non-business transactions		
Acquisition of trust beneficiary rights in real estate	17,750,000	—

Notes to Statements of Unitholders' Equity

* Total number of investment units authorized and issued

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued	747,740 units	747,740 units

Notes to Statements of Cash Flows

* Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheets

(Thousands of yen)

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Cash and deposits	3,294,129	3,777,892
Cash and deposits in trust	4,374,627	4,219,302
Cash and cash equivalents	7,668,757	7,997,194

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

(Unit: Thousands of yen)

	Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)
Due within one year	746,215	725,791
Due after one year	516,354	467,336
Total	1,262,569	1,193,127

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for the use of financial instruments

As a policy, when acquiring real estate and other properties, as well as when repaying its obligations, DHI raises necessary funds through loans from banks, issuance of investment corporation bonds and issuance of investment units, etc. As for financing efforts, DHI carefully pays attention to the long-term nature, cost effectiveness and soundness of the financial instruments, while considering the diversification of financial methods and repayment deadlines.

DHI may use derivative financial instruments for such purposes as hedging interest rate fluctuation risk, but does not engage in speculative transactions using these instruments. DHI currently uses interest-rate swaps to hedge interest rate fluctuation risk.

Surplus funds can be invested in securities or monetary claims; however, as a current policy of DHI, they are deposited in interest-bearing accounts.

(2) Details of financial instruments, related risks and risk management system

The Asset Managers stipulate basic provisions of risk management in their risk management rules.

Investment corporation bonds and loans are used to finance such efforts as acquisition of real estate and repayment of loans. These financial instruments are exposed to liquidity risk, though DHI controls such risk by maintaining the ratio of interest-bearing debt to total assets under a certain percentage, diversifying repayment deadlines, and retaining a certain amount of highly liquid cash and deposits.

For floating rate borrowings exposed to the risk of interest rate fluctuations, DHI, in order to reduce the impact caused by rising interest rates, closely watches the movement of interest rates, and intends to increase the ratio of fixed rate loans, etc.

Deposits are exposed to credit risks, including collapse of the financial institutions where deposits are made, and thus, are managed through the use of liquid deposits.

(3) Supplementary explanation concerning fair value of financial instruments

The fair values of financial instruments are determined by market prices, and in the case of financial instruments without observable market prices, reasonable estimates are included in the valuation. Since certain assumptions are used to measure applicable fair values, the amounts are subject to change under the different assumptions.

2. Fair value of financial instruments

Balance sheet carrying amounts, fair values, and the difference between the two values are as shown below.

Previous fiscal period (As of August 31, 2015)

(Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and bank deposits	3,294,129	3,294,129	—
(2) Cash and bank deposits in trust	4,374,627	4,374,627	—
(3) Short-term loans	10,000,000	10,000,000	—
(4) Current portion of long-term loans	18,100,000	18,117,777	(17,777)
(5) Investment corporation bonds	9,000,000	8,964,296	35,703
(6) Long-term loans	104,563,000	105,099,737	(536,737)
(7) Derivatives	—	—	—

Current fiscal period (As of February 29, 2016)

(Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and bank deposits	3,777,892	3,777,892	—
(2) Cash and bank deposits in trust	4,219,302	4,219,302	—
(3) Short-term loans	10,000,000	10,000,000	—
(4) Current portion of long-term loans	39,400,000	39,469,366	(69,366)
(5) Investment corporation bonds	9,000,000	9,137,179	(137,179)
(6) Long-term loans	83,263,000	84,243,652	(980,652)
(7) Derivatives	—	—	—

(Note 1) Methods of calculating the fair values of financial instruments

(1) Cash and bank deposits, (2) Cash and bank deposits in trust

These instruments are settled in the short term and their fair values are approximately equal to their book values, thus, the measurement is based on their book value.

(3) Short-term loans

These instruments carry floating interest rates, and their fair values are approximately equal to their book values, thus, the measurement is based on their book values.

(5) Investment corporation bonds

The fair value of these bonds is measured as the present value, which is calculated by discounting the combined total of principal and interest by the interest rate determined taking into account the current maturity and corresponding credit risk.

(4) Current portion of long-term loans, (6) Long-term loans

Because the fair value of long-term loans payable that carry floating interest rates is approximate to the book value, the book value is used as the fair value of these liabilities. However, for long-term loans payable with floating interest rates to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar loan corresponding to the remaining period. The fair value of long-term loans payable carrying fixed interest rates is calculated by discounting the total of principal and interest at the rate assumed when a new loan corresponding to the remaining period is made.

(7) Derivative transactions

Please refer to “Derivative Transactions” described later.

(Note 2) Redemption schedule for monetary claims after August 31, 2015

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and bank deposits	3,294,129	—	—	—	—	—
Cash and bank deposits in trust	4,374,627	—	—	—	—	—
Total	7,668,757	—	—	—	—	—

Redemption schedule for monetary claims after February 29, 2016

(Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and bank deposits	3,777,892	—	—	—	—	—
Cash and bank deposits in trust	4,219,302	—	—	—	—	—
Total	7,997,194	—	—	—	—	—

(Note 3) Repayments (scheduled) of short-term loans, investment corporation bonds and long-term loans after August 31, 2015

(Thousands of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	10,000,000	—	—	—	—	—
Current portion of long-term loans	18,100,000	—	—	—	—	—
Investment corporation bonds	—	3,000,000	—	—	—	6,000,000
Long-term loans	—	59,295,000	—	4,000,000	18,910,000	22,358,000
Total	28,100,000	62,295,000	—	4,000,000	18,910,000	28,358,000

Repayments (scheduled) of short-term loans, investment corporation bonds and long-term loans after February 29, 2016

(Thousands of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	10,000,000	—	—	—	—	—
Current portion of long-term loans	39,400,000	—	—	—	—	—
Investment corporation bonds	—	3,000,000	—	—	3,000,000	3,000,000
Long-term loans	—	27,495,000	—	22,910,000	3,500,000	29,358,000
Total	49,400,000	30,495,000	—	22,910,000	6,500,000	32,358,000

Securities

Not applicable, since DHI did not conduct any securities transactions in the previous period (as of August 31, 2015) and the current period (as of February 29, 2016).

Derivative Transactions

1. Derivative transactions for which hedge accounting has not been applied

Not applicable as of August 31, 2015 and February 29, 2016.

2. Derivative transactions for which hedge accounting has been applied

Contract amount, or the amount equivalent to principal specified in the contract according to the hedge accounting method is shown as follows:

Previous fiscal period (As of August 31, 2015)

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Due after one year		
Special treatment for interest-rate swap	Interest-rate swap agreement Receive floating and pay fixed	Long-term loan	106,468,000	95,968,000	(Note)	—

Current fiscal period (As of February 29, 2016)

(Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Due after one year		
Special treatment for interest-rate swap	Interest-rate swap agreement Receive floating and pay fixed	Long-term loan	106,468,000	74,668,000	(Note)	—

(Note) Interest-rate swaps subject to special accounting treatment are included in the accounting for the hedged long-term loan, thus, the fair value is included in the fair value of the corresponding applicable long-term loan. (Please refer to “Financial Instruments” above.)

Related Party Transactions

1. Controlling company and major corporate investors

Previous fiscal period (From March 1, 2015 to August 31, 2015)

Attribute	Name	Location	Capital (Millions of yen)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
						Position of director(s) serving concurrently	Business relationship				
Major unitholder	DAIWA HOUSE INDUSTRY Co., Ltd.	Osaka City, Osaka	161,699	Construction industry	10.09	—	Providing preferential negotiation rights, dispatching personnel	Acquisition of trust beneficiary rights in real estate	17,750,000	—	—

(Note 1) In the above table, consumption taxes are not included in the transaction amounts but are included in the balances at the end of the period.

(Note 2) Transaction terms and conditions and policies for determining transaction terms and conditions: market value is considered in such determinations.

(Note 3) As for acquisition of trust beneficiary rights in real estate, the acquisition price is determined based on third party institution's appraisal value.

Current fiscal period (From September 1, 2015 to February 29, 2016)

Not applicable.

2. Affiliates

Previous fiscal period (From March 1, 2015 to August 31, 2015)

Not applicable.

Current fiscal period (From September 1, 2015 to February 29, 2016)

Not applicable.

3. Sister companies

Previous fiscal period (From March 1, 2015 to August 31, 2015)

Attribute	Name	Location	Capital (Millions of yen)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
						Position of director(s) serving concurrently	Business relationship				
Subsidiary of DHI's major corporate investors	Daiwa House Asset Management Co., Ltd.	Chiyoda- ku, Tokyo	300	Asset management	—	—	Consigned asset- management operations	Asset- management compensation payment	691,236	Accrued expenses	397,259
Subsidiary of DHI's major corporate investors	Daiwa Living Co., Ltd.	Koto-ku, Tokyo	100	Real estate property management	—	—	Property lease and management	Rental income etc.	1,286,106	Tenant leasehold and security deposits in trust	259,477
								Property lease and management compensation payment	961,357	Accrued operating expenses payable	273,092

(Note 1) In the above table, consumption taxes are not included in the transaction amounts but are included in the balances at the end of the period.

(Note 2) Transaction terms and conditions and policies for determining transaction terms and conditions: market value is considered in such determinations.

Current fiscal period (From September 1, 2015 to February 29, 2016)

Attribute	Name	Location	Capital (Millions of yen)	Business type or occupation	Ownership percentage of investment units (Owned)	Type of relationship		Transaction type	Transaction amount (Thousands of yen)	Account	Balance at end of period (Thousands of yen)
						Position of director(s) serving concurrently	Business relationship				
Subsidiary of DHI's major corporate investors	Daiwa House Asset Management Co., Ltd.	Chiyoda- ku, Tokyo	300	Asset management	—	—	Consigned asset- management operations	Asset- management compensation payment	653,202	Accrued expenses	402,241
Subsidiary of DHI's major corporate investors	Daiwa Living Co., Ltd.	Koto-ku, Tokyo	100	Real estate property management	—	—	Property lease and management	Rental income etc.	1,537,066	Tenant leasehold and security deposits in trust	259,477
								Property lease and management compensation payment	1,011,274	Accrued operating expenses payable	302,467

(Note 1) In the above table, consumption taxes are not included in the transaction amounts but are included in the balances at the end of the period.

(Note 2) Transaction terms and conditions and policies for determining transaction terms and conditions: market value is considered in such determinations.

4. Director and major individual investors

Previous fiscal period (From March 1, 2015 to August 31, 2015)

Not applicable.

Current fiscal period (From September 1, 2015 to February 29, 2016)

Not applicable.

Deferred Income Taxes

1. Significant components of deferred tax assets and liabilities

(Thousands of yen)

	Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)
Deferred tax assets (current)		
Allowance for doubtful accounts	43	620
Other	19,554	19,857
Subtotal deferred tax assets (current)	19,598	20,478
Valuation allowance	19,598	20,478
Total deferred tax assets (current)	—	—
Net deferred tax assets (current)	—	—
Deferred tax assets (non-current)		
Valuation difference based on the reappraisal at the time of the merger (Long-term prepaid expenses)	1,577	1,348
Valuation difference based on the reappraisal at the time of the merger (Land and Building)	1,601,372	1,571,116
Loss carryforward assumed at the time of the merger	14,385,714	14,385,714
Asset retirement obligations	134,112	135,634
Other	31,794	43,920
Subtotal	16,154,571	16,137,734
Deferred tax liabilities (non-current)		
Valuation difference based on the reappraisal at the time of the merger (Land and Building)	1,769,317	1,752,467
Asset retirement costs (associated with asset retirement obligations)	121,621	121,621
Subtotal	1,890,938	1,874,088
Valuation allowance	14,263,632	14,263,645
Total deferred tax assets (non-current)	—	—
Net deferred tax assets (non-current)	—	—

2. Reconciliation of significant difference between the statutory tax rate and the effective tax rate after applying deferred income tax accounting

	Previous fiscal period (As of August 31, 2015)	Current fiscal period (As of February 29, 2016)	(%)
Statutory tax rate	34.15	32.31	
(Adjustments)			
Tax-deductible dividends paid	(34.18)	(32.37)	
Other	0.05	0.08	
Effective tax rate after applying deferred income tax accounting	0.02	0.02	

Retirement Benefits

Not applicable, since DHI did not have any retirement benefit plan in the previous period (as of August 31, 2015) and the current period (as of February 29, 2016).

Notes on Asset Retirement Obligations

1. Overview of asset retirement obligations

DHI has entered into fixed-term land lease agreements with the land owners of some real estate on which DHI's assets are located and recognizes liabilities for the restoration of real estate to its original state upon withdrawal from real estate as asset retirement obligations.

2. Calculation method of the amount of asset retirement obligations

DHI estimates the useful life of applicable assets as the remaining agreement period of the applicable fixed-term land lease rights (54-60 years), and uses a 2.1%-2.4% discount rate for the calculation of applicable asset retirement obligations.

3. Changes in asset retirement obligations during the fiscal period

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)	(Thousands of yen)
Balance at beginning of the period	410,420	415,079	
Increase due to acquisition of properties	—	—	
Accretion expense	4,659	4,712	
Balance at end of the period	415,079	419,792	

Investment and Rental Properties

DHI owns residential housing for lease in Tokyo and other areas for the purpose of earning rental revenues. The book value on the balance sheet corresponding to those rental and other real estate properties, changes during the period and the fair value are as follows:

(Thousands of yen)

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Book value on balance sheets		
Balance at beginning of the period	229,017,233	246,411,517
Changes during period	17,394,284	(35,325)
Balance at end of the period	246,411,517	246,376,192
Fair value at end of the period	273,723,000	278,340,000

(Note 1) The book value on the balance sheets is the acquisition cost less accumulated depreciation.

(Note 2) In the changes during period, the increase in the previous fiscal period is mainly attributable to the acquisition of Royal Parks SEASIR, Castalia Honkomagome, Pacific Royal Court Minatomirai Urban Tower, L-Place Shinkoyasu and Royal Parks Musashikosugi (¥19,000,210 thousand), while the decrease is mainly attributable to depreciation and amortization. In the current fiscal period, the increase is mainly attributable to the acquisition of Castalia Kyoto Nishioji (¥1,054,104 thousand), while the decrease is mainly attributable to depreciation.

(Note 3) The fair value at the end of the period represents the value assessed by a third-party real estate appraiser.

The income or loss regarding investment and rental properties is disclosed under “Notes to Statements of Income.”

Segment Information

1. Segment information

Since DHI has been engaged in a single segment of the real estate leasing business, and there is no other business segment for disclosure, segment information has been omitted.

2. Related information

Previous fiscal period (From March 1, 2015 to August 31, 2015)

(1) Information about products and services

Since operating revenues from external customers for a single segment of product and service account for over 90% of total operating revenues in DHI's statements of income and retained earnings, information about products and services has been omitted.

(2) Information about geographical areas

i) Operating revenues

Since operating revenues from external customers within Japan account for over 90% of total operating revenues in DHI's statements of income and retained earnings, information about geographic areas has been omitted.

ii) Property and equipment

Since over 90% of total property and equipment on the balance sheets are located within Japan, information about geographic areas on such property and equipment has been omitted.

(3) Information about major customers

(Thousands of yen)

Name	Operating revenues	Related segment
Daiwa Living Co., Ltd.	1,286,106	Real estate leasing

Current fiscal period (From September 1, 2015 to February 29, 2016)

(1) Information about products and services

Since operating revenues from external customers for a single segment of product and service account for over 90% of total operating revenues in DHI's statements of income and retained earnings, information about products and services has been omitted.

(2) Information about geographical areas

i) Operating revenues

Since operating revenues from external customers within Japan account for over 90% of total operating revenues in DHI's statements of income and retained earnings, information about geographic areas has been omitted.

ii) Property and equipment

Since over 90% of total property and equipment on the balance sheets are located within Japan, information about geographic areas on such property and equipment has been omitted.

(3) Information about major customers

(Thousands of yen)

Name	Operating revenues	Related segment
Daiwa Living Co., Ltd.	1,537,066	Real estate leasing

Equity in Earnings or Losses of Equity-method Affiliates

Not applicable, since there was no affiliate in the previous period (as of August 31, 2015) and the current period (as of February 29, 2016).

Per Unit Information

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Net assets per unit	¥148,918	¥148,707
Net income per unit	¥4,207	¥4,248

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units weighted by the days in the period. Diluted net income per unit is not stated, as there is no potential investment unit.

(Note 2) Basis of calculation for the amounts of net income per unit is stated as follows:

	Previous fiscal period (From March 1, 2015 to August 31, 2015)	Current fiscal period (From September 1, 2015 to February 29, 2016)
Net income (Thousands of yen)	3,145,903	3,177,139
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common units (Thousands of yen)	3,145,903	3,177,139
Average number of investment units during the period (Units)	747,740	747,740

Significant Subsequent Events

1 Fund procurement and repayment

(A) DHI repaid a loan of ¥7,600 million that became due on March 31, 2016 and executed the following new loan as refinance funds on the same date.

Lender	Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd., The Norinchukin Bank, The Chiba Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., The Shizuoka Bank, Ltd., The Bank of Fukuoka.
Amount	¥7,600,000,000
Interest Rate	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.20%
Loan Date	March 31, 2016
Repayment date	March 29, 2019
Repayment method	Principal in full on the due date
Collateral	Unsecured without warranty

(B) At a meeting of the Board of Directors held on April 15, 2016, DHI decided to conclude a modification agreement with the goal of extending the repayment date of ¥10,000 million in short-term debt due for repayment on April 28, 2016. The details of said borrowing after the changes effected by the modification agreement are as follows:

Lender	Mizuho Bank, Ltd.
Amount	¥3,250,000,000
Interest Rate	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.175%
Loan Date	May 1, 2015
Repayment date	April 28, 2017
Repayment method	Principal in full on the due date
Collateral	Unsecured without warranty

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Amount	¥3,250,000,000
Interest Rate	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.175%
Loan Date	May 1, 2015
Repayment date	April 28, 2017
Repayment method	Principal in full on the due date
Collateral	Unsecured without warranty

Lender	Sumitomo Mitsui Trust Bank, Limited
Amount	¥1,750,000,000
Interest Rate	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.175%
Loan Date	May 1, 2015
Repayment date	April 28, 2017
Repayment method	Principal in full on the due date
Collateral	Unsecured without warranty

Lender	Sumitomo Mitsui Banking Corporation
Amount	¥1,750,000,000
Interest Rate	Basic interest rate (Japanese Bankers Association 1-month yen TIBOR) + 0.175%
Loan Date	May 1, 2015
Repayment date	April 28, 2017
Repayment method	Principal in full on the due date
Collateral	Unsecured without warranty

2 The Merger between DHI and Daiwa House REIT Investment Corporation

DHI and Daiwa House REIT Investment Corporation (hereinafter referred to as “DHR”) resolved at meetings of their respective Boards of Directors held on April 15, 2016 to execute the merger (hereinafter referred to as the “Merger”), coming into effect on September 1, 2016 and concluded the merger agreement (hereinafter referred to as the “Merger Agreement”) as of April 15, 2016.

(a) Major reason of business combination

DHI and DHR (collectively referred to as the “Investment Corporations”) have to date used their individual strengths to work towards securing stable income over the medium to long term and steadily growing their assets, with the aim of sustainably increasing unitholder value. However, each faces its own challenges: DHI’s LTV ratio remains high, and its portfolio specialized in residential properties offers limited opportunities for internal growth, while DHR has few available strategies for positioning in the logistics REIT sector or for efficiently swapping out investments and achieving internal growth at its current portfolio size.

Under these circumstances, for addressing these challenges and promoting the future growth of both companies, the Investment Corporations determined that the Merger was the most effective strategy for maximizing unitholder value based on stable income and stabilized/improved distribution through solid growth of the portfolio. As such, the Investment Corporations have executed the Merger Agreement as of April 15, 2016.

(b) Date of combination

September 1, 2016 (Scheduled)

(c) Legal format of the Merger

An “absorption-type merger” method in which DHI will be the surviving company and DHR will be the absorbed company.

(d) Name of the investment corporation after the date of combination

Daiwa House REIT Investment Corporation (the name is scheduled to be changed from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation on September 1, 2016)

(e) Merger ratio

In the Merger, each investment unit of DHR will be exchanged for 2.2 investment units of DHI. As a result, for DHR’s unitholders, the number of investment units granted will include fractions of less than one unit. These fractional investment units shall, in accordance with the provisions of the law, be sold in

the market and the proceeds from the sale of these fractional units shall be granted to unitholders in proportion to their fractional units.

(f) Cash distributions on Merger

Instead of cash distributions to DHR's unitholders for the operating period ending on the day before the date on which the merger comes into effect, DHI will make a cash distribution on merger within a reasonable period of time after the date on which the merger becomes effective, to the unitholders listed or recorded in the final unitholders' register as of the day the date on which the merger comes into effect (hereinafter referred to as the "Allotted Investors") a distribution amount equivalent to the cash distribution for the same operating period (DHR's distributable earnings as of the day before the date on which the Merger comes into effect, divided by the number of investment units issued and outstanding of DHR on the day before the date on which the merger comes into effect, from which the number of investment units held by unitholders other than the allotted unitholders has been subtracted).

3 Acquisition of assets

On April 15, 2016, DHI concluded an agreement to acquire the following assets, and intends to acquire said assets, with the effectuation of the merger as a condition precedent.

Property name	Castalia Ningyocho III (Roygent Ningyocho) (Note 3)
Asset type	Trust beneficiary rights in real estate (Note 4)
Expected acquisition price (Note 1)	¥2,000,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Date of purchase agreement	April 15, 2016
Scheduled acquisition date	September 28, 2016
Funds for acquisition	Loans and own funds
Property name	Royal Parks Umejima
Asset type	Trust beneficiary rights in real estate (Note 4)
Expected acquisition price (Note 1)	¥2,020,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Date of purchase agreement	April 15, 2016
Scheduled acquisition date	September 28, 2016
Funds for acquisition	Loans and own funds

(Note 1) Acquisition price does not include expenses incurred in connection with the acquisition, settlement of taxes and public dues, and consumption taxes.

(Note 2) As the seller is a party having a special interest in DHI and or the Asset Manager, the transaction was executed in accordance with certain procedures prescribed in the internal rule "regulations on transactions with interested parties" of the Asset Manager.

(Note 3) DHI plans to change the property name. The name after the change is provided with the name as of April 15, 2016 in parentheses.

(Note 4) The asset to be acquired stands as physical real estate as of April 15, 2016. By the planned acquisition date, the current owner will entrust the property to a trustee, and DHI will acquire trust beneficiary rights in the entrusted property.

On April 15, 2016, DHR concluded an agreement to the effect that it will acquire D Project Hibiki Nada, D Project Morioka II, Sports Depo and Golf 5 Kokurahigashi IC store and Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi) on September 28, 2016.

The DHI is scheduled to inherit the position, rights and obligations of the buyer as per the purchase agreement for the assets DHR is scheduled to acquire.

The effectuation of the merger is a condition precedent to the planned acquisition of these assets.

(9) Changes in Investment Units Issued

The number of investment units issued and the changes in total unitholders' capital for the last five years are reported as follows:

Date	Type	Investment units issued (Units)		Total unitholders' capital (Millions of yen)		Comments
		Change	Balance	Change	Balance	
October 4, 2011	Capital increase by public offering	38,000	156,735	15,999	40,002	(Note 1)
November 2, 2011	Third-party allotment	3,800	160,535	1,599	41,602	(Note 2)
March 1, 2013	Split of investment units	160,535	321,070	—	41,602	(Note 3)
March 18, 2013	Capital increase by public offering	28,000	349,070	10,455	52,058	(Note 4)
April 17, 2013	Third-party allotment	2,800	351,870	1,045	53,104	(Note 5)
October 28, 2013	Capital increase by public offering	20,000	371,870	7,817	60,921	(Note 6)
November 19, 2013	Third-party allotment	2,000	373,870	781	61,703	(Note 7)
March 1, 2015	Split of investment units	373,870	747,740	—	61,703	(Note 8)

(Note 1) Investment units were issued at ¥435,337 per unit (value of investment unit issued ¥421,049) by public offering to obtain funds for acquiring new properties.

(Note 2) Investment units were issued at ¥421,049 per unit by third-party allotment to obtain property acquisition funds.

(Note 3) Investment units were split (2-for-1) on March 1, 2013 as effective date.

(Note 4) Investment units were issued at ¥386,100 per unit (value of investment unit issued ¥373,428) by public offering to obtain funds for acquiring new properties.

(Note 5) Investment units were issued at ¥373,428 per unit by third-party allotment to obtain property acquisition funds.

(Note 6) Investment units were issued at ¥404,137 per unit (value of investment unit issued ¥390,873) by public offering to obtain funds for repayment of short-term loans for acquiring new properties.

(Note 7) Investment units were issued at ¥390,873 per unit by third-party allotment to obtain funds for repayment of short-term loans for acquiring new properties.

(Note 8) Investment units were split (2-for-1) on March 1, 2015 as effective date.

4. Changes in Officers

(1) Changes in DHI's Directors

The following table shows about the DHI's Directors as of the date of this financial result report.

Title	Name	Major career summary (company names, etc. are as of that time)		Number of units held
Executive Director	Jiro Kawanishi	Apr. 1974 Jun. 2001 Mar. 2003 May 2008 Jun. 2009 Mar. 2014 Dec. 2015	Joined The Mitsui Trust & Banking Co., Ltd. Executive Officer & General Manager of Nihonbashi Business Dept. IV, The Chuo Mitsui Trust and Banking Co., Ltd. Managing Director, Chuo Mitsui Card Co., Ltd President and Representative Director, Chuo Mitsui Card Co, Ltd. Corporate Auditor, GS Yuasa Corporation Auditor, Fujita Kanko Inc. (current position) Executive Director, Daiwa House Residential Investment Corporation (current position)	0
Supervisory Director	Tetsuya Iwasaki	Apr. 1990 Mar. 1994 Feb. 1997 Feb. 1997 May 2002 Aug. 2004 Jan. 2006 Jun. 2015	Joined Deloitte Touche Tohmatsu Registered as a certified public accountant Joined NED Kabushiki Kaisha Opened Tetsuya Iwasaki Certified Public Accountant Firm Registered as a certified public tax accountant Joined Citia Certified Public Accountant Firm (current position) Supervisory Director, BLife Investment Corporation (currently, Daiwa House Residential Investment Corporation) (current position) Outside Director, Uoriki Co., Ltd. (current position)	0
Supervisory Director	Hiroshi Ishikawa	Apr. 1997 Apr. 1999 Jun. 2013 Dec. 2013	Legal apprentice Tokyo Bar Association, Joined Ohhara Law Office (current position) Outside Director, Japan Medical Dynamic Marketing, INC. (current position) Supervisory Director, Daiwa House Residential Investment Corporation (current position)	0

(2) Changes in Officers of Asset Manager

The following table shows about the Officers of the Asset Manager as of the date of this financial result report.

Title	Name	Major career summary (company names, etc. are as of that time)		Number of shares held
CEO & President	Koichi Tsuchida	Apr. 1983	Joined Daiwa House Industry Co., Ltd.	0
		Oct. 1997	Manager, Administration and Accounting Section, Kumamoto Branch	
		Apr. 2002	Manager, Administration and Support Group, Accounting Department, Administrative Headquarters	
		Oct. 2003	Manager, Finance and Fund Group, Finance Department, Administrative Headquarters	
		Apr. 2005	Deputy Department Manager, Finance and Fund Group, Finance Division, Administrative Headquarters	
		Apr. 2006	Department Manager, Finance Department, Administrative Headquarters	
		Jun. 2006	Auditor (outside) , Daiwa Service Co., Ltd.	
		Dec. 2006	Director (outside), Daiwa House Insurance Co., Ltd.	
		Apr. 2007	General Manager, Finance Department, Management Administration Headquarters, Daiwa House Industry Co., Ltd.	
		Apr. 2008	(Concurrent) General Manager, IR Department, Management Administration Headquarters	
		Apr.2014	CEO and President , Daiwa House Asset Management Co., Ltd. (employment transfer) (current position)	
Managing Director	Masahiko Arima	Apr. 1986	Joined Daiwa House Industry Co., Ltd.	0
		Apr. 2002	Manager, Accounting and Administration Division, Ryomo Branch	
		Apr. 2006	Manager, Accounting Division, Fukushima Branch	
		Apr. 2011	Manager, Administration Division, Fukushima Branch	
		Apr. 2012	Deputy General Manager, Accounting Division, Fukushima Branch, Deputy General Manager, Administration Division, Fukushima Branch	0
		Apr. 2012	Managing Director and General Manager, Administration & Accounting Department of Daiwa House Asset Management Co., Ltd. as an employee from Daiwa House Industry Co., Ltd. (current position)	
Managing Director	Isao Mikami	Apr. 1986	Joined Daiwa House Industry Co., Ltd.	
		Jan. 2000	Manager, Sales Section, Apartment Sales Office, Kawagoe Branch	
		Apr. 2005	Manager, Owner Support Group, Apartment Promotion Division, Marketing Headquarters, (Tokyo Head Office)	
		Oct. 2009	Sales Office Manager, Asset Stock Sales Office, Apartment Promotion Division, Marketing Headquarters (Tokyo Head Office)	
		Apr. 2012	Sales Office Manager, Asset Stock Sales Office, Apartment Promotion Division, Marketing Department, Marketing Headquarters (Tokyo Head Office)	
		Apr.2015	Managing Director and General Manager of Acquisition Department, Daiwa House Asset Management Co., Ltd. as an employee from Daiwa House Industry Co., Ltd. (current position)	

Title	Name	Major career summary (company names, etc. are as of that time)		Number of shares held
Director	Hiroataka Uruma	Apr. 1978 Oct. 1999 Apr. 2003 Jan. 2004 Dec. 2005 Jan. 2007 Apr. 2010 Apr. 2012	Joined The Mitsui Trust and Banking Co., Ltd. Deputy General Manager, Business Promotion II, Osaka Branch Audit Division, Chief auditor, The Chuo Mitsui Trust and Banking Co., Ltd. General Manager, Administration Division, Sanshin Shinko Inc. CFO & General Manager of Morimoto Asset Management Co., Ltd. as an employee from The Chuo Mitsui Trust and Banking Company, Limited. CFO & General Manager of Morimoto Asset Management Co., Ltd. (employment transfer) CFO & General Manager of Daiwa House Morimoto Asset Management Co., Ltd. CFO & Director of Daiwa House Asset Management Co., Ltd. (current position)	
Corporate Auditor (part-time)	Hiroshi Tobita	Apr. 1995 Apr. 1997 Apr. 2000 Aug. 2010 Nov. 2010 Jun. 2015 Jun. 2015 Jun. 2015	Legal apprentice Tokyo Bar Association, Joined Saotome Goro Law Office Joined Nishimura & Partners Opened Tobita Hiroshi Law Office Joined Wisdom Law Office as a Partner Opened Tobita & Partners Law Offices (current position) Auditor (part-time), Daiwa House Asset Management Co., Ltd. (current position) Outside Director, Mutoh Holdings Co., Ltd. (current position)	

(Note) As of the date of the report, there are 40 officers and employees at the Asset Manager (14 seconded staff, among which 12 are from Daiwa House Industry Co., Ltd., one is from Sumitomo Mitsui Trust Bank, Limited, and one is from GLOBAL COMMUNITY Co., Ltd.).

The following table shows about the Compliance Officer of the Asset Manager as of the date of this financial result report.

Title	Name	Major career summary (company names, etc. are as of that time)		Number of shares held
Compliance Officer	Hirofumi Wakui	Apr. 1982 Jun. 2001 Feb. 2002 Jul. 2002 Apr. 2005 Oct. 2007 Jul. 2009 Jun. 2010 Apr. 2012 Jul. 2013	Joined The Chuo Trust and Banking Co., Ltd., Yokohama Branch Deputy General Manager of General Planning Department, The Chuo Mitsui Trust and Banking Co., Ltd. Deputy General Manager of General Planning Department and Deputy General Manager of Corporate Planning Department of Mitsui Trust Holdings, Inc. General Manager of Gifu Branch of The Chuo Mitsui Trust and Banking Co., Ltd. General Manager of Operations Administration Department of The Chuo Mitsui Trust and Banking Co., Ltd. General Manager of General Planning Department of The Chuo Mitsui Trust and Banking Co., Ltd. Managing Executive Officer and General Manager of General Planning Department of The Chuo Mitsui Trust and Banking Co., Ltd. Managing Executive Officer and General Manager of Internal Audit Department of The Chuo Mitsui Trust and Banking Co., Ltd. Executive Vice-president of Sumitomo Mitsui Trust Card Co., Ltd. Compliance Officer of Daiwa House Asset Management Co., Ltd. (employment transfer) (current position)	0

5. Reference Information

“Status of DHI’s Investment”

Please refer to the below.

Status of DHI’s Investment

1. Portfolio

(1) Status of investment

The status of DHI’s investment as of February 29, 2016 is shown below.

Type of assets	Property type	Area (Note 1)	20th period As of February 29, 2016	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Residential facilities	Area 1	11,516	4.5
		Area 2	14,036	5.4
		Area 3	—	—
		Area 4	23,589	9.1
Trust beneficiary rights in real estate	Residential facilities	Area 1	76,827	29.7
		Area 2	65,207	25.2
		Area 3	32,701	12.6
		Area 4	22,496	8.7
Subtotal			246,376	95.3
Deposits and other assets			12,213	4.7
Total assets			258,590	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 2)
Total liabilities	147,395	57.0
Total net assets	111,194	43.0

(Note 1) “Area 1” indicated in the Area column means five major wards in Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward). “Area 2” means the wards of Tokyo excluding those in 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 approximately 100,000).

(Note 2) “Total amount held” represents the amounts recorded on the balance sheet as of February 29, 2016, which are rounded down to the nearest million yen. For real estate properties and trust beneficiary rights in real estate, the amounts are their acquisition costs (including expenses associated with the acquisition) less accumulated depreciation.

(Note 3) “Percentage to total assets” is rounded to the first decimal place.

(2) Status of assets held by DHI

- i) The overview of real estate and trust beneficiary interest in real estate (hereinafter, may be referred to as “real estate in trust”) held by DHI as of February 29, 2016, is as follows:

Type	Area	Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Acquisition date (Note 5)	Collateral
Residential facilities	Area 1	1001	Qiz Ebisu	7,650	7,309	3.0	8,160	March 22, 2006	NIL
		1002	Castalia Azabujuban Shichimenzaka	4,500	4,238	1.7	4,080	March 22, 2006	NIL
		1003	Castalia Shibakoen	2,630	2,453	1.0	2,080	March 22, 2006	NIL
		1004	Castalia Ginza	2,520	2,387	1.0	2,120	March 22, 2006	NIL
		1005	Castalia Hiroo	2,220	2,109	0.9	1,800	March 22, 2006	NIL
		1006	Castalia Nihonbashi	1,200	1,096	0.4	1,120	March 22, 2006	NIL
		1007	Castalia Hacchobori	2,300	2,153	0.9	2,150	March 7, 2007	NIL
		1008	Castalia Azabujuban	2,910	2,825	1.1	2,620	June 21, 2007	NIL
		1009	Castalia Azabujuban II	2,690	2,568	1.0	2,430	June 21, 2007	NIL
		1010	Castalia Shinjuku Natsumezaka	1,865	1,791	0.7	1,680	June 21, 2007	NIL
		1011	Castalia Ginza II	1,800	1,697	0.7	1,650	June 21, 2007	NIL
		1012	Castalia Shibuya Sakuragaoka	1,400	1,354	0.5	1,130	June 21, 2007	NIL
		1015	Castalia Nishi Azabu Kasumicho	2,143	2,148	0.9	2,140	April 1, 2010	NIL
		1016	Castalia Ochanomizu	1,770	1,688	0.7	2,050	April 1, 2010	NIL
		1017	Castalia Sangubashi	1,393	1,416	0.6	1,460	April 1, 2010	NIL
		1018	Castalia Suitengu	1,279	1,216	0.5	1,320	April 1, 2010	NIL
		1019	Castalia Suitengu II	1,138	1,082	0.4	1,180	April 1, 2010	NIL
		1020	Castalia Shintomicho	932	884	0.4	980	April 1, 2010	NIL
		1021	Castalia Shintomicho II	825	786	0.3	860	April 1, 2010	NIL
		1022	Castalia Harajuku	887	866	0.4	885	April 1, 2010	NIL
		1023	Castalia Yoyogi Uehara	608	640	0.3	676	April 1, 2010	NIL
		1024	Castalia Sendagaya	555	553	0.2	580	April 1, 2010	NIL
		1025	Castalia Shinjuku 7 chome	464	446	0.2	502	April 1, 2010	NIL
		1027	Castalia Ningyocho	947	880	0.4	1,150	April 1, 2010	NIL
		1028	Castalia Ningyocho II	1,070	998	0.4	1,300	April 1, 2010	NIL
		1029	Castalia Shin-Ochanomizu	914	869	0.4	1,030	April 1, 2010	NIL
		1030	Castalia Higashi Nihonbashi II	1,370	1,285	0.5	1,610	April 1, 2010	NIL
		1031	Castalia Jinbocho	1,160	1,098	0.4	1,380	April 1, 2010	NIL
		1032	Castalia Shintomicho III	675	627	0.3	728	April 1, 2010	NIL
		1033	Castalia Shinjuku Gyoen	2,720	2,657	1.1	2,950	April 1, 2010	NIL
		1034	Castalia Takanawadai	860	825	0.3	950	April 1, 2010	NIL
		1035	Castalia Higashi Nihonbashi III	666	623	0.3	747	April 1, 2010	NIL
		1036	Castalia Shinjuku Gyoen II	486	459	0.2	480	April 1, 2010	NIL
		1037	Castalia Shintomicho IV	400	381	0.2	430	April 1, 2010	NIL
		1038	Castalia Takanawadai II	1,190	1,151	0.5	1,300	April 1, 2010	NIL
		1039	Castalia Minami Azabu	642	618	0.3	670	April 1, 2010	NIL
		1040	Castalia Ginza III	2,880	2,764	1.1	2,840	April 1, 2010	NIL
		1041	Castalia Kayabacho	2,707	2,560	1.0	2,960	April 1, 2010	NIL
		1042	Castalia Takanawa	7,430	7,188	2.9	7,520	April 1, 2010	NIL
		1043	Castalia Higashi Nihonbashi	3,520	3,319	1.3	3,890	April 1, 2010	NIL
		1045	Castalia Shinjuku	2,950	2,871	1.2	3,280	April 1, 2010	NIL
		1046	Castalia Ichigaya	940	899	0.4	1,300	June 29, 2010	NIL
		1047	Shibaura Island Bloom Tower	7,580	7,173	2.9	8,540	Oct. 18, 2011	NIL
		1048	Castalia Hatsudai	2,030	2,027	0.8	2,300	Dec. 19, 2011	NIL
		1049	Castalia Hatsudai II	1,900	1,908	0.8	2,090	Sep. 27, 2013	NIL
		1050	Castalia Ebisu	1,420	1,436	0.6	1,610	Sep. 27, 2013	NIL
		Subtotal		92,136	88,344	35.9	94,708		

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Type	Area	Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Acquisition date (Note 5)	Collateral
Residential facilities	Area 2	2001	Castalia Meguro Kamurozaka	4,500	4,137	1.7	4,060	Dec. 20, 2005	NIL
		2002	Castalia Toritsudaigaku	648	611	0.2	552	March 22, 2006	NIL
		2004	Castalia Yukigaya	1,110	1,027	0.4	1,070	March 7, 2007	NIL
		2005	Castalia Yutenji	1,450	1,356	0.6	1,220	June 21, 2007	NIL
		2006	Castalia Otsuka	1,480	1,363	0.6	1,590	June 21, 2007	NIL
		2007	Castalia Kikukawa	817	751	0.3	788	June 21, 2007	NIL
		2008	Castalia Meguro	844	838	0.3	931	April 1, 2010	NIL
		2009	Castalia Otsuka II	1,040	1,008	0.4	1,200	April 1, 2010	NIL
		2010	Castalia Jiyugaoka	1,200	1,166	0.5	1,330	April 1, 2010	NIL
		2011	Castalia Mejiro	988	945	0.4	1,030	April 1, 2010	NIL
		2012	Castalia Ikebukuro	2,570	2,438	1.0	2,630	April 1, 2010	NIL
		2013	Castalia Kaname-cho	1,140	1,082	0.4	1,190	April 1, 2010	NIL
		2014	Castalia Tower Shinagawa Seaside	7,380	6,957	2.8	8,360	April 1, 2010	NIL
		2015	Castalia Yakumo	857	835	0.3	744	April 1, 2010	NIL
		2016	Castalia Togoshiekimae	1,560	1,490	0.6	1,890	April 1, 2010	NIL
		2018	Castalia Honjo Azumabashi	996	981	0.4	1,060	April 1, 2010	NIL
		2019	Castalia Kitazawa	742	739	0.3	793	April 1, 2010	NIL
		2020	Castalia Monzennakacho	503	469	0.2	500	April 1, 2010	NIL
		2023	Castalia Kamiikedai	198	185	0.1	212	April 1, 2010	NIL
		2024	Castalia Morishita	832	776	0.3	975	April 1, 2010	NIL
		2025	Castalia Wakabayashi koen	776	751	0.3	793	April 1, 2010	NIL
		2026	Castalia Asakusabashi	792	743	0.3	887	April 1, 2010	NIL
		2027	Castalia Iriya	546	510	0.2	622	April 1, 2010	NIL
		2028	Castalia Kita Ueno	2,641	2,463	1.0	2,570	April 1, 2010	NIL
		2029	Castalia Morishita II	686	635	0.3	766	April 1, 2010	NIL
		2030	Castalia Minowa	1,430	1,326	0.5	1,510	April 1, 2010	NIL
		2031	Castalia Oyamadai	533	508	0.2	581	April 1, 2010	NIL
		2032	Castalia Nakano	1,060	992	0.4	1,200	April 1, 2010	NIL
		2033	Castalia Yoga	923	882	0.4	1,110	April 1, 2010	NIL
		2034	Castalia Sumiyoshi	948	876	0.4	984	April 1, 2010	NIL
		2035	Castalia Monzennakacho II	2,160	2,031	0.8	2,590	April 1, 2010	NIL
		2036	Castalia Oshiage	1,100	1,017	0.4	1,090	April 1, 2010	NIL
		2037	Castalia Kuramae	1,260	1,173	0.5	1,420	April 1, 2010	NIL
		2038	Castalia Nakanobu	1,790	1,710	0.7	2,560	June 29, 2010	NIL
		2039	Royal Parks Toyosu	7,360	6,708	2.7	9,170	Nov. 1, 2010	NIL
		2040	Castalia Togoshi	1,770	1,655	0.7	2,490	Nov. 1, 2010	NIL
		2041	Castalia Ooimachi	1,181	1,194	0.5	1,450	June 30, 2011	NIL
		2042	Castalia Omori	1,500	1,485	0.6	1,760	August 2, 2011	NIL
		2043	Castalia Mishuku	1,900	1,893	0.8	2,280	October 7, 2011	NIL
		2044	Castalia Arakawa	1,660	1,620	0.7	2,100	March 28, 2012	NIL
		2045	Castalia Omori II	2,370	2,331	0.9	2,790	March 29, 2012	NIL
		2046	Castalia Nakameguro	3,800	3,812	1.5	4,400	Nov. 29, 2012	NIL
		2047	Castalia Meguro Chojyamaru	2,030	2,044	0.8	2,300	Sep. 27, 2013	NIL
		2048	Castalia Meguro Takaban	1,750	1,779	0.7	1,890	Sep. 27, 2013	NIL
		2049	Castalia Omori III	1,520	1,524	0.6	1,720	Sep. 27, 2013	NIL
		2050	Morino Tonari	1,020	1,071	0.4	1,170	July 1, 2014	NIL
		2051	Castalia Meguro Tairamachi	1,165	1,230	0.5	1,240	Sep. 26, 2014	NIL
		2052	Royal Parks SEASIR	4,350	4,537	1.8	4,820	May 1, 2015	NIL
		2053	Castalia Honkomagome	1,520	1,566	0.6	1,650	May 1, 2015	NIL
		Subtotal		82,396	79,244	32.2	92,038		

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Type	Area	Property number	Property name	Acquisition price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Assessed value at end of period (Millions of yen) (Note 4)	Acquisition date (Note 5)	Collateral		
Residential facilities	Area 3	3001	Cosmo Heim Musashikosugi	1,674	1,612	0.7	1,900	March 22, 2006	NIL		
		3002	Castalia Tsurumi	666	615	0.3	717	June 21, 2007	NIL		
		3003	Castalia Funabashi	704	695	0.3	774	April 1, 2010	NIL		
		3006	Castalia Nishi Funabashi	783	767	0.3	887	April 1, 2010	NIL		
		3007	Castalia Maihama	670	625	0.3	635	April 1, 2010	NIL		
		3008	Castalia Ichikawamyoden	671	634	0.3	703	April 1, 2010	NIL		
		3010	Castalia Urayasu	592	561	0.2	609	April 1, 2010	NIL		
		3011	Castalia Minamigyotoku	543	515	0.2	490	April 1, 2010	NIL		
		3012	Castalia Minamigyotoku II	385	366	0.1	338	April 1, 2010	NIL		
		3013	Castalia Nogeyama	325	305	0.1	317	April 1, 2010	NIL		
		3017	Castalia Ichikawa	461	422	0.2	513	April 1, 2010	NIL		
		3018	Royal Parks Hanakoganei	5,300	5,115	2.1	5,800	October 7, 2011	NIL		
		3019	Castalia Musashikosugi	1,680	1,690	0.7	1,900	Sep. 27, 2013	NIL		
		3020	Royal Parks Wakabadaï	4,360	4,315	1.8	4,700	March 28, 2014	NIL		
		3021	Pacific Royal Court Minatomirai Urban Tower	9,100	9,493	3.9	10,400	May 1, 2015	NIL		
		3022	L-Place Shinkoyasu	1,720	1,805	0.7	1,960	May 1, 2015	NIL		
		3023	Royal Parks Musasikosugi	1,060	1,100	0.4	1,270	May 1, 2015	NIL		
		Subtotal				30,694	30,643	12.4	33,913		
	Area 4	4001	Castalia Shinsakae	1,920	1,701	0.7	1,550	Dec. 20, 2005	NIL		
		4008	Aprile Tarumi	1,340	1,213	0.5	1,550	April 1, 2010	NIL		
		4009	Crest Kusatsu	3,004	3,003	1.2	1,940	April 1, 2010	NIL		
		4010	Castalia Sakaisuji Honmachi	1,490	1,372	0.6	1,580	April 1, 2010	NIL		
		4011	Castalia Shin-Umeda	1,376	1,255	0.5	1,400	April 1, 2010	NIL		
		4012	Castalia Abeno	4,368	4,107	1.7	4,580	April 1, 2010	NIL		
		4014	Castalia Sakae	1,010	942	0.4	1,180	April 1, 2010	NIL		
		4015	Castalia Nipponbashi Kouzu	3,570	3,232	1.3	3,660	April 1, 2010	NIL		
		4016	Castalia Maruyama Urasando	411	377	0.2	486	April 1, 2010	NIL		
		4017	Castalia Maruyama Omotesando	1,740	1,607	0.7	1,910	April 1, 2010	NIL		
		4018	Castalia Higashi Hie	960	881	0.4	965	April 1, 2010	NIL		
		4019	Castalia Tower Nagahoribashi	3,400	3,092	1.3	4,340	April 1, 2010	NIL		
		4020	Castalia Sannomiya	1,230	1,120	0.5	1,440	April 1, 2010	NIL		
		4021	Castalia Kotodaikoen	481	434	0.2	525	April 1, 2010	NIL		
		4022	Castalia Ichibancho	783	719	0.3	896	April 1, 2010	NIL		
		4023	Castalia Omachi	656	589	0.2	702	April 1, 2010	NIL		
		4024	Castalia Uemachidai	2,190	2,027	0.8	2,530	April 1, 2010	NIL		
		4025	Castalia Tower Higobashi	2,670	2,480	1.0	3,490	April 1, 2010	NIL		
		4026	Big Tower Minami Sanjo	1,740	1,476	0.6	2,440	Nov. 1, 2010	NIL		
		4027	Castalia Fushimi	2,260	2,099	0.9	2,980	Jan. 14, 2011	NIL		
		4028	Castalia Meieki Minami	720	697	0.3	897	August 1, 2011	NIL		
		4029	Castalia Yakuin	930	927	0.4	1,080	Sep. 26, 2011	NIL		
		4030	Castalia Mibu	1,193	1,168	0.5	1,470	Dec. 22, 2011	NIL		
		4031	Castalia Tsutsujiigaoka	1,208	1,209	0.5	1,660	Sep. 3, 2012	NIL		
		4032	Castalia Ohori Bay Tower	2,910	2,841	1.2	3,780	March 25, 2013	NIL		
		4033	Royal Parks Namba	2,830	2,751	1.1	3,050	March 29, 2013	NIL		
		4034	Castalia Shigahondori	1,730	1,705	0.7	2,130	June 26, 2013	NIL		
		4035	Castalia Kyoto Nishioji	973	1,049	0.4	1,030	Nov. 2, 2015	NIL		
		Subtotal				49,093	46,086	18.7	55,241		
		Residential facilities – Subtotal				254,319	244,318	99.2	275,900		
Residential facilities (properties for the elderly)	Area 3	6001	Urban Living Inage	930	921	0.4	1,190	June 24, 2013	NIL		
		6002	Aburatsubo Marina HILLS	1,100	1,135	0.5	1,250	Sep. 1, 2014	NIL		
	Subtotal			2,030	2,057	0.8	2,440				
Total				256,349	246,376	100.0	278,340				

- (Note 1) “Acquisition price” does not include expenses incurred in connection with the acquisition, settlement of taxes and public dues, and consumption taxes. The acquisition price of properties previously owned by NCR is the appraisal value as of February 28, 2010, the date of the merger with NCR. The amounts were rounded down to the nearest million yen.
- (Note 2) “Book value” is the amount recorded on the balance sheets as of February 29, 2016, which is rounded down to the nearest million yen.
- (Note 3) “Percentage to total assets” is the book value of each real estate and each real estate in trust expressed as a percentage of the book value of the entire portfolio, rounded to the first decimal place.
- (Note 4) “Assessed value at the end of period” is the appraisal value as of February 29, 2016 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute and Morii Appraisal & Investment Consulting Inc.) in accordance with the Articles of Incorporation of DHI as well as “Ordinance on Accounting of Investment Corporations”. The amounts were rounded down to the nearest million yen.
- (Note 5) For properties previously owned by NCR, “Acquisition date” is April 1, 2010, which is the date on which the merger with NCR came into effect.

ii) Leasable area, leased area, number of leasable units, number of leased units, occupancy rate and percentage of units by type of real estate or real estate in trust owned by DHI as of February 29, 2016 are as follows:

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Number of leasable units (units) (Note 3)	Number of leased units (units) (Note 4)	Occupancy rate (%) (Note 5)	Percentage of units by type (%) (Note 6)	
							C	F
1001	Qiz Ebisu	5,230.39	5,028.40	96	92	96.1	84	16
1002	Castalia Azabujuban Shichimenzaka	3,492.93	3,384.33	96	93	96.9	100	-
1003	Castalia Shibakoen	2,707.51	2,609.80	75	72	96.4	91	9
1004	Castalia Ginza	2,226.42	2,076.78	67	63	93.3	100	-
1005	Castalia Hiroo	1,621.59	1,580.94	24	23	97.5	95	5
1006	Castalia Nihonbashi	1,458.73	1,434.35	51	50	98.3	100	-
1007	Castalia Hacchobori	2,969.57	2,873.86	59	57	96.8	86	14
1008	Castalia Azabujuban	2,400.00	2,313.81	51	49	96.4	100	-
1009	Castalia Azabujuban II	2,094.58	1,913.76	66	60	91.4	97	3
1010	Castalia Shinjuku Natsumezaka	1,917.62	1,731.02	41	38	90.3	93	8
1011	Castalia Ginza II	1,817.56	1,744.17	61	59	96.0	100	-
1012	Castalia Shibuya Sakuragaoka	1,123.80	1,123.80	30	30	100.0	100	-
1015	Castalia Nishi Azabu Kasumicho	2,779.77	2,548.30	37	33	91.7	24	76
1016	Castalia Ochanomizu	2,559.21	2,559.21	44	44	100.0	66	34
1017	Castalia Sangubashi	1,898.47	1,898.47	26	26	100.0	15	85
1018	Castalia Suitengu	1,940.94	1,854.69	62	59	95.6	100	-
1019	Castalia Suitengu II	1,858.34	1,795.21	55	53	96.6	100	-
1020	Castalia Shintomicho	1,444.52	1,444.52	40	40	100.0	100	-
1021	Castalia Shintomicho II	1,244.54	1,201.18	33	32	96.5	100	-
1022	Castalia Harajuku	1,225.26	1,225.26	21	21	100.0	71	29
1023	Castalia Yoyogi Uehara	811.95	749.43	25	23	92.3	100	-
1024	Castalia Sendagaya	803.03	708.09	21	18	88.2	86	14
1025	Castalia Shinjuku 7 chome	957.60	957.60	23	23	100.0	100	-
1027	Castalia Ningyocho	1,747.90	1,747.90	32	32	100.0	75	25
1028	Castalia Ningyocho II	1,826.80	1,750.91	38	36	95.8	79	21
1029	Castalia Shin-Ochanomizu	1,308.38	1,308.38	32	32	100.0	88	13
1030	Castalia Higashi Nihonbashi II	2,117.46	2,117.46	63	63	100.0	100	-
1031	Castalia Jinbocho	1,628.80	1,628.80	60	60	100.0	100	-
1032	Castalia Shintomicho III	972.51	926.87	41	39	95.3	100	-
1033	Castalia Shinjuku Gyoen	3,594.16	3,594.16	108	108	100.0	99	1
1034	Castalia Takanawadai	1,147.44	1,085.54	32	30	94.6	100	-
1035	Castalia Higashi Nihonbashi III	1,105.20	1,105.20	48	48	100.0	100	-
1036	Castalia Shinjuku Gyoen II	668.79	644.02	27	26	96.3	100	-
1037	Castalia Shintomicho IV	681.00	647.00	20	19	95.0	100	-
1038	Castalia Takanawadai II	1,567.84	1,490.52	40	38	95.1	100	-
1039	Castalia Minami Azabu	882.67	831.57	24	22	94.2	100	-
1040	Castalia Ginza III	3,494.42	3,350.68	96	92	95.9	100	-
1041	Castalia Kayabacho	4,602.95	4,558.13	88	87	99.0	88	13
1042	Castalia Takanawa	10,408.26	10,030.70	169	163	96.4	51	49
1043	Castalia Higashi Nihonbashi	6,442.28	6,331.15	103	101	98.3	45	55
1045	Castalia Shinjuku	3,150.80	3,150.80	122	122	100.0	100	-
1046	Castalia Ichigaya	1,546.34	1,505.80	50	49	97.4	100	-
1047	Shibaura Island Bloom Tower	16,849.50	16,557.45	213	208	98.3	64	36
1048	Castalia Hatsudai	3,077.05	2,945.35	81	78	95.7	100	-
1049	Castalia Hatsudai II	2,339.42	2,339.42	56	56	100.0	89	11
1050	Castalia Ebisu	1,659.71	1,659.71	36	36	100.0	83	17

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Number of leasable units (units) (Note 3)	Number of leased units (units) (Note 4)	Occupancy rate (%) (Note 5)	Percentage of units by type (%) (Note 6)	
							C	F
2001	Castalia Meguro Kamurozaka	4,967.97	4,894.56	125	123	98.5	100	-
2002	Castalia Toritsudaigaku	863.70	810.14	30	28	93.8	100	-
2004	Castalia Yukigaya	1,542.30	1,520.17	52	51	98.6	100	-
2005	Castalia Yutenji	1,380.35	1,349.22	29	28	97.7	100	-
2006	Castalia Otsuka	1,871.70	1,744.87	70	65	93.2	100	-
2007	Castalia Kikukawa	1,168.18	1,145.16	43	42	98.0	100	-
2008	Castalia Meguro	1,414.73	1,414.73	26	26	100.0	96	4
2009	Castalia Otsuka II	1,784.50	1,784.50	54	54	100.0	100	-
2010	Castalia Jiyugaoka	1,472.47	1,407.57	40	38	95.6	100	-
2011	Castalia Mejiro	1,658.90	1,603.73	29	28	96.7	45	55
2012	Castalia Ikebukuro	3,644.35	3,531.31	87	84	96.9	98	2
2013	Castalia Kaname-cho	1,624.06	1,557.48	73	70	95.9	100	-
2014	Castalia Tower Shinagawa Seaside	12,732.35	12,488.59	208	204	98.1	45	55
2015	Castalia Yakumo	1,276.91	1,276.91	18	18	100.0	17	83
2016	Castalia Togoshiekimae	2,014.12	2,014.12	64	64	100.0	100	-
2018	Castalia Honjo Azumabashi	2,255.88	2,189.24	35	34	97.0	43	57
2019	Castalia Kitazawa	1,220.16	1,134.44	15	14	93.0	-	100
2020	Castalia Monzennakacho	887.94	887.94	31	31	100.0	100	-
2023	Castalia Kamiikedai	414.45	414.45	12	12	100.0	100	-
2024	Castalia Morishita	1,383.90	1,298.38	38	36	93.8	100	-
2025	Castalia Wakabayashi koen	1,425.43	1,350.29	23	22	94.7	39	61
2026	Castalia Asakusabashi	1,537.84	1,371.22	32	29	89.2	100	-
2027	Castalia Iriya	1,415.15	1,286.50	22	20	90.9	50	50
2028	Castalia Kita Ueno	4,197.66	3,849.73	102	94	91.7	100	-
2029	Castalia Morishita II	1,275.60	1,245.07	40	39	97.6	100	-
2030	Castalia Minowa	2,406.41	2,252.67	78	73	93.6	100	-
2031	Castalia Oyamadai	857.32	814.65	28	27	95.0	100	-
2032	Castalia Nakano	1,613.86	1,569.40	42	41	97.2	100	-
2033	Castalia Yoga	1,472.38	1,472.38	45	45	100.0	100	-
2034	Castalia Sumiyoshi	1,362.60	1,362.60	60	60	100.0	100	-
2035	Castalia Monzennakacho II	3,038.98	3,038.98	94	94	100.0	99	1
2036	Castalia Oshiage	1,785.24	1,785.24	60	60	100.0	100	-
2037	Castalia Kuramae	1,994.93	1,994.93	67	67	100.0	100	-
2038	Castalia Nakanobu	2,421.82	2,393.75	83	82	98.8	100	-
2039	Royal Parks Toyosu	18,112.03	18,112.03	276	276	100.0	46	54
2040	Castalia Togoshi	2,629.59	2,494.34	120	114	94.9	100	-
2041	Castalia Ooimachi	1,413.75	1,413.75	65	65	100.0	100	-
2042	Casralia Omori	2,046.36	1,869.34	60	55	91.3	100	-
2043	Castalia Mishuku	2,640.86	2,589.18	54	53	98.0	96	4
2044	Castalia Arakawa	3,797.92	3,588.65	70	66	94.5	60	40
2045	Castalia Omori II	2,818.70	2,735.61	112	109	97.1	100	-
2046	Castalia Nakameguro	3,166.71	3,024.76	101	97	95.5	99	1
2047	Castalia Meguro Chojyamaru	2,123.77	1,973.50	61	57	92.9	100	-
2048	Castalia Meguro Takaban	1,961.52	1,822.29	55	51	92.9	96	4
2049	Castalia Omori III	2,004.80	1,912.61	74	71	95.4	100	-
2050	Morino Tonari	1,668.24	1,566.89	28	26	93.9	46	54
2051	Castalia Meguro Tairamachi	1,278.52	1,236.19	38	37	96.7	97	3
2052	Royal Parks SEASIR	17,269.74	17,269.74	260	260	100.0	29	71
2053	Castalia Honkomagome	2,224.41	2,033.29	67	62	91.4	100	-

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Number of leasable units (units) (Note 3)	Number of leased units (units) (Note 4)	Occupancy rate (%) (Note 5)	Percentage of units by type (%) (Note 6)	
							C	F
3001	Cosmo Heim Musashikosugi	4,208.83	4,208.83	59	59	100.0	-	100
3002	Castalia Tsurumi	1,452.09	1,407.40	32	31	96.9	97	3
3003	Castalia Funabashi	1,552.01	1,552.01	87	87	100.0	100	-
3006	Castalia Nishi Funabashi	1,597.32	1,597.32	81	81	100.0	100	-
3007	Castalia Maihama	1,287.72	1,182.48	61	56	91.8	100	-
3008	Castalia Ichikawamyoden	1,218.00	1,218.00	58	58	100.0	100	-
3010	Castalia Urayasu	1,074.53	1,074.53	51	51	100.0	100	-
3011	Castalia Minamigyotoku	1,031.81	968.60	49	46	93.9	100	-
3012	Castalia Minamigyotoku II	724.63	724.63	35	35	100.0	100	-
3013	Castalia NogeYama	744.90	744.90	30	30	100.0	100	-
3017	Castalia Ichikawa	876.89	876.89	40	40	100.0	100	-
3018	Royal Parks Hanakoganei	18,153.57	18,153.57	279	279	100.0	25	75
3019	Castalia Musashikosugi	2,179.80	2,150.93	85	84	98.7	100	-
3020	Royal Parks Wakabadai	21,367.93	21,367.93	192	192	100.0	5	95
3021	Pacific Royal Court Minatomirai Urban Tower	26,294.49	26,294.49	418	418	100.0	62	38
3022	L-Place Shinkoyasu	3,009.74	3,009.74	115	115	100.0	100	-
3023	Royal Parks Musasikosugi	3,808.97	3,808.97	56	56	100.0	29	71
4001	Castalia Shinsakae	3,548.48	3,370.05	131	124	95.0	100	-
4008	Aprile Tarumi	6,545.25	6,545.25	99	99	100.0	-	100
4009	Crest Kusatsu	13,452.80	6,617.22	540	266	49.2	100	-
4010	Castalia Sakaisuji Honmachi	3,471.39	3,323.92	117	112	95.8	100	-
4011	Castalia Shin-Umeda	3,279.90	3,203.31	108	105	97.7	100	-
4012	Castalia Abeno	10,920.75	10,467.15	154	148	95.8	20	80
4014	Castalia Sakae	2,836.00	2,723.51	73	70	96.0	100	-
4015	Castalia Nipponbashi Kouzu	9,334.47	9,174.19	262	256	98.3	81	19
4016	Castalia Maruyama Urasando	1,522.89	1,522.89	36	36	100.0	100	-
4017	Castalia Maruyama Omotesando	6,100.31	5,676.69	146	137	93.1	100	-
4018	Castalia Higashi Hie	3,061.60	2,925.50	115	110	95.6	100	-
4019	Castalia Tower Nagahoribashi	8,747.40	8,691.64	133	132	99.4	53	47
4020	Castalia Sannomiya	3,071.60	3,018.18	112	110	98.3	100	-
4021	Castalia Kotodaikoen	1,684.10	1,684.10	50	50	100.0	100	-
4022	Castalia Ichibancho	2,800.32	2,800.32	68	68	100.0	100	-
4023	Castalia Omachi	2,149.08	2,119.25	72	71	98.6	100	-
4024	Castalia Uemachidai	5,415.39	5,327.50	69	68	98.4	-	100
4025	Castalia Tower Higobashi	6,230.20	6,003.15	194	189	96.4	99	1
4026	Big Tower Minami Sanjo	8,661.19	8,529.98	179	176	98.5	99	1
4027	Castalia Fushimi	7,022.69	6,720.28	123	117	95.7	70	30
4028	Castalia Meieki Minami	1,822.10	1,716.60	70	66	94.2	100	-
4029	Castalia Yakuin	2,784.83	2,701.96	118	116	97.0	100	-
4030	Castalia Mibu	2,828.39	2,688.04	78	74	95.0	100	-
4031	Castalia Tsutsujigaoka	4,471.11	4,471.11	84	84	100.0	71	29
4032	Castalia Ohori Bay Tower	11,089.75	8,156.11	215	160	73.5	68	32
4033	Royal Parks Namba	10,354.15	10,354.15	162	162	100.0	45	55
4034	Castalia Shigahondori	5,086.69	5,000.74	128	126	98.3	100	-
4035	Castalia Kyoto Nishioji	2,035.37	1,861.94	81	74	91.5	100	-
6001	Urban Living Inage	4,177.52 (Note 7)	4,177.52	1 (Note 8)	1	100.0	-	-
6002	Aburatsubo Marina HILLS	3,901.14 (Note 7)	3,901.14	1 (Note 9)	1	100.0	-	-
Portfolio total		505,935.16	485,776.20	11,426	10,831	96.0	81	19

(Note 1) “Leasable area” is the floor space of each real estate and each real estate in trust which is leasable based on the information as of February 29, 2016.

(Note 2) “Leased area” is the sum of the floor space indicated in lease or sublease agreements with end-tenants as of February 29, 2016. However, in cases where there are obvious errors in the lease agreements, the figures are based on the information obtained from the prior owner (prior beneficiary) and the drawing of the building.

(Note 3) “Number of leasable units” is the number of leasable units of each real estate and each real estate in trust which is leasable as of February 29, 2016.

- (Note 4) “Number of leased units” is the number of units for which a lease or sublease agreement has been concluded with end-tenants as of February 29, 2016.
- (Note 5) “Occupancy rate” is the leased floor space expressed as a percentage of the leasable floor space of each real estate and each real estate in trust as of February 29, 2016, rounded to the first decimal place.
- (Note 6) “Percentage of units by type” is the proportion of leased units of each residential type to leasable units in the residential type of each real estate or each real estate in trust (excluding stores and other properties used for purposes other than residence) by the following classification, rounded to the nearest whole number.

Type	Compact (C)	Family (F)
Overview	Residences aimed mainly at singles, double income no kids (DINKS) and designed in for their life styles	Residences aimed mainly at families and designed for their life styles
Location	<ul style="list-style-type: none"> • Proximity to the nearest train station • Strong variety of options available regarding life style (i.e. proximity to business districts, parks, cultural facilities, broad commercial center, amusement areas, etc.) 	<ul style="list-style-type: none"> • Located in a quiet residential area • A full array of educational facilities • Convenience of life (proximity to neighboring retail properties, cultural facilities, and sports facilities, etc.)
Dedicated Area	60 m ² or less	More than 60 m ²
Investment Ratio by the Number of Units	70% or more	30% or less

- (Note 7) The leased floor area including the common-use portion entered in the lease contract is shown because of leasing in its entirety.
- (Note 8) The number of units of the exclusive-use portion is 100 units, but the entry for the number of leasable units is 1 because of leasing in its entirety.
- (Note 9) The number of units of the exclusive-use portion is 106 units, but the entry for the number of leasable units is 1 because of leasing in its entirety.

(3) Profitability of the real estate and real estate in trust

The overview of monthly rent and revenues from rental of real estate and real estate in trust is as follows.

Figures related to revenues are calculated in accordance with the following:

- All monetary amounts are indicated in thousand yen units and are rounded down to the nearest unit. Thus, the sum of the listed monetary amounts may not match the indicated total.
- “Acquisition Price” is excluding such amounts as expenses related to acquisition, reimbursement of taxes and dues, etc., and consumption taxes. For properties that were held by New City Residence Investment Corporation, the price at which the properties were succeeded at the time of the merger (the appraisal value as of the end of February 2010) is shown. Amounts are rounded down to the nearest million yen.
- “Monthly rent [incl. common area charges]”, “Deposits and Guarantees” and “Occupancy Rate” are as of February 29, 2016.
- “Monthly rent [incl. common area charges]” is, in principle, in the case where the master lease type is the pass-through type, the sum total amount of the monthly rent (including common area charges, but excluding the monthly use fees for parking space, trunk room and other ancillary facilities and consumption taxes etc.) entered in the lease contract, etc. concluded between the master lease company or the titleholder of the real estate / real estate in trust and end-tenants. In addition, in the case where the master lease type is the rent-guaranteed type, it is the sum total amount of the guaranteed amount of monthly rent (including common area charges, but excluding the monthly use fees for parking space, trunk room and other ancillary facilities and consumption taxes, etc.) entered in the rent-guaranteed lease contract concluded between the master lease company and the titleholder of the real estate / real estate in trust or the rent-guaranteed sublease contract concluded between the master lease company and the sublessee to which the master lease company is blanket subleasing. However, in the case where agreements of different master lease types are concluded, it is the sum total amount of the monthly rent of the pass-through type and monthly rent of the rent-guaranteed type.

- “Deposits and Guarantees” is, in principle, in the case where the master lease type is the pass-through type, the sum total of the balance of the deposits, guarantees, etc. that must be returned to end-tenants based on the lease agreement concluded between the master lease company or the titleholder of the real estate / real estate in trust and end-tenants. However, in the case where there is a portion that need not be returned due to special provisions for non-refundable deposits, amortization of deposits, etc. in lease agreements, the amount after deducting the concerned amount is shown. In addition, in the case where the master lease type is the rent-guaranteed type, it is the balance of the deposits, guarantees, etc. based on the rent-guaranteed lease contract concluded between the master lease company and the titleholder of the real estate / real estate in trust or the rent-guaranteed sublease contract concluded between the master lease company and the sublessee to which the master lease company is blanket subleasing. However, in the case where agreements of different master lease types are concluded, it is the sum total amount of the deposits, guarantees, etc. of the pass-through type and deposits, guarantees, etc. of the rent-guaranteed type.
- “Rent income” include rent and common area charges.
- “Other revenues” includes income from parking spaces, billboard posting, utilities, vending machines, key money, renewal fees, restoration, cancelation penalty fees, etc.
- In principle, the property taxes and urban planning taxes included in “Taxes and public dues” are levied on owners as of January 1, each year. The adjusted amount of the amount equivalent to prepaid property taxes and urban planning taxes with the previous owner (previous trustee) at the time of acquisition is included in the acquisition cost of real estate, etc. as part of incidental expenses, and is not recorded as rent expenses.
- “Management fees” includes management entrustment fees, property management compensation, leasing compensation, renewal fees, etc.
- “Repair Costs” include repair costs and restore expenses.
- As “Repair Costs” and “Capital Expenditures” vary greatly by fiscal year and do not occur regularly, repair costs and capital expenditures in the period of concern may differ greatly from the repair costs and capital expenditures in the case of long-term continual ownership of acquired properties by DHI.
- “Insurance” indicates the proportional insurance premium for the period of concern.
- “Other expenses” includes trust compensation, parking space rental fees, etc.
- “Depreciation and Amortization” indicates an amount corresponding to the number of months in the disclosure period.

< Profitability of the real estate and real estate in trust >

Property number	1001	1002	1003	1004
Property Name	Qiz Ebisu	Castalia Azabujuban Shichimenzaka	Castalia Shibakoen	Castalia Ginza
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	34,146	18,343	10,820	9,949
Deposits and Guarantees	176,882	28,682	13,761	11,268
Occupancy Rate	96.1%	96.9%	96.4%	93.3%
Profit and Loss				
[A] Rental Revenues Subtotal	228,114	118,853	67,908	68,305
Rent income	207,526	110,189	64,046	62,121
Other revenues	20,587	8,663	3,862	6,183
[B] Rental Expenses Subtotal	50,542	26,234	18,491	17,529
Taxes and public dues	8,082	4,691	3,362	3,209
Management fees	15,356	12,035	8,222	7,813
Repair costs	10,598	3,393	4,582	3,702
Insurance	138	105	70	66
Utilities	14,665	2,998	559	853
Other expenses	1,699	3,010	1,693	1,884
[C] NOI [= A - B]	177,572	92,618	49,417	50,776
[D] Depreciation and Amortization	31,297	23,991	14,948	13,017
[E] Rental Business Profit [Loss] [=C-D]	146,275	68,627	34,469	37,758
[F] Capital Expenditures	5,572	271	1,898	1,467
[G] NCF [=C-F]	172,000	92,346	47,518	49,308
Acquisition Price [million yen]	7,650	4,500	2,630	2,520

Property number	1005	1006	1007	1008
Property Name	Castalia Hiroo	Castalia Nihonbashi	Castalia Hacchobori	Castalia Azabujuban
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	7,790	6,127	10,480	11,373
Deposits and Guarantees	39,564	10,735	13,299	14,862
Occupancy Rate	97.5%	98.3%	96.8%	96.4%
Profit and Loss				
[A] Rental Revenues Subtotal	49,665	37,435	62,263	70,301
Rent income	47,158	35,993	59,886	67,903
Other revenues	2,506	1,442	2,377	2,398
[B] Rental Expenses Subtotal	11,110	12,662	16,747	16,035
Taxes and public dues	2,706	1,808	2,818	2,376
Management fees	3,496	5,236	8,602	7,779
Repair costs	1,993	3,948	3,632	4,295
Insurance	39	45	74	58
Utilities	1,770	408	465	381
Other expenses	1,104	1,214	1,152	1,143
[C] NOI [= A - B]	38,554	24,773	45,516	54,265
[D] Depreciation and Amortization	11,184	8,251	14,325	11,779
[E] Rental Business Profit [Loss] [=C-D]	27,370	16,521	31,191	42,486
[F] Capital Expenditures	375	271	2,215	4,292
[G] NCF [=C-F]	38,179	24,501	43,301	49,973
Acquisition Price [million yen]	2,220	1,200	2,300	2,910

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	1009	1010	1011	1012
Property Name	Castalia Azabujuban II	Castalia Shinjuku Natsumezaka	Castalia Ginza II	Castalia Shibuya Sakuragaoka
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	10,042	7,387	7,960	5,632
Deposits and Guarantees	13,189	34,339	9,227	7,810
Occupancy Rate	91.4%	90.3%	96.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	64,340	48,447	50,849	35,425
Rent income	62,628	45,826	49,347	33,340
Other revenues	1,712	2,620	1,501	2,085
[B] Rental Expenses Subtotal	15,640	10,802	7,864	7,968
Taxes and public dues	2,801	2,113	2,168	1,770
Management fees	7,522	4,320	4,142	4,118
Repair costs	3,396	2,938	158	610
Insurance	61	48	49	35
Utilities	523	284	288	358
Other expenses	1,334	1,096	1,057	1,075
[C] NOI [= A - B]	48,699	37,644	42,985	27,457
[D] Depreciation and Amortization	13,403	7,905	10,640	5,885
[E] Rental Business Profit [Loss] [=C-D]	35,296	29,739	32,344	21,571
[F] Capital Expenditures	543	-	494	1,313
[G] NCF [=C-F]	48,156	37,644	42,490	26,143
Acquisition Price [million yen]	2,690	1,865	1,800	1,400

Property number	1015	1016	1017	1018
Property Name	Castalia Nishi Azabu Kasumicho	Castalia Ochanomizu	Castalia Sangubashi	Castalia Suitengu
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	10,237	9,562	6,658	6,980
Deposits and Guarantees	13,076	19,216	7,966	6,942
Occupancy Rate	91.7%	100.0%	100.0%	95.6%
Profit and Loss				
[A] Rental Revenues Subtotal	69,062	59,114	44,398	44,785
Rent income	64,785	55,981	38,421	42,107
Other revenues	4,277	3,133	5,976	2,677
[B] Rental Expenses Subtotal	20,496	12,363	9,292	11,739
Taxes and public dues	4,347	2,870	2,717	2,319
Management fees	6,586	4,971	3,354	4,220
Repair costs	5,322	3,047	1,944	2,447
Insurance	78	62	49	49
Utilities	2,869	400	365	1,657
Other expenses	1,293	1,010	860	1,045
[C] NOI [= A - B]	48,565	46,751	35,105	33,045
[D] Depreciation and Amortization	7,293	8,261	4,920	6,781
[E] Rental Business Profit [Loss] [=C-D]	41,272	38,490	30,184	26,264
[F] Capital Expenditures	13,516	178	4,912	2,366
[G] NCF [=C-F]	35,049	46,572	30,192	30,679
Acquisition Price [million yen]	2,143	1,770	1,393	1,279

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	1019	1020	1021	1022
Property Name	Castalia Suitengu II	Castalia Shintomicho	Castalia Shintomicho II	Castalia Harajuku
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	6,407	5,457	4,498	4,345
Deposits and Guarantees	5,614	8,108	5,658	5,252
Occupancy Rate	96.6%	100.0%	96.5%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	39,877	33,338	27,661	26,864
Rent income	38,019	32,169	26,557	25,426
Other revenues	1,858	1,169	1,104	1,438
[B] Rental Expenses Subtotal	9,972	8,872	8,506	7,591
Taxes and public dues	2,429	1,800	1,371	1,472
Management fees	3,389	3,367	3,005	2,645
Repair costs	1,433	1,492	2,859	2,041
Insurance	50	41	36	33
Utilities	1,499	505	445	384
Other expenses	1,169	1,665	787	1,014
[C] NOI [= A - B]	29,904	24,465	19,155	19,273
[D] Depreciation and Amortization	6,410	5,584	5,324	2,986
[E] Rental Business Profit [Loss] [=C-D]	23,494	18,881	13,831	16,287
[F] Capital Expenditures	1,984	4,930	8,981	4,065
[G] NCF [=C-F]	27,919	19,535	10,173	15,208
Acquisition Price [million yen]	1,138	932	825	887

Property number	1023	1024	1025	1027
Property Name	Castalia Yoyogi Uehara	Castalia Sendagaya	Castalia Shinjuku 7 chome	Castalia Ningyocho
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	3,312	2,859	3,081	5,972
Deposits and Guarantees	5,643	3,732	2,891	8,851
Occupancy Rate	92.3%	88.2%	100.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	20,893	18,960	19,304	37,058
Rent income	19,638	18,841	18,490	34,878
Other revenues	1,255	118	813	2,179
[B] Rental Expenses Subtotal	14,179	6,616	6,025	7,851
Taxes and public dues	978	1,001	949	1,939
Management fees	2,458	1,811	1,785	3,460
Repair costs	9,722	2,893	2,181	1,090
Insurance	22	19	26	47
Utilities	213	256	411	453
Other expenses	783	632	671	860
[C] NOI [= A - B]	6,714	12,343	13,278	29,207
[D] Depreciation and Amortization	2,367	2,204	1,786	5,945
[E] Rental Business Profit [Loss] [=C-D]	4,346	10,139	11,492	23,262
[F] Capital Expenditures	45,019	3,850	950	419
[G] NCF [=C-F]	(38,305)	8,492	12,328	28,787
Acquisition Price [million yen]	608	555	464	947

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	1028	1029	1030	1031
Property Name	Castalia Ningyocho II	Castalia Shin-Ochanomizu	Castalia Higashi Nihonbashi II	Castalia Jinbocho
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	6,312	5,323	8,151	6,857
Deposits and Guarantees	9,217	7,672	11,085	7,696
Occupancy Rate	95.8%	100.0%	100.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	39,186	32,392	51,199	42,130
Rent income	38,015	31,909	47,873	40,054
Other revenues	1,171	483	3,326	2,075
[B] Rental Expenses Subtotal	9,582	5,765	11,569	8,806
Taxes and public dues	1,985	1,748	2,288	1,772
Management fees	4,059	2,233	5,352	3,897
Repair costs	1,962	663	2,433	1,843
Insurance	50	41	74	43
Utilities	518	264	445	464
Other expenses	1,006	813	974	785
[C] NOI [= A - B]	29,604	26,627	39,630	33,323
[D] Depreciation and Amortization	6,616	4,269	7,816	5,520
[E] Rental Business Profit [Loss] [=C-D]	22,988	22,358	31,813	27,803
[F] Capital Expenditures	2,241	257	2,486	635
[G] NCF [=C-F]	27,362	26,370	37,143	32,688
Acquisition Price [million yen]	1,070	914	1,370	1,160

Property number	1032	1033	1034	1035
Property Name	Castalia Shintomicho III	Castalia Shinjuku Gyoen	Castalia Takanawadai	Castalia Higashi Nihonbashi III
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	3,851	14,000	4,532	4,056
Deposits and Guarantees	4,757	19,808	4,313	6,228
Occupancy Rate	95.3%	100.0%	94.6%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	24,644	83,827	29,047	24,336
Rent income	24,052	81,667	28,480	24,336
Other revenues	592	2,160	567	-
[B] Rental Expenses Subtotal	6,858	30,205	5,817	5,106
Taxes and public dues	1,153	4,123	1,513	1,301
Management fees	2,825	5,627	2,554	1,739
Repair costs	1,692	7,716	413	874
Insurance	33	104	33	32
Utilities	478	627	257	413
Other expenses	674	12,005	1,045	745
[C] NOI [= A - B]	17,786	53,621	23,229	19,229
[D] Depreciation and Amortization	4,344	12,780	3,646	3,783
[E] Rental Business Profit [Loss] [=C-D]	13,442	40,840	19,583	15,445
[F] Capital Expenditures	300	85,407	955	316
[G] NCF [=C-F]	17,486	(31,786)	22,274	18,912
Acquisition Price [million yen]	675	2,720	860	666

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	1036	1037	1038	1039
Property Name	Castalia Shinjuku Gyoen II	Castalia Shintomicho IV	Castalia Takanawadai II	Castalia Minami Azabu
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	2,539	2,499	6,020	3,249
Deposits and Guarantees	605	3,468	6,988	3,429
Occupancy Rate	96.3%	95.0%	95.1%	94.2%
Profit and Loss				
[A] Rental Revenues Subtotal	15,420	15,816	36,823	20,648
Rent income	15,342	15,607	35,872	19,597
Other revenues	77	209	950	1,051
[B] Rental Expenses Subtotal	3,836	4,107	15,001	7,104
Taxes and public dues	870	809	1,977	1,093
Management fees	1,558	1,481	4,456	3,268
Repair costs	751	588	7,226	1,837
Insurance	22	20	45	22
Utilities	208	300	360	142
Other expenses	425	906	935	740
[C] NOI [= A - B]	11,583	11,709	21,821	13,543
[D] Depreciation and Amortization	2,480	2,317	4,963	2,575
[E] Rental Business Profit [Loss] [=C-D]	9,102	9,391	16,857	10,968
[F] Capital Expenditures	2,376	417	10,437	1,954
[G] NCF [=C-F]	9,207	11,291	11,383	11,588
Acquisition Price [million yen]	486	400	1,190	642

Property number	1040	1041	1042	1043
Property Name	Castalia Ginza III	Castalia Kayabacho	Castalia Takanawa	Castalia Higashi Nihonbashi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	13,523	15,042	37,723	21,679
Deposits and Guarantees	14,240	20,002	51,362	32,189
Occupancy Rate	95.9%	99.0%	96.4%	98.3%
Profit and Loss				
[A] Rental Revenues Subtotal	86,372	92,485	241,468	138,611
Rent income	82,962	87,575	220,092	129,210
Other revenues	3,409	4,909	21,375	9,400
[B] Rental Expenses Subtotal	15,781	20,430	60,391	28,131
Taxes and public dues	4,540	4,526	14,025	7,668
Management fees	7,363	9,941	27,455	13,738
Repair costs	1,950	4,131	7,682	4,702
Insurance	109	117	282	180
Utilities	888	649	2,665	1,139
Other expenses	928	1,064	8,280	701
[C] NOI [= A - B]	70,591	72,054	181,076	110,479
[D] Depreciation and Amortization	13,510	14,498	26,240	19,847
[E] Rental Business Profit [Loss] [=C-D]	57,081	57,556	154,836	90,632
[F] Capital Expenditures	3,153	2,243	12,209	10,384
[G] NCF [=C-F]	67,437	69,811	168,867	100,095
Acquisition Price [million yen]	2,880	2,707	7,430	3,520

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	1045	1046	1047	1048
Property Name	Castalia Shinjuku	Castalia Ichigaya	Shibaura Island Bloom Tower	Castalia Hatsudai
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	14,955	6,638	58,858	11,070
Deposits and Guarantees	-	6,727	214,452	11,073
Occupancy Rate	100.0%	97.4%	98.3%	95.7%
Profit and Loss				
[A] Rental Revenues Subtotal	92,554	38,575	373,297	69,444
Rent income	89,731	37,596	342,388	65,803
Other revenues	2,822	978	30,909	3,640
[B] Rental Expenses Subtotal	11,759	15,783	135,355	24,866
Taxes and public dues	4,914	1,882	18,414	4,117
Management fees	4,783	7,488	59,959	12,994
Repair costs	877	5,237	13,276	6,486
Insurance	92	42	714	92
Utilities	676	330	4,363	628
Other expenses	415	802	38,625	547
[C] NOI [= A - B]	80,794	22,791	237,942	44,577
[D] Depreciation and Amortization	9,709	6,759	88,869	14,754
[E] Rental Business Profit [Loss] [=C-D]	71,085	16,031	149,072	29,823
[F] Capital Expenditures	106	1,430	636	6,699
[G] NCF [=C-F]	80,688	21,361	237,305	37,878
Acquisition Price [million yen]	2,950	940	7,580	2,030

Property number	1049	1050	2001	2002
Property Name	Castalia Hatsudai II	Castalia Ebisu	Castalia Meguro Kamurozaka	Castalia Toritsudaigaku
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	9,736	7,285	20,585	3,161
Deposits and Guarantees	12,431	9,997	24,627	3,445
Occupancy Rate	100.0%	100.0%	98.5%	93.8%
Profit and Loss				
[A] Rental Revenues Subtotal	59,421	42,483	127,772	19,146
Rent income	55,120	40,772	122,603	18,125
Other revenues	4,301	1,711	5,169	1,021
[B] Rental Expenses Subtotal	16,930	11,981	28,143	6,352
Taxes and public dues	3,378	2,258	5,788	535
Management fees	8,073	6,840	13,499	2,742
Repair costs	3,967	1,726	3,898	1,736
Insurance	68	47	147	27
Utilities	923	363	911	323
Other expenses	519	744	3,898	986
[C] NOI [= A - B]	42,491	30,502	99,628	12,794
[D] Depreciation and Amortization	10,141	7,765	27,187	5,202
[E] Rental Business Profit [Loss] [=C-D]	32,349	22,737	72,440	7,592
[F] Capital Expenditures	270	2,347	3,549	-
[G] NCF [=C-F]	42,220	28,155	96,079	12,794
Acquisition Price [million yen]	1,900	1,420	4,500	648

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	2004	2005	2006	2007
Property Name	Castalia Yukigaya	Castalia Yutenji	Castalia Otsuka	Castalia Kikukawa
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	5,713	5,991	7,099	4,324
Deposits and Guarantees	7,755	11,913	8,912	6,404
Occupancy Rate	98.6%	97.7%	93.2%	98.0%
Profit and Loss				
[A] Rental Revenues Subtotal	35,637	36,996	45,910	26,966
Rent income	34,351	35,680	42,834	26,131
Other revenues	1,285	1,315	3,076	835
[B] Rental Expenses Subtotal	13,550	8,457	11,465	8,603
Taxes and public dues	1,877	1,292	2,155	1,430
Management fees	3,812	3,948	5,189	2,643
Repair costs	6,583	626	2,243	3,143
Insurance	46	37	56	39
Utilities	359	162	704	487
Other expenses	870	2,389	1,116	858
[C] NOI [= A - B]	22,087	28,538	34,444	18,363
[D] Depreciation and Amortization	8,159	8,562	11,513	6,739
[E] Rental Business Profit [Loss] [=C-D]	13,927	19,976	22,931	11,623
[F] Capital Expenditures	1,345	-	188	-
[G] NCF [=C-F]	20,741	28,538	34,256	18,363
Acquisition Price [million yen]	1,110	1,450	1,480	817

Property number	2008	2009	2010	2011
Property Name	Castalia Meguro	Castalia Otsuka II	Castalia Jiyugaoka	Castalia Mejiro
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	4,871	6,165	6,165	5,271
Deposits and Guarantees	6,784	8,403	9,129	6,846
Occupancy Rate	100.0%	100.0%	95.6%	96.7%
Profit and Loss				
[A] Rental Revenues Subtotal	28,504	36,570	36,911	30,665
Rent income	27,726	35,742	35,900	29,202
Other revenues	778	827	1,011	1,463
[B] Rental Expenses Subtotal	19,492	20,367	12,259	11,291
Taxes and public dues	1,425	1,777	2,070	1,640
Management fees	3,376	3,492	3,570	4,690
Repair costs	13,418	13,884	5,302	4,139
Insurance	35	57	38	35
Utilities	333	559	300	318
Other expenses	903	595	976	466
[C] NOI [= A - B]	9,012	16,203	24,652	19,374
[D] Depreciation and Amortization	4,511	6,538	4,577	5,180
[E] Rental Business Profit [Loss] [=C-D]	4,501	9,664	20,075	14,193
[F] Capital Expenditures	26,188	44,447	7,301	5,060
[G] NCF [=C-F]	(17,175)	(28,243)	17,351	14,313
Acquisition Price [million yen]	844	1,040	1,200	988

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	2012	2013	2014	2015
Property Name	Castalia Ikebukuro	Castalia Kaname-cho	Castalia Tower Shinagawa Seaside	Castalia Yakumo
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	13,461	6,149	43,008	4,104
Deposits and Guarantees	15,842	9,013	66,187	4,889
Occupancy Rate	96.9%	95.9%	98.1%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	86,878	39,122	266,986	25,021
Rent income	81,329	36,653	250,815	23,542
Other revenues	5,548	2,468	16,170	1,478
[B] Rental Expenses Subtotal	23,826	13,469	61,930	7,970
Taxes and public dues	4,058	1,607	15,172	1,680
Management fees	9,002	4,135	31,740	3,287
Repair costs	9,308	4,692	9,902	2,283
Insurance	100	43	384	34
Utilities	761	532	3,217	218
Other expenses	595	2,458	1,511	465
[C] NOI [= A - B]	63,051	25,653	205,056	17,050
[D] Depreciation and Amortization	12,466	5,538	44,795	3,405
[E] Rental Business Profit [Loss] [=C-D]	50,585	20,115	160,260	13,645
[F] Capital Expenditures	7,426	385	7,098	4,533
[G] NCF [=C-F]	55,625	25,268	197,958	12,517
Acquisition Price [million yen]	2,570	1,140	7,380	857

Property number	2016	2018	2019	2020
Property Name	Castalia Togoshiekimae	Castalia Honjo Azumabashi	Castalia Kitazawa	Castalia Monzennakacho
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	8,361	5,720	3,953	2,790
Deposits and Guarantees	10,709	8,369	5,173	-
Occupancy Rate	100.0%	97.0%	93.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	50,775	37,043	25,366	16,995
Rent income	50,166	34,226	23,314	16,743
Other revenues	608	2,816	2,051	252
[B] Rental Expenses Subtotal	7,813	20,976	11,622	4,457
Taxes and public dues	2,597	2,359	1,694	919
Management fees	2,795	3,411	3,922	1,094
Repair costs	1,484	13,702	4,654	1,452
Insurance	60	54	31	23
Utilities	459	664	624	377
Other expenses	416	783	695	588
[C] NOI [= A - B]	42,961	16,067	13,744	12,537
[D] Depreciation and Amortization	6,297	6,378	4,021	3,280
[E] Rental Business Profit [Loss] [=C-D]	36,663	9,688	9,723	9,257
[F] Capital Expenditures	-	36,105	16,408	1,292
[G] NCF [=C-F]	42,961	(20,038)	(2,664)	11,245
Acquisition Price [million yen]	1,560	996	742	503

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	2023	2024	2025	2026
Property Name	Castalia Kamiikedai	Castalia Morishita	Castalia Wakabayashi koen	Castalia Asakusabashi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	1,281	4,854	4,255	4,617
Deposits and Guarantees	909	6,356	5,277	6,613
Occupancy Rate	100.0%	93.8%	94.7%	89.2%
Profit and Loss				
[A] Rental Revenues Subtotal	7,745	31,063	27,397	30,721
Rent income	7,691	29,825	25,523	29,072
Other revenues	54	1,237	1,874	1,649
[B] Rental Expenses Subtotal	2,613	8,747	7,665	9,318
Taxes and public dues	237	1,623	1,853	1,548
Management fees	459	3,075	3,122	2,862
Repair costs	811	2,943	1,869	4,131
Insurance	10	44	39	39
Utilities	39	361	361	303
Other expenses	1,054	698	419	433
[C] NOI [= A - B]	5,132	22,316	19,731	21,403
[D] Depreciation and Amortization	1,113	4,898	3,809	4,781
[E] Rental Business Profit [Loss] [=C-D]	4,018	17,417	15,922	16,621
[F] Capital Expenditures	251	131	2,930	5,130
[G] NCF [=C-F]	4,881	22,184	16,801	16,272
Acquisition Price [million yen]	198	832	776	792

Property number	2027	2028	2029	2030
Property Name	Castalia Iriya	Castalia Kita Ueno	Castalia Morishita II	Castalia Minowa
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	3,470	13,203	4,393	7,666
Deposits and Guarantees	5,671	20,327	5,265	7,881
Occupancy Rate	90.9%	91.7%	97.6%	93.6%
Profit and Loss				
[A] Rental Revenues Subtotal	21,410	87,800	26,604	48,346
Rent income	20,246	82,328	26,265	46,646
Other revenues	1,164	5,472	338	1,700
[B] Rental Expenses Subtotal	6,345	20,874	6,891	11,341
Taxes and public dues	1,297	5,363	1,462	2,643
Management fees	2,240	8,651	2,192	4,782
Repair costs	1,981	3,024	2,159	3,114
Insurance	33	116	34	68
Utilities	352	954	386	579
Other expenses	439	2,764	655	153
[C] NOI [= A - B]	15,065	66,925	19,712	37,004
[D] Depreciation and Amortization	3,527	16,157	4,466	9,070
[E] Rental Business Profit [Loss] [=C-D]	11,538	50,768	15,245	27,934
[F] Capital Expenditures	2,534	5,146	-	580
[G] NCF [=C-F]	12,531	61,779	19,712	36,424
Acquisition Price [million yen]	546	2,641	686	1,430

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	2031	2032	2033	2034
Property Name	Castalia Oyamadai	Castalia Nakano	Castalia Yoga	Castalia Sumiyoshi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	2,881	5,721	5,419	5,305
Deposits and Guarantees	2,261	6,895	7,010	6,916
Occupancy Rate	95.0%	97.2%	100.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	18,117	35,968	34,539	32,594
Rent income	17,684	33,399	31,813	31,290
Other revenues	433	2,568	2,726	1,303
[B] Rental Expenses Subtotal	3,993	12,885	7,025	8,028
Taxes and public dues	1,234	1,878	1,627	1,727
Management fees	1,596	4,013	3,830	3,528
Repair costs	818	6,314	1,033	2,232
Insurance	26	50	39	50
Utilities	195	399	311	348
Other expenses	124	230	182	141
[C] NOI [= A - B]	14,123	23,082	27,514	24,566
[D] Depreciation and Amortization	2,211	6,296	3,641	6,348
[E] Rental Business Profit [Loss] [=C-D]	11,911	16,786	23,873	18,217
[F] Capital Expenditures	-	2,420	217	-
[G] NCF [=C-F]	14,123	20,661	27,296	24,566
Acquisition Price [million yen]	533	1,060	923	948

Property number	2035	2036	2037	2038
Property Name	Castalia Monzennakacho II	Castalia Oshiage	Castalia Kuramae	Castalia Nakanobu
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	11,338	5,908	7,236	11,942
Deposits and Guarantees	5,910	9,208	-	24,523
Occupancy Rate	100.0%	100.0%	100.0%	98.8%
Profit and Loss				
[A] Rental Revenues Subtotal	69,374	35,032	43,805	73,588
Rent income	68,032	34,342	43,416	70,241
Other revenues	1,341	690	389	3,346
[B] Rental Expenses Subtotal	9,193	7,036	6,494	12,837
Taxes and public dues	3,764	2,142	2,498	3,347
Management fees	4,137	2,763	2,712	6,258
Repair costs	176	1,216	610	1,644
Insurance	90	59	61	70
Utilities	649	333	470	611
Other expenses	373	521	143	905
[C] NOI [= A - B]	60,181	27,996	37,310	60,750
[D] Depreciation and Amortization	11,099	7,211	7,505	13,176
[E] Rental Business Profit [Loss] [=C-D]	49,081	20,784	29,804	47,574
[F] Capital Expenditures	-	-	-	3,473
[G] NCF [=C-F]	60,181	27,996	37,310	57,277
Acquisition Price [million yen]	2,160	1,100	1,260	1,790

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	2039	2040	2041	2042
Property Name	Royal Parks Toyosu	Castalia Togoshi	Castalia Ooimachi	Castalia Omori
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	52,873	11,895	6,238	7,691
Deposits and Guarantees	73,633	17,095	5,913	12,495
Occupancy Rate	100.0%	94.9%	100.0%	91.3%
Profit and Loss				
[A] Rental Revenues Subtotal	334,043	77,081	37,899	50,637
Rent income	317,242	73,083	37,428	47,798
Other revenues	16,800	3,997	471	2,838
[B] Rental Expenses Subtotal	97,836	15,163	3,958	9,151
Taxes and public dues	18,747	4,273	1,764	2,366
Management fees	15,146	7,061	1,459	4,353
Repair costs	10,740	1,875	-	1,445
Insurance	570	90	44	67
Utilities	-	818	273	543
Other expenses	52,632	1,043	417	375
[C] NOI [= A - B]	236,207	61,917	33,941	41,485
[D] Depreciation and Amortization	104,338	15,945	7,946	12,957
[E] Rental Business Profit [Loss] [=C-D]	131,868	45,972	25,994	28,528
[F] Capital Expenditures	12,833	343	-	352
[G] NCF [=C-F]	223,373	61,574	33,941	41,132
Acquisition Price [million yen]	7,360	1,770	1,181	1,500

Property number	2043	2044	2045	2046
Property Name	Castalia Mishuku	Castalia Arakawa	Castalia Omori II	Castalia Nakameguro
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	10,968	9,996	12,532	17,830
Deposits and Guarantees	19,580	13,422	28,833	48,011
Occupancy Rate	98.0%	94.5%	97.1%	95.5%
Profit and Loss				
[A] Rental Revenues Subtotal	67,108	65,930	81,623	113,078
Rent income	62,763	61,506	75,272	105,334
Other revenues	4,344	4,424	6,351	7,744
[B] Rental Expenses Subtotal	15,423	19,633	16,488	20,665
Taxes and public dues	3,432	3,723	3,701	4,336
Management fees	7,788	5,817	7,579	9,861
Repair costs	3,102	8,961	2,142	3,694
Insurance	89	104	97	78
Utilities	638	744	1,786	2,202
Other expenses	371	281	1,182	491
[C] NOI [= A - B]	51,684	46,296	65,134	92,413
[D] Depreciation and Amortization	13,288	16,992	13,575	12,271
[E] Rental Business Profit [Loss] [=C-D]	38,395	29,304	51,559	80,142
[F] Capital Expenditures	968	5,164	152	731
[G] NCF [=C-F]	50,716	41,132	64,982	91,681
Acquisition Price [million yen]	1,900	1,660	2,370	3,800

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	2047	2048	2049	2050
Property Name	Castalia Meguro Chojyamaru	Castalia Meguro Takaban	Castalia Omori III	Morino Tonari
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	9,822	8,144	7,828	4,775
Deposits and Guarantees	10,114	10,069	11,344	8,762
Occupancy Rate	92.9%	92.9%	95.4%	93.9%
Profit and Loss				
[A] Rental Revenues Subtotal	60,219	51,772	49,613	31,449
Rent income	56,665	47,404	46,979	29,618
Other revenues	3,553	4,367	2,633	1,831
[B] Rental Expenses Subtotal	15,021	15,758	10,629	7,467
Taxes and public dues	3,761	1,559	2,530	1,628
Management fees	7,017	8,270	5,523	2,469
Repair costs	3,024	5,016	1,514	3,052
Insurance	63	52	54	38
Utilities	607	336	431	110
Other expenses	546	523	574	168
[C] NOI [= A - B]	45,197	36,013	38,983	23,982
[D] Depreciation and Amortization	9,107	6,374	9,961	5,360
[E] Rental Business Profit [Loss] [=C-D]	36,089	29,638	29,022	18,622
[F] Capital Expenditures	3,565	7,100	1,414	3,163
[G] NCF [=C-F]	41,631	28,912	37,569	20,818
Acquisition Price [million yen]	2,030	1,750	1,520	1,020

Property number	2051	2052	2053	3001
Property Name	Castalia Meguro Tairamachi	Royal Parks SEASIR	Castalia Honkomagome	Cosmo Heim Musashikosugi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	4,983	37,869	7,718	8,912
Deposits and Guarantees	8,525	41,235	10,454	85,460
Occupancy Rate	96.7%	100.0%	91.4%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	30,739	243,792	50,042	56,713
Rent income	29,339	227,217	49,295	53,473
Other revenues	1,399	16,575	747	3,240
[B] Rental Expenses Subtotal	5,841	70,205	5,426	7,832
Taxes and public dues	1,584	-	-	3,582
Management fees	3,240	7,466	4,181	870
Repair costs	530	2,619	477	2,388
Insurance	39	508	68	85
Utilities	176	-	337	2
Other expenses	270	59,612	362	903
[C] NOI [= A - B]	24,897	173,587	44,616	48,880
[D] Depreciation and Amortization	4,881	76,197	8,726	5,333
[E] Rental Business Profit [Loss] [=C-D]	20,016	97,389	35,889	43,547
[F] Capital Expenditures	-	1,473	-	1,515
[G] NCF [=C-F]	24,897	172,113	44,616	47,365
Acquisition Price [million yen]	1,165	4,350	1,520	1,674

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	3002	3003	3006	3007
Property Name	Castalia Tsurumi	Castalia Funabashi	Castalia Nishi Funabashi	Castalia Maihama
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	4,117	5,083	5,364	3,546
Deposits and Guarantees	7,099	8,053	7,840	4,108
Occupancy Rate	96.9%	100.0%	100.0%	91.8%
Profit and Loss				
[A] Rental Revenues Subtotal	25,727	30,155	32,045	22,863
Rent income	24,036	29,116	30,122	21,953
Other revenues	1,690	1,039	1,922	909
[B] Rental Expenses Subtotal	8,027	16,203	20,483	6,044
Taxes and public dues	1,399	1,471	1,418	1,069
Management fees	3,269	3,140	4,117	2,168
Repair costs	1,513	9,261	13,583	1,827
Insurance	36	35	40	34
Utilities	285	1,672	454	379
Other expenses	1,523	623	869	565
[C] NOI [= A - B]	17,699	13,951	11,562	16,818
[D] Depreciation and Amortization	5,124	5,414	4,676	4,006
[E] Rental Business Profit [Loss] [=C-D]	12,575	8,537	6,885	12,812
[F] Capital Expenditures	-	14,504	32,685	305
[G] NCF [=C-F]	17,699	(552)	(21,123)	16,513
Acquisition Price [million yen]	666	704	783	670

Property number	3008	3010	3011	3012
Property Name	Castalia Ichikawamyoden	Castalia Urayasu	Castalia Minamigyotoku	Castalia Minamigyotoku II
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	4,466	3,570	2,894	2,221
Deposits and Guarantees	8,352	7,140	4,218	2,987
Occupancy Rate	100.0%	100.0%	93.9%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	26,846	21,444	18,425	13,819
Rent income	26,796	21,264	17,677	13,215
Other revenues	50	179	747	603
[B] Rental Expenses Subtotal	8,306	7,085	6,245	3,371
Taxes and public dues	1,068	926	890	659
Management fees	1,462	1,503	2,044	1,379
Repair costs	4,987	3,889	2,466	538
Insurance	26	27	26	21
Utilities	217	197	255	217
Other expenses	542	540	560	554
[C] NOI [= A - B]	18,539	14,358	12,180	10,448
[D] Depreciation and Amortization	3,356	3,167	3,101	2,216
[E] Rental Business Profit [Loss] [=C-D]	15,183	11,191	9,079	8,231
[F] Capital Expenditures	2,643	7,240	2,366	2,289
[G] NCF [=C-F]	15,895	7,118	9,814	8,158
Acquisition Price [million yen]	671	592	543	385

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	3013	3017	3018	3019
Property Name	Castalia Nogeeyama	Castalia Ichikawa	Royal Parks Hanakoganei	Castalia Musashikosugi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	2,194	3,280	38,195	9,139
Deposits and Guarantees	2,251	7,044	41,411	12,183
Occupancy Rate	100.0%	100.0%	100.0%	98.7%
Profit and Loss				
[A] Rental Revenues Subtotal	12,927	19,702	244,708	58,058
Rent income	12,155	19,680	229,174	54,124
Other revenues	771	22	15,533	3,934
[B] Rental Expenses Subtotal	4,852	3,050	65,403	11,689
Taxes and public dues	733	882	13,972	2,634
Management fees	2,307	1,393	1,548	5,798
Repair costs	840	125	12,855	2,188
Insurance	21	26	443	62
Utilities	341	216	-	415
Other expenses	608	406	36,584	589
[C] NOI [= A - B]	8,074	16,652	179,304	46,369
[D] Depreciation and Amortization	1,678	3,350	73,683	10,562
[E] Rental Business Profit [Loss] [=C-D]	6,395	13,301	105,620	35,806
[F] Capital Expenditures	107	402	1,542	9,039
[G] NCF [=C-F]	7,967	16,249	177,761	37,329
Acquisition Price [million yen]	325	461	5,300	1,680

Property number	3020	3021	3022	3023
Property Name	Royal Parks Wakabadai	Pacific Royal Court Minatomirai Urban Tower	L-Place Shinkoyasu	Royal Parks Musasikosugi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	40,678	81,980	9,319	10,826
Deposits and Guarantees	124,904	95,465	26,639	24,266
Occupancy Rate	100.0%	100.0%	100.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	258,608	517,345	56,852	68,209
Rent income	244,068	491,885	55,918	64,958
Other revenues	14,540	25,459	933	3,251
[B] Rental Expenses Subtotal	103,290	183,742	1,449	26,974
Taxes and public dues	19,050	-	-	-
Management fees	1,465	46,542	1,137	2,834
Repair costs	9,733	21,803	-	1,165
Insurance	468	1,065	98	107
Utilities	-	-	-	-
Other expenses	72,572	114,332	213	22,867
[C] NOI [= A - B]	155,317	333,602	55,403	41,234
[D] Depreciation and Amortization	71,887	179,516	17,724	18,269
[E] Rental Business Profit [Loss] [=C-D]	83,430	154,086	37,678	22,965
[F] Capital Expenditures	20,758	1,521	-	-
[G] NCF [=C-F]	134,559	332,081	55,403	41,234
Acquisition Price [million yen]	4,360	9,100	1,720	1,060

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	4001	4008	4009	4010
Property Name	Castalia Shinsakae	Aprile Tarumi	Crest Kusatsu	Castalia Sakaisuji Honmachi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	8,983	9,322	13,267	9,670
Deposits and Guarantees	14,554	27,966	25,446	4,792
Occupancy Rate	95.0%	100.0%	49.2%	95.8%
Profit and Loss				
[A] Rental Revenues Subtotal	60,000	55,933	88,078	62,422
Rent income	54,989	55,933	79,598	58,430
Other revenues	5,010	-	8,480	3,992
[B] Rental Expenses Subtotal	20,288	6,675	125,555	18,234
Taxes and public dues	3,611	5,098	9,185	3,318
Management fees	6,703	660	16,988	7,095
Repair costs	7,651	374	56,966	4,298
Insurance	105	99	311	91
Utilities	850	-	8,673	2,198
Other expenses	1,364	444	33,428	1,232
[C] NOI [= A - B]	39,711	49,257	(37,477)	44,188
[D] Depreciation and Amortization	18,713	9,544	35,865	11,182
[E] Rental Business Profit [Loss] [=C-D]	20,998	39,713	(73,343)	33,006
[F] Capital Expenditures	-	275	354,776	-
[G] NCF [=C-F]	39,711	48,981	(392,253)	44,188
Acquisition Price [million yen]	1,920	1,340	3,004	1,490

Property number	4011	4012	4014	4015
Property Name	Castalia Shin-Umeda	Castalia Abeno	Castalia Sakae	Castalia Nipponbashi Kouzu
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	8,862	26,642	7,025	25,318
Deposits and Guarantees	6,834	21,943	12,557	13,617
Occupancy Rate	97.7%	95.8%	96.0%	98.3%
Profit and Loss				
[A] Rental Revenues Subtotal	56,269	175,021	44,940	157,265
Rent income	52,513	161,654	41,909	151,028
Other revenues	3,756	13,367	3,031	6,236
[B] Rental Expenses Subtotal	16,345	38,979	11,753	46,151
Taxes and public dues	3,304	11,000	3,196	10,118
Management fees	5,555	13,960	4,621	20,985
Repair costs	5,195	8,944	2,914	12,244
Insurance	89	248	80	272
Utilities	1,720	4,316	581	1,939
Other expenses	479	509	359	590
[C] NOI [= A - B]	39,923	136,041	33,187	111,114
[D] Depreciation and Amortization	10,638	27,811	7,269	30,895
[E] Rental Business Profit [Loss] [=C-D]	29,285	108,229	25,918	80,218
[F] Capital Expenditures	614	4,195	6,093	1,026
[G] NCF [=C-F]	39,308	131,846	27,094	110,087
Acquisition Price [million yen]	1,376	4,368	1,010	3,570

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	4016	4017	4018	4019
Property Name	Castalia Maruyama Urasando	Castalia Maruyama Omotesando	Castalia Higashi Hie	Castalia Tower Nagahoribashi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	3,281	11,621	6,681	25,717
Deposits and Guarantees	3,358	13,906	6,712	17,802
Occupancy Rate	100.0%	93.1%	95.6%	99.4%
Profit and Loss				
[A] Rental Revenues Subtotal	21,498	80,100	43,311	162,294
Rent income	19,478	72,019	41,320	152,901
Other revenues	2,019	8,080	1,990	9,393
[B] Rental Expenses Subtotal	5,028	22,302	8,510	36,330
Taxes and public dues	1,672	7,173	3,234	11,248
Management fees	1,882	6,082	3,475	16,312
Repair costs	489	6,323	949	3,452
Insurance	34	127	68	249
Utilities	687	1,897	404	4,250
Other expenses	262	698	378	816
[C] NOI [= A - B]	16,470	57,798	34,800	125,964
[D] Depreciation and Amortization	3,056	12,152	8,069	28,582
[E] Rental Business Profit [Loss] [=C-D]	13,413	45,645	26,730	97,382
[F] Capital Expenditures	-	1,967	673	325
[G] NCF [=C-F]	16,470	55,830	34,126	125,639
Acquisition Price [million yen]	411	1,740	960	3,400

Property number	4020	4021	4022	4023
Property Name	Castalia Sannomiya	Castalia Kotodaikoen	Castalia Ichibancho	Castalia Omachi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	8,667	3,921	6,157	5,187
Deposits and Guarantees	5,446	4,110	4,941	6,530
Occupancy Rate	98.3%	100.0%	100.0%	98.6%
Profit and Loss				
[A] Rental Revenues Subtotal	54,656	24,524	39,420	33,359
Rent income	52,019	23,531	36,648	30,909
Other revenues	2,636	993	2,772	2,450
[B] Rental Expenses Subtotal	11,196	5,459	7,505	7,189
Taxes and public dues	3,112	1,704	2,849	2,054
Management fees	4,351	2,375	3,698	3,535
Repair costs	2,489	773	278	1,135
Insurance	77	48	76	59
Utilities	905	457	454	303
Other expenses	260	100	147	100
[C] NOI [= A - B]	43,459	19,064	31,914	26,170
[D] Depreciation and Amortization	9,623	4,196	5,784	5,923
[E] Rental Business Profit [Loss] [=C-D]	33,835	14,868	26,130	20,246
[F] Capital Expenditures	2,764	-	128	166
[G] NCF [=C-F]	40,695	19,064	31,786	26,004
Acquisition Price [million yen]	1,230	481	783	656

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	4024	4025	4026	4027
Property Name	Castalia Uemachidai	Castalia Tower Higobashi	Big Tower Minami Sanjo	Castalia Fushimi
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	13,737	20,413	16,885	16,461
Deposits and Guarantees	9,825	12,684	14,349	18,881
Occupancy Rate	98.4%	96.4%	98.5%	95.7%
Profit and Loss				
[A] Rental Revenues Subtotal	88,218	128,428	111,078	105,886
Rent income	80,723	120,168	97,168	97,202
Other revenues	7,494	8,260	13,910	8,683
[B] Rental Expenses Subtotal	18,018	37,208	30,787	27,327
Taxes and public dues	5,561	7,396	9,416	6,102
Management fees	7,483	17,193	12,477	12,019
Repair costs	2,813	7,145	6,042	6,190
Insurance	134	163	302	178
Utilities	1,119	3,719	1,773	1,303
Other expenses	905	1,589	774	1,532
[C] NOI [= A - B]	70,200	91,220	80,291	78,558
[D] Depreciation and Amortization	14,083	19,713	33,302	24,964
[E] Rental Business Profit [Loss] [=C-D]	56,116	71,506	46,988	53,594
[F] Capital Expenditures	4,325	1,075	386	9,748
[G] NCF [=C-F]	65,874	90,145	79,905	68,810
Acquisition Price [million yen]	2,190	2,670	1,740	2,260

Property number	4028	4029	4030	4031
Property Name	Castalia Meieki Minami	Castalia Yakuin	Castalia Mibu	Castalia Tsutsujigaoka
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	4,930	6,429	7,173	9,215
Deposits and Guarantees	7,531	8,844	6,348	20,610
Occupancy Rate	94.2%	97.0%	95.0%	100.0%
Profit and Loss				
[A] Rental Revenues Subtotal	32,168	41,474	50,057	61,036
Rent income	29,934	38,925	43,401	53,813
Other revenues	2,233	2,549	6,655	7,222
[B] Rental Expenses Subtotal	8,741	9,626	12,782	12,863
Taxes and public dues	1,851	3,004	2,850	3,779
Management fees	3,438	3,740	5,382	5,506
Repair costs	1,992	1,980	3,006	2,110
Insurance	45	74	71	105
Utilities	380	581	1,225	424
Other expenses	1,033	246	246	936
[C] NOI [= A - B]	23,426	31,847	37,274	48,173
[D] Depreciation and Amortization	6,642	10,576	12,024	14,451
[E] Rental Business Profit [Loss] [=C-D]	16,784	21,271	25,250	33,721
[F] Capital Expenditures	-	605	120	628
[G] NCF [=C-F]	23,426	31,242	37,154	47,545
Acquisition Price [million yen]	720	930	1,193	1,208

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	4032	4033	4034	4035
Property Name	Castalia Ohori Bay Tower	Royal Parks Namba	Castalia Shigahondori	Castalia Kyoto Nishioji
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Nov. 2, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	18,263	21,394	12,021	4,873
Deposits and Guarantees	16,392	24,975	25,634	1,313
Occupancy Rate	73.5%	100.0%	98.3%	91.5%
Profit and Loss				
[A] Rental Revenues Subtotal	150,417	135,400	74,230	21,260
Rent income	115,288	128,364	69,578	19,713
Other revenues	35,128	7,035	4,652	1,547
[B] Rental Expenses Subtotal	34,513	29,611	17,221	5,112
Taxes and public dues	12,632	9,710	4,355	-
Management fees	10,719	4,645	6,455	1,484
Repair costs	1,972	2,777	4,911	2,889
Insurance	346	251	106	41
Utilities	7,086	138	670	536
Other expenses	1,756	12,087	723	160
[C] NOI [= A - B]	115,904	105,789	57,009	16,148
[D] Depreciation and Amortization	42,362	41,977	20,153	5,302
[E] Rental Business Profit [Loss] [=C-D]	73,542	63,811	36,855	10,845
[F] Capital Expenditures	2,124	454	-	580
[G] NCF [=C-F]	113,780	105,334	57,009	15,568
Acquisition Price [million yen]	2,910	2,830	1,730	973

Property number	6001	6002	Total
Property Name	Urban Living Inage	Aburatsubo Marina HILLS	
Management Period	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016	From : Sep. 1, 2015 To : Feb. 29, 2016
Monthly rent [incl. common area charges]	6,510	7,291	-
Deposits and Guarantees	41,937	53,900	-
Occupancy Rate	100.0%	100.0%	-
Profit and Loss			
[A] Rental Revenues Subtotal	39,534	43,749	9,662,326
Rent income	39,060	43,749	9,076,818
Other revenues	474	-	585,507
[B] Rental Expenses Subtotal	4,419	3,391	2,675,509
Taxes and public dues	2,524	2,541	489,583
Management fees	-	-	879,036
Repair costs	1,543	499	592,036
Insurance	76	130	14,342
Utilities	-	-	130,371
Other expenses	273	220	570,138
[C] NOI [= A - B]	35,115	40,357	6,986,816
[D] Depreciation and Amortization	12,453	14,890	2,012,584
[E] Rental Business Profit [Loss] [=C-D]	22,661	25,467	4,974,231
[F] Capital Expenditures	-	-	968,554
[G] NCF [=C-F]	35,115	40,357	6,018,261
Acquisition Price [million yen]	930	1,100	256,349

2. Status of Lease or Sublease to Major Tenants

(1) List of major tenants

Property name, leased area and proportion of leased area for the tenant of real estate or real estate in trust to the total leased area are as follows. A major tenant is a tenant for which leased area accounts for 10% or more of the total leased area in the entire portfolio.

(As of February 29, 2016)

Tenant	Business	Property name	Annual rent (Thousands of yen) (Note 1)	Leasehold and security deposits, etc. (Thousands of yen) (Note 2)	Leased area (m ²) (Note 3)	Proportion of leased area for the tenant to the total leased area (%) (Note 4)
Daiwa Living Management Co., Ltd.	Real estate rental business	A total of 88 properties including Castalia Nishi Azabu Kasumicho	9,092,109	929,400	225,635.16	46.4
Daiwa Living Co., Ltd.	Asset management business	A total of 9 properties including Royal Parks Toyosu	3,419,433	422,774	114,197.33	23.5
MORIMOTO QUALITY Co., Ltd.	Asset management business	A total of 28 properties including Qiz Ebisu	3,272,543	593,465	58,919.26	12.1
Total of major tenants			15,784,086	1,945,640	398,751.75	82.1
Total of the entire portfolio			18,273,103	2,502,540	485,776.20	100.0

(Note 1) "Annual rent" represents the amount calculated by multiplying the total amount of monthly rent indicated in each lease or sublease agreement that has been concluded with the tenant (including common service fees, but excluding usage fees for attached facilities, such as monthly parking lots and trunk rooms, and consumption taxes) by 12, rounded down to the nearest thousand yen. However, if the tenant is a master lessee and the master lease is a pass-through type, annual rent is the amount calculated by multiplying the total amount of monthly rent indicated in a lease or sublease agreement that has been concluded between the tenant as the master lessee and each end tenant (including common service fees, but excluding usage fees for attached facilities, such as monthly parking lots and trunk rooms, and consumption taxes) by 12, rounded down to the nearest thousand yen.

(Note 2) "Leasehold and security deposits, etc." represents the total amount of the balances of leasehold and security deposits, etc. that DHI is obliged to refund to the tenant under each lease or sublease agreement (including master lease agreement) (however, in cases where there is a portion that does not need to be refunded due to special conditions such as deduction from leasehold deposits or non-refundable lease deposits, the amount after the deduction of the portion), rounded down to the nearest thousand yen.

(Note 3) "Leased area" represents the total of areas indicated in each lease or sublease agreement that has been concluded with end tenants as of February 29, 2016.

(Note 4) Figures are rounded to the first decimal place.

(2) Lease Terms for Major Tenants

The lease terms including the expiration date and contract renewal method for major tenants by real estate or real estate in trust are as follows:

(As of February 29, 2016)

Property number	Property name	Expiration date	Contract renewal method	Tenants (Note 1)
1001	Qiz Ebisu	February 29, 2017	The contract may be extended through negotiations.	M
1002	Castalia Azabujuban Shichimenzaka	February 29, 2017	The contract may be extended through negotiations.	M
1003	Castalia Shibakoen	February 29, 2017	The contract may be extended through negotiations.	M
1004	Castalia Ginza	February 29, 2017	The contract may be extended through negotiations.	M
1005	Castalia Hiroo	February 29, 2017	The contract may be extended through negotiations.	M
1006	Castalia Nihonbashi	February 29, 2017	The contract may be extended through negotiations.	M
1007	Castalia Hacchobori	March 6, 2017	The contract may be extended through negotiations.	M
1008	Castalia Azabujuban	May 31, 2017	The contract may be extended through negotiations.	M
1009	Castalia Azabujuban II	May 31, 2017	The contract may be extended through negotiations.	M
1010	Castalia Shinjuku Natsumezaka	May 31, 2017	The contract may be extended through negotiations.	M
1012	Castalia Shibuya Sakuragaoka	May 31, 2017	The contract may be extended through negotiations.	M
1015	Castalia Nishi Azabu Kasumicho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1016	Castalia Ochanomizu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1017	Castalia Sangubashi	July 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M
1018	Castalia Suitengu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1019	Castalia Suitengu II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1020	Castalia Shintomicho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1021	Castalia Shintomicho II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1022	Castalia Harajuku	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1023	Castalia Yoyogi Uehara	July 31, 2017	When no written notice is given by any of the lessor or the lessee not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M
1024	Castalia Sendagaya	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1025	Castalia Shinjuku 7 chome	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1027	Castalia Ningyocho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1028	Castalia Ningyocho II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Expiration date	Contract renewal method	Tenants (Note 1)
1029	Castalia Shin-Ochanomizu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1030	Castalia Higashi Nihonbashi II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1031	Castalia Jinbocho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1032	Castalia Shintomicho III	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1033	Castalia Shinjuku Gyoen	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1034	Castalia Takanawadai	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1035	Castalia Higashi Nihonbashi III	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1036	Castalia Shinjuku Gyoen II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1037	Castalia Shintomicho IV	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1038	Castalia Takanawadai II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1039	Castalia Minami Azabu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1040	Castalia Ginza III	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1041	Castalia Kayabacho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1042	Castalia Takanawa	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1043	Castalia Higashi Nihonbashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1045	Castalia Shinjuku	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
1046	Castalia Ichigaya	March 31, 2018	The contract is extended in line with the extension of the trust agreement.	M
1048	Castalia Hatsudai	Dec. 31, 2016	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M
1049	Castalia Hatsudai II	Sep. 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Expiration date	Contract renewal method	Tenants (Note 1)
1050	Castalia Ebisu	Sep. 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2001	Castalia Meguro Kamurozaka	Nov. 30, 2016	The contract is extended in line with the extension of the trust agreement.	M
2002	Castalia Toritsudaigaku	February 29, 2017	The contract may be extended through negotiations.	M
2004	Castalia Yukigaya	March 6, 2017	The contract may be extended through negotiations.	M
2005	Castalia Yutenji	May 31, 2017	The contract may be extended through negotiations.	M
2006	Castalia Otsuka	May 31, 2017	The contract may be extended through negotiations.	M
2007	Castalia Kikukawa	May 31, 2017	The contract may be extended through negotiations.	M
2008	Castalia Meguro	July 31, 2017	When no written notice is given by any of the lessor or the lessee not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M
2009	Castalia Otsuka II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2010	Castalia Jiyugaoka	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2011	Castalia Mejiro	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2012	Castalia Ikebukuro	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2013	Castalia Kaname-cho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2014	Castalia Tower Shinagawa Seaside	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2015	Castalia Yakumo	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2016	Castalia Togoshiekimae	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2018	Castalia Honjo Azumabashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2019	Castalia Kitazawa	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2020	Castalia Monzennakacho	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2023	Castalia Kamiikedai	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2024	Castalia Morishita	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2025	Castalia Wakabayashi koen	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2026	Castalia Asakusabashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Expiration date	Contract renewal method	Tenants (Note 1)
2027	Castalia Iriya	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2028	Castalia Kita Ueno	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2029	Castalia Morishita II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2030	Castalia Minowa	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2031	Castalia Oyamadai	July 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M
2032	Castalia Nakano	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2033	Castalia Yoga	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2034	Castalia Sumiyoshi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2035	Castalia Monzennakacho II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2036	Castalia Oshiage	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2037	Castalia Kuramae	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2038	Castalia Nakanobu	March 31, 2018	The contract is extended in line with the extension of the trust agreement.	M
2039	Royal Parks Toyosu	February 28, 2043	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L
2040	Castalia Togoshi	Oct. 31, 2020	The contract is extended in line with the extension of the trust agreement.	M
2041	Castalia Ooimachi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2042	Casralia Omori	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2043	Castalia Mishuku	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2044	Castalia Arakawa	March 31, 2017	When no written notice is given by any of the lessor or the lessee not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	L
2045	Castalia Omori II	March 31, 2017	When no written notice is given by any of the lessor or the lessee not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M
2046	Castalia Nakameguro	Nov. 30, 2016	When no written notice is given by any of the lessor or the lessee not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	M

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Expiration date	Contract renewal method	Tenants (Note 1)
2047	Castalia Meguro Chojyamaru	Sep. 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2048	Castalia Meguro Takaban	Sep. 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2049	Castalia Omori III	Sep. 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2050	Morino Tonari	June 30, 2018	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2051	Castalia Meguro Tairamachi	Sep. 25, 2018	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
2052	Royal Parks SEASIR	Dec. 31, 2021	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L
2053	Castalia Honkomagome	May 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3001	Cosmo Heim Musashikosugi	Jan. 31, 2017	When no written notice is given by any of the lessor or the lessee not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for one year, and this will be applicable thereafter.	L
3002	Castalia Tsurumi	May 31, 2017	The contract may be extended through negotiations.	M
3003	Castalia Funabashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3006	Castalia Nishi Funabashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3007	Castalia Maihama	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3008	Castalia Ichikawamyoden	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3010	Castalia Urayasu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3011	Castalia Minamigyotoku	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3012	Castalia Minamigyotoku II	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3013	Castalia Nogeeyama	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3017	Castalia Ichikawa	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3018	Royal Parks Hanakoganei	March 17, 2021	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L
3019	Castalia Musashikosugi	Sep. 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3020	Royal Parks Wakabadai (residence building) (Note 2)	March 31, 2022	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Expiration date	Contract renewal method	Tenants (Note 1)
3021	Pacific Royal Court Minatomirai Urban Tower	Dec. 31, 2021	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L
3022	L-Place Shinkoyasu	May 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
3023	Royal Parks Musasikosugi	Dec. 31, 2021	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L
4001	Castalia Shinsakae	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4009	Crest Kusatsu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4010	Castalia Sakaisuji Honmachi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4011	Castalia Shin-Umeda	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4012	Castalia Abeno	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4014	Castalia Sakae	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4015	Castalia Nipponbashi Kouzu	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4019	Castalia Tower Nagahoribashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4020	Castalia Sannomiya	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4024	Castalia Uemachidai	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4025	Castalia Tower Higobashi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4027	Castalia Fushimi	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4028	Castalia Meieki Minami	March 31, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D
4033	Royal Parks Namba	March 24, 2021	The contract ends with the expiration of contract term and is not renewed. However, a new contract may be entered into through negotiations with the day after the expiration date as the inception date of the contract.	L
4034	Castalia Shigahondori	June 30, 2017	When no written notice is given by any of the lessor, the lessee or the asset management company not to renew the contract six months prior to the expiration of the contract, the contract will be renewed automatically with identical terms and conditions for two years, and this will be applicable thereafter.	D

(Note 1) In “Tenant name,” “M,” “D” and “L” represent MORIMOTO QUALITY Co., Ltd., Daiwa Living Management Co., Ltd. and Daiwa Living Co., Ltd., respectively.

(Note 2) Daiwa Living Co., Ltd. is the tenant only for the residence space of Royal Parks Wakabadai (residence building) excluding the store space.

3. Summary of Real Estate Appraisal Reports

DHI has obtained real estate appraisal reports on each real estate and each real estate in trust from Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute and Morii Appraisal & Investment Consulting Inc. The following table shows the summary of real estate appraisal reports on real estate and real estate in trust owned by DHI as of February 29, 2016.

Real estate appraisal value neither guarantees nor promises the possibility of selling or buying the property at the appraisal value at present or in the future. There is no special interest between DHI and each real estate appraiser stated above.

Property number	Property name	Real estate appraisal value (Millions of yen) (Note 1)	Information on estimated price						Real estate appraiser (Note 4)
			Return Price (Note 2)					Integrated value (Millions of yen) (Note 3)	
			Direct capitalization method		DCF method				
			Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)		
1001	Qiz Ebisu	8,160	8,360	4.1	8,070	4.3	4.3	5,460	T
1002	Castalia Azabujuban Shichimenzaka	4,080	4,130	4.4	4,080	4.2	4.6	2,960	C
1003	Castalia Shibakoen	2,080	2,110	4.5	2,070	4.6	4.7	1,700	T
1004	Castalia Ginza	2,120	2,150	4.4	2,100	4.5	4.6	2,510	T
1005	Castalia Hiroo	1,800	1,870	4.3	1,770	4.4	4.5	1,500	T
1006	Castalia Nihonbashi	1,120	1,130	4.5	1,110	4.6	4.7	924	T
1007	Castalia Hacchobori	2,150	2,180	4.5	2,130	4.6	4.7	1,240	T
1008	Castalia Azabujuban	2,620	2,700	4.4	2,620	4.2	4.6	1,570	C
1009	Castalia Azabujuban II	2,430	2,500	4.3	2,430	4.1	4.5	1,450	C
1010	Castalia Shinjuku Natsumezaka	1,680	1,820	4.5	1,680	4.3	4.7	1,350	C
1011	Castalia Ginza II	1,650	1,680	4.4	1,640	4.5	4.6	1,050	T
1012	Castalia Shibuya Sakuragaoka	1,130	1,160	4.2	1,120	4.4	4.4	1,220	T
1015	Castalia Nishi Azabu Kasumicho	2,140	2,170	4.4	2,120	4.5	4.6	3,410	T
1016	Castalia Ochanomizu	2,050	2,080	4.4	2,020	4.2	4.6	1,460	F
1017	Castalia Sangubashi	1,460	1,490	4.4	1,450	4.6	4.6	1,860	T
1018	Castalia Suitengu	1,320	1,330	4.6	1,310	4.6	4.8	799	T
1019	Castalia Suitengu II	1,180	1,190	4.5	1,170	4.6	4.7	786	T
1020	Castalia Shintomicho	980	986	4.6	977	4.6	4.8	622	T
1021	Castalia Shintomicho II	860	867	4.6	857	4.6	4.8	484	T
1022	Castalia Harajuku	885	898	4.3	872	4.1	4.5	873	F
1023	Castalia Yoyogi Uehara	676	684	4.4	667	4.2	4.6	604	F
1024	Castalia Sendagaya	580	588	4.4	571	4.2	4.6	528	F
1025	Castalia Shinjuku 7 chome	502	508	4.7	495	4.5	4.9	491	F
1027	Castalia Ningyocho	1,150	1,160	4.4	1,130	4.2	4.6	707	F
1028	Castalia Ningyocho II	1,300	1,320	4.4	1,280	4.2	4.6	761	F
1029	Castalia Shin-Ochanomizu	1,030	1,040	4.4	1,010	4.2	4.6	843	F
1030	Castalia Higashi Nihonbashi II	1,610	1,630	4.4	1,590	4.2	4.6	1,040	F
1031	Castalia Jinbocho	1,380	1,400	4.4	1,360	4.2	4.6	1,010	F
1032	Castalia Shintomicho III	728	739	4.5	716	4.2	4.8	510	F
1033	Castalia Shinjuku Gyoen	2,950	3,010	4.5	2,930	(Note 5)	4.7	1,980	T
1034	Castalia Takanawadai	950	964	4.3	936	4.1	4.5	838	F
1035	Castalia Higashi Nihonbashi III	747	753	4.5	745	4.3	4.7	526	D
1036	Castalia Shinjuku Gyoen II	480	493	4.5	474	4.7	4.7	333	T
1037	Castalia Shintomicho IV	430	434	4.5	428	4.3	4.7	312	D
1038	Castalia Takanawadai II	1,300	1,320	4.3	1,280	4.1	4.5	1,100	F
1039	Castalia Minami Azabu	670	680	4.3	659	4.1	4.5	630	F
1040	Castalia Ginza III	2,840	2,880	4.4	2,820	4.5	4.6	2,250	T
1041	Castalia Kayabacho	2,960	2,970	4.6	2,960	4.6	4.8	1,820	T
1042	Castalia Takanawa	7,520	7,720	4.5	7,440	4.8	4.7	8,970	T
1043	Castalia Higashi Nihonbashi	3,890	3,800	4.7	3,890	4.5	4.9	3,470	C
1045	Castalia Shinjuku	3,280	3,340	4.4	3,250	4.6	4.6	2,580	T
1046	Castalia Ichigaya	1,300	1,330	4.5	1,300	4.3	4.7	892	C
1047	Shibaura Island Bloom Tower	8,540	-	-	8,540	4.2	6.3	6,710	F
1048	Castalia Hatsudai	2,300	2,330	4.5	2,290	4.3	4.7	1,870	D
1049	Castalia Hatsudai II	2,090	2,120	4.2	2,060	4.0	4.4	1,600	M
1050	Castalia Ebisu	1,610	1,640	4.1	1,580	3.9	4.3	1,210	M

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Real estate appraisal value (Millions of yen) (Note 1)	Information on estimated price						Integrated value (Millions of yen) (Note 3)	Real estate appraiser (Note 4)
			Return Price (Note 2)							
			Direct capitalization method		DCF method					
			Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
2001	Castalia Meguro Kamurozaka	4,060	4,110	4.4	4,040	4.2	4.6	2,870	D	
2002	Castalia Toritsudaigaku	552	565	5.3	552	5.1	5.6	322	C	
2004	Castalia Yukigaya	1,070	1,090	4.6	1,060	4.7	4.8	770	T	
2005	Castalia Yutenji	1,220	1,250	4.4	1,220	4.2	4.6	670	C	
2006	Castalia Otsuka	1,590	1,610	4.5	1,590	4.3	4.7	839	C	
2007	Castalia Kikukawa	788	794	4.7	785	4.8	4.9	508	T	
2008	Castalia Meguro	931	939	4.6	923	4.3	4.8	783	F	
2009	Castalia Otsuka II	1,200	1,210	4.5	1,180	4.3	4.7	819	F	
2010	Castalia Jiyugaoka	1,330	1,350	4.3	1,310	4.1	4.5	1,190	F	
2011	Castalia Mejiro	1,030	1,040	4.8	1,030	4.6	5.0	631	C	
2012	Castalia Ikebukuro	2,630	2,660	4.5	2,620	4.3	4.7	1,760	D	
2013	Castalia Kaname-cho	1,190	1,210	4.6	1,180	4.8	4.8	658	T	
2014	Castalia Tower Shinagawa Seaside	8,360	8,400	4.6	8,340	4.6	4.8	6,450	T	
2015	Castalia Yakumo	744	757	4.5	738	4.7	4.7	843	T	
2016	Castalia Togoshiekimae	1,890	1,910	4.5	1,860	4.3	4.7	1,470	F	
2018	Castalia Honjo Azumabashi	1,060	1,070	4.8	1,050	4.9	5.0	713	T	
2019	Castalia Kitazawa	793	804	4.4	782	4.2	4.6	760	F	
2020	Castalia Monzennakacho	500	506	5.0	498	5.1	5.2	262	T	
2023	Castalia Kamiikedai	212	213	5.1	210	4.7	5.3	156	F	
2024	Castalia Morishita	975	988	4.5	962	4.3	4.7	679	F	
2025	Castalia Wakabayashi koen	793	803	4.5	789	4.3	4.7	829	D	
2026	Castalia Asakusabashi	887	889	4.7	887	4.5	4.9	551	C	
2027	Castalia Iriya	622	627	5.1	622	4.9	5.3	438	C	
2028	Castalia Kita Ueno	2,570	2,600	4.7	2,550	4.8	4.9	1,640	T	
2029	Castalia Morishita II	766	772	4.6	764	4.7	4.8	504	T	
2030	Castalia Minowa	1,510	1,520	4.6	1,500	4.7	4.8	896	T	
2031	Castalia Oyamadai	581	584	4.5	579	4.6	4.7	615	T	
2032	Castalia Nakano	1,200	1,210	4.4	1,180	4.2	4.6	957	F	
2033	Castalia Yoga	1,110	1,120	4.4	1,100	4.6	4.6	825	T	
2034	Castalia Sumiyoshi	984	992	4.6	980	4.7	4.8	619	T	
2035	Castalia Monzennakacho II	2,590	2,630	4.4	2,550	4.2	4.6	1,780	F	
2036	Castalia Oshiage	1,090	1,100	4.7	1,090	(Note 6)	4.9	751	T	
2037	Castalia Kuramae	1,420	1,450	4.6	1,400	(Note 7)	4.8	810	T	
2038	Castalia Nakanobu	2,560	2,570	4.4	2,560	4.2	4.6	1,330	C	
2039	Royal Parks Toyosu	9,170	9,330	4.9	9,170	4.6	5.2	6,500	C	
2040	Castalia Togoshi	2,490	2,530	4.5	2,490	4.3	4.7	1,500	C	
2041	Castalia Ooimachi	1,450	1,460	4.2	1,430	4.1	4.4	687	M	
2042	Casralia Omori	1,760	1,790	4.5	1,760	4.3	4.7	937	C	
2043	Castalia Mishuku	2,280	2,330	4.5	2,280	4.3	4.7	1,700	C	
2044	Castalia Arakawa	2,100	2,130	4.7	2,100	4.5	4.9	1,430	C	
2045	Castalia Omori II	2,790	2,820	4.3	2,750	4.1	4.5	1,540	M	
2046	Castalia Nakameguro	4,400	4,460	4.1	4,330	3.9	4.3	3,000	M	
2047	Castalia Meguro Chojyamaru	2,300	2,340	4.1	2,260	3.9	4.3	2,170	M	
2048	Castalia Meguro Takaban	1,890	1,920	4.4	1,860	4.2	4.6	1,550	M	
2049	Castalia Omori III	1,720	1,750	4.3	1,690	4.1	4.5	951	M	
2050	Morino Tonari	1,170	1,180	4.3	1,150	4.1	4.5	1,070	F	
2051	Castalia Meguro Tairamachi	1,240	1,270	4.1	1,210	3.9	4.3	1,370	M	
2052	Royal Parks SEASIR	4,820	4,910	5.6	4,820	(Note 8)	5.8	4,590	M	
2053	Castalia Honkomagome	1,650	1,670	4.6	1,620	4.4	4.8	1,980	M	
3001	Cosmo Heim Musashikosugi	1,900	1,970	5.1	1,900	4.9	5.3	2,040	C	
3002	Castalia Tsurumi	717	719	5.4	717	5.2	5.6	427	C	
3003	Castalia Funabashi	774	771	5.2	775	(Note 9)	5.4	351	T	
3006	Castalia Nishi Funabashi	887	896	5.4	878	5.2	5.6	641	F	
3007	Castalia Maihama	635	645	5.4	630	5.4	5.6	404	T	
3008	Castalia Ichikawamyoden	703	619	5.3	739	5.5	5.6	382	T	
3010	Castalia Urayasu	609	560	5.3	630	5.3	5.6	330	T	
3011	Castalia Minamigyotoku	490	494	5.2	488	5.2	5.4	324	T	

Daiwa House Residential Investment Corporation (8984)
Financial Results for the Fiscal Period Ended February 29, 2016

Property number	Property name	Real estate appraisal value (Millions of yen) (Note 1)	Information on estimated price						Integrated value (Millions of yen) (Note 3)	Real estate appraiser (Note 4)
			Return Price (Note 2)							
			Direct capitalization method		DCF method					
			Price based on direct capitalization method (Millions of yen)	Capitalization rate (%)	Price based on DCF method (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
3012	Castalia Minamigyotoku II	338	338	5.2	338	5.2	5.4	240	T	
3013	Castalia Nogeeyama	317	320	5.4	313	5.2	5.6	293	F	
3017	Castalia Ichikawa	513	515	5.4	510	5.2	5.6	415	F	
3018	Royal Parks Hanakoganei	5,800	5,760	5.4	5,820	(Note 10)	5.6	3,940	D	
3019	Castalia Musashikosugi	1,900	1,930	4.6	1,870	4.4	4.8	1,280	M	
3020	Royal Parks Wakabadai	4,700	4,640	5.5	4,730	(Note 11)	5.7	4,900	D	
3021	Pacific Royal Court Minatomirai Urban Tower	10,400	10,600	5.1	10,400	(Note 12)	5.3	8,000	M	
3022	L-Place Shinkoyasu	1,960	1,980	5.2	1,940	5.0	5.4	1,620	F	
3023	Royal Parks Musasikosugi	1,270	1,290	5.1	1,270	(Note 13)	5.3	1,260	M	
4001	Castalia Shinsakae	1,550	1,550	5.2	1,550	5.0	5.4	1,350	C	
4008	Aprile Tarumi	1,550	1,560	5.7	1,530	5.5	5.9	1,550	F	
4009	Crest Kusatsu	1,940	1,990	7.1	1,920	7.2	7.3	1,960	T	
4010	Castalia Sakaisuji Honmachi	1,580	1,580	5.2	1,580	5.3	5.4	1,090	T	
4011	Castalia Shin-Umeda	1,400	1,410	5.3	1,400	5.4	5.5	1,050	T	
4012	Castalia Abeno	4,580	4,600	5.2	4,570	5.3	5.4	4,220	T	
4014	Castalia Sakae	1,180	1,160	5.0	1,180	4.8	5.2	1,130	C	
4015	Castalia Nipponbashi Kouzu	3,660	3,660	5.3	3,660	5.4	5.5	2,910	T	
4016	Castalia Maruyama Urasando	486	484	5.4	487	5.4	5.6	463	T	
4017	Castalia Maruyama Omotesando	1,910	1,910	5.4	1,910	5.4	5.6	1,910	T	
4018	Castalia Higashi Hie	965	971	5.3	963	5.5	5.5	878	T	
4019	Castalia Tower Nagahoribashi	4,340	4,360	4.9	4,340	4.7	5.1	3,390	C	
4020	Castalia Sannomiya	1,440	1,450	5.3	1,440	5.1	5.5	940	D	
4021	Castalia Kotodaikoen	525	523	5.6	526	5.6	5.8	588	D	
4022	Castalia Ichibancho	896	902	5.6	894	5.6	5.8	942	D	
4023	Castalia Omachi	702	698	5.6	703	5.6	5.8	675	D	
4024	Castalia Uemachidai	2,530	2,560	5.0	2,520	4.8	5.2	2,260	D	
4025	Castalia Tower Higobashi	3,490	3,520	4.9	3,490	4.7	5.1	2,510	C	
4026	Big Tower Minami Sanjo	2,440	2,440	5.5	2,440	5.3	5.7	2,860	D	
4027	Castalia Fushimi	2,980	3,010	5.0	2,950	4.8	5.2	2,740	F	
4028	Castalia Meieki Minami	897	910	4.7	884	4.5	4.9	616	M	
4029	Castalia Yakuin	1,080	1,090	4.9	1,060	4.7	5.1	973	M	
4030	Castalia Mibu	1,470	1,480	5.0	1,450	4.8	5.2	980	F	
4031	Castalia Tsutsujigaoka	1,660	1,670	5.1	1,640	4.9	5.3	1,270	M	
4032	Castalia Ohori Bay Tower	3,780	3,860	5.3	3,700	5.1	5.5	3,370	M	
4033	Royal Parks Namba	3,050	3,050	5.8	3,050	(Note 14)	6.1	1,940	D	
4034	Castalia Shigahondori	2,130	2,150	5.2	2,110	5.0	5.4	1,440	F	
4035	Castalia Kyoto Nishioji	1,030	1,050	5.0	1,010	4.8	5.2	679	M	
6001	Urban Living Inage	1,190	1,200	5.7	1,190	5.5	5.9	702	D	
6002	Aburatsubo Marina HILLS	1,250	1,260	6.2	1,240	6.0	6.4	914	F	

(Note 1) "Appraisal value" is the appraisal value as of February 29, 2016.

(Note 2) "Return Price" is the return price based on the direct capitalization method and the return price based on the DCF method. The direct capitalization method is the method where return price is estimated by capitalizing net cash flow over a period of time at the capitalization rate. The DCF method is the method where the return price is estimated by discounting net cash flow that arise over multiple continuous periods and restoration price to the present values according to the period in which the net cash flow arises and totaling each of them.

(Note 3) "Integrated value" is the value calculated by the method where replacement cost of the property as of the date of appraisal is calculated with a focus on expenses required for replacement of real estate and depreciation is made to the replacement cost to determine the estimated value of the property (cost method).

(Note 4) In "Real estate appraiser," "D," "C," "T," "F," and "M" represent Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute and Morii Appraisal & Investment Consulting Inc., respectively.

(Note 5) 4.7% (1 to 10 years after appraisal dates), 4.7% (11th year after appraisal dates)

(Note 6) 5.0% (1 to 10 years after appraisal dates), 4.8% (11th year after appraisal dates)

(Note 7) 4.8% (1 to 10 years after appraisal dates), 4.7% (11th year after appraisal dates)

(Note 8) 5.4% (1 to 10 years after appraisal dates), 5.8% (11th year after appraisal dates to the expiry of the land lease)

(Note 9) 5.3% (1 to 3 years after appraisal dates), 5.0% (4 to 11 years after appraisal dates)

(Note 10) 5.2% (1 to 10 years after appraisal dates), 5.6% (11th year after appraisal dates to the expiry of the land lease)

(Note 11) 5.3% (1 to 10 years after appraisal dates), 5.7% (11th year after appraisal dates to the expiry of the land lease)
 (Note 12) 4.9% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates to the expiry of the land lease)
 (Note 13) 4.9% (1 to 10 years after appraisal dates), 5.3% (11th year after appraisal dates to the expiry of the land lease)
 (Note 14) 5.7% (1 to 10 years after appraisal dates), 6.1% (11th year after appraisal dates to the expiry of the land lease)

4. Summary of Report on Earthquake Risk Assessment

The summary of report on earthquake risk assessment obtained on each real estate or each real estate in trust owned by DHI as of February 29, 2016 is as follows:

Property number	Property name	PML (%) (Note)	PML assessment organization
1001	Qiz Ebisu	3.4	Tokio Marine & Nichido Risk Consulting Co., Ltd.
1002	Castalia Azabujuban Shichimenzaka	2.3	
1003	Castalia Shibakoen	3.9	
1004	Castalia Ginza	2.8	
1005	Castalia Hiroo	6.0	
1006	Castalia Nihonbashi	2.7	
1007	Castalia Hacchobori	5.2	
1008	Castalia Azabujuban	3.8	
1009	Castalia Azabujuban II	3.8	
1010	Castalia Shinjuku Natsumezaka	5.1	
1011	Castalia Ginza II	2.5	
1012	Castalia Shibuya Sakuragaoka	7.6	
1015	Castalia Nishi Azabu Kasumicho	5.0	
1016	Castalia Ochanomizu	6.8	
1017	Castalia Sangubashi	4.2	
1018	Castalia Suitengu	6.6	
1019	Castalia Suitengu II	6.9	
1020	Castalia Shintomicho	5.4	
1021	Castalia Shintomicho II	3.6	
1022	Castalia Harajuku	9.6	
1023	Castalia Yoyogi Uehara	9.1	
1024	Castalia Sendagaya	10.3	
1025	Castalia Shinjuku 7 chome	4.9	
1027	Castalia Ningyocho	4.9	
1028	Castalia Ningyocho II	5.4	
1029	Castalia Shin-Ochanomizu	5.7	
1030	Castalia Higashi Nihonbashi II	4.8	
1031	Castalia Jinbocho	5.6	
1032	Castalia Shintomicho III	3.2	
1033	Castalia Shinjuku Gyoen	2.9	
1034	Castalia Takanawadai	6.9	
1035	Castalia Higashi Nihonbashi III	4.6	
1036	Castalia Shinjuku Gyoen II	4.8	
1037	Castalia Shintomicho IV	5.8	
1038	Castalia Takanawadai II	10.0	
1039	Castalia Minami Azabu	5.0	
1040	Castalia Ginza III	2.7	
1041	Castalia Kayabacho	5.0	
1042	Castalia Takanawa	4.0	
1043	Castalia Higashi Nihonbashi	2.2	
1045	Castalia Shinjuku	4.3	
1046	Castalia Ichigaya	7.5	
1047	Shibaura Island Bloom Tower	2.0	
1048	Castalia Hatsudai	3.9	
1049	Castalia Hatsudai II	4.9	
1050	Castalia Ebisu	3.4	
2001	Castalia Meguro Kamurozaka	2.6	
2002	Castalia Toritsudaigaku	5.9	
2004	Castalia Yukigaya	2.5	
2005	Castalia Yutenji	8.5	
2006	Castalia Otsuka	4.3	
2007	Castalia Kikukawa	7.6	

Property number	Property name	PML (%) (Note)	PML assessment organization
2008	Castalia Meguro	4.2	Tokio Marine & Nichido Risk Consulting Co., Ltd.
2009	Castalia Otsuka II	3.8	
2010	Castalia Jiyugaoka	9.3	
2011	Castalia Mejiro	5.3	
2012	Castalia Ikebukuro	2.8	
2013	Castalia Kaname-cho	2.3	
2014	Castalia Tower Shinagawa Seaside	3.1	
2015	Castalia Yakumo	9.1	
2016	Castalia Togoshiekimae	5.6	
2018	Castalia Honjo Azumabashi	4.5	
2019	Castalia Kitazawa	4.4	
2020	Castalia Monzennakacho	8.1	
2023	Castalia Kamiikedai	11.2	
2024	Castalia Morishita	6.7	
2025	Castalia Wakabayashi koen	3.4	
2026	Castalia Asakusabashi	2.8	
2027	Castalia Iriya	5.4	
2028	Castalia Kita Ueno	3.3	
2029	Castalia Morishita II	6.7	
2030	Castalia Minowa	5.4	
2031	Castalia Oyamadai	8.7	
2032	Castalia Nakano	3.9	
2033	Castalia Yoga	5.6	
2034	Castalia Sumiyoshi	6.8	
2035	Castalia Monzennakacho II	7.3	
2036	Castalia Oshiage	6.5	
2037	Castalia Kuramae	4.1	
2038	Castalia Nakanobu	2.8	
2039	Royal Parks Toyosu	7.2	
2040	Castalia Togoshi	3.8	
2041	Castalia Ooimachi	3.9	
2042	Castalia Omori	3.7	
2043	Castalia Mishuku	5.9	
2044	Castalia Arakawa	4.5	
2045	Castalia Omori II	4.0	
2046	Castalia Nakameguro	3.6	
2047	Castalia Meguro Chojyamaru	3.1	
2048	Castalia Meguro Takaban	7.0	
2049	Castalia Omori III	3.7	
2050	Morino Tonari	4.6	
2051	Castalia Meguro Tairamachi	6.2	
2052	Royal Parks SEASIR	3.6	
2053	Castalia Honkomagome	6.6	
3001	Cosmo Heim Musashikosugi	9.1	
3002	Castalia Tsurumi	9.0	
3003	Castalia Funabashi	3.0	
3006	Castalia Nishi Funabashi	3.6	
3007	Castalia Maihama	6.5	
3008	Castalia Ichikawamyoden	4.2	
3010	Castalia Urayasu	7.0	
3011	Castalia Minamigyotoku	5.6	
3012	Castalia Minamigyotoku II	7.8	
3013	Castalia Noge-yama	5.3	
3017	Castalia Ichikawa	2.7	
3018	Royal Parks Hanakoganei	4.5	
3019	Castalia Musashikosugi	6.4	
3020	Frespo Wakabadai EAST (retail building)	6.2	
	Royal Parks Wakabadai (residence building)	4.4	
3021	Pacific Royal Court Minatomirai Urban Tower	3.9	
3022	L-Place Shinkoyasu	3.0	
3023	Royal Parks Musasikosugi	6.2	

Property number	Property name	PML (%) (Note)	PML assessment organization
4001	Castalia Shinsakae	2.4	Tokio Marine & Nichido Risk Consulting Co., Ltd.
4008	Aprile Tarumi	5.4	
4009	Crest Kusatsu	13.6	
4010	Castalia Sakaisuji Honmachi	6.1	
4011	Castalia Shin-Umeda	8.3	
4012	Castalia Abeno	10.1	
4014	Castalia Sakae	4.2	
4015	Castalia Nipponbashi Kouzu	8.0	
4016	Castalia Maruyama Urasando	1.3	
4017	Castalia Maruyama Omotesando	1.1	
4018	Castalia Higashi Hie	2.6	
4019	Castalia Tower Nagahoribashi	4.6	
4020	Castalia Sannomiya	5.3	
4021	Castalia Kotodai-koen	3.4	
4022	Castalia Ichibancho	2.9	
4023	Castalia Omachi	2.6	
4024	Castalia Uemachidai	5.9	
4025	Castalia Tower Higobashi	5.8	
4026	Big Tower Minami Sanjo	0.9	
4027	Castalia Fushimi	3.1	
4028	Castalia Meieki Minami	4.6	
4029	Castalia Yakuin	5.6	
4030	Castalia Mibu	9.4	
4031	Castalia Tsutsujigaoka	2.7	
4032	Castalia Ohori Bay Tower	1.9	
4033	Royal Parks Namba	7.8	
4034	Castalia Shigahondori	2.3	
4035	Castalia Kyoto Nishioji	9.3	
6001	Urban Living Inage	3.5	
6002	Aburatsubo Marina HILLS	8.8	
Portfolio total		2.4	

(Note) “Probable maximum loss (PML)” from an earthquake is the amount of probable loss of damage based on an 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost. However, the earthquake PML for the portfolio is applied to a group of properties within the portfolio, and taking into account the probability of damage to those properties, is calculated based on the probable loss of damage to one or several of those buildings on an 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost.

DHI considers taking out earthquake insurance based on the value of expected loss rate for earthquake. DHI does not plan to take out earthquake insurance on the above real estate and real estate in trust.

5. Status of Portfolio Diversification (as of February 29, 2016)

(1) Investment ratio by Area (residential)

Area (Note 1)	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%) (Note 2)
Area 1	46	92,136	36.2
Area 2	49	82,396	32.4
Area 3	17	30,694	12.1
Area 4	28	49,093	19.3
Total	140	254,319	100.0

(Note 1) Please refer to “1. Portfolio (1) Status of Investment (Note 1)” above for “Area”.

(Note 2) “Investment ratio” is calculated based on the acquisition price. The same shall apply hereinafter.

(Note 3) Ratio is rounded to the first decimal place. The same shall apply hereinafter.

(Note 4) “Investment ratio by Area” is not include the properties for the elderly.

(2) Investment ratio by Use

Use	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Residential facilities	140	254,319	99.2
Residential facilities (properties for the elderly)	2	2,030	0.8
Total	142	256,349	100.0

(3) Age of property

Residential facilities

Age of Property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Under 1 year	—	—	—
1 to 5 years	4	5,586	2.2
5 to 10 years	56	111,302	43.8
Over 10 years	80	137,431	54.0
Total	140	254,319	100.0

Residential facilities (properties for the elderly)

Age of Property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Under 1 year	—	—	—
1 to 5 years	—	—	—
5 to 10 years	2	2,030	100.0
Over 10 years	—	—	—
Total	2	2,030	100.0

(4) Average property age by Use

Use	Average property age (years)
Residential facilities	10.3
Residential facilities (properties for the elderly)	7.5
Total	10.3

(Note) “Average property age” is the age of each property owned as of February 29, 2016 that is weighted average based on the acquisition price, rounded to the first decimal place.

(5) Unit type (residential facilities)

Unit type (Note 1)	Number of units (unit)	Ratio (%)
Compact (C)	9,114	80.5
Family (F)	2,202	19.5
Total	11,316	100.0

(Note 1) Please refer to “1. Portfolio (2) Status of Assets held by DHI ii) (Note 6)” above for “Unit type”.

(Note 2) “Unit type” is not include the properties for the elderly.

(6) Walking time

Residential facilities

Walking time (Note 1)	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
1 to 3 minutes	33	71,251	28.0
3 to 5 minutes	31	53,526	21.0
5 to 8 minutes	37	73,041	28.7
8 to 10 minutes	23	37,365	14.7
10 minutes and more	16	19,136	7.5
Total	140	254,319	100.0

Residential facilities (properties for the elderly)

Walking time (Note 1)	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
1 to 3 minutes	—	—	—
3 to 5 minutes	—	—	—
5 to 8 minutes	—	—	—
8 to 10 minutes	—	—	—
10 minutes and more	2	2,030	100.0
Total	2	2,030	100.0

(Note) “Walking time” is time required to get to the nearest station on foot, which was calculated by DHI from the distance to the station with a road distance of 80 meters converted to one minute and a fraction less than one minute rounded up.