



**Presentation Material for the 19th fiscal Period
(March 1, 2015 – August 31, 2015)**

(Asset Management Company)

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

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

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

*2) All photos used in this material are photos of properties managed by Daiwa House Residential Investment Corporation (“DHI”) except for the property photos on pages 8, 9 and 53.

Overview

- ① DHI is a residential-focused J-REIT that mainly invests in **residential properties** with stable rent and occupancy rate.
- ② DHI closely works in cooperation with our sponsor, **Daiwa House Group**, to secure a steady increase in our assets under management.
- ③ **Stabilize distributions** by utilizing **retained earnings 18.0 billion yen***.

*) The amount of retained earnings indicates after a reversal of internal reserves as end of August 2015. The amount before such reversal is 18.2 billion yen.

18th Fiscal period (as of February 28, 2015)

Number of Owned Properties	136 Properties
Leasable Units	10,429 units
Total Leasable Area	451,292.44 m ²
Total Assets	238,730 million yen
Portfolio Size *1)	237,626 million yen
Net Assets	111,455 million yen
Number of Outstanding Units Issued	373,870 [747,740] units *3)
Net Assets per Unit	298 [149] thousand yen *3)
NAV per Unit	355 [177] thousand yen *3)
Occupancy Rate (average during the period)	96.8 %
Total Interest-bearing Liabilities	122,463 million yen
LTV *2)	51.3 %

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

Number of Owned Properties	141 Properties
Leasable Units	11,345 units
Total Leasable Area	503,899.79 m²
Total Assets	258,400 million yen
Portfolio Size *1)	255,376 million yen
Net Assets	111,352 million yen
Number of Outstanding Units Issued	747,740 units
Net Assets per Unit	148 thousand yen
NAV per Unit	185 thousand yen
Occupancy Rate (average during the period)	95.9 %
Total Interest-bearing Liabilities	141,663 million yen
LTV *2)	54.8 %

Variation

Number of Owned Properties	+5 Properties
Leasable Units	+916 units
Total Leasable Area	+52,607.35 m ²
Total Assets	+19,669 million yen
Portfolio Size *1)	+17,750 million yen
Net Assets	(103) million yen
Number of Outstanding Units Issued	
Net Assets per Unit	(0) thousand yen
NAV per Unit	+7 thousand yen
Occupancy Rate (average during the period)	(0.9) point
Total Interest-bearing Liabilities	+19,200 million yen
LTV *2)	+3.5 point

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

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

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

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

External Growth

- External growth achievements
Steady acquisition of properties centered on sponsor group

【Portfolio Size】

	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)	19th Fiscal Period (as of Aug. 31, 2015)
Number of Properties	134 properties	136 properties	141 properties
Portfolio Size	235.3 billion yen	237.6 billion yen	255.3 billion yen

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

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

Properties to be Acquired in 20th Fiscal Period (ending Feb. 2016)

Property Name	Acquisition Date (planned)	Acquisition Price (million yen) (planned)
Castalia Kyoto Nishioji	November 2, 2015	973

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

The details are on page 7-8

Internal Growth

- Rents at Tenant Replacement
Rents bottomed out in 16th fiscal period (ended Feb. 2014) and have increased steadily. In 19th fiscal period (ended Aug. 2015), rents increased in all areas by **1,580 thousand yen** in total.

	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)	19th Fiscal Period (as of Aug. 31, 2015)
Rent Increases / Decreases	+754 thousand yen	(50) thousand yen	+1,580 thousand yen

The details are on page 12

- Occupancy Rate
Average occupancy rate of **95.9%** was secured in 19th fiscal period. This is higher than the forecast (95.5%).

	17th Fiscal Period (as of Aug. 31, 2014)	18th Fiscal Period (as of Feb. 28, 2015)	19th Fiscal Period (as of Aug. 31, 2015)
Occupancy Rate (Average during the Period)	96.5%	96.8%	95.9%
Occupancy Rate (End of Fiscal Period)	96.7%	97.1%	95.9%

The details are on page 11

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

(unit: million yen)

	18th Actual (as of Feb. 28, 2015)	19th Forecast (as of Aug. 31, 2015)	19th Actual (as of Aug. 31, 2015)
Repair Expenses	180	163	239
Restoration Costs	220	244	291
CAPEX	272	164	293
Total	673	571	824

(unit: million yen)

	18th Actual (ended Feb. 2014)	19th Forecast *1) (ended Aug. 2015)	19th Actual (ended Aug. 2015)	18th Actual Comparison		19th Forecast Comparison	
				Variation	Ratio	Variation	Ratio
Management Period	181 days	184 days	184 days				
Operating Revenue	8,693	9,252	9,356	+662	+7.6%	+103	+1.1%
Operating Expenses	4,811	5,328	5,430	+618	+12.9%	+101	+1.9%
Expenses related to rent business	3,875	4,338	4,438	+562	+14.5%	+100	+2.3%
Other expenses	936	990	991	+55	+6.0%	+1	+0.2%
Operating Income	3,881	3,924	3,925	+44	+1.1%	+1	+0.0%
Ordinary Income	3,081	3,132	3,146	+65	+2.1%	+13	+0.4%
Net Income	3,080	3,132	3,145	+65	+2.1%	+13	+0.4%
Reversal of Retained Earnings	168	187	189	+20	+12.0%	+1	+0.7%
Total Distributions	3,249	3,319	3,334	+85	+2.6%	+14	+0.5%

- As a result of property acquisitions, operating revenue increased for 5 consecutive fiscal periods. Although operating revenue far exceeded the forecast, as the result of repair work, etc. executed ahead of schedule, an operating income was almost same as the forecast.
- Ordinary income through net income were higher than the forecast mainly as a result of reduced borrowing costs due to refinancing.

<Per unit Information>

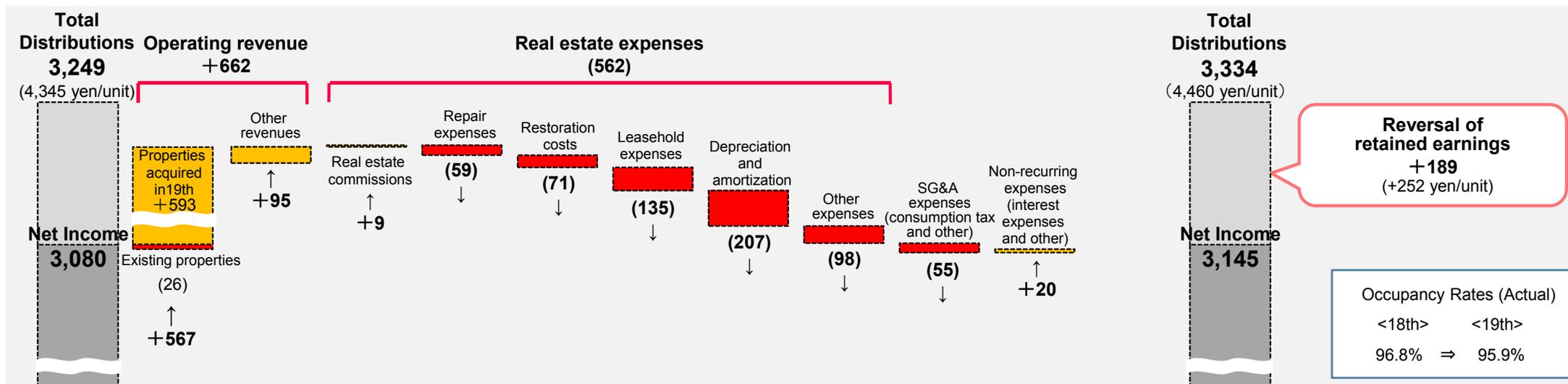
Net Income per Unit	*2) 4,119 yen	4,189 yen	4,207 yen	+88 yen	+2.1%	+18 yen	+0.4%
Reversal of Retained Earnings per Unit	*2) 225 yen	251 yen	252 yen	+27 yen	+12.0%	+1 yen	+0.4%
Distribution per Unit	*2) 4,345 yen	4,440 yen	4,460 yen	+115 yen	+2.6%	+20 yen	+0.5%
Outstanding Units issued at end of fiscal period	[373,870] units	[747,740] units	[747,740] units				

*1) Forecasts for the 19th fiscal period announced on April 9, 2015.

*2) The figures presented for net income per unit, securing / reversal of retained earnings per unit and distribution per unit for the 18th fiscal period are divided by 2 and rounded down to the nearest unit considering the impact from the investment unit split effective March 1, 2015.

Variance Analysis Comparison with Previous Fiscal Period for Net Income

(unit: million yen)



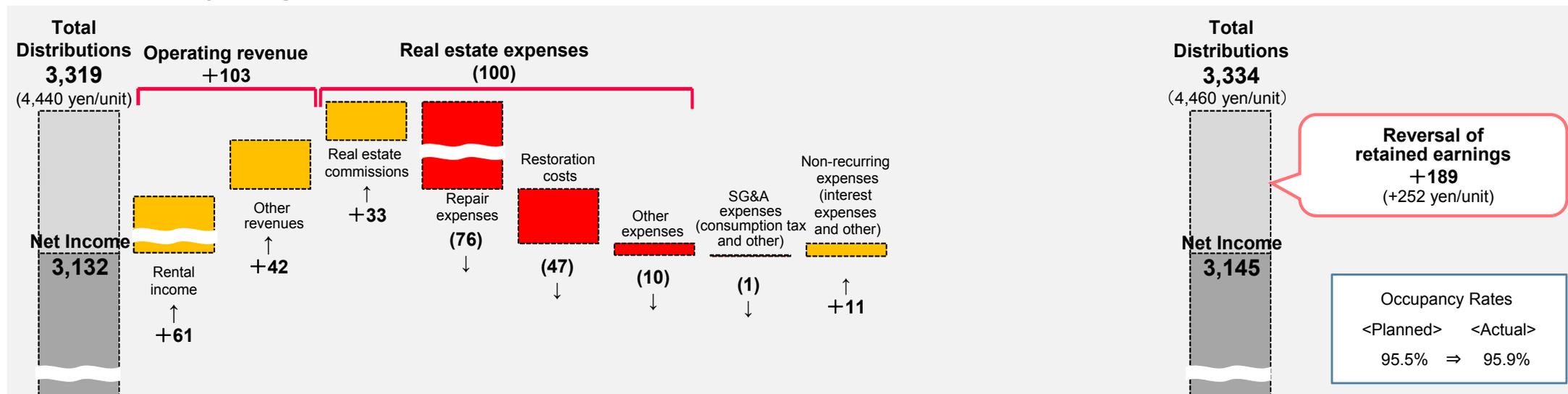
*) The figures presented for net income per unit and distribution per unit for the 18th fiscal period are divided by 2 and rounded down to the nearest unit considering the impact from the investment unit split effective March 1, 2015.

18th Actual
(ended Feb. 2015)

19th Actual
(ended Aug. 2015)

Variance Analysis Against Forecast for Net Income

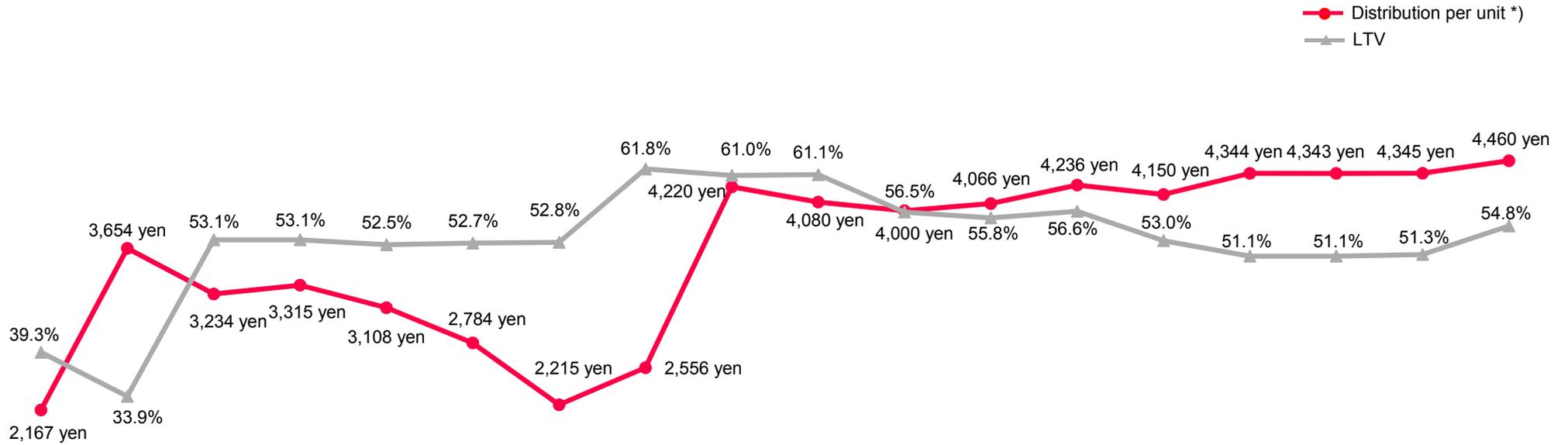
(unit: million yen)



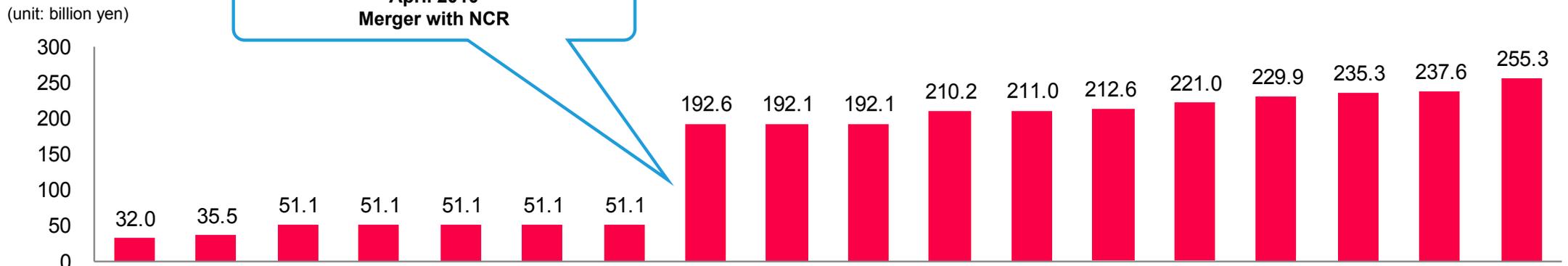
19th Forecast

19th Actual
(ended Aug. 2015)

Portfolio Size, Distribution per unit and LTV track record



April 2010 Merger with NCR



Number of properties	14	15	24	24	24	24	24	127	121	121	125	123	123	127	132	134	136	141
Number of units	896	938	1,350	1,350	1,350	1,350	1,350	8,139	8,314	8,402	9,164	9,181	9,305	9,814	10,170	10,390	10,429	11,345
	2nd Nov. 30, 2006	3rd May 31, 2007	4th Nov. 30, 2007	5th May 31, 2008	6th Nov. 30, 2008	7th May 31, 2009	8th Nov. 30, 2009	9th Aug. 31, 2010	10th Feb. 28, 2011	11th Aug. 31, 2011	12th Feb. 29, 2012	13th Aug. 31, 2012	14th Feb. 28, 2013	15th Aug. 31, 2013	16th Feb. 28, 2014	17th Aug. 31, 2014	18th Feb. 28, 2015	19th Aug. 31, 2015

*) DHI implemented a 2-for-1 split of investment units on March 1, 2013 and March 1, 2015. Distribution per unit for the 2nd fiscal period through to the 18th fiscal period take into account the impact of this split.

// Property Acquired on May 1, 2015



< Pacific Royal Court Minatomirai
Urban Tower >

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



< Royal Parks SEASIR >

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



< Royal Parks Musashikosugi >



< Castalia Honkomagome >

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



< L-Place Shinkoyasu >

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

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

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

// Portfolio Replacement Results since April 2010

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

(As of August 31, 2015)

Since April 2010	Property Acquired		Disposed Property
	From Sponsor	From Third Parties	
Total Acquisition (Disposition) Price	55,710 million yen (17 properties)	35,617 million yen (21 properties)	26,325 million yen (26 properties)
Average Acquisition (Disposition) Price	3,277 million yen	1,696 million yen	1,012 million yen
Average Age *1)	4.6 years	6.7 years	9.2 years
Average Appraisal NOI Yield/Average NOI Yield *2)	6.8%	5.8%	5.9%
(Acquired Property) Difference Between Total Real Estate Appraisal Value and Total Acquisition Price			
(Disposed Property) Difference Between Total Disposition Price and Total Book Value	4,688 million yen	2,540 million yen	43 million yen

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

*2) Average appraisal NOI yield is calculated as follows: "total net rental income under direct capitalization method shown in the real estate appraisal report at the time of purchase / total acquisition price."
In addition, average NOI yield is calculated as follows: "total NOI of two most recent periods at time of sale / total acquisition price."

// Property to be Acquired in 20th Fiscal Period (ending Feb. 2016)

< Castalia Kyoto Nishioji (FORECITY Nishioji) *1)>



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

*1) DHI is scheduled to change the property name of the asset above. Accordingly, the name after the change is shown with the name as of today shown in parentheses.

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

// Properties in Sponsor Pipeline

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

(As of September 30, 2015)

① Royal Parks Ogikubo	Completion	Mar. 2005	Usage	Apartment complex : 157 units
② Royal Parks Riverside	Completion	Dec. 2010	Usage	Apartment complex : 200 units
③ Roygent Shinbashi	Completion	Sep. 2014	Usage	Apartment complex : 51 units, Store : 2 units
④ Roygent Ningyo-cho	Completion	Oct. 2014	Usage	Apartment complex : 72 units, Store : 1 unit
⑤ Royal Parks ER Sasashima	Completion	Mar. 2015	Usage	Apartment complex : 430 units, Pay Nursing Home : 66 units, Baby home, Day service, Convenience store, Shared house

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

① Naka Ward Project, Nagoya	Completion	Jan. 2016 (planned)	Usage	Apartment complex : 99 units
② Yotsuya Project, Shinjyuku Ward	Completion	Feb. 2017 (planned)	Usage	Apartment complex : 91 units, Store : 1 unit
③ Akasaka 9 cho-me Project, Minato Ward	Completion	Feb. 2017 (planned)	Usage	Apartment complex : 116 units, Store : 1 unit

【Senior housing】

① Nerima Takamatsu Project (Assisted-Living Pay Nursing Home)	Completion	Feb. 2015	Number of units	100 units
② Utsunomiya Project (Serviced Senior Housing)	Completion	Sep. 2015	Number of units	77 units
③ Shibuya Honmachi Project (Assisted-Living Pay Nursing Home)	Completion	Oct. 2015 (planned)	Number of units	57 units

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

// Execution of “Basic Agreement on Pipeline Support, Etc.” with Fujita Corporation

DHI entered into the “Basic Agreement on Pipeline Support, Etc.” with Fujita Corporation (100% subsidiary of Daiwa House Industry) on September 18, 2015.

// Examples of Sponsor Development “Royal Parks ER Sasashima”

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

“Sasashima Live 24 Area”

A redevelopment district (120,000㎡) being developed by Nagoya City under the concept of a “base for international communication and interaction”. Buildings including large-scale complex facilities “Global Gate”, Aichi University Sasashima Campus, and CHUKYO TV BROADCASTING Head Office, Hotel and Hall are planned to be constructed.

ER=Emergency Response

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

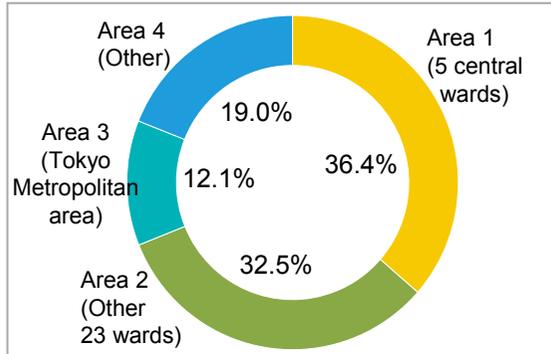
*) As of the date of this document, no decision had been reached by DHI regarding the above properties.



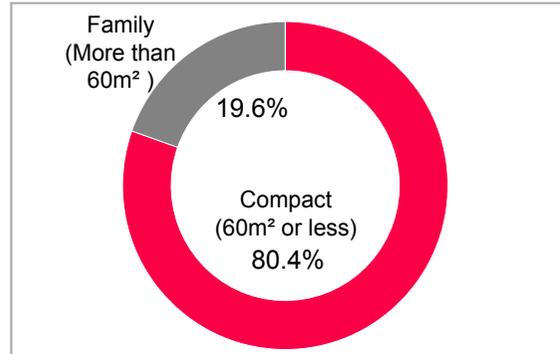
// Portfolio Distribution (as of August 31, 2015)

- Continued investment particularly in Tokyo Metropolitan area, where population growth is expected, and investment in major regional cities, where populations are expected to be concentrated
- Investment primarily in compact types (60m² or less: 80.4%) with monthly rents of less than 200,000 yen per unit per month (87.6%), with relatively low total rents and more stable occupancy rates and rent levels

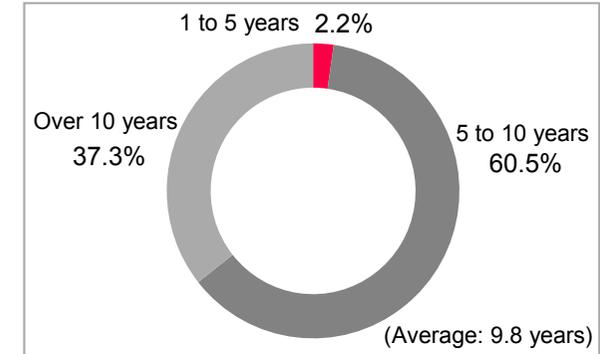
By Area



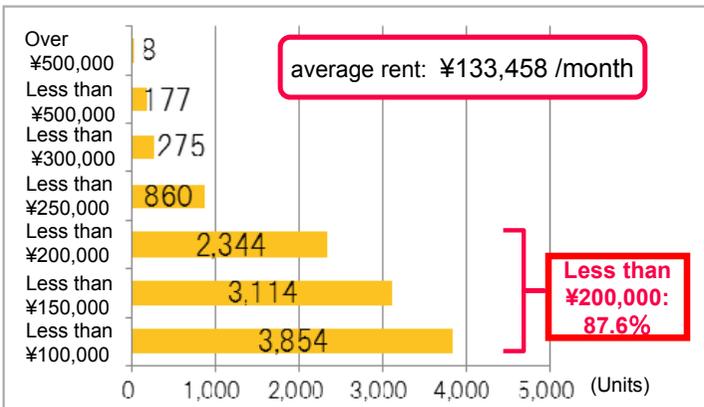
By Type



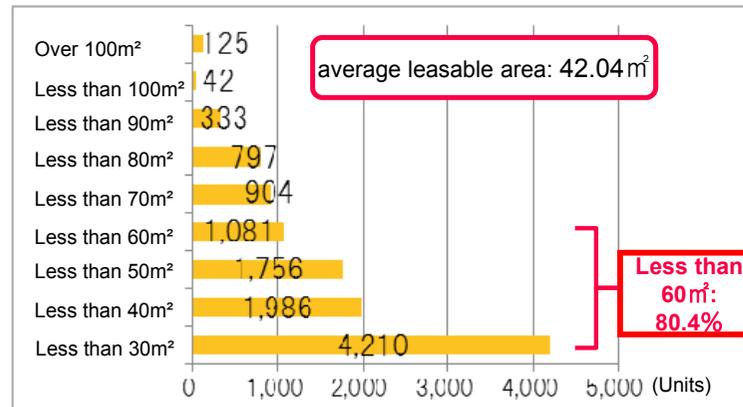
By Age of Property



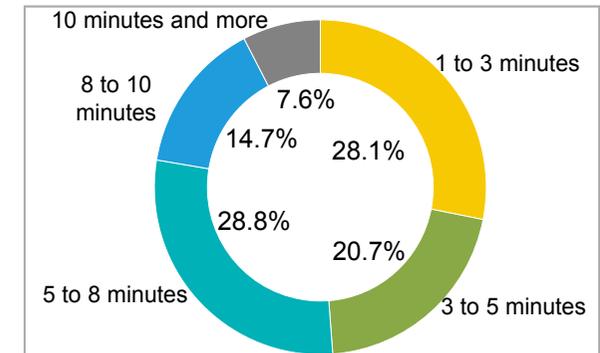
Monthly Rent Range



Leasable Area Range



Walking Distance from Station



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

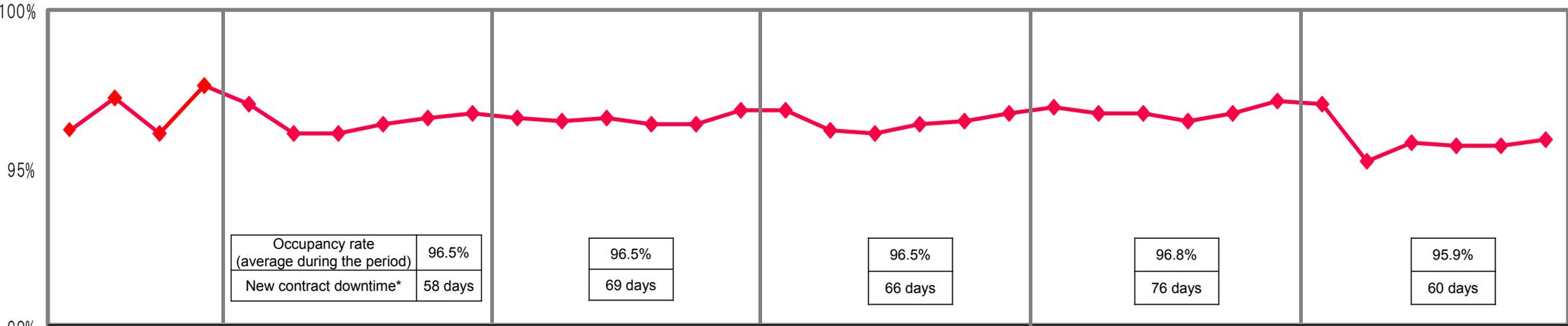
*2) Areas are defined as follows: (1) 5 central wards (Area 1): Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward, (2) Other 23 wards (Area 2): 23 wards of Tokyo excluding Area 1, (3) Tokyo Metropolitan area (Area 3): Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama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

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

*4) "Monthly rents" is defined as monthly rents for 141 residential units (excluding Senior Housing, stores) described on lease agreements concluded with end tenants and in force as of August 31, 2015 (including common service fees, but not usage fees for attached facilities such as monthly parking bays and storage rooms, and consumption taxes); for rent guarantee properties with master leases, monthly rent for each unit is calculated by equally apportioning the monthly master rent to each unit based on floor area.

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

// Portfolio Occupancy Rate



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

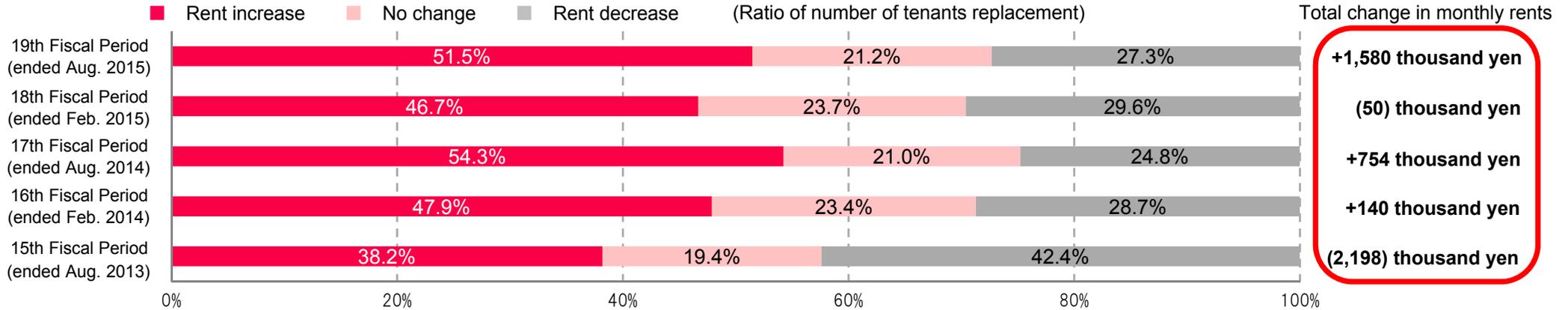
	11th	12th	13th	14th	15th Fiscal Period (August 2013)					16th Fiscal Period (February 2014)					17th Fiscal Period (August 2014)					18th Fiscal Period (February 2015)					19th Fiscal Period (August 2015)										
	2011 Aug.	2012 Feb.	2012 Aug.	2013 Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2014 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	2015 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	
Total (%)	96.2	97.2	96.1	97.6	97.0	96.1	96.1	96.4	96.6	96.7	96.6	96.5	96.6	96.4	96.4	96.8	96.8	96.2	96.1	96.4	96.5	96.7	96.9	96.7	96.7	96.5	96.7	97.1	97.0	95.2	95.8	95.7	95.7	95.9	
Area 1	94.1	96.3	94.8	96.9	96.1	95.0	95.3	96.1	96.3	96.6	95.7	95.9	96.7	96.6	96.2	96.3	96.2	95.1	94.7	95.4	95.2	95.7	96.0	96.0	96.4	95.9	96.7	97.1	97.3	96.2	96.4	96.3	96.5	96.9	
Area 2	96.5	97.5	96.9	97.9	97.0	96.6	96.5	96.5	96.2	96.3	96.9	96.6	96.4	96.1	96.5	96.8	96.9	96.2	95.8	95.5	95.6	95.4	95.4	95.6	95.8	95.7	95.9	97.1	97.0	96.3	96.9	96.8	96.5	96.7	
Area 3	97.6	99.1	98.6	99.5	99.6	99.1	99.5	99.3	99.6	99.9	99.3	99.2	99.0	98.2	98.5	98.5	99.3	99.0	99.1	99.2	99.2	99.2	99.4	99.4	99.6	99.5	99.4	99.6	99.6	99.4	99.5	99.6	99.6	99.6	
Area 4	97.2	97.1	95.8	97.5	97.1	95.9	95.6	95.7	96.1	96.2	96.1	96.0	95.9	96.0	96.0	96.8	96.2	96.0	96.3	96.7	97.1	97.5	97.8	96.9	96.3	96.2	96.2	96.1	95.6 (96.8)	91.6 (95.7)	91.7 (95.9)	91.7 (95.8)	91.7 (95.8)	91.8 (96.0)	
Retail	100	100	98.2	97.1	97.1	97.1	97.1	100	100	100	100	100	100																						

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

Internal Growth (2) Rents at Tenant Replacement

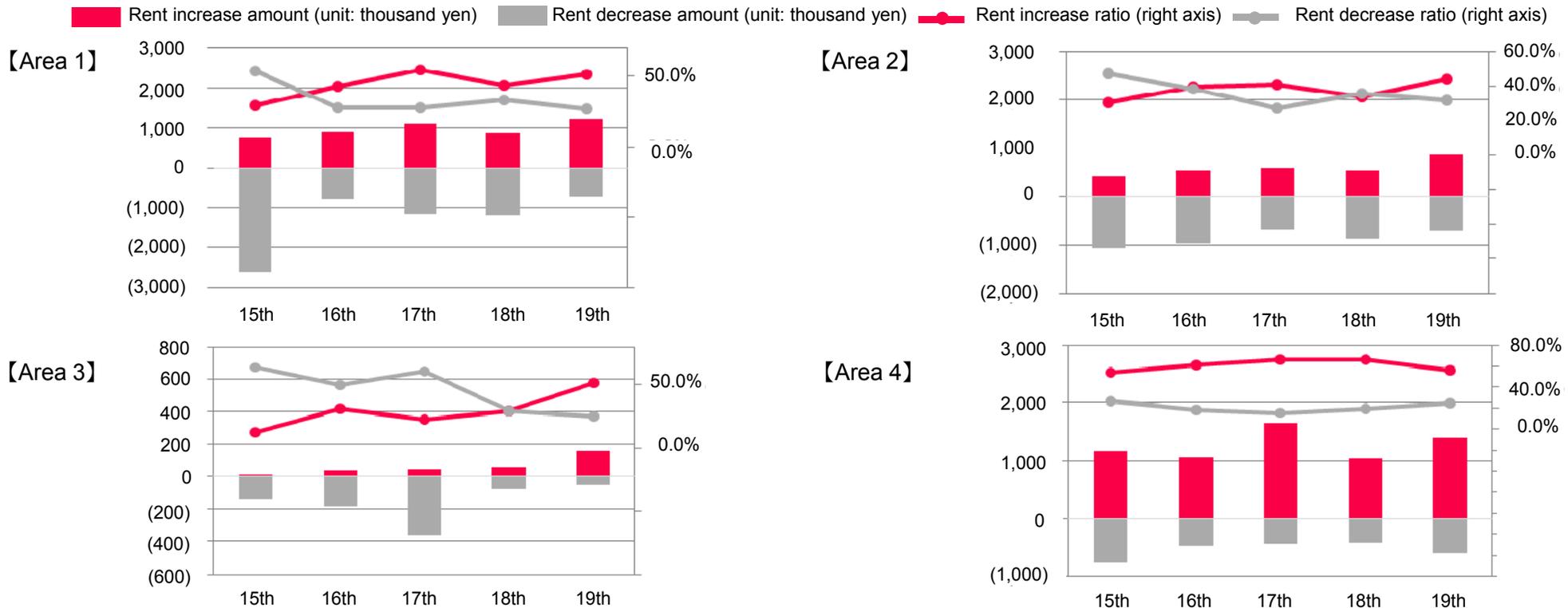
// Rents at Tenant Replacement

- Following a positive turnaround for rents in the 16th fiscal period, steady rent increases at the time of tenant replacement have generally continued. In the 19th fiscal period, the total monthly rent increased by 1,580 thousand yen.

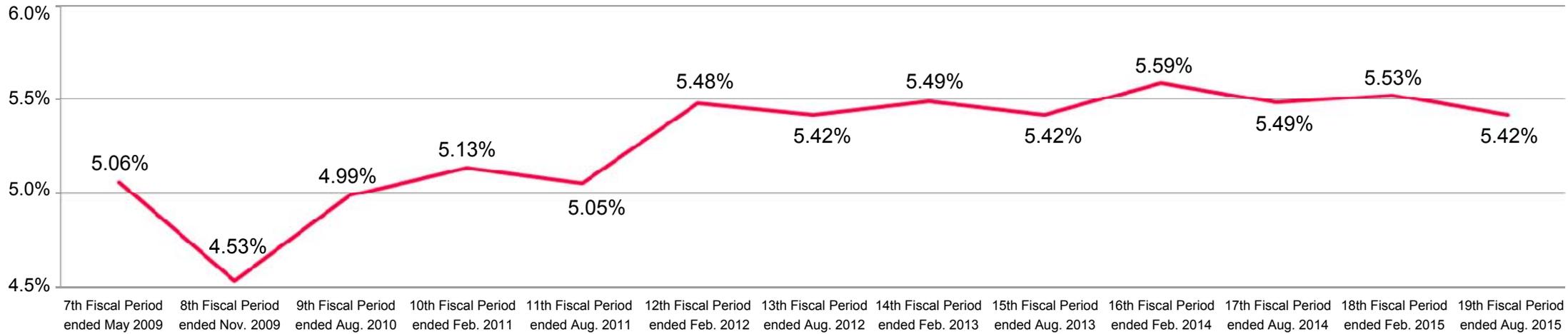


// Amount and Ratio of Rent Increases and Decreases (by Area)

- Rents increased in all Area.



Portfolio NOI yield Trend



*) Portfolio NOI yield (%) = $\frac{\text{DHI rental NOI for the current fiscal period (rent revenue + other rent revenue - expenses related to rent business + depreciation and amortization)} \times 365 \text{ days} / \text{number of days in the fiscal period}}{\text{Total of (acquisition price} \times \text{number of days owned during the fiscal period} / \text{number of days in the fiscal period) for each owed property}} \times 100$

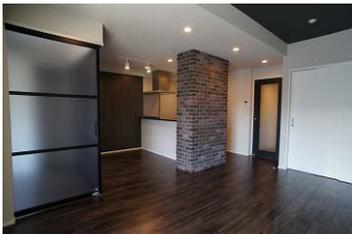
Implementing Upgrade Work

Upgrade work projects were executed on 25 cases in 19th fiscal period, and the signing of tenancy contracts were completed for 16 cases (as of Aug. 31, 2015).

■ Castalia Meguro (Age 15 years 59.5㎡)



A separate kitchen was converted to an open kitchen to expand the LDK (living/dining/kitchen) space.



■ Castalia Nishi Azabu Kasumicho (Age 13 years 107.1㎡)



Conversion to an island kitchen enables greater utilization of space.



■ Castalia Mejiro (Age 10 years 66.0㎡)



Installing movable partitions gave tenants more flexibility.



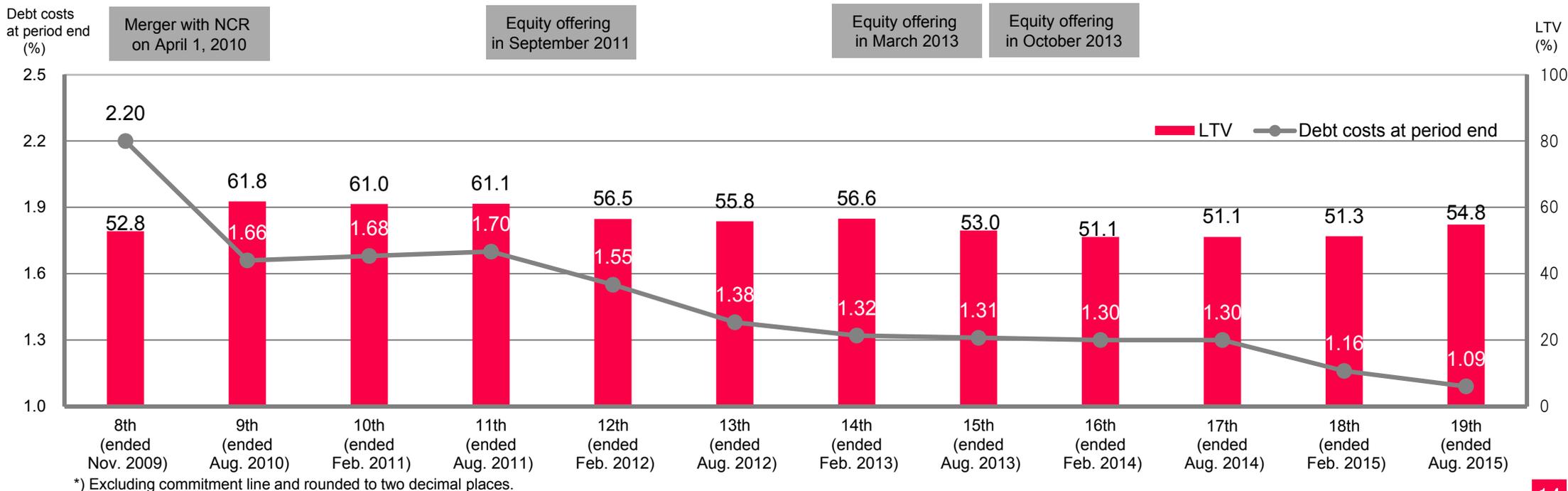
// Financial Strategy

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

// Financial Position during the 19th Fiscal Period (ended August 2015)

- 5 properties that DHI planned to acquire using funds from equity offering and loans (Pacific Royal Court Minatomirai Urban Tower, and 4 others) were all acquired using loans. As a result, the LTV level has risen by 3.5 points as of the end of the period.
End of 18th 51.3% → End of 19th 54.8%
- The refinancing of rehabilitation obligations succeeded from NCR was completed in January 2015, and the contribution of this reduction in debt costs has contributed to the whole period.

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



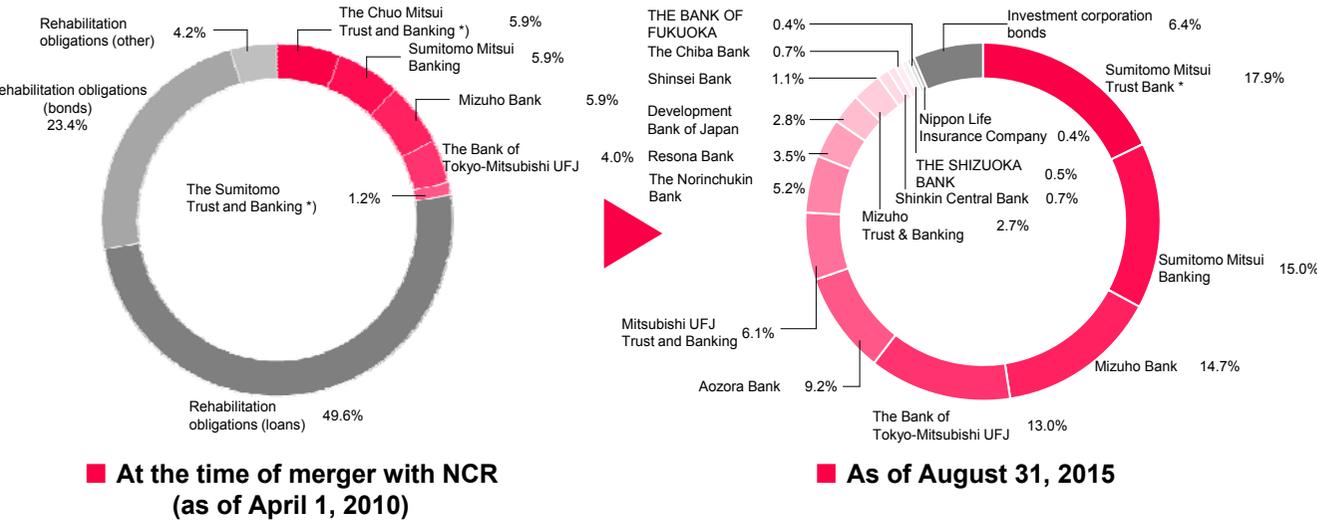
// Progress of Reducing Debt Costs

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

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

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

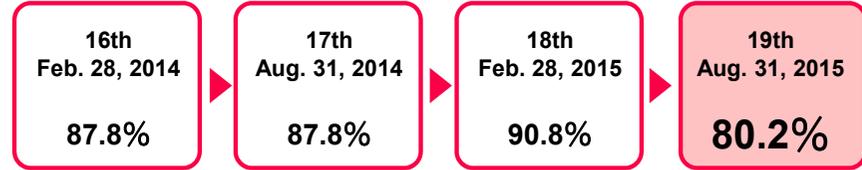
// Diversifying Sources of Financing



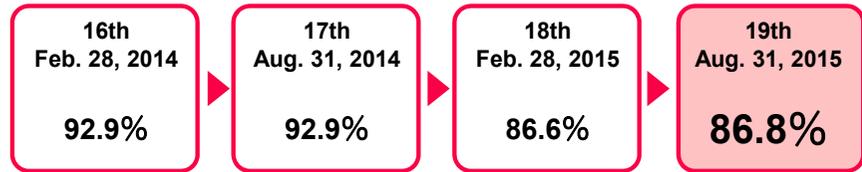
*) The Chuo Mitsui Trust and Banking Co., Ltd., the Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Co., Ltd. merged on effective April 1, 2012 to form Sumitomo Mitsui Trust Bank, Limited.

// Loan Term and Fixed Rate Ratio

Increase in ratio of long-term debt

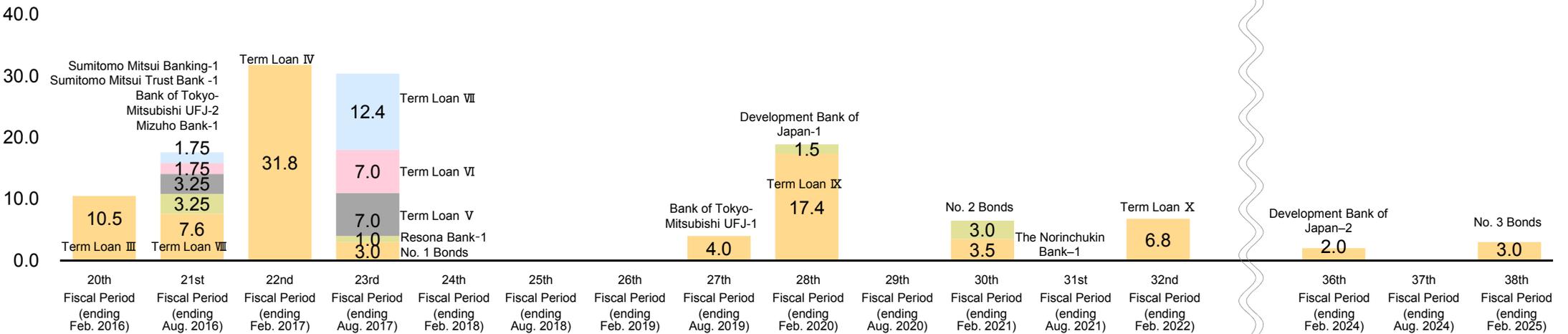


Increase in ratio of loans with fixed rates



// Debt Maturity

Amount due (unit: billion yen) Average remaining term: (18th Fiscal Period) 3.11 years ▶ (19th Fiscal Period) 2.75 years



*) Excluding debt based on commitment line.

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

(unit: million yen)

Loans	Lenders	Balance	Interest Rate	Drawdown Date	Maturity	Duration
Term Loan III	7 financial institutions	10,500	1.40% * (Fixed) < Spread 0.8% >	Dec. 28, 2010	Dec. 28, 2015	5 years
Term Loan IV	8 financial institutions	31,800	1.096% * (Fixed) < Spread 0.65% >	Sep. 30, 2011	Sep. 30, 2016	5 years
Term Loan V	4 financial institutions	7,000	1.025% * (Fixed) < Spread 0.6% >	Mar. 27, 2012	Mar. 31, 2017	5 years
Term Loan VI	3 financial institutions	7,000	1.025% * (Fixed) < Spread 0.6% >	Mar. 27, 2012	Mar. 31, 2017	5 years
Term Loan VII	4 financial institutions	12,400	0.69536% * (Fixed) < Spread 0.45% >	July 31, 2012	July 31, 2017	5 years
Term Loan VIII	8 financial institutions	7,600	0.43% (Variable) < Spread 0.3% >	Jan. 31, 2013	Mar. 31, 2016	3.2 years
Term Loan IX	8 financial institutions	17,410	0.9585% * (Fixed) < Spread 0.5% >	Jan. 31, 2013 Feb. 28, 2013	Jan. 31, 2020	6.11 years 7 years
Term Loan X	9 financial institutions	6,858	0.6076% * (Fixed) < Spread 0.3% >	Jan. 30, 2015	Jan. 31, 2022	7 years
Term Loan XI	12 financial institutions	10,000	0.661% * (Fixed) < Spread 0.3% >	May 1, 2015	Apr. 28, 2022	7 years
Resona Bank-1	Resona Bank, Ltd.	1,095	0.77091% (Variable) < Spread 0.6% >	Mar. 26, 2012	Mar. 31, 2017	5 years
Bank of Tokyo-Mitsubishi UFJ-1	Bank of Tokyo-Mitsubishi UFJ	4,000	1.07% (Fixed)	Mar. 27, 2012	Mar. 27, 2019	7 years
Development Bank of Japan Inc-1	Development Bank of Japan Inc.	1,500	0.96375% (Fixed)	Jan. 31, 2013	Jan. 31, 2020	7 years
Norinchukin Bank-1	Norinchukin Bank	3,500	0.89825% * (Fixed) < Spread 0.4% >	Jan. 31, 2014	Jan. 31, 2021	7 years
Development Bank of Japan Inc-2	Development Bank of Japan Inc.	2,000	0.8825% (Fixed)	Jan. 30, 2015	Jan. 31, 2024	9 years
Mizuho Bank-1	Mizuho Bank, Ltd.	3,250	0.305% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
Bank of Tokyo-Mitsubishi UFJ-2	Bank of Tokyo-Mitsubishi UFJ	3,250	0.305% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
Sumitomo Mitsui Trust Bank-1	Sumitomo Mitsui Trust Bank	1,750	0.305% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
Sumitomo Mitsui Banking Corporation-1	Sumitomo Mitsui Banking Corporation	1,750	0.305% (Variable) < Spread 0.175% >	May 1, 2015	Apr. 28, 2016	1 year
No. 1 Bonds	No. 1 Unsecured Bonds	3,000	1.12% (Fixed)	Mar. 9, 2012	Mar. 9, 2017	5 years
No. 2 Bonds	No. 2 Unsecured Bonds	3,000	0.35% (Fixed)	Jan. 22, 2015	Jan. 22, 2021	6 years
No. 3 Bonds	No. 3 Unsecured Bonds	3,000	0.67% (Fixed)	Jan. 22, 2015	Jan. 22, 2025	10 years

Total Interest-bearing Debt (million yen)

141,663

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

Utilizing of Tax-Loss Carry-Forwards
44.5 billion yen
(as of August 31, 2015)



Utilizing of Retained Earnings
18.0 billion yen *)
(as of August 31, 2015)

*) The amount of retained earnings indicates after a reversal of internal reserves.
The amount before a reversal was 18.2 billion yen.

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

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



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

// Retained Earnings (Reserved for Distribution)

- Total retained earnings (reserve for distribution) of 18.0 billion yen (amount after reversal of retained earnings in current fiscal period) currently held is accrued on top of the 19.0 billion yen gain on negative goodwill on the merger with NCR
- Because the amount is accumulated on the balance sheet as reserve for distribution, it can be used flexibly for future distributions.
Current balance of retained earnings **24,169 yen per unit**



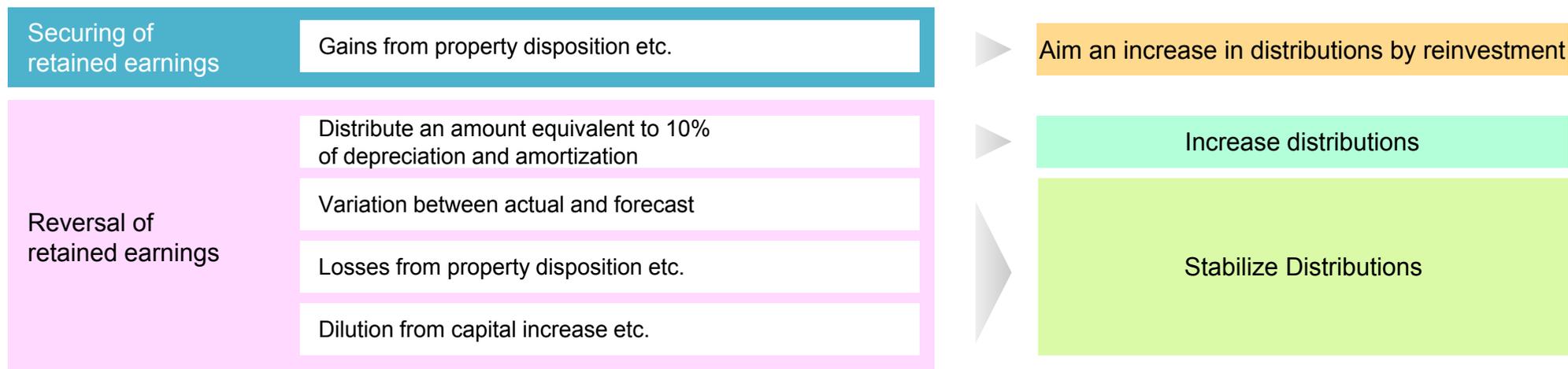
DHI uses retained earnings to add an amount equivalent to 10% of the depreciation and amortization to the distribution, and to cover any losses incurred from property disposition etc.



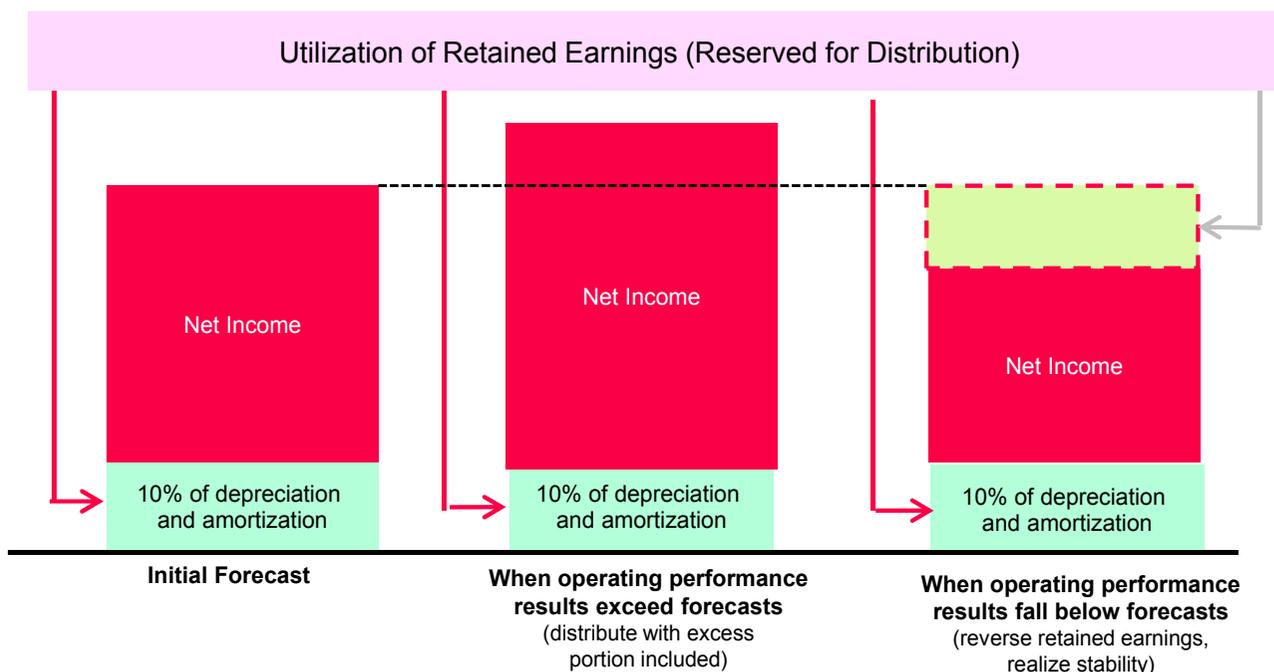
DHI aims to provide stable distributions over the medium and long term

*) Utilizing of tax-loss carry-forwards and retained earnings, DHI has the policy to stabilize distributions. However, it is not intended as a guarantee or promise of the forecast distribution amounts.

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



// Diagram of Distribution Policy



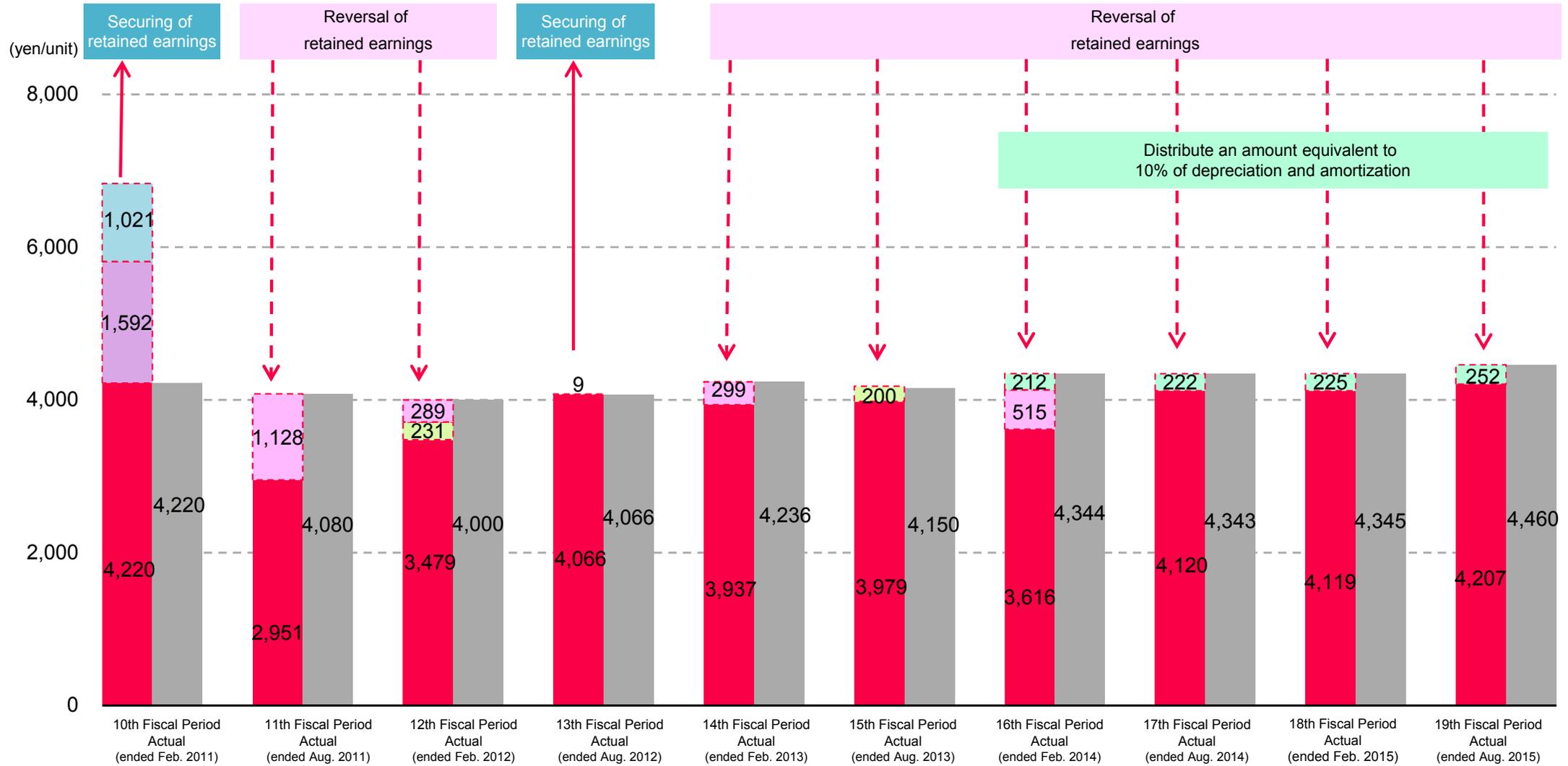
// 2015 Tax Reform (Excerpt)

- Concerning retained earnings (reserve for distribution) held by DHI, those obtained from gain on negative goodwill must be transferred to "reserve for adjustment of temporary differences" by March 31, 2017.
 - After the transfer, a reversal must be conducted within a period of 50 years using a method that was decided prior to such transfer.
- ↓
- Although the reversal method of "reserve for adjustment of temporary differences" will be decided after further examination, the method is not expected to differ greatly from the current utilization policy of retained earnings.

*) 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.

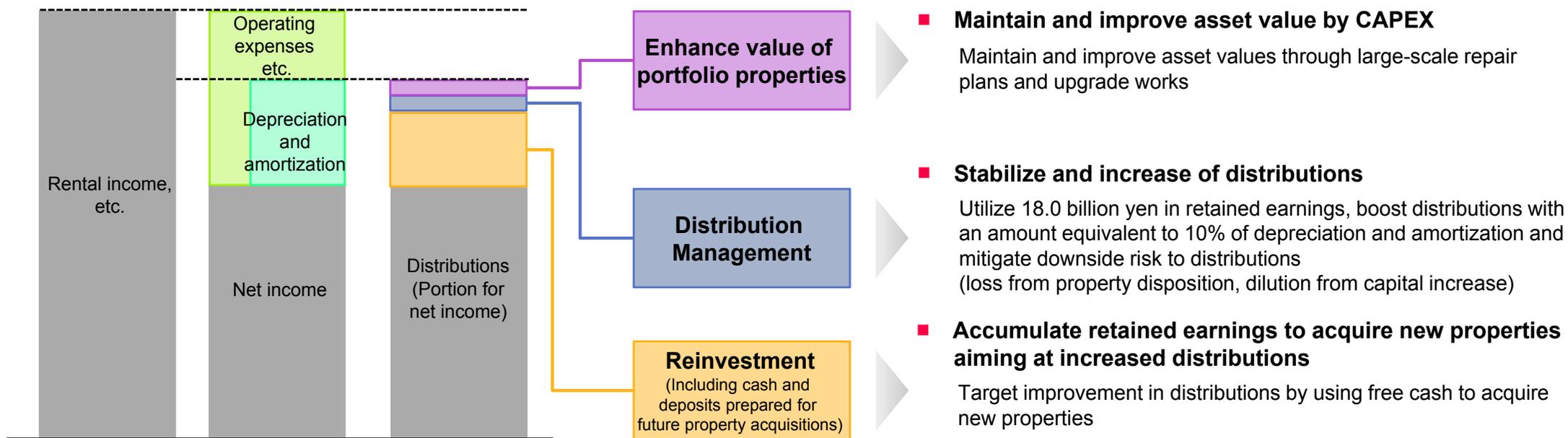
// Measures to Stabilize Distributions

- Net income per unit (excluding gains from property disposition and gains on redemption by purchase)
- Distribution per unit
- Gains on redemption by purchase
- Losses from property disposition, etc.
- Distribute an amount equivalent to 10% of depreciation and amortization
- Gains from property disposition
- Difference from target distribution level
- Securing / reversal of retained earnings per unit



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

// Image of depreciation and amortization utilization policy

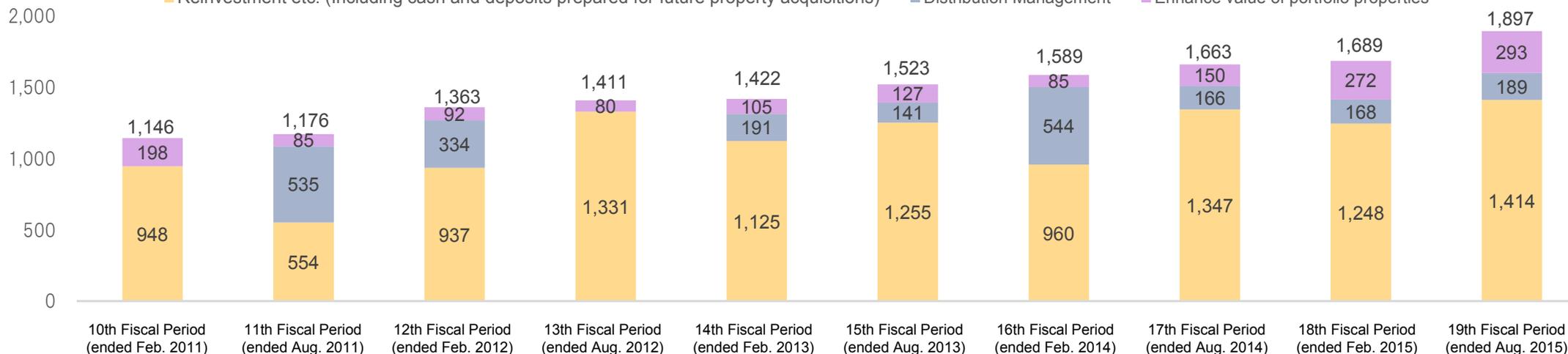


*) The above diagram shows a conceptual image of the depreciation and amortization utilization policy and does not constitute a guarantee or promise that actual utilization will be the same.

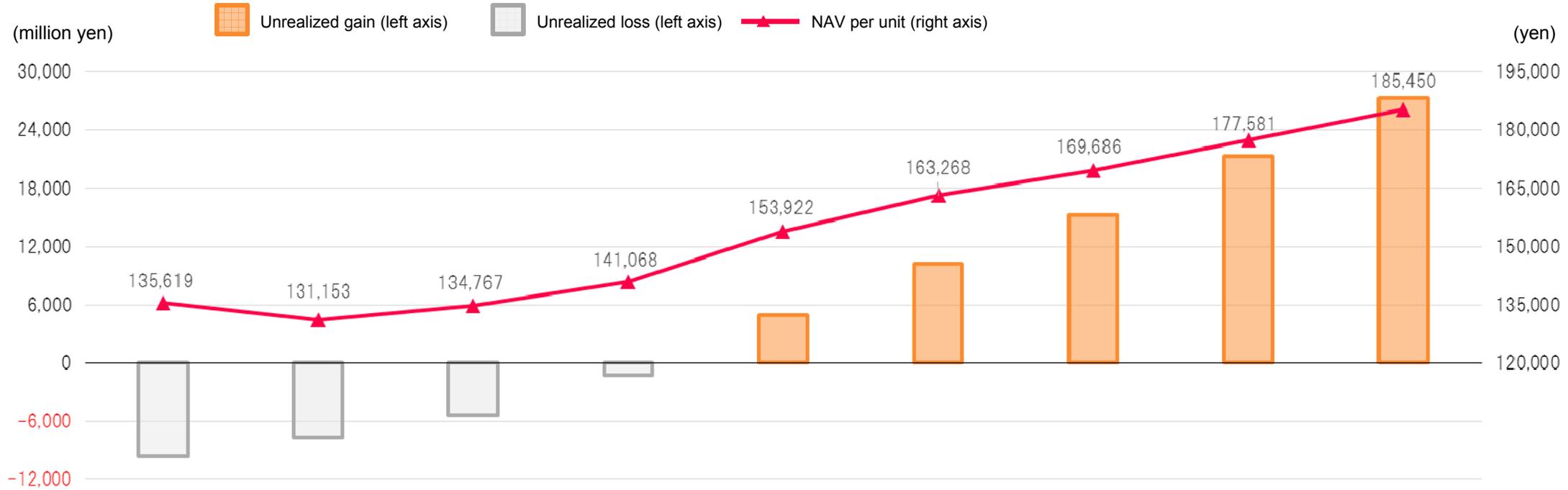
// Utilization of Depreciation and amortization

(unit: million yen)

■ Reinvestment etc. (Including cash and deposits prepared for future property acquisitions) ■ Distribution Management ■ Enhance value of portfolio properties



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



	11th Fiscal Period (ended Aug. 2011)	12th Fiscal Period (ended Feb. 2012)	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	19th Fiscal Period (ended Aug. 2015)
Unrealized gain and loss (million yen)	(9,572)	(7,661)	(5,389)	(1,260)	4,914	10,292	15,258	21,328	27,311
Appraisal CAP Rate *2)	5.7%	5.7%	5.6%	5.6%	5.5%	5.4%	5.3%	5.2%	5.1%
Area 1	5.3%	5.3%	5.2%	5.2%	5.1%	5.0%	4.9%	4.8%	4.7%
Area 2	5.6%	5.5%	5.5%	5.4%	5.3%	5.2%	5.1%	4.9%	4.9%
Area 3	6.7%	6.5%	6.4%	6.3%	6.3%	6.1%	6.2%	6.0%	5.9%
Area 4	6.5%	6.4%	6.3%	6.3%	6.2%	6.1%	6.0%	5.9%	5.8%

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

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

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

- March 9, 2015 (Mon.) DHI announced that it had resolved to issue 39,600 investment units through equity offering (including OA) and would acquire five properties, etc.
- March 13, 2015 (Fri.) In response to "Concerning non-conformance, etc., with the Minister's certification of seismic isolation materials manufactured by Toyo Tire & Rubber Co., Ltd." announced by the Ministry of Land, Infrastructure, Transport and Tourism ("MLIT"), DHI started investigations of its portfolio properties.
- March 17, 2015 (Tue.) After Toyo Tire & Rubber Co., Ltd. ("Toyo Tire") notified DHI of the use of seismic isolation materials (seismic isolation rubber bearings for building construction) ("seismic isolation rubber") that are substandard to the performance standards for certification by MLIT at one of its portfolio properties (the "applicable property"), DHI started discussions with MLIT, the Tokyo Stock Exchange, and other related parties.
- March 18, 2015 (Wed.) DHI announced the cancellation of issuance of new investment units, etc., and postponement of acquisition of five properties (on the pricing day of (planned)) due to the inability to confirm the safety of the applicable property and the impact of the issue on distributions in a short period of time.

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

- DHI confirmed that MLIT had third-parties to conduct evaluations regarding the result of investigations on the structural safety from Toyo Tire, and publicly announced on March 31, 2015 that the applicable property is resistant to earthquakes with a seismic intensity of 6-upper to 7 or equivalent, and there is no risk of collapsing from such earthquakes.
- On May 29, 2015, DHI received a commitment from Toyo Tire that it would exchange all the substandard seismic isolation materials of the applicable property, and that it would bear the procurement costs for the replacement material for the exchange, the construction costs for the installation of the replacement material, and the cost of structural calculation and the cost of design changes, etc. assuming the replacement material.
- Currently negotiations are continuing with Toyo Tire and Toyo Chemical Industrial Products Co., Ltd. ("Toyo Tire, etc.") concerning the matters including the schedule to exchange the substandard seismic isolation materials, the method of such exchange, and the construction operator that will carry out such exchange.

// Impact on the Financial Performance

- All costs related to the cancellation of an equity offering have been recognized by the asset management company.
- Although leasing activities for the applicable property have resumed, because the leasing activities are being conducted based on the assumption that the substandard seismic isolation materials will be exchanged, it is difficult to secure a stable occupancy rate.
- In relation to the operation of the applicable property, DHI is in negotiation with Toyo Tire, etc. concerning compensation demands for lost income incurred for the period until when the exchange of the substandard seismic isolation materials is completed and the occupancy rate of the applicable property normalizes.
- In principle, DHI plans to put restoration work or non-urgent repair work on hold until the exchange of the substandard seismic isolation materials is completed. Therefore, as construction work costs, etc. are expected to be concentrated at the time of completing of such exchange. DHI plans to consider a funding allocation for repairs, etc. in 20th fiscal period (ending Feb. 2016) onward to evenly spread the impact on the financial performance.

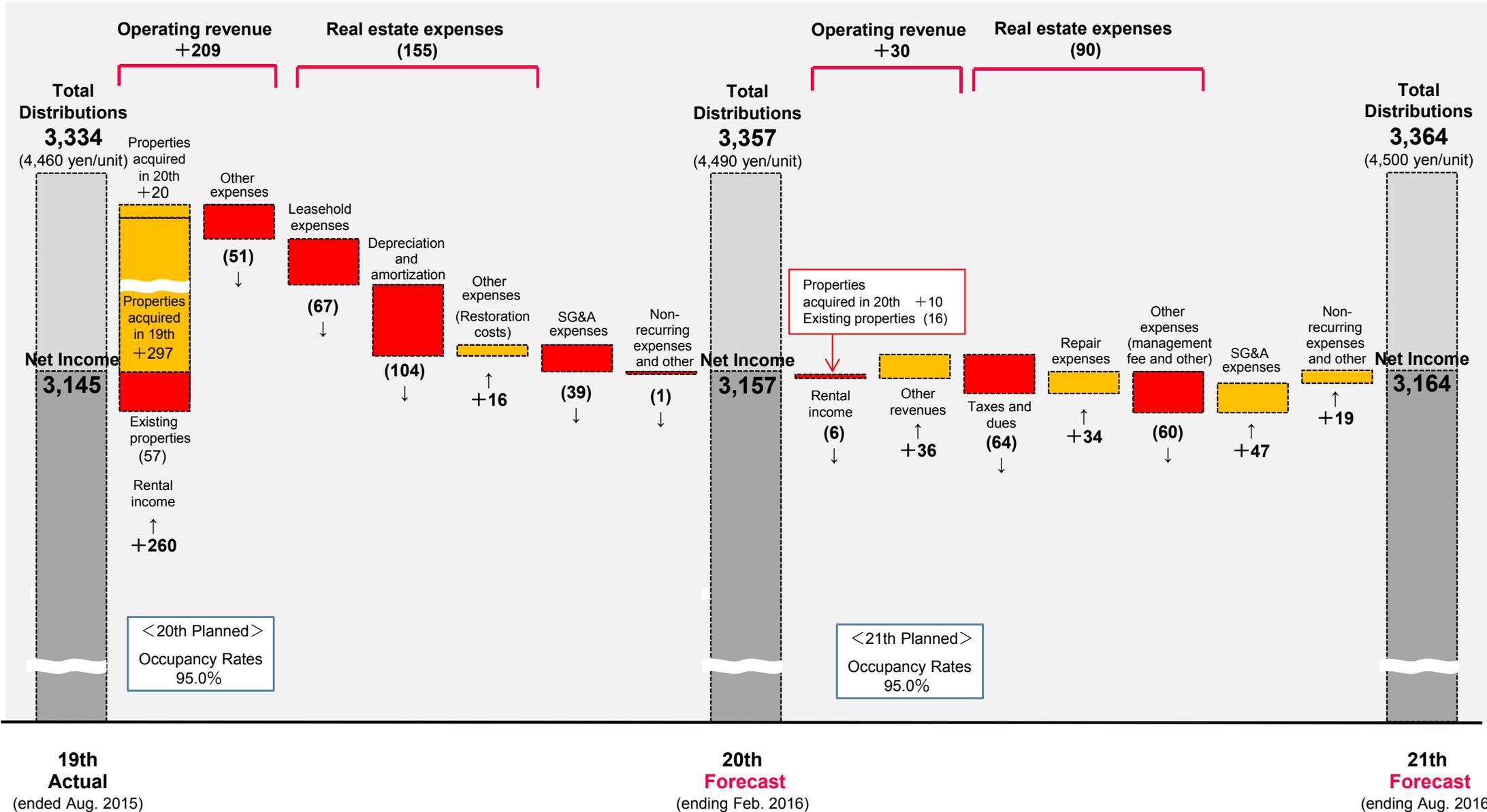
- DHI plans to add an amount equivalent to 10% of depreciation and amortization (199 million yen for the 20th fiscal periods and 200 million yen for the 21st fiscal periods) to net income and distribute the total.
- DHI will also target further upside to distributions by using free cash to acquire new properties.

(unit: million yen)

	19th Fiscal Period Actual (ended Aug. 2015)	20th Fiscal Period Forecast (ending Feb. 2016)		21st Fiscal Period Forecast (ending Aug. 2016)	
				Term on term	Term on term
Operating Revenue	9,356	9,565	+209	9,596	+30
Operating Expense	5,430	5,625	+195	5,668	+43
Operating Income	3,925	3,939	+13	3,927	(12)
Ordinary Income	3,146	3,158	+11	3,165	+6
Net Income	3,145	3,157	+11	3,164	+6
Reversal of Retained Earnings	189	199	+10	200	+0
Total Distributions	3,334	3,357	+22	3,364	+7
Net Income per Unit	(A) 4,207 yen	4,223 yen	+16 yen	4,232 yen	+9 yen
Reversal of Retained Earnings per Unit	(B) 252 yen	267 yen	+15 yen	268 yen	+1 yen
Distribution per Unit	(A)+(B) 4,460 yen	4,490 yen	+30 yen	4,500 yen	+10 yen
Number of Owned Properties	141 properties	142 properties	+1 property	142 properties	—
Portfolio Size (Purchase price basis)	255,376	256,349	+973	256,349	—
Average Occupancy Rate	95.9%	95.0%	(0.9%)	95.0%	—

// Breakdown of Forecast Net Income

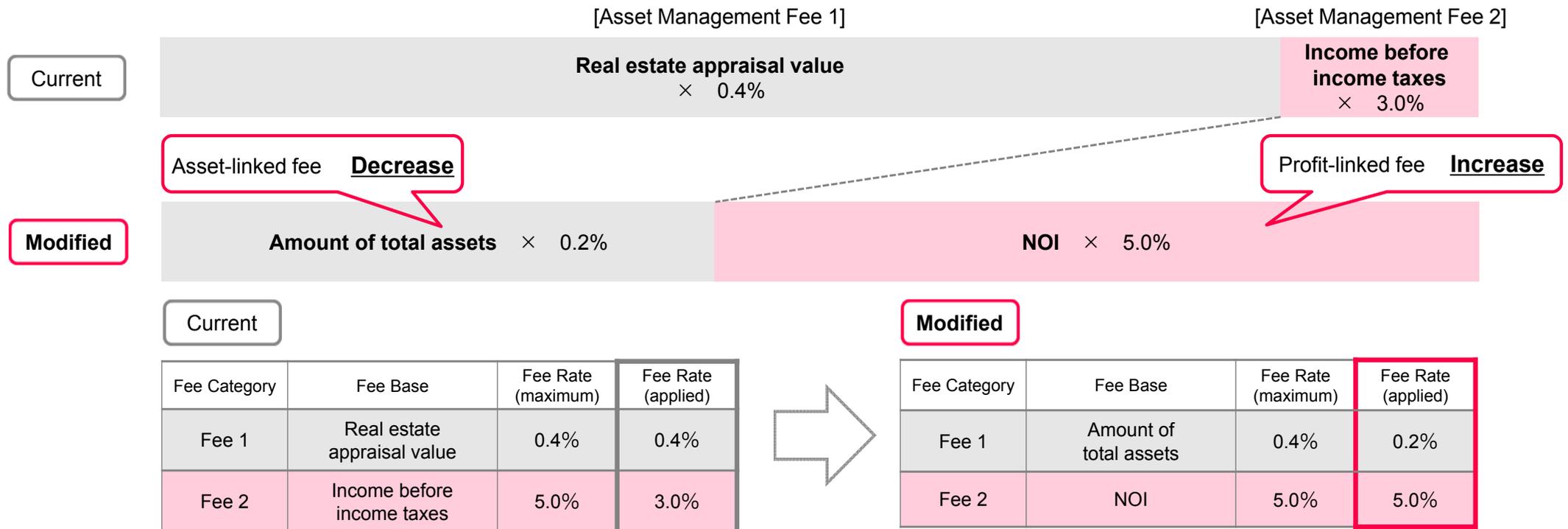
(unit: million yen)



Changes in Asset Management Fee Structure

// Changing Asset Management Fee Structure from Asset Linked to more NOI Performance Based

- DHI aims to establish clearer management policies that “match the interests of the unitholders” and maximize unitholder profit by reducing the percentage of asset-linked fee by increasing the percentage of NOI-linked fee.
- DHI will avoid a natural increase in asset management fee (= decrease in distributions) arising from rises in real estate appraisal value by changing the asset-linked fee linked to the real estate appraisal value to one linked to the total asset value.



// Effect on Asset Management Fee by Changes in Asset Management Fee Structure (Calculated Based on Results of 19th Fiscal Period (ended Aug. 31, 2015))

	Current		After Change	
Asset-linked fee	522 million yen	(84.3%)	249 million yen	(42.3%)
Profit-linked fee	97 million yen	(15.7%)	340 million yen	(57.7%)
Total	620 million yen	(100.0%)	590 million yen	(100.0%)

// Future Policies of Growth Strategy

Implementation of Distribution Management

Implementation of distribution management utilizing retained earnings of 18.0 billion yen and tax-loss carry-forwards of 44.5 billion yen (as of August 31, 2015)

*) The amount of retained earnings indicates after a reversal of internal reserves. The amount before a reversal is 18.2 billion yen.

Leverage Comprehensive Strengths of the Daiwa House Group

Leverage the comprehensive strengths of the Daiwa House Group, which can offer total operations of rental residences from planning and development to administration, management and tenant leasing

Enhancement of Portfolio Quality

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

Daiwa House Residential Investment Corporation

Realizing Sustained External Growth and Stabilized Distribution

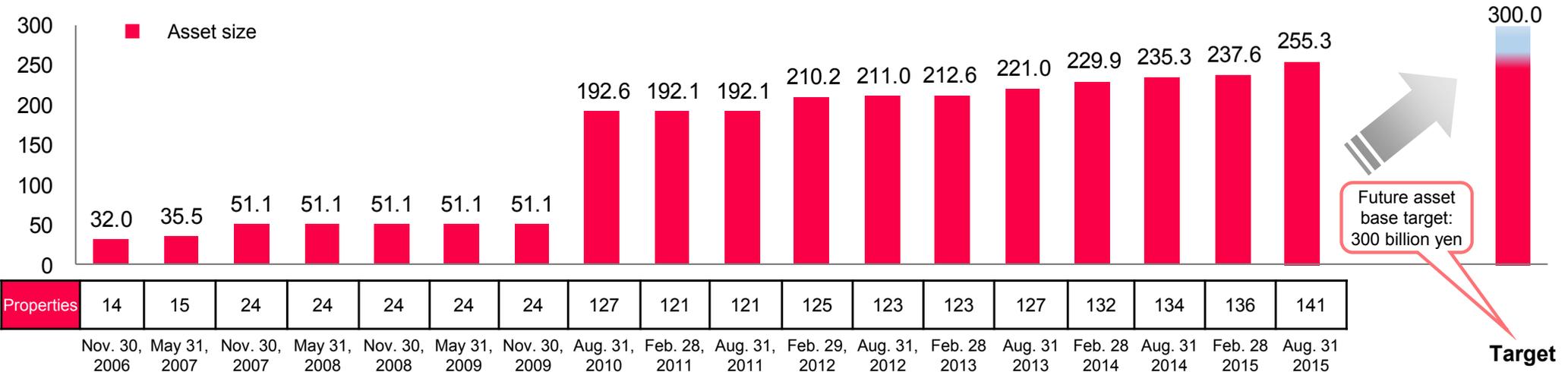
Expansion of Portfolio Size

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

Enhancement of Financial Position

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

(unit: billion yen)



Future asset base target: 300 billion yen

Target



APPENDIX

Daiwa House
Residential
Investment Corp.




Daiwa House Asset Mgt.TM
Daiwa House Group



// Initiatives Announced on April 9, 2015 (Property Acquisitions and Debt Financing on May 1, 2015)

Property acquisition

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

Realize external growth and increase distributions

Debt financing

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

Increase in loan-to-value (LTV)
51.3% (February 28, 2015)
→ 54.8% (August 31, 2015)

Filing of shelf registration statement

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

Consider issuing new investment units

// Initiatives to be Considered in the Future

Issuance of new investment units

Issuance of new investment units at appropriate time

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

Property disposition

Disposition of relatively less competitive properties

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

// By Area

Area		Area 1	Area 2	Area 3	Area 4
Current	Definition	5 major wards of Tokyo (Chiyoda Ward, Chuo Ward, Minato Ward, Shibuya Ward and Shinjuku Ward)	Wards of Tokyo excluding Area 1	Tokyo Metropolitan area (Tokyo excluding Area 1 and Area 2, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture)	Other cities with populations of more than approx. 100,000
	Investment Policy	60% or more		30% or less	30% or less
	DHI's Portfolio (as of August 31, 2015)	68.9%		12.1%	19.0%
		(36.4%)	(32.5%)		

Target Portfolio				
Future	Rationale	<p><Area 1></p> <ul style="list-style-type: none"> Currently high proportion of investment in this area, but offers the potential for strong rent rises once the economy recovers No plans to sell properties, but planning to reduce or maintain relative weighting of investment in this area by acquiring properties in other areas <p><Area 2></p> <ul style="list-style-type: none"> Area 2 rents are very stable while occupancy rates are stable. Aim to increase the investment ratio of this area The strengths of Daiwa House Group can be best utilized in this area 	<ul style="list-style-type: none"> A supply of high-quality properties is expected from Daiwa House Study prospect of investing in properties for which Daiwa House Group function as a master lessee 	<ul style="list-style-type: none"> Consider purchasing attractive properties in this area based on property competitiveness, size, and yield

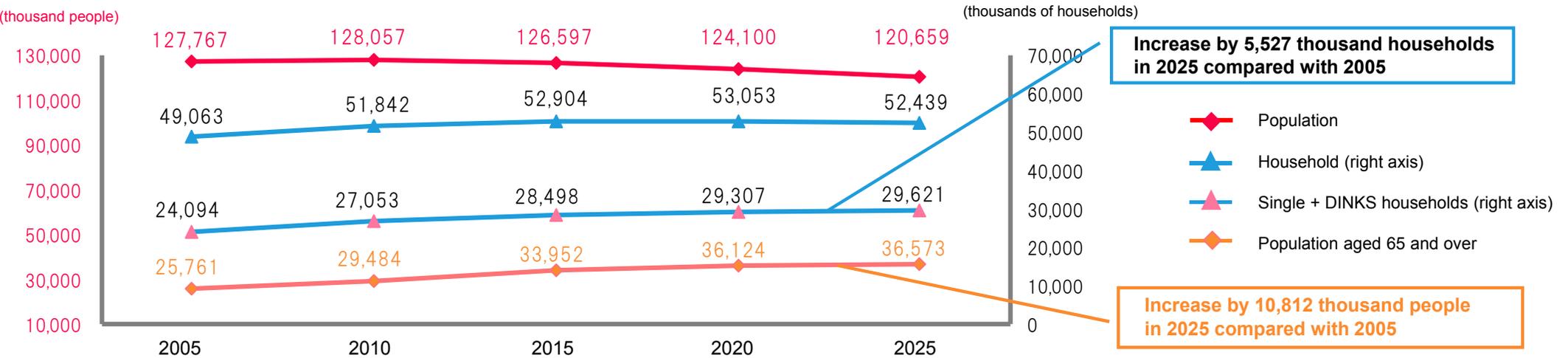
// By Type

	Type	Compact Type	Family Type
Current	Overview	<ul style="list-style-type: none"> Residences aimed mainly at singles, double income no kids (DINKS) and designed in for their life styles 	<ul style="list-style-type: none"> Residences aimed mainly at families and designed for their life styles
	Dedicated Area	60m ² or less	More than 60m ²
	Investment Policy	70% or more	30% or less
	DHI's Portfolio (Unit basis) (as of August 31, 2015)	80.4%	19.6%

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

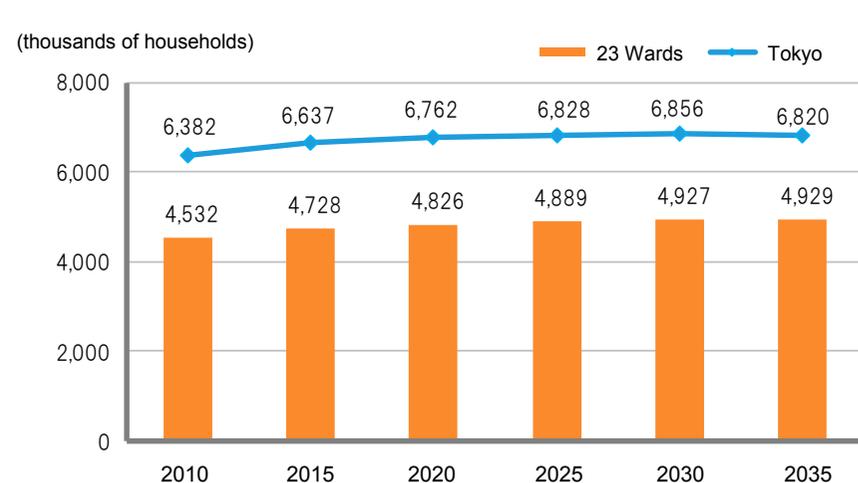
- Investment strategy focused on the Tokyo Metropolitan area where continuous population growth is expected, with a certain level of investment in major regional cities where local populations are expected to be concentrated for portfolio diversification
- By type, investment strategy focused on properties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

Estimated Population and Number of Households (including forecasts)



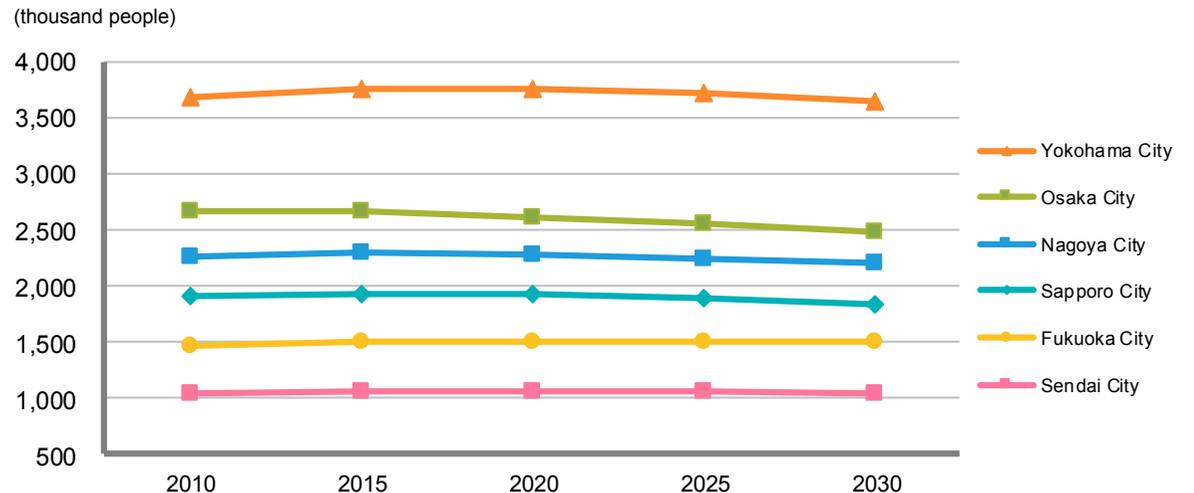
(Source) National Institute of Population and Social Security Research "Future Change in Households in Japan" (January 2013) and "Population Projections for Japan: Medium-fertility and Medium-mortality Assumptions" (January 2012)
 (Source) Statistics Bureau, Ministry of Internal Affairs and Communications "Report on Population Census of Japan" for population in 2005

Estimated Number of Households in Tokyo (including forecasts)



(Source) Tokyo Metropolitan Government, "Forecast of Number of Households in Tokyo" statistical data (March 2014)

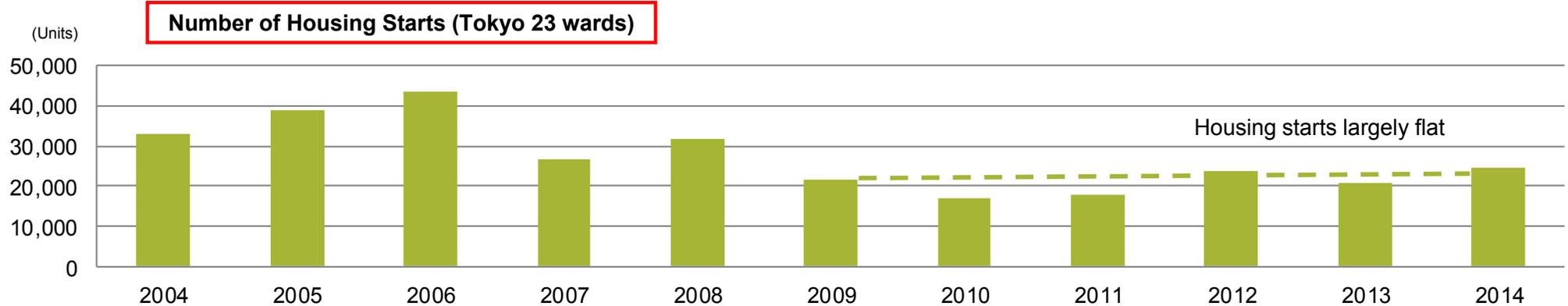
Estimated Population by City (including forecasts)



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

// Number of Housing Starts Trend

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

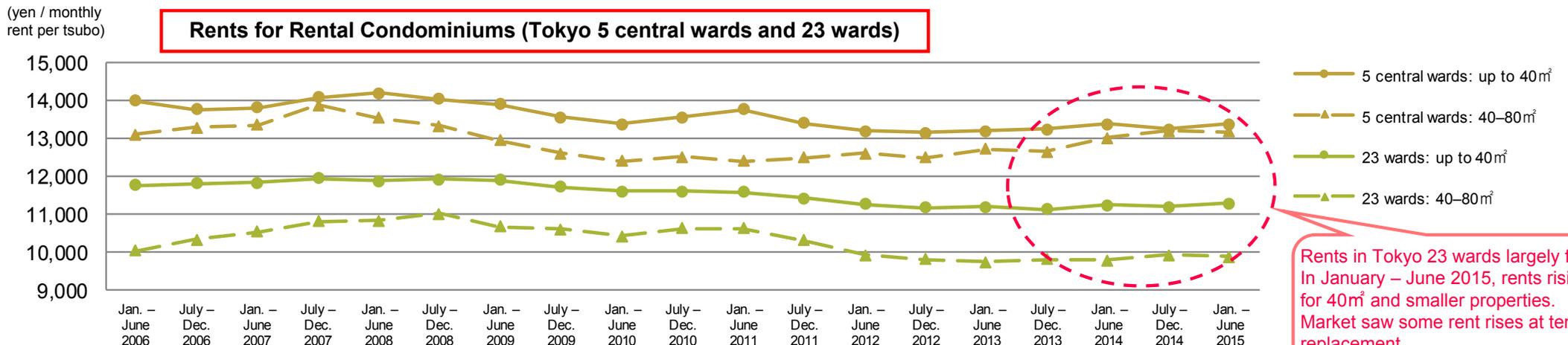


*1) Source: Daiwa House Asset Management Co., Ltd., based on Statistics on Building Starts, published by Ministry of Land, Infrastructure, Transport and Tourism

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

// Trends in Condominium Rents

- Condominium rents in Tokyo 5 central wards saw a slight rise for properties with less than 40 m², and a slight decline for 40–80 m² properties. Rents in Tokyo 23 wards saw a slight rise for 40 m² and smaller properties, and a slight decline for 40–80 m² properties.



*1) Source: Daiwa House Asset Management Co., Ltd., based on Survey Results of Housing Market Index 2015 H1, published by the Japan Real Estate Institute (JREI) on September 3, 2015.

*2) Adjusted by JREI using base data to show rents for 10-year old condominiums; rents are the amounts paid by tenants excluding management fees and common service fees.

Rents in Tokyo 23 wards largely flat. In January – June 2015, rents rising for 40m² and smaller properties. Market saw some rent rises at tenant replacement.

// Initiatives in Senior Housing

Increase in Elderly Population

Support Measures from Abenomics Growth Strategy

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

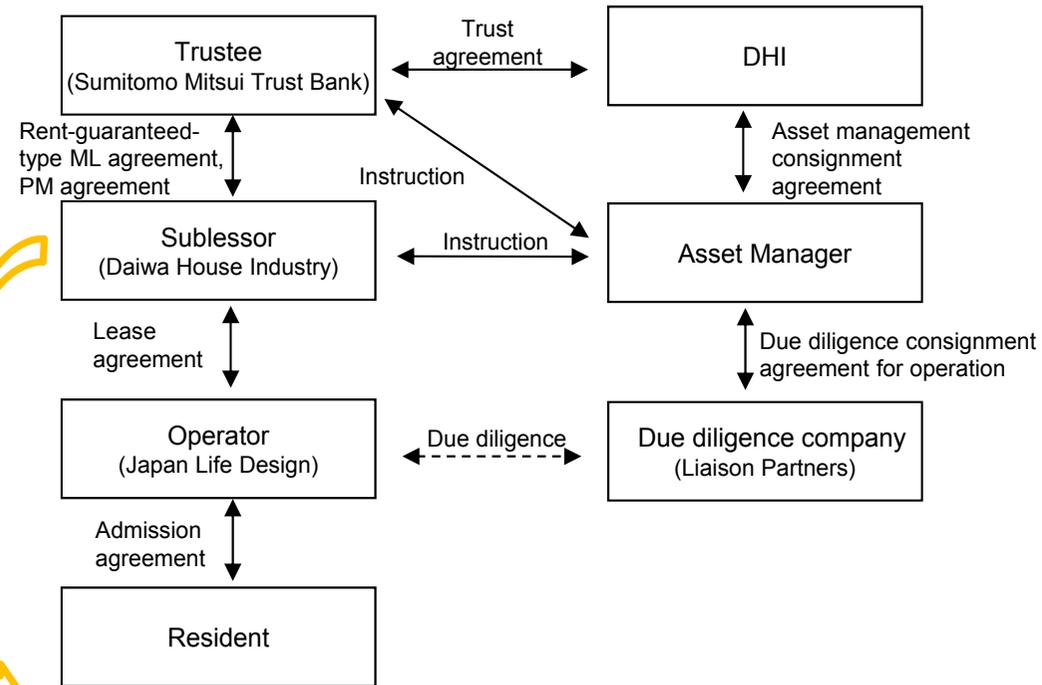
- The medical and nursing care field has been selected as an important theme in the Abenomics growth strategy (Japan Revitalization Strategy) and the elderly market is expected to grow in line with the increase in the elderly population.
- With support from Daiwa House Industry such as in the development,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

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

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



【 Structure of Urban Living Inage and Aburatsubo Marina HILLS 】



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

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



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

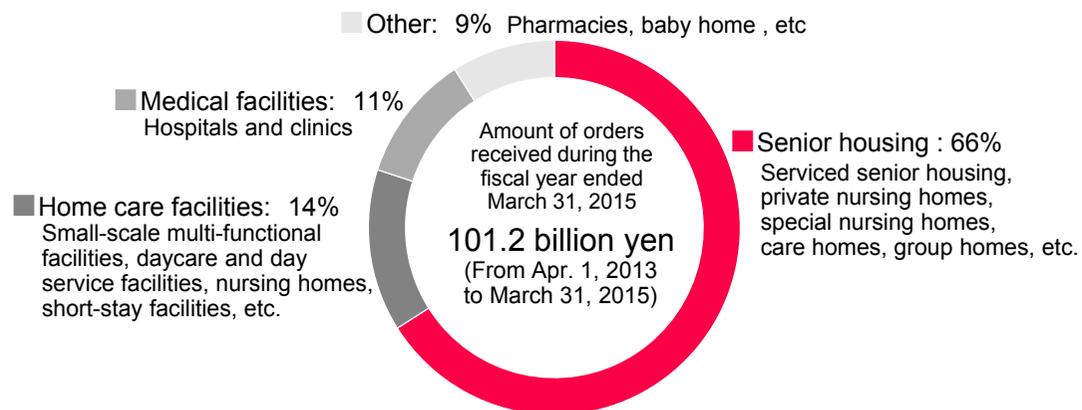
*) Net rental income shown in the real estate appraisal report at the time of purchase / acquisition price

// Profile of Daiwa House Industry

Company Name	Daiwa House Industry Co., Ltd.		
Head Office	3-3-5, Umeda, Kita Ward, Osaka City		
Established	April 5, 1955 (Founded: March 4, 1947)		
Paid-in Capital	¥161,699 million (as of March 31, 2015)		
Ratings	Japan Credit Rating Agency, Ltd. (JCR)	:	AA (Stable)
	Rating and Investment Information, Inc. (R&I)	:	AA- (Stable)

// Results of Daiwa House Group's Healthcare Business

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



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

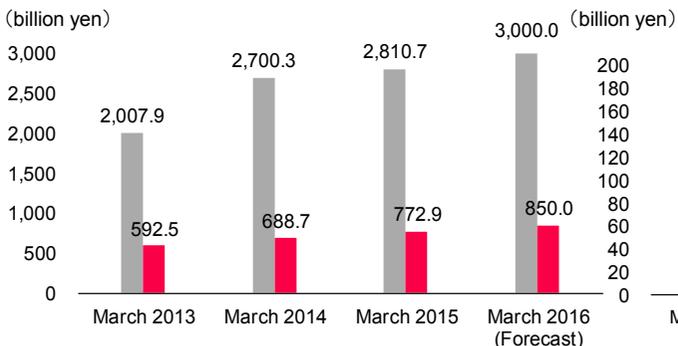
- Using its extensive property planning and development expertise in providing a grand total of around 920,000 rental residences (as of June 30, 2015), Daiwa House Industry is developing products that anticipate the needs of residents and landowners
- Daiwa House Industry shows a steady growth in net sales and operating income of Rental Housing Business

// Number of Rental Residences Managed

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

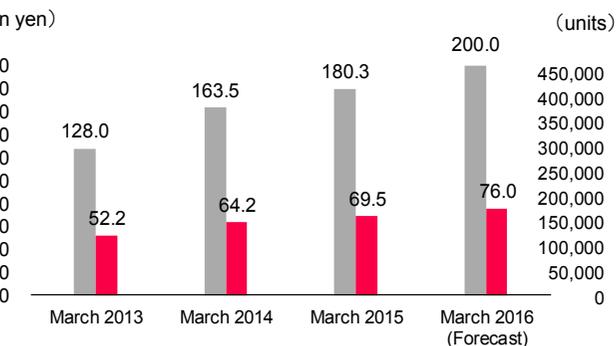
Net Sales (consolidated basis)

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



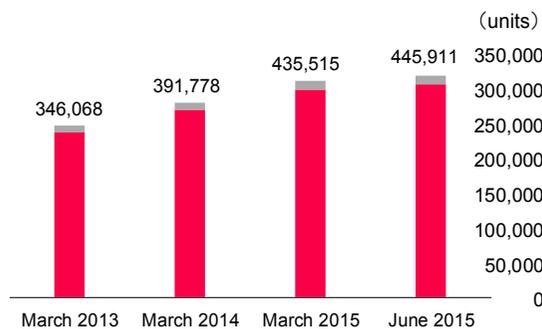
Operating Income (consolidated basis)

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



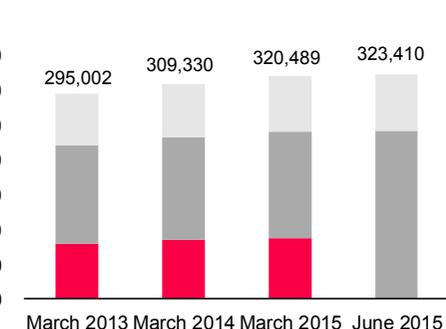
Rental Residences Managed

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



Condominiums Managed

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



(Source) "Financial Highlights for FY2015 1Q" of Daiwa House Industry.

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of Aug. 31, 2015)	Appraiser *1)	Acquisition Price	Book Value at Aug. 31, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Feb. 28, 2015			Appraisal at Aug. 31, 2015			End of Previous Fiscal Period Comparison		
						At Feb. 28, 2015	At Aug. 31, 2015				Direct Capitalization Method		DCF Method		Direct Capitalization Method		DCF Method		
						③	④				CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
			①	②	③	④	④-①	④-②	④-③										
Area1	1001	Qiz Ebisu	Tanizawa	7,650	7,335	8,010	8,070	420	734	60	4.3	4.5	4.5	4.2	4.4	4.4	(0.1)	(0.1)	(0.1)
	1002	Castalia Azabujuban Shichimenzaka	Chuo	4,500	4,262	4,040	4,050	450	(212)	10	4.5	4.3	4.7	4.5	4.3	4.7	0.0	0.0	0.0
	1003	Castalia Shibakoen	Tanizawa	2,630	2,466	1,990	2,010	(620)	(456)	20	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	1004	Castalia Ginza	Tanizawa	2,520	2,398	2,030	2,070	(450)	(328)	40	4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
	1005	Castalia Hiroo	Tanizawa	2,220	2,120	1,750	1,770	(450)	(350)	20	4.5	4.6	4.7	4.4	4.5	4.6	(0.1)	(0.1)	(0.1)
	1006	Castalia Nihonbashi	Tanizawa	1,200	1,104	1,080	1,100	(100)	(4)	20	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	1007	Castalia Hacchobori	Tanizawa	2,300	2,165	2,100	2,100	(200)	(65)	0	4.6	4.7	4.8	4.6	4.7	4.8	0.0	0.0	0.0
	1008	Castalia Azabujuban	Chuo	2,910	2,832	2,580	2,580	(330)	(252)	0	4.5	4.3	4.7	4.5	4.3	4.7	0.0	0.0	0.0
	1009	Castalia Azabujuban II	Chuo	2,690	2,581	2,420	2,430	(260)	(151)	10	4.4	4.2	4.6	4.4	4.2	4.6	0.0	0.0	0.0
	1010	Castalia Shinjuku Natsumezaka	Chuo	1,865	1,799	1,650	1,650	(215)	(149)	0	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0
	1011	Castalia Ginza II	Tanizawa	1,800	1,707	1,620	1,630	(170)	(77)	10	4.5	4.6	4.7	4.5	4.6	4.7	0.0	0.0	0.0
	1012	Castalia Shibuya Sakuragaoka	Tanizawa	1,400	1,358	1,090	1,110	(290)	(248)	20	4.4	4.6	4.6	4.3	4.5	4.5	(0.1)	(0.1)	(0.1)
	1015	Castalia Nishi Azabu Kasumicho	Tanizawa	2,143	2,142	2,050	2,080	(63)	(62)	30	4.6	4.7	4.8	4.5	4.6	4.7	(0.1)	(0.1)	(0.1)
	1016	Castalia Ochanomizu	JREI	1,770	1,697	1,960	2,010	240	312	50	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1017	Castalia Sangubashi	Tanizawa	1,393	1,416	1,430	1,450	57	33	20	4.6	4.8	4.8	4.5	4.7	4.7	(0.1)	(0.1)	(0.1)
	1018	Castalia Suitengu	Tanizawa	1,279	1,220	1,270	1,300	21	79	30	4.8	4.8	5.0	4.7	4.7	4.9	(0.1)	(0.1)	(0.1)
	1019	Castalia Suitengu II	Tanizawa	1,138	1,086	1,140	1,170	32	83	30	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	1020	Castalia Shintomicho	Tanizawa	932	886	940	958	26	71	18	4.8	4.8	5.0	4.7	4.7	4.9	(0.1)	(0.1)	(0.1)
	1021	Castalia Shintomicho II	Tanizawa	825	783	823	841	16	57	18	4.8	4.8	5.0	4.7	4.7	4.9	(0.1)	(0.1)	(0.1)
	1022	Castalia Harajuku	JREI	887	865	850	864	(23)	(1)	14	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
	1023	Castalia Yoyogi Uehara	JREI	608	597	652	660	52	62	8	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1024	Castalia Sendagaya	JREI	555	551	562	570	15	18	8	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1025	Castalia Shinjuku 7 chome	JREI	464	447	489	492	28	44	3	4.9	4.7	5.1	4.8	4.6	5.0	(0.1)	(0.1)	(0.1)
	1027	Castalia Ninyocho	JREI	947	886	1,110	1,130	183	243	20	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1028	Castalia Ninyocho II	JREI	1,070	1,003	1,240	1,280	210	276	40	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1029	Castalia Shin-Ochanomizu	JREI	914	873	983	1,010	96	136	27	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1030	Castalia Higashi Nihonbashi II	JREI	1,370	1,291	1,530	1,570	200	278	40	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1031	Castalia Jinbocho	JREI	1,160	1,103	1,320	1,350	190	246	30	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	1032	Castalia Shintomicho III	JREI	675	631	701	714	39	82	13	4.7	4.4	5.0	4.6	4.3	4.9	(0.1)	(0.1)	(0.1)
	1033	Castalia Shinjuku Gyoen	Tanizawa	2,720	2,595	2,790	2,910	190	314	120	4.7	*2)	4.9	4.6	*3)	4.8	(0.1)	—	(0.1)
1034	Castalia Takanawadai	JREI	860	828	924	935	75	106	11	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)	
1035	Castalia Higashi Nihonbashi III	Daiwa	666	626	719	728	62	101	9	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)	

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of Aug. 31, 2015)	Appraiser *1)	Acquisition Price	Book Value at Aug. 31, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Feb. 28, 2015			Appraisal at Aug. 31, 2015			End of Previous Fiscal Period Comparison		
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						③	④				④-①	④-②	④-③	CR	DR	TCR	CR	DR	TCR
Area1	1036	Castalia Shinjuku Gyoen II	Tanizawa	486	459	466	475	(11)	15	9	4.7	4.9	4.9	4.6	4.8	4.8	(0.1)	(0.1)	(0.1)
	1037	Castalia Shintomicho IV	Daiwa	400	383	414	421	21	37	7	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	1038	Castalia Takanawadai II	JREI	1,190	1,146	1,250	1,270	80	123	20	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
	1039	Castalia Minami Azabu	JREI	642	618	644	656	14	37	12	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
	1040	Castalia Ginza III	Tanizawa	2,880	2,775	2,780	2,800	(80)	24	20	4.5	4.6	4.7	4.5	4.6	4.7	0.0	0.0	0.0
	1041	Castalia Kayabacho	Tanizawa	2,707	2,572	2,800	2,910	203	337	110	4.8	4.8	5.0	4.7	4.7	4.9	(0.1)	(0.1)	(0.1)
	1042	Castalia Takanawa	Tanizawa	7,430	7,203	7,250	7,460	30	256	210	4.7	5.0	4.9	4.6	4.9	4.8	(0.1)	(0.1)	(0.1)
	1043	Castalia Higashi Nihonbashi	Chuo	3,520	3,329	3,750	3,870	350	540	120	4.9	4.7	5.1	4.8	4.6	5.0	(0.1)	(0.1)	(0.1)
	1045	Castalia Shinjuku	Tanizawa	2,950	2,881	3,150	3,240	290	358	90	4.6	4.8	4.8	4.5	4.7	4.7	(0.1)	(0.1)	(0.1)
	1046	Castalia Ichigaya	Chuo	940	904	1,310	1,290	350	385	(20)	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0
	1047	Shibaura Island Bloom Tower	JREI	7,580	7,261	8,290	8,430	850	1,168	140	—	4.4	6.5	—	4.3	6.4	—	(0.1)	(0.1)
	1048	Castalia Hatsudai	Daiwa	2,030	2,035	2,230	2,270	240	234	40	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
1049	Castalia Hatsudai II	Morii	1,900	1,917	2,090	2,090	190	172	0	4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)	
1050	Castalia Ebisu	Morii	1,420	1,442	1,600	1,610	190	167	10	4.3	4.1	4.5	4.2	4.0	4.4	(0.1)	(0.1)	(0.1)	
Residential Area 1 Subtotal				92,136	88,600	91,867	93,384	1,248	4,783	1,517									
Area2	2001	Castalia Meguro Kamurozaka	Daiwa	4,500	4,160	3,930	3,980	(520)	(180)	50	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	2002	Castalia Toritsudaigaku	Chuo	648	616	545	546	(102)	(70)	1	5.4	5.2	5.7	5.4	5.2	5.7	0.0	0.0	0.0
	2004	Castalia Yukigaya	Tanizawa	1,110	1,034	1,110	1,110	0	75	0	4.7	4.8	4.9	4.7	4.8	4.9	0.0	0.0	0.0
	2005	Castalia Yutenji	Chuo	1,450	1,365	1,220	1,220	(230)	(145)	0	4.5	4.3	4.7	4.5	4.3	4.7	0.0	0.0	0.0
	2006	Castalia Otsuka	Chuo	1,480	1,375	1,530	1,550	70	174	20	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	2007	Castalia Kikukawa	Tanizawa	817	757	780	780	(37)	22	0	4.8	4.9	5.0	4.8	4.9	5.0	0.0	0.0	0.0
	2008	Castalia Meguro	JREI	844	817	899	910	66	92	11	4.8	4.5	5.0	4.7	4.4	4.9	(0.1)	(0.1)	(0.1)
	2009	Castalia Otsuka II	JREI	1,040	970	1,130	1,170	130	199	40	4.8	4.6	5.0	4.6	4.4	4.8	(0.2)	(0.2)	(0.2)
	2010	Castalia Jiyugaoka	JREI	1,200	1,163	1,280	1,300	100	136	20	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
	2011	Castalia Mejiro	Chuo	988	945	1,020	1,020	32	74	0	4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0
	2012	Castalia Ikebukuro	Daiwa	2,570	2,443	2,520	2,570	0	126	50	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	2013	Castalia Kaname-cho	Tanizawa	1,140	1,087	1,130	1,170	30	82	40	4.8	5.0	5.0	4.7	4.9	4.9	(0.1)	(0.1)	(0.1)
	2014	Castalia Tower Shinagawa Seaside	Tanizawa	7,380	6,995	7,880	8,150	770	1,154	270	4.7	4.7	4.9	4.7	4.7	4.9	0.0	0.0	0.0
	2015	Castalia Yakumo	Tanizawa	857	834	752	734	(123)	(100)	(18)	4.6	4.8	4.8	4.6	4.8	4.8	0.0	0.0	0.0
2016	Castalia Togoshiekimae	JREI	1,560	1,496	1,830	1,860	300	363	30	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)	
2018	Castalia Honjo Azumabashi	Tanizawa	996	951	1,010	1,040	44	88	30	5.0	5.1	5.2	4.9	5.0	5.1	(0.1)	(0.1)	(0.1)	
2019	Castalia Kitazawa	JREI	742	726	758	771	29	44	13	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)	
2020	Castalia Monzennakacho	Tanizawa	503	471	483	490	(13)	18	7	5.2	5.3	5.4	5.1	5.2	5.3	(0.1)	(0.1)	(0.1)	

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

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												CR	DR		TCR	CR		DR	TCR
①	②	③	④	④-①	④-②	④-③	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	
Area2	2023	Castalia Kamiikedai	JREI	198	186	208	209	11	22	1	5.3	4.9	5.5	5.2	4.8	5.4	(0.1)	(0.1)	(0.1)
	2024	Castalia Morishita	JREI	832	781	935	956	124	174	21	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	2025	Castalia Wakabayashi koen	Daiwa	776	751	772	781	5	29	9	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	2026	Castalia Asakusabashi	Chuo	792	742	855	869	77	126	14	4.9	4.7	5.1	4.8	4.6	5.0	(0.1)	(0.1)	(0.1)
	2027	Castalia Iriya	Chuo	546	511	610	614	68	102	4	5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)
	2028	Castalia Kita Ueno	Tanizawa	2,641	2,474	2,470	2,520	(121)	45	50	4.9	5.0	5.1	4.8	4.9	5.0	(0.1)	(0.1)	(0.1)
	2029	Castalia Morishita II	Tanizawa	686	640	740	750	64	109	10	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	2030	Castalia Minowa	Tanizawa	1,430	1,334	1,460	1,480	50	145	20	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	2031	Castalia Oyamadai	Tanizawa	533	511	571	578	45	66	7	4.7	4.8	4.9	4.6	4.7	4.8	(0.1)	(0.1)	(0.1)
	2032	Castalia Nakano	JREI	1,060	996	1,170	1,170	110	173	0	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	2033	Castalia Yoga	Tanizawa	923	886	1,070	1,080	157	193	10	4.6	4.8	4.8	4.5	4.7	4.7	(0.1)	(0.1)	(0.1)
	2034	Castalia Sumiyoshi	Tanizawa	948	882	946	960	12	77	14	4.8	4.9	5.0	4.7	4.8	4.9	(0.1)	(0.1)	(0.1)
	2035	Castalia Monzennakacho II	JREI	2,160	2,042	2,480	2,530	370	487	50	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	2036	Castalia Oshiage	Tanizawa	1,100	1,025	1,080	1,090	(10)	64	10	4.9	*4)	5.1	4.8	*5)	5.0	(0.1)	—	(0.1)
	2037	Castalia Kuramae	Tanizawa	1,260	1,181	1,360	1,390	130	208	30	4.8	*6)	5.0	4.7	*7)	4.9	(0.1)	—	(0.1)
	2038	Castalia Nakanobu	Chuo	1,790	1,719	2,540	2,550	760	830	10	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)
	2039	Royal Parks Toyosu	Chuo	7,360	6,800	8,590	8,740	1,380	1,939	150	5.2	4.9	5.5	5.0	4.7	5.3	(0.2)	(0.2)	(0.2)
	2040	Castalia Togoshi	Chuo	1,770	1,670	2,460	2,470	700	799	10	4.7	4.5	4.9	4.6	4.4	4.8	(0.1)	(0.1)	(0.1)
	2041	Castalia Ooimachi	Morii	1,181	1,202	1,410	1,450	269	247	40	4.4	4.2	4.6	4.3	4.1	4.5	(0.1)	(0.1)	(0.1)
	2042	Castalia Omori	Chuo	1,500	1,498	1,800	1,810	310	311	10	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0
	2043	Castalia Mishuku	Chuo	1,900	1,906	2,320	2,320	420	413	0	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0
	2044	Castalia Arakawa	Chuo	1,660	1,632	2,110	2,150	490	517	40	4.9	4.7	5.1	4.8	4.6	5.0	(0.1)	(0.1)	(0.1)
	2045	Castalia Omori II	Morii	2,370	2,345	2,660	2,720	350	374	60	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)
	2046	Castalia Nakameguro	Morii	3,800	3,824	4,240	4,290	490	465	50	4.3	4.1	4.5	4.2	4.0	4.4	(0.1)	(0.1)	(0.1)
	2047	Castalia Meguro Chojamaru	Morii	2,030	2,050	2,250	2,300	270	249	50	4.3	4.1	4.5	4.2	4.0	4.4	(0.1)	(0.1)	(0.1)
2048	Castalia Meguro Takaban	Morii	1,750	1,778	1,860	1,880	130	101	20	4.6	4.4	4.8	4.5	4.3	4.7	(0.1)	(0.1)	(0.1)	
2049	Castalia Omori III	Morii	1,520	1,532	1,720	1,720	200	187	0	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)	
2050	Morino Tonari	JREI	1,020	1,073	1,140	1,150	130	76	10	4.5	4.3	4.7	4.4	4.2	4.6	(0.1)	(0.1)	(0.1)	
2051	Castalia Meguro Tairamachi	Morii	1,165	1,235	1,240	1,240	75	4	0	4.3	4.1	4.5	4.2	4.0	4.4	(0.1)	(0.1)	(0.1)	
2052	Royal Parks SEASIR *23)	Morii	4,350	4,612	4,730	4,740	390	127	10	5.8	*8)	6.0	5.7	*9)	5.9	(0.1)	—	(0.1)	
2053	Castalia Honkomagome *23)	Morii	1,520	1,575	1,580	1,610	90	34	30	4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)	
Residential Area 2 Subtotal				82,396	79,621	89,184	90,488	8,092	10,866	1,304									

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of Aug. 31, 2015)	Appraiser *1)	Acquisition Price	Book Value at Aug. 31, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Feb. 28, 2015			Appraisal at Aug. 31, 2015			End of Previous Fiscal Period Comparison					
						At Feb. 28, 2015	At Aug. 31, 2015				Direct Capitalization Method			DCF Method			Direct Capitalization Method			DCF Method		
						③	④				CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR
				①	②	③	④	④-①	④-②	④-③	CR	DR	TCR	CR	DR	TCR	CR	DR	TCR			
Area 3	3001	Cosmo Heim Musashikosugi	Chuo	1,674	1,615	1,830	1,860	186	244	30	5.3	5.1	5.5	5.2	5.0	5.4	(0.1)	(0.1)	(0.1)			
	3002	Castalia Tsurumi	Chuo	666	621	694	706	40	84	12	5.6	5.4	5.8	5.5	5.3	5.7	(0.1)	(0.1)	(0.1)			
	3003	Castalia Funabashi	Tanizawa	704	686	755	765	61	78	10	5.4	*10)	5.6	5.3	*11)	5.5	(0.1)	—	(0.1)			
	3006	Castalia Nishi Funabashi	JREI	783	739	855	871	88	131	16	5.6	5.4	5.8	5.5	5.3	5.7	(0.1)	(0.1)	(0.1)			
	3007	Castalia Maihama	Tanizawa	670	629	619	630	(40)	0	11	5.6	5.6	5.8	5.5	5.5	5.7	(0.1)	(0.1)	(0.1)			
	3008	Castalia Ichikawamyoden	Tanizawa	671	635	690	703	32	67	13	5.5	5.7	5.8	5.4	5.6	5.7	(0.1)	(0.1)	(0.1)			
	3010	Castalia Urayasu	Tanizawa	592	557	598	608	16	50	10	5.5	5.5	5.8	5.4	5.4	5.7	(0.1)	(0.1)	(0.1)			
	3011	Castalia Minamigyotoku	Tanizawa	543	516	486	489	(54)	(27)	3	5.4	5.4	5.6	5.3	5.3	5.5	(0.1)	(0.1)	(0.1)			
	3012	NCR Minamigyotoku II	Tanizawa	385	366	335	337	(48)	(29)	2	5.4	5.4	5.6	5.3	5.3	5.5	(0.1)	(0.1)	(0.1)			
	3013	Castalia Nogeyama	JREI	325	307	316	316	(9)	8	0	5.5	5.3	5.7	5.5	5.3	5.7	0.0	0.0	0.0			
	3017	Castalia Ichikawa	JREI	461	425	494	503	42	77	9	5.6	5.4	5.8	5.5	5.3	5.7	(0.1)	(0.1)	(0.1)			
	3018	Royal Parks Hanakoganei	Daiwa	5,300	5,187	5,890	5,980	680	792	90	5.6	*12)	5.8	5.5	*13)	5.7	(0.1)	—	(0.1)			
	3019	Castalia Musashikosugi	Morii	1,680	1,692	1,850	1,860	180	167	10	4.8	4.6	5.0	4.7	4.5	4.9	(0.1)	(0.1)	(0.1)			
	3020	Royal Parks Wakabadai	Daiwa	4,360	4,366	4,630	4,630	270	263	0	5.7	*14)	5.9	5.6	*15)	5.8	(0.1)	—	(0.1)			
	3021	Pacific Royal Court Minatomirai Urban Tower *23)	Morii	9,100	9,671	10,200	10,200	1,100	528	0	5.3	*16)	5.5	5.2	*17)	5.4	(0.1)	—	(0.1)			
3022	L-Place Shinkoyasu *23)	JREI	1,720	1,823	1,870	1,920	200	96	50	5.4	5.2	5.6	5.3	5.1	5.5	(0.1)	(0.1)	(0.1)				
3023	Royal Parks Musasikosugi *23)	Morii	1,060	1,118	1,260	1,260	200	141	0	5.3	*18)	5.5	5.2	*19)	5.4	(0.1)	—	(0.1)				
Residential Area 3 (excl. senior housing property) Subtotal				30,694	30,960	33,372	33,638	2,944	2,677	266												
Area 4	4001	Castalia Shinsakae	Chuo	1,920	1,720	1,510	1,530	(390)	(190)	20	5.4	5.2	5.6	5.3	5.1	5.5	(0.1)	(0.1)	(0.1)			
	4008	Aprile Tarumi	JREI	1,340	1,222	1,450	1,520	180	297	70	6.1	5.9	6.3	5.8	5.6	6.0	(0.3)	(0.3)	(0.3)			
	4009	Crest Kusatsu	Tanizawa	3,004	2,715	2,420	2,030	(974)	(685)	(390)	7.2	7.3	7.4	7.1	7.2	7.3	(0.1)	(0.1)	(0.1)			
	4010	Castalia Sakaisuji Honmachi	Tanizawa	1,490	1,384	1,620	1,640	150	255	20	5.4	5.5	5.6	5.3	5.4	5.5	(0.1)	(0.1)	(0.1)			
	4011	Castalia Shin-Umeda	Tanizawa	1,376	1,265	1,470	1,470	94	204	0	5.5	5.6	5.7	5.4	5.5	5.6	(0.1)	(0.1)	(0.1)			
	4012	Castalia Abeno	Tanizawa	4,368	4,130	4,440	4,490	122	359	50	5.3	5.4	5.5	5.3	5.4	5.5	0.0	0.0	0.0			
	4014	Castalia Sakae	Chuo	1,010	943	1,130	1,150	140	206	20	5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)			
	4015	Castalia Nipponbashi Kouzu	Tanizawa	3,570	3,262	3,590	3,610	40	347	20	5.4	5.5	5.6	5.4	5.5	5.6	0.0	0.0	0.0			
	4016	Castalia Maruyama Urasando	Tanizawa	411	380	463	475	64	94	12	5.6	5.6	5.8	5.5	5.5	5.7	(0.1)	(0.1)	(0.1)			
	4017	Castalia Maruyama Omotesando	Tanizawa	1,740	1,617	1,840	1,870	130	252	30	5.6	5.6	5.8	5.5	5.5	5.7	(0.1)	(0.1)	(0.1)			
	4018	Castalia Higashi Hie	Tanizawa	960	889	1,000	1,010	50	120	10	5.5	5.7	5.7	5.4	5.6	5.6	(0.1)	(0.1)	(0.1)			
	4019	Castalia Tower Nagahoribashi	Chuo	3,400	3,120	4,130	4,280	880	1,159	150	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)			
4020	Castalia Sannomiya	Daiwa	1,230	1,127	1,400	1,430	200	302	30	5.5	5.3	5.7	5.4	5.2	5.6	(0.1)	(0.1)	(0.1)				

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

Appraisal Value Comparison Table

(unit: million yen)

(unit: %)

Area	No.	Property Name (Owned properties as of Aug. 31, 2015)	Appraiser *1)	Acquisition Price	Book Value at Aug. 31, 2015	Real Estate Appraisal Value		Acquisition Value Comparison	Book Value Comparison	End of Previous Fiscal Period Comparison	Appraisal at Feb. 28, 2015			Appraisal at Aug. 31, 2015			End of Previous Fiscal Period Comparison		
						At Feb. 28, 2015	At Aug. 31, 2015				Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method		Direct Capitalization Method	DCF Method	
												CR	DR		TCR	CR		DR	TCR
				①	②	③	④	④-①	④-②	④-③									
Area 4	4021	Castalia Kotodaikoen	Daiwa	481	438	503	516	35	77	13	5.8	5.8	6.0	5.7	5.7	5.9	(0.1)	(0.1)	(0.1)
	4022	Castalia Ichibancho	Daiwa	783	725	836	879	96	153	43	5.8	5.8	6.0	5.7	5.7	5.9	(0.1)	(0.1)	(0.1)
	4023	Castalia Omachi	Daiwa	656	594	672	689	33	94	17	5.8	5.8	6.0	5.7	5.7	5.9	(0.1)	(0.1)	(0.1)
	4024	Castalia Uemachidai	Daiwa	2,190	2,036	2,450	2,480	290	443	30	5.2	5.0	5.4	5.1	4.9	5.3	(0.1)	(0.1)	(0.1)
	4025	Castalia Tower Higobashi	Chuo	2,670	2,499	3,400	3,480	810	980	80	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	4026	Big Tower Minami Sanjo	Daiwa	1,740	1,509	2,340	2,390	650	880	50	5.7	5.5	5.9	5.6	5.4	5.8	(0.1)	(0.1)	(0.1)
	4027	Castalia Fushimi	JREI	2,260	2,114	2,870	2,980	720	865	110	5.2	5.0	5.4	5.0	4.8	5.2	(0.2)	(0.2)	(0.2)
	4028	Castalia Meieki Minami	Morii	720	703	889	904	184	200	15	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	4029	Castalia Yakuin	Morii	930	937	1,140	1,160	230	222	20	5.1	4.9	5.3	5.0	4.8	5.2	(0.1)	(0.1)	(0.1)
	4030	Castalia Mibu	JREI	1,193	1,180	1,370	1,420	227	239	50	5.4	5.2	5.6	5.1	4.9	5.3	(0.3)	(0.3)	(0.3)
	4031	Castalia Tsutsujigaoka	Morii	1,208	1,223	1,530	1,590	382	366	60	5.5	5.3	5.7	5.3	5.1	5.5	(0.2)	(0.2)	(0.2)
	4032	Castalia Ohori Bay Tower	Morii	2,910	2,881	3,810	3,730	820	848	(80)	5.3	5.1	5.5	5.3	5.1	5.5	0.0	0.0	0.0
	4033	Royal Parks Namba	Daiwa	2,830	2,792	2,980	3,020	190	227	40	6.0	*20)	6.3	5.9	*21)	6.2	(0.1)	—	(0.1)
4034	Castalia Shigahondori	JREI	1,730	1,725	2,020	2,090	360	364	70	5.5	5.3	5.7	5.3	5.1	5.5	(0.2)	(0.2)	(0.2)	
Residential Area 4 Subtotal				48,120	45,144	53,273	53,833	5,713	8,688	560									
Area 3	6001	Urban Living Inage	Daiwa	930	934	1,080	1,130	200	195	50	6.3	6.1	6.5	6.0	5.8	6.2	(0.3)	(0.3)	(0.3)
	6002	Aburatsubo Marina HILLS	JREI	1,100	1150	1,210	1,250	150	99	40	6.4	6.2	6.6	6.2	6.0	6.4	(0.2)	(0.2)	(0.2)
	Residential Area 3 (senior housing property) Subtotal				2,030	2,084	2,290	2,380	350	295	90								
Total				255,376	246,411	269,986	273,723	18,347	27,311	3,737									

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

Total unrealized gain is ¥27,311 million based on book value comparison

Real estate appraisal values have improved for 10 consecutive fiscal periods

- *1) Under "Appraiser," "Tanizawa" is Tanizawa Sogo Appraisal Co., Ltd. "Chuo" is Chuo Real Estate Appraisal Co., Ltd. "Daiwa" is Daiwa Real Estate Appraisal Co., Ltd. and "JREI" is Japan Real Estate Institute, "Morii" is Morii Appraisal & Investment Consulting, Inc.
- *2) 4.8% (1 to 10 years after appraisal dates), 4.9% (11th year after appraisal dates).
- *3) 4.7% (1 to 10 years after appraisal dates), 4.8% (11th year after appraisal dates).
- *4) 5.2% (1 to 10 years after appraisal dates), 5.0% (11th year after appraisal dates).
- *5) 5.1% (1 to 10 years after appraisal dates), 4.9% (11th year after appraisal dates).
- *6) 5.0% (1 to 10 years after appraisal dates), 4.9% (11th year after appraisal dates).
- *7) 4.9% (1 to 10 years after appraisal dates), 4.8% (11th year after appraisal dates).
- *8) 5.6% (1 to 10 years after appraisal dates), 6.0% (11th year after appraisal dates to the expiry of the land lease).
- *9) 5.5% (1 to 10 years after appraisal dates), 5.9% (11th year after appraisal dates to the expiry of the land lease).
- *10) 5.6% (1 to 4 years after appraisal dates), 5.2% (5 to 11 years after appraisal dates).
- *11) 5.5% (1 to 4 years after appraisal dates), 5.1% (5 to 11 years after appraisal dates).
- *12) 5.4% (1 to 10 years after appraisal dates), 5.8% (11th year after appraisal dates to the expiry of the land lease).
- *13) 5.3% (1 to 10 years after appraisal dates), 5.7% (11th year after appraisal dates to the expiry of the land lease).
- *14) 5.5% (1 to 10 years after appraisal dates), 5.9% (11th year after appraisal dates to the expiry of the land lease).
- *15) 5.4% (1 to 10 years after appraisal dates), 5.8% (11th year after appraisal dates to the expiry of the land lease).
- *16) 5.1% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates to the expiry of the land lease).
- *17) 5.0% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates to the expiry of the land lease).
- *18) 5.1% (1 to 10 years after appraisal dates), 5.5% (11th year after appraisal dates to the expiry of the land lease).
- *19) 5.0% (1 to 10 years after appraisal dates), 5.4% (11th year after appraisal dates to the expiry of the land lease).
- *20) 5.9% (1 to 10 years after appraisal dates), 6.3% (11th year after appraisal dates to the expiry of the land lease).
- *21) 5.8% (1 to 10 years after appraisal dates), 6.2% (11th year after appraisal dates to the expiry of the land lease).
- *22) Under direct capitalization method, net operating income for a single period is capitalized by capitalization rate to determine estimated properties value. Under DCF method, future net operating income during multiple consecutive periods and residual value that are discounted to the present value according to the time of occurrence, are summed together to determine estimated properties value.
- *23) Data at February 28, 2015 for properties acquired in 19th fiscal period (ended August 2015), based on appraisal value as of acquisition date. Date of appraisal are April 1, 2015 for Royal Parks SEASIR, Castalia Honkomagome, Pacific Royal Court Minatomirai Urban Tower, L-Place Shinkoyasu and Royal Parks Musasikosugi.

Portfolio Data (as of October 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area1	1001	Qiz Ebisu	4-3-1 Ebisu, Shibuya Ward, Tokyo	5,230.39	96	7,650	3.0	8,070
	1002	Castalia Azabujuban Shichimenzaka	2-7-5 Azabu Juban, Minato Ward, Tokyo	3,492.93	96	4,500	1.8	4,050
	1003	Castalia Shibakoen	3-32-10 Shiba, Minato Ward, Tokyo	2,707.51	75	2,630	1.0	2,010
	1004	Castalia Ginza	1-14-13 Ginza, Chuo Ward, Tokyo	2,226.42	67	2,520	1.0	2,070
	1005	Castalia Hiroo	3-13-3 Nishi Azabu, Minato Ward, Tokyo	1,621.59	24	2,220	0.9	1,770
	1006	Castalia Nihonbashi	11-2 Nihonbashi Kabutocho, Chuo Ward, Tokyo	1,458.73	51	1,200	0.5	1,100
	1007	Castalia Hacchobori	3-27-5 Hatchobori, Chuo Ward, Tokyo	2,969.57	59	2,300	0.9	2,100
	1008	Castalia Azabujuban	2-10-1 Azabu Juban, Minato Ward, Tokyo	2,400.00	51	2,910	1.1	2,580
	1009	Castalia Azabujuban II	2-21-2 Azabu Juban, Minato Ward, Tokyo	2,094.58	66	2,690	1.1	2,430
	1010	Castalia Shinjuku Natsumezaka	10-1 Kikuicho, Shinjuku Ward, Tokyo *6)	1,917.62	41	1,865	0.7	1,650
	1011	Castalia Ginza II	1-23-4 Ginza, Chuo Ward, Tokyo	1,817.56	61	1,800	0.7	1,630
	1012	Castalia Shibuya Sakuragaoka	29-21 Sakuragaokacho, Shibuya Ward, Tokyo	1,123.80	30	1,400	0.5	1,110
	1015	Castalia Nishi Azabu Kasumicho	1-3-12 Nishi Azabu, Minato Ward, Tokyo	2,779.77	37	2,143	0.8	2,080
	1016	Castalia Ochanomizu	3-24-1 Kanda Ogawamachi, Chiyoda Ward, Tokyo	2,559.21	44	1,770	0.7	2,010
	1017	Castalia Sangubashi	4-52-12 Yoyogi, Shibuya Ward, Tokyo	1,898.47	26	1,393	0.5	1,450
	1018	Castalia Suitengu	2-8-13 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,940.94	62	1,279	0.5	1,300
	1019	Castalia Suitengu II	1-38-16 Nihonbashi Kakigaracho, Chuo Ward, Tokyo	1,858.34	55	1,138	0.4	1,170
	1020	Castalia Shintomicho	3-10-10 Irifune, Chuo Ward, Tokyo	1,444.52	40	932	0.4	958
	1021	Castalia Shintomicho II	2-6-4 Irifune, Chuo Ward, Tokyo	1,244.54	33	825	0.3	841
	1022	Castalia Harajuku	3-55-3 Sendagaya, Shibuya Ward, Tokyo	1,225.26	21	887	0.3	864
	1023	Castalia Yoyogi Uehara	1-17-16 Uehara, Shibuya Ward, Tokyo	811.95	25	608	0.2	660
	1024	Castalia Sendagaya	2-9-10 Sendagaya, Shibuya Ward, Tokyo	803.03	21	555	0.2	570
	1025	Castalia Shinjuku 7 chome	7-17-16 Shinjuku, Shinjuku Ward, Tokyo	957.60	23	464	0.2	492
	1027	Castalia Ningyocho	7-15 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,747.90	32	947	0.4	1,130
	1028	Castalia Ningyocho II	8-12 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	1,826.80	38	1,070	0.4	1,280
	1029	Castalia Shin-Ochanomizu	2-3-3 Kanda Awajicho, Chiyoda Ward, Tokyo *6)	1,308.38	32	914	0.4	1,010
	1030	Castalia Higashi Nihonbashi II	12-11 Nihonbashi Tomizawacho, Chuo Ward, Tokyo	2,117.46	63	1,370	0.5	1,570
	1031	Castalia Jinbocho	2-40-8 Kanda Jimbocho, Chiyoda Ward, Tokyo	1,628.80	60	1,160	0.5	1,350
	1032	Castalia Shintomicho III	2-8-8 Irifune, Chuo Ward, Tokyo	972.51	41	675	0.3	714
	1033	Castalia Shinjuku Gyoen	2-14-4 Shinjuku, Shinjuku Ward, Tokyo	3,594.16	108	2,720	1.1	2,910
	1034	Castalia Takanawadai	3-4-12 Takanawa, Minato Ward, Tokyo	1,147.44	32	860	0.3	924

Portfolio Data (as of October 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area1	1035	Castalia Higashi NihonbashiⅢ	3-5-6 Higashi Nihonbashi, Chuo Ward, Tokyo	1,105.20	48	666	0.3	728
	1036	Castalia Shinjuku Gyoen II	1-29-15 Shinjuku, Shinjuku Ward, Tokyo	668.79	27	486	0.2	475
	1037	Castalia ShintomichoⅣ	3-10-8 Irifune, Chuo Ward, Tokyo	681.00	20	400	0.2	421
	1038	Castalia Takanawadai II	3-5-6 Takanawa, Minato Ward, Tokyo	1,567.84	40	1,190	0.5	1,270
	1039	Castalia Minami Azabu	2-2-27 Minami Azabu, Minato Ward, Tokyo	882.67	24	642	0.3	656
	1040	Castalia GinzaⅢ	8-18-2 Ginza, Chuo Ward, Tokyo	3,494.42	96	2,880	1.1	2,800
	1041	Castalia Kayabacho	2-1 Nihonbashi Koamicho, Chuo Ward, Tokyo	4,602.95	88	2,707	1.1	2,910
	1042	Castalia Takanawa	2-17-12 Takanawa, Minato Ward, Tokyo	10,408.26	169	7,430	2.9	7,460
	1043	Castalia Higashi Nihonbashi	9-14 Nihonbashi Yokoyamacho, Chuo Ward, Tokyo	6,442.28	103	3,520	1.4	3,870
	1045	Castalia Shinjuku	2-6-11 Shinjuku, Shinjuku Ward, Tokyo	3,150.80	122	2,950	1.2	3,240
	1046	Castalia Ichigaya	14-4 Ichigaya Yakuojimachi, Shinjuku Ward, Tokyo *6)	1,546.34	50	940	0.4	1,290
	1047	Shibaura Island Bloom Tower	4-20-2, 3, 4, Shibaura, Minato Ward, Tokyo	16,849.50	213	7,580	3.0	8,430
	1048	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	3,077.05	81	2,030	0.8	2,270
	1049	Castalia Hatsudai II	1-33-7, Honmachi, Shibuya Ward, Tokyo	2,339.42	56	1,900	0.7	2,090
	1050	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	1,659.71	36	1,420	0.6	1,610
Area2	2001	Castalia Meguro Kamurozaka	4-31-23 Nishi Gotanda, Shinagawa Ward, Tokyo	4,967.97	125	4,500	1.8	3,980
	2002	Castalia Toritsudaigaku	1-4-1 Midorigaoka, Meguro Ward, Tokyo	863.70	30	648	0.3	546
	2004	Castalia Yukigaya	2-13-3 Higashi Yukigaya, Ota Ward, Tokyo	1,542.30	52	1,110	0.4	1,110
	2005	Castalia Yutenji	2-14-21 Yutenji, Meguro Ward, Tokyo	1,380.35	29	1,450	0.6	1,220
	2006	Castalia Otsuka	3-17-4 Minami Otsuka, Toshima Ward, Tokyo	1,871.70	70	1,480	0.6	1,550
	2007	Castalia Kikukawa	2-1-12 Kikukawa, Sumida Ward, Tokyo	1,168.18	43	817	0.3	780
	2008	Castalia Meguro	2-1-13 Meguro, Meguro Ward, Tokyo	1,414.73	26	844	0.3	910
	2009	Castalia Otsuka II	2-32-20 Higashi Ikebukuro, Toshima Ward, Tokyo	1,784.50	54	1,040	0.4	1,170
	2010	Castalia Jiyugaoka	1-20-1 Jiyugaoka, Meguro Ward, Tokyo	1,472.47	40	1,200	0.5	1,300
	2011	Castalia Mejiro	2-8-16 Takada, Toshima Ward, Tokyo	1,658.90	29	988	0.4	1,020
	2012	Castalia Ikebukuro	3-1-12 Nishi Ikebukuro, Toshima Ward, Tokyo	3,644.35	87	2,570	1.0	2,570
	2013	Castalia Kaname-cho	5-26-10 Nishi Ikebukuro, Toshima Ward, Tokyo	1,624.06	73	1,140	0.4	1,170
	2014	Castalia Tower Shinagawa Seaside	4-10-18 Higashi Shinagawa, Shinagawa Ward, Tokyo	12,732.35	208	7,380	2.9	8,150
	2015	Castalia Yakumo	2-20-5 Yakumo, Meguro Ward, Tokyo	1,276.91	18	857	0.3	734
2016	Castalia Togoshiekimae	1-7-16 Hiratsuka, Shinagawa Ward, Tokyo	2,014.12	64	1,560	0.6	1,860	
2018	Castalia Honjo Azumabashi	3-7-11 Honjo, Sumida Ward, Tokyo	2,255.88	35	996	0.4	1,040	

Portfolio Data (as of October 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area2	2019	Castalia Kitazawa	1-15-5 Kitazawa, Setagaya Ward, Tokyo	1,220.16	15	742	0.3	771
	2020	Castalia Monzennakacho	1-17-12 Fukuzumi, Koto Ward, Tokyo	887.94	31	503	0.2	490
	2023	Castalia Kamiikedai	1-4-15 Kamiikedai, Ota Ward, Tokyo	414.45	12	198	0.1	209
	2024	Castalia Morishita	1-16-12 Morishita, Koto Ward, Tokyo	1,383.90	38	832	0.3	956
	2025	Castalia Wakabayashi koen	4-39-4 Wakabayashi, Setagaya Ward, Tokyo	1,425.43	23	776	0.3	781
	2026	Castalia Asakusabashi	2-16-21 Yanagibashi, Taito Ward, Tokyo	1,537.84	32	792	0.3	869
	2027	Castalia Iriya	3-1-28 Shitaya, Taito Ward, Tokyo	1,415.15	22	546	0.2	614
	2028	Castalia Kita Ueno	1-15-5 Kita Ueno, Taito Ward, Tokyo	4,197.66	102	2,641	1.0	2,520
	2029	Castalia Morishita II	2-12-11 Shin Ohashi, Koto Ward, Tokyo	1,275.60	40	686	0.3	750
	2030	Castalia Minowa	5-24-4 Negishi, Taito Ward, Tokyo	2,406.41	78	1,430	0.6	1,480
	2031	Castalia Oyamadai	7-14-13 Todoroki, Setagaya Ward, Tokyo	857.32	28	533	0.2	578
	2032	Castalia Nakano	2-12-13 Arai, Nakano Ward, Tokyo	1,613.86	42	1,060	0.4	1,170
	2033	Castalia Yoga	1-3-12 Tamagawadai, Setagaya Ward, Tokyo	1,472.38	45	923	0.4	1,080
	2034	Castalia Sumiyoshi	2-8-11 Sumiyoshi, Koto Ward, Tokyo	1,362.60	60	948	0.4	960
	2035	Castalia Monzennakacho II	2-2-9 Tomioka, Koto Ward, Tokyo	3,038.98	94	2,160	0.8	2,530
	2036	Castalia Oshiage	3-5-2 Mukojima, Sumida Ward, Tokyo	1,785.24	60	1,100	0.4	1,090
	2037	Castalia Kuramae	3-9-4 Kuramae, Taito Ward, Tokyo	1,994.93	67	1,260	0.5	1,390
	2038	Castalia Nakanobu	4-7-11 Nakanobu, Shinagawa Ward, Tokyo	2,421.82	83	1,790	0.7	2,550
	2039	Royal Parks Toyosu	3-5-21 Toyosu, Koto Ward, Tokyo	18,112.03	276	7,360	2.9	8,740
	2040	Castalia Togoshi	5-2-1 Togoshi, Shinagawa Ward, Tokyo	2,629.59	120	1,770	0.7	2,470
	2041	Castalia Ooimachi	4-2-11 Ooi, Shinagawa Ward, Tokyo	1,413.75	65	1,181	0.5	1,450
	2042	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	2,046.36	60	1,500	0.6	1,810
	2043	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Toyko	2,640.86	54	1,900	0.7	2,320
	2044	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	3,797.92	70	1,660	0.7	2,150
	2045	Castalia Omori II	1-8-13, Omori kita, Omori Ward, Tokyo	2,818.70	112	2,370	0.9	2,720
	2046	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	3,166.71	101	3,800	1.5	4,290
2047	Castalia Meguro Choijamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	2,123.77	61	2,030	0.8	2,300	
2048	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	1,961.52	55	1,750	0.7	1,880	
2049	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	2,004.80	74	1,520	0.6	1,720	
2050	Morino Tonari	1-1-5, Koyamadai, Shinagawa-ku, Tokyo	1,668.24	28	1,020	0.4	1,150	
2051	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro-ku, Tokyo	1,278.52	38	1,165	0.5	1,240	

Portfolio Data (as of October 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area2	2052	Royal Parks SEASIR	1-16-2, Sakae-chou, Nishiirai, Adachi Ward, Tokyo	17,269.74	260	4,350	1.7	4,740
	2053	Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	2,224.41	67	1,520	0.6	1,610
Area3	3001	Cosmo Heim Musashikosugi	2-8 Kizuki Isecho, Nakahara Ward, Kawasaki City, Kanagawa	4,208.83	59	1,674	0.7	1,860
	3002	Castalia Tsurumi	3-5-10 Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	1,452.09	32	666	0.3	706
	3003	Castalia Funabashi	4-4-8 Honcho, Funabashi City, Chiba	1,552.01	87	704	0.3	765
	3006	Castalia Nishi Funabashi	4-19-16 Nishifuna, Funabashi City, Chiba	1,597.32	81	783	0.3	871
	3007	Castalia Maihama	5-14-17 Fujimi, Urayasu City, Chiba	1,287.72	61	670	0.3	630
	3008	Castalia Ichikawamyoden	2-14-20 Shioyaki, Ichikawa City, Chiba	1,218.00	58	671	0.3	703
	3010	Castalia Urayasu	3-30-4 Arai, Ichikawa City, Chiba	1,074.53	51	592	0.2	608
	3011	Castalia Minamigyotoku	4-1-26 Minami Gyotoku, Ichikawa City, Chiba	1,031.81	49	543	0.2	489
	3012	Castalia Minamigyotoku II	4-1-5 Minami Gyotoku, Ichikawa City, Chiba	724.63	35	385	0.2	337
	3013	Castalia Nogeyama	1-8 Hinodecho, Naka Ward, Yokohama City, Kanagawa *6)	744.90	30	325	0.1	316
	3017	Castalia Ichikawa	1-24-3 Ichikawa, Ichikawa City, Chiba	876.89	40	461	0.2	503
	3018	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	18,153.57	279	5,300	2.1	5,980
	3019	Castalia Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	2,179.80	85	1,680	0.7	1,860
	3020	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi city, Tokyo *6)	21,367.93	192	4,360	1.7	4,630
	3021	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama city, Kanagawa	26,294.49	418	9,100	3.6	10,200
3022	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kangawa Ward , Yokohama city, Kanagawa *6)	3,009.74	115	1,720	0.7	1,920	
3023	Royal Parks Musasikosugi	13-8, Shinjuku-kochi, Nakamaruko-aza, Nakahara Ward, Kawasaki city, Kanagawa *6)	3,808.97	56	1,060	0.4	1,260	
Area4	4001	Castalia Shinsakae	1-11-29 Shin Sakae, Naka Ward, Nagoya City, Aichi	3,548.48	131	1,920	0.8	1,530
	4008	Aprile Tarumi	7-3-1 Takamaru, Tarumi Ward, Kobe City, Hyogo	6,545.25	99	1,340	0.5	1,520
	4009	Crest Kusatsu	5-3-27 Kasayama, Kusatsu City, Shiga	13,452.80	540	3,004	1.2	2,030
	4010	Castalia Sakaisuji Honmachi	1-3-7 Kyutaromachi, Chuo Ward, Osaka City, Osaka	3,471.39	117	1,490	0.6	1,640
	4011	Castalia Shin-Umeda	6-8-21 Nakatsu, Kita Ward, Osaka City, Osaka	3,279.90	108	1,376	0.5	1,470
	4012	Castalia Abeno	2-4-37 Abenosuji, Abeno Ward, Osaka City, Osaka	10,920.75	154	4,368	1.7	4,490
	4014	Castalia Sakae	4-16-10 Sakae, Naka Ward, Nagoya City, Aichi	2,836.00	73	1,010	0.4	1,150
	4015	Castalia Nipponbashi Kouzu	2-4-6 Kouzu, Chuo Ward, Osaka City, Osaka	9,334.47	262	3,570	1.4	3,610

Portfolio Data (as of October 9, 2015)

Area *1)	No.	Property Name	Address (Residence indication)	Leasable Area (m ²) *2)	Leasable Units (units)	Acquisition Price (mn yen) *3)	Acquisition Price Ratio (%) *4)	Appraisal Values (mn yen) *5)
Area4	4016	Castalia Maruyama Urasando	21-1-47 Minami 2 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	1,522.89	36	411	0.2	475
	4017	Castalia Maruyama Omotesando	21-2-1 Kita 1 Jo Nishi, Chuo Ward, Sapporo City, Hokkaido	6,100.31	146	1,740	0.7	1,870
	4018	Castalia Higashi Hie	5-31 Hiemachi, Hakata Ward, Fukuoka City, Fukuoka	3,061.60	115	960	0.4	1,010
	4019	Castalia Tower Nagahoribashi	1-15-25 Shimanouchi, Chuo Ward, Osaka City, Osaka	8,747.40	133	3,400	1.3	4,280
	4020	Castalia Sannomiya	3-2-31 Isobedori, Chuo Ward, Kobe City, Hyogo	3,071.60	112	1,230	0.5	1,430
	4021	Castalia Kotodaikoen	3-10-24 Kokubuncho, Aoba Ward, Sendai City, Miyagi	1,684.10	50	481	0.2	516
	4022	Castalia Ichibancho	1-6-27, 30 Ichibancho, Aoba Ward, Sendai City, Miyagi	2,800.32	68	783	0.3	879
	4023	Castalia Omachi	2-5-8 Omachi, Aoba Ward, Sendai City, Miyagi	2,149.08	72	656	0.3	689
	4024	Castalia Uemachidai	4-1-12 Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	5,415.39	69	2,190	0.9	2,480
	4025	Castalia Tower Higobashi	1-2-24 Tosabori, Nishi Ward, Osaka City, Osaka	6,230.20	194	2,670	1.0	3,480
	4026	Big Tower Minami Sanjo	2-15-1 Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido *6)	8,661.19	179	1,740	0.7	2,390
	4027	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	7,022.69	123	2,260	0.9	2,980
	4028	Castalia Meieki Minami	1-12-22, Meiekininami, Nakamura Ward, Nagoya City, Aichi	1,822.10	70	720	0.3	904
	4029	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	2,784.83	118	930	0.4	1,160
	4030	Castalia Mibu	79, Mibu, Aiai-chou, Nakagyo Ward, Koyto City, Kyoto *6)	2,828.39	78	1,193	0.5	1,420
	4031	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	4,471.11	84	1,208	0.5	1,590
	4032	Castalia Ohori Bay Tower	1-6-6, Minato, Chuo Ward, Fukuoka city, Fukuoka	11,089.75	215	2,910	1.1	3,730
4033	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka city, Osaka	10,354.15	162	2,830	1.1	3,020	
4034	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	5,086.69	128	1,730	0.7	2,090	
Total of Residential Properties (139 properties)				495,821.13	11,343	253,346	99.2	271,343
Area3	6001	Urban Living Inage	327-1, Sanno-cho, Inage Ward, Chiba city, Chiba *6)	*7) 4,177.52	*8) 1	930	0.4	1,130
	6002	Aburatsubo Marina HILLS	1523-1, Shirasu, Misaki town moroisooza, Miura city, Kanagawa *6)	*7) 3,901.14	*9) 1	1,100	0.4	1,250
Total of Residential Properties (senior housing property) (2 property)				8,078.66	2	2,030	0.8	2,380
Total Owned Assets (141 properties)				503,899.79	11,345	255,376	100.0	273,723

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

*2) "Leasable area" is the floor area of the real estate or the real estate in trust that are leasable based on information as of August 31, 2015.

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

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

*5) "Appraisal Values" column indicates real estate appraisal values as of August 31, 2015. Amounts rounded down to ¥ million units.

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

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

*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.

*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.

	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	19th Fiscal Period (ended Aug. 2015)	Variation Between 18th Fiscal Period
Operating days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	+3 days
Operating Revenue	7,746 mn yen	7,612 mn yen	7,971 mn yen	8,316 mn yen	8,578 mn yen	8,693 mn yen	9,356 mn yen	+662 mn yen
[gains from property disposition]	112 mn yen	—	3 mn yen	—	—	—	—	—
Operating Income	3,691 mn yen	3,398 mn yen	3,661 mn yen	3,559 mn yen	3,906 mn yen	3,881 mn yen	3,925 mn yen	+44 mn yen
[losses from property disposition]	—	192 mn yen	—	385 mn yen	—	—	—	—
Ordinary Income	2,724 mn yen	2,529 mn yen	2,780 mn yen	2,704 mn yen	3,082 mn yen	3,081 mn yen	3,146 mn yen	+65 mn yen
Net Income	2,616 mn yen	2,528 mn yen	2,779 mn yen	2,703 mn yen	3,081 mn yen	3,080 mn yen	3,145 mn yen	+65 mn yen
Distribution Per Unit	16,264 yen	16,947 yen	8,300 yen	8,688 yen	8,686 yen	8,691 yen	4,460 yen	—
Payout Ratio	99.8%	107.6%	104.1%	117.8%	105.4%	105.5%	106.0%	+0.5%
Outstanding Units Issued at End of Fiscal Period	160,535 units	160,535 units	351,870 units	373,870 units	373,870 units	373,870 units	747,740 units	+373,870 units
Real Estate Lease Business Revenue	7,633 mn yen	7,612 mn yen	7,968 mn yen	8,316 mn yen	8,578 mn yen	8,693 mn yen	9,356 mn yen	+662 mn yen
Real Estate Expenses Related To Rent Business	3,270 mn yen	3,265 mn yen	3,520 mn yen	3,545 mn yen	3,769 mn yen	3,875 mn yen	4,438 mn yen	+562 mn yen
Real Estate Lease Business Income	4,362 mn yen	4,347 mn yen	4,447 mn yen	4,771 mn yen	4,808 mn yen	4,817 mn yen	4,917 mn yen	+99 mn yen
Rent NOI	5,774 mn yen	5,770 mn yen	5,971 mn yen	6,361 mn yen	6,472 mn yen	6,507 mn yen	6,814 mn yen	+307 mn yen
NOI Yield * 1	5.42%	5.49%	5.42%	5.59%	5.49%	5.53%	5.42%	(0.11)%

<Portfolio at End of Fiscal Period>

Number of Owned Properties	123	123	127	132	134	136	141	+5
Total Acquisition Price	211,035 mn yen	212,692 mn yen	221,091 mn yen	229,981 mn yen	235,361 mn yen	237,626 mn yen	255,376 mn yen	+17,750 mn yen
Leasable Units	9,181 units	9,305 units	9,814 units	10,170 units	10,390 units	10,429 units	11,345 units	+916 units
	[Store: 78 units]	[Store: 82 units]	[Store: 90 units]	[Store: 79 units]	[Store: 101 units]	[Store: 101 units]	[Store: 108 units]	+7 units
Properties Acquired (Disposed) in The Fiscal Period *2	2/ 4,030 mn yen	2/ 5,009 mn yen	4/ 8,400 mn yen	6/ 10,300 mn yen	2/ 5,380 mn yen	2/ 2,265 mn yen	5/ 17,750 mn yen	3/ 15,485 mn yen
Properties Disposed in the Fiscal Period *2	4/ 3,324 mn yen	2/ 3,063 mn yen	0/ 49 mn yen	1/ 990 mn yen	0/ —	0/ —	0/ —	0/ —
Average Occupancy Rate in the Fiscal Period	96.1%	96.7%	96.5%	96.5%	96.5%	96.8%	95.9%	(0.9)%
Occupancy Rate at End of Fiscal Period	96.1%	97.6%	96.7%	96.8%	96.7%	97.1%	95.9%	(1.2)%

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

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

	13th Fiscal Period (ended Aug. 2012)	14th Fiscal Period (ended Feb. 2013)	15th Fiscal Period (ended Aug. 2013)	16th Fiscal Period (ended Feb. 2014)	17th Fiscal Period (ended Aug. 2014)	18th Fiscal Period (ended Feb. 2015)	19th Fiscal Period (ended Aug. 2015)	Variation Between 18th Fiscal Period
Operating days	184 days	181 days	184 days	181 days	184 days	181 days	184 days	+3 days
Total Assets	218,295 mn yen	221,779 mn yen	229,781 mn yen	237,934 mn yen	238,092 mn yen	238,730 mn yen	258,400 mn yen	+19,669 mn yen
Net Assets	91,928 mn yen	91,846 mn yen	103,406 mn yen	111,789 mn yen	111,622 mn yen	111,455 mn yen	111,352 mn yen	(103) mn yen
Unitholders' Capital	41,602 mn yen	41,602 mn yen	53,104 mn yen	61,703 mn yen	61,703 mn yen	61,703 mn yen	61,703 mn yen	—
Total Outstanding Units Issued	160,535 units	160,535 units	351,870 units	373,870 units	373,870 units	373,870 units	747,740 units	+373,870 units
Net Assets Per Unit	572,640 yen	572,127 yen	293,878 yen	299,006 yen	298,560 yen	298,113 yen	148,918 yen	—
Distribution Per Unit	16,264 yen	16,947 yen	8,300 yen	8,688 yen	8,686 yen	8,691 yen	4,460 yen	—
Payout Ratio	99.8%	107.6%	104.1%	117.8%	105.4%	105.5%	106.0%	+0.5%
Return on Assets (ROA) *1	2.5%	2.3%	2.4%	2.3%	2.6%	2.6%	2.5%	(0.1)%
Return on Equity (ROE) *2	5.6%	5.5%	5.6%	5.1%	5.5%	5.6%	5.6%	—
Equity ratio *3	42.1%	41.4%	45.0%	47.0%	46.9%	46.7%	43.1%	(3.6)%
Number of Properties	123	123	127	132	134	136	141	+5
Leasable Units	9,181 units [Store: 78 units]	9,305 units [Store: 82 units]	9,814 units [Store: 90 units]	10,170 units [Store: 79 units]	10,390 units [Store: 101 units]	10,429 units [Store: 101 units]	11,345 units [Store: 108 units]	+916 units [+7 units]
Leasable Area	381,992.54 m ² [Store: 15,581.95 m ²]	383,991.17 m ² [Store: 13,360.86 m ²]	414,829.86 m ² [Store: 14,240.48 m ²]	423,076.61 m ² [Store: 10,218.21 m ²]	446,112.78 m ² [Store: 18,978.50 m ²]	451,292.44 m ² [Store: 18,978.50 m ²]	503,899.79 m ² [Store: 20,314.32 m ²]	+52,607.35 m ² [+1,335.82 m ²]
Average Occupancy Rate in the Fiscal Period	96.1%	96.7%	96.5%	96.5%	96.5%	96.8%	95.9%	(0.9)%
Occupancy Rate at End of Fiscal Period	96.1%	97.6%	96.7%	96.8%	96.7%	97.1%	95.9%	(1.2)%
Current Depreciation and Amortization	1,411 mn yen	1,422 mn yen	1,523 mn yen	1,589 mn yen	1,663 mn yen	1,689 mn yen	1,897 mn yen	+207 mn yen
Rent NOI *4	5,774 mn yen	5,770 mn yen	5,971 mn yen	6,361 mn yen	6,472 mn yen	6,507 mn yen	6,814 mn yen	+307 mn yen
FFO Per Unit *5	25,075 yen	25,828 yen	12,229 yen	12,523 yen	12,700 yen	12,875 yen	6,752 yen	—
Debt Service Coverage Ratio *6	6.1x	6.5x	7.4x	7.4x	8.2x	8.4x	9.3x	+0.9x
Total Interest-bearing Liabilities	121,834 mn yen	125,540 mn yen	121,740 mn yen	121,666 mn yen	121,666 mn yen	122,463 mn yen	141,663 mn yen	+19,200 mn yen
LTV (interest-bearing liabilities/total assets)	55.8%	56.6%	53.0%	51.1%	51.1%	51.3%	54.8%	+3.5%

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

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

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

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

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

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

Assets

(unit: thousand yen)

Category	18th Fiscal Period (as of February 28, 2015)		19th Fiscal Period (as of August 31, 2015)		Variation
		Share (%)		Share (%)	
Assets					
Current assets					
Cash and deposits	3,058,232		3,294,129		235,897
Cash and deposits in trust	3,784,515		4,374,627		590,112
Operating accounts receivable	42,318		85,467		43,148
Prepaid expenses	319,725		348,569		28,844
Deferred tax assets	0		78,484		78,484
Other	18,756		43,078		24,322
Allowance for doubtful accounts	(2,878)		(3,441)		(562)
Total current assets	7,220,669	3.0	8,220,917	3.2	1,000,247
Noncurrent assets					
Property, plant and equipment					
Buildings	28,439,011		28,480,803		41,792
Accumulated depreciation	(2,744,202)		(3,035,187)		(290,983)
Buildings, net	25,694,808		25,445,617		(249,191)
Structures	249,625		251,188		1,562
Accumulated depreciation	(25,085)		(27,929)		(2,843)
Structures, net	224,539		223,259		(1,280)
Machinery and equipment	444,169		456,634		12,464
Accumulated depreciation	(75,853)		(84,389)		(8,534)
Machinery and equipment, net	368,315		372,245		3,930
Tools, furniture and fixtures	663,919		670,176		6,257
Accumulated depreciation	(227,502)		(250,013)		(22,509)
Tools, furniture and fixtures, net	436,417		420,164		(16,252)
Land	21,908,825		21,908,825		0
Construction in progress	0		0		0
Buildings in trust	102,954,580		118,204,930		15,250,349
Accumulated depreciation	(11,487,262)		(12,921,817)		(1,434,554)
Buildings in trust, net	91,467,318		105,283,114		13,815,795
Structures in trust	873,293		954,449		81,156
Accumulated depreciation	(115,786)		(135,317)		(19,529)
Structures in trust, net	757,506		819,133		61,626
Machinery and equipment in trust	1,564,730		1,900,424		335,694
Accumulated depreciation	(506,683)		(572,157)		(65,472)
Machinery and equipment in trust, net	1,058,046		1,328,268		270,221
Tools, furniture and fixtures in trust	402,057		437,363		35,306
Accumulated depreciation	(162,926)		(183,456)		(20,529)
Tools, furniture and fixtures in trust, net	239,130		253,907		14,777
Land in trust	83,507,233		85,002,219		1,494,986
Construction in progress in trust	0		12,000		12,000
Total property, plant and equipment	225,662,142	94.6	241,068,755	93.3	15,406,612

■ Assets

(unit: thousand yen)

Category	18th Fiscal Period (as of February 28, 2015)		19th Fiscal Period (as of August 31, 2015)		Variation
		Share (%)		Share (%)	
Assets					
Intangible assets					
Leasehold rights in trust	3,355,090		5,354,762		1,999,671
Software	2,360		2,326		(33)
Right of trademark	4,090		3,731		(359)
Total intangible assets	3,361,541	1.4	5,360,820	2.1	1,999,279
Investments and other assets					
Long-term prepaid expenses	470,317		445,727		(24,589)
Guarantee deposits	10,195		10,195		0
Lease deposits in trust	1,956,916		3,250,134		1,293,218
Total investments and other assets	2,437,428	1.0	3,706,057	1.4	1,268,628
Total noncurrent assets	231,461,112	97.0	250,135,633	96.8	18,674,520
Deferred assets					
Bonds issuance costs	49,008		43,982		(5,025)
Total Deferred assets	49,008	0.0	43,982	0.0	(5,025)
Total assets	238,730,791	100.0	258,400,533	100.0	19,669,742

Liabilities and Net Assets

(unit: thousand yen)

Category	18th Fiscal Period (as of February 28, 2015)		19th Fiscal Period (as of August 31, 2015)		Variation	
	Share (%)		Share(%)			
Liabilities						
Current liabilities						
Operating accounts payable		400,956		667,598	266,641	
Short-term loans		800,000		10,000,000	9,200,000	
Current portion of long-term loans payable		10,500,000		18,100,000	7,600,000	
Accounts payable-other		114,255		169,783	55,527	
Accrued expenses		505,315		543,089	37,774	
Income taxes payable		605		605	0	
Consumption tax payable		22,707		0	(22,707)	
Advances received		865,272		903,634	38,362	
Deposits received		233,793		258,258	24,465	
Total current liabilities		13,442,905	5.6	30,642,969	11.9	17,200,063
Non current liabilities						
Investment Corporation Bonds		9,000,000		9,000,000	0	
Long-term loans payable		102,163,000		104,563,000	2,400,000	
Tenant leasehold and security deposits		310,390		302,369	(8,020)	
Tenant leasehold and security deposits in trust		1,948,212		2,124,653	176,440	
Asset retirement obligations		410,420		415,079	4,659	
Total noncurrent liabilities		113,832,022	47.7	116,405,102	45.0	2,573,079
Total liabilities		127,274,928	53.3	147,048,071	56.9	19,773,143
Net assets						
Unitholders' equity						
Unitholders' capital		61,703,224		61,703,224	0	
Surplus						
Capital surplus		28,241,587		28,241,587	0	
Reserve for distribution		18,430,566		18,261,746	(168,820)	
Unappropriated retained earnings (undisposed loss)		3,080,483		3,145,903	65,419	
Total surplus		49,752,638		49,649,237	(103,400)	
Total unitholders' equity		111,455,862	46.7	111,352,461	43.1	(103,400)
Total net assets		111,455,862	46.7	111,352,461	43.1	(103,400)
Total liabilities and net assets		238,730,791	100.0	258,400,533	100.0	19,669,742

Notes and Remarks for 19th Fiscal Period

(unit: million yen)

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

Unitholders' Capital and Total Outstanding Units Issued

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

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

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

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

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

(unit: thousand yen)

Category	18th Fiscal Period (Sep. 1, 2014 – Feb. 28, 2015)	19th Fiscal Period (Mar. 1, 2015 – Aug. 31, 2015)	Variation
Operating revenue			
Lease business revenue	8,148,893	8,716,329	567,436
Other lease business revenue	544,685	639,773	95,087
Gain from disposition of properties	0	0	0
Total operating revenue	8,693,579	9,356,103	662,524
Operating expenses			
Expenses related to rent business	3,875,698	4,438,425	562,726
Loss from disposition of properties	0	0	0
Asset management fee	580,268	620,236	39,967
Asset custody fee	21,409	21,424	14
Administrative service fees	56,723	57,810	1,087
Directors' compensations	6,600	6,600	0
Bad debts expenses	514	0	(514)
Provision of allowance for doubtful accounts	2,623	1,223	(1,400)
Other operating expenses	267,951	284,534	16,583
Total operating expenses	4,811,789	5,430,254	618,464
Operating income	3,881,789	3,925,849	44,059
Non-recurring income			
Interest income	467	505	38
Reversal of allowance for doubtful accounts	0	0	0
Other	3,878	4,533	655
Total non-recurring income	4,345	5,039	693
Non-recurring expenses			
Interest expenses	621,771	575,549	(46,222)
Interest expenses on bonds	19,709	32,543	12,834
Retirement of bonds issuance cost	3,244	5,025	1,781
Borrowing related expenses	158,733	169,651	10,918
Unit issuance expenses	0	0	0
Other	1,587	1,608	21
Total non-recurring expenses	805,046	784,379	(20,666)
Ordinary income	3,081,088	3,146,508	65,419
Extraordinary income			
Other	0	0	0
Total extraordinary income	0	0	0
Extraordinary loss			
Impairment losses	0	0	0
Total extraordinary losses	0	0	0
Income before income taxes	3,081,088	3,146,508	65,419
Income taxes-current	605	605	0
Total income taxes	605	605	0
Net income	3,080,483	3,145,903	65,419
Retained earnings brought forward	-	-	-
Unappropriated retained earnings (undisposed loss)	3,080,483	3,145,903	65,419

Financial statements pertaining to distribution of funds

(unit: yen)

Category	18th Fiscal Period (Sep. 1, 2014 – Feb. 28, 2015)	19th Fiscal Period (Mar. 1, 2015 – Aug. 31, 2015)	Variation
I. Unappropriated retained earnings	3,080,483,901	3,145,903,429	65,419,528
II. Reversal of reserve for distribution	168,820,269	189,016,971	20,196,702
III. Distribution amount [Distribution per unit]	3,249,304,170 [8,691]	3,334,920,400 [4,460]	85,616,230 -
IV. Reserve of reserve for distribution	-	-	-
V. Retained earnings carried forward	-	-	-

Breakdown of Real Estate Lease Business Revenue and Expenses

(unit: thousand yen)

Category	18th Fiscal Period (Sep. 1, 2014 – Feb. 28, 2015)	19th Fiscal Period (Mar. 1, 2015 – Aug. 31, 2015)	Variation
A. Real estate lease business revenue			
Lease business revenue			
Rent income	7,872,555	8,422,768	550,212
Common service fees	276,337	293,561	17,223
Subtotal	8,148,893	8,716,329	567,436
Other lease business revenue			
Facility charges	256,430	284,130	27,700
Incidental revenue	45,153	52,750	7,597
Other lease business revenue	243,101	302,892	59,790
Subtotal	544,685	639,773	95,087
Total real estate lease business revenue	8,693,579	9,356,103	662,524
B. Real estate expenses related to rent business			
Expenses related to rent business			
Management fees	857,325	903,562	46,237
Utility expenses	139,291	135,789	(3,501)
Tax and public charges	464,344	489,716	25,372
Repair expenses	180,677	239,183	58,505
Insurance expenses	12,538	14,000	1,462
Restoration cost	220,468	291,732	71,263
Custodian fees	44,685	46,844	2,158
Depreciation and amortization	1,689,906	1,897,265	207,359
Other operating expenses	266,460	420,329	153,869
Total real estate expenses related to rent business	3,875,698	4,438,425	562,726
C. Real estate lease business income (A – B)	4,817,880	4,917,678	99,797

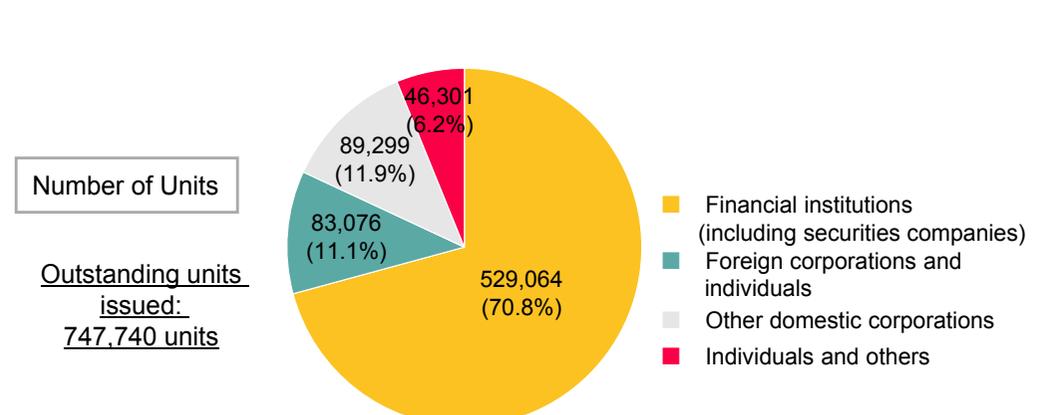
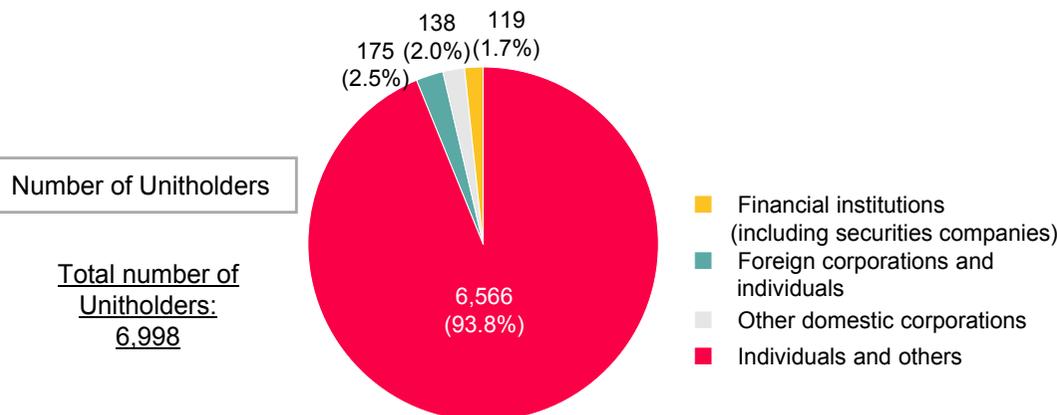
// Statistical Data of Unitholders

Breakdown by Number of Unitholders

Unitholder type	Previous Fiscal Period (18th Fiscal Period) (as of February 28, 2015)		Current Fiscal Period (19th Fiscal Period) (as of August 31, 2015)		Variation
	Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)	Ratio (%)	Number of Unitholders (persons)
Individuals and others	5,966	93.2	6,566	93.8	600
Financial institutions	105	1.6	101	1.4	(4)
Banks and trust banks	54	0.8	52	0.7	(2)
City banks	0	0.0	1	0.01	1
Regional banks	41	0.6	38	0.5	(3)
Trust banks	13	0.2	13	0.2	0
Life insurance companies	9	0.1	9	0.1	0
Non-life insurance companies	3	0.05	3	0.04	0
Other financial	39	0.6	37	0.5	(2)
Credit unions	29	0.5	28	0.4	(1)
Other	10	0.2	9	0.1	(1)
Other domestic corporations	135	2.1	138	2.0	3
Foreign corporations and individuals	174	2.7	175	2.5	1
Securities companies	20	0.3	18	0.3	(2)
Total	6,400	100.00	6,998	100.00	598

Breakdown by Number of Units Held

Unitholder type	Previous Fiscal Period (18th Fiscal Period) (as of February 28, 2015)		Current Fiscal Period (19th Fiscal Period) (as of August 31, 2015)		Variation
	Number of Units (units)	Ratio (%)	Number of Units (units)	Ratio (%)	Number of Units (units)
Individuals and others	23,695	6.3	46,301	6.2	22,606
Financial institutions	257,873	69.0	519,507	69.5	261,634
Banks and trust banks	230,308	61.6	463,248	62.0	232,940
City banks	0	0.0	665	0.1	665
Regional banks	43,163	11.5	87,154	11.7	43,991
Trust banks	187,145	50.1	375,429	50.2	188,284
Life insurance companies	11,923	3.2	23,903	3.2	11,980
Non-life insurance companies	7,311	2.0	14,714	2.0	7,403
Other financial	8,331	2.2	17,642	2.4	9,311
Credit unions	4,524	1.2	9,705	1.3	5,181
Other	3,807	1.0	7,937	1.1	4,130
Other domestic corporations	44,516	11.9	89,299	11.9	44,783
Foreign corporations and individuals	41,533	11.1	83,076	11.1	41,543
Securities companies	6,253	1.7	9,557	1.3	3,304
Total	373,870	100.00	747,740	100.00	373,870



// Major Unitholders of DHI

Name	18th Fiscal Period (as of February 28, 2015)		19th Fiscal Period (as of August 31, 2015)		Variation
	Number of Units Held (units)	Percentage of Total (%)	Number of Units Held (units)	Percentage of Total (%)	
Japan Trustee Services Bank, Ltd. (trust account)	101,772	27.2	211,884	28.3	110,112
Daiwa House Industry Co., Ltd.	37,720	10.1	75,440	10.1	37,720
The Master Trust Bank of Japan, Ltd. (trust account)	31,165	8.3	65,880	8.8	34,715
Trust & Custody Services Bank, Ltd. (securities investment trust account)	22,266	6.0	38,533	5.2	16,267
The Nomura Trust and Banking Co., Ltd. (investment trust account)	13,825	3.7	23,328	3.1	9,503
SCBHK AC DBS VICKERS (HK) LIMITED—CLIENT A/C	6,900	1.8	13,800	1.8	6,900
The Chugoku Bank, Ltd.	6,471	1.7	12,942	1.7	6,471
The Fuji Fire and Marine Insurance Co., Ltd.	6,265	1.7	12,530	1.7	6,265
Trust & Custody Services Bank, Ltd. (money trust tax account)	5,691	1.5	11,103	1.5	5,412
THE BANK OF NEW YORK—JASDECNON—TREATY ACCOUNT	5,495	1.5	11,046	1.5	5,551
Total	237,570	63.5	476,486	63.7	238,916

// Questionnaire for Unitholders in 18th Fiscal Period

A questionnaire was sent to all unitholders together with the asset management report for the 18th fiscal period, and completed questionnaires were returned by 1,691 unitholders (26.4% of the total).

Gender	「Male」 74%, 「Female」 26%, 「No answer」 0.1%
Age	「60 and over」 56%, 「50s」 19%, 「40s」 15%
Occupation	「Unemployed/retired」 33%, 「Company employee」 25%, 「Full-time homemaker」 13%, 「Self-employed」 11%

Reason for investing in DHI (*)	「Distribution yield」 66%, 「Creditworthiness of sponsor」 36%, 「Growth potential」 22%, 「Low unit price」 20%, 「Comparison with other REITs」 19%, 「Recommendation by securities company」 17%
Approach to investing in DHI	「Long-term holding」 65%, 「Long-term holding + Increasing investment」 20%, 「Increasing investment」 4%
Reasons for Increasing and long-term holding (*)	「Stability of distributions」 74%, 「Expectation of rise in unit price」 32%, 「Creditworthiness of sponsor」 30%, 「High quality of owned properties」 16%, 「Special Benefit Program for Unitholders」 15%
Highest priority in investment approach decision (*)	「Distribution yield」 81%, 「Profitability」 36%, 「Creditworthiness of sponsor」 28%, 「Track record」 25%, 「Quality of owned properties」 21%, 「Unit price」 20%

*) Multiple answers allowed.

// Initiatives based on the Feedback from Unitholders

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

// Implementing Split of Investment Units

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

// Introducing a Special Benefit Program for Unitholders

- From the 15th fiscal period (ended August 2013), DHI launched a special benefit program for unitholders.
- Targeting unitholders who are recorded on the list of unitholders of DHI at the end of each fiscal period (the end of February and August of each year)
- Regardless of the number of units held, all eligible unitholders shall receive one hotel discount ticket at the 27 Daiwa Royal Hotels (for two or more persons per room), which are operated all over the country by Daiwa Resort Co., Ltd. (a wholly-owned subsidiary of Daiwa House Industry Co., Ltd.) without limitation to the term of validity (The ticket will be included in the Asset Management Report and is scheduled to be sent to eligible unitholders in mid-May and mid-November each year.).

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

Period	Price list (two or more persons per room) (room rates per person)	
	One night's stay with breakfast	One night's stay with breakfast and dinner
December 1, 2015 – May 31, 2016	7,780 yen	12,500 yen

(Exclusion periods)

December 31, 2015 through January 2, 2016, May 3, 2016 through May 4, 2016, and other periods specified by each of the hotels.

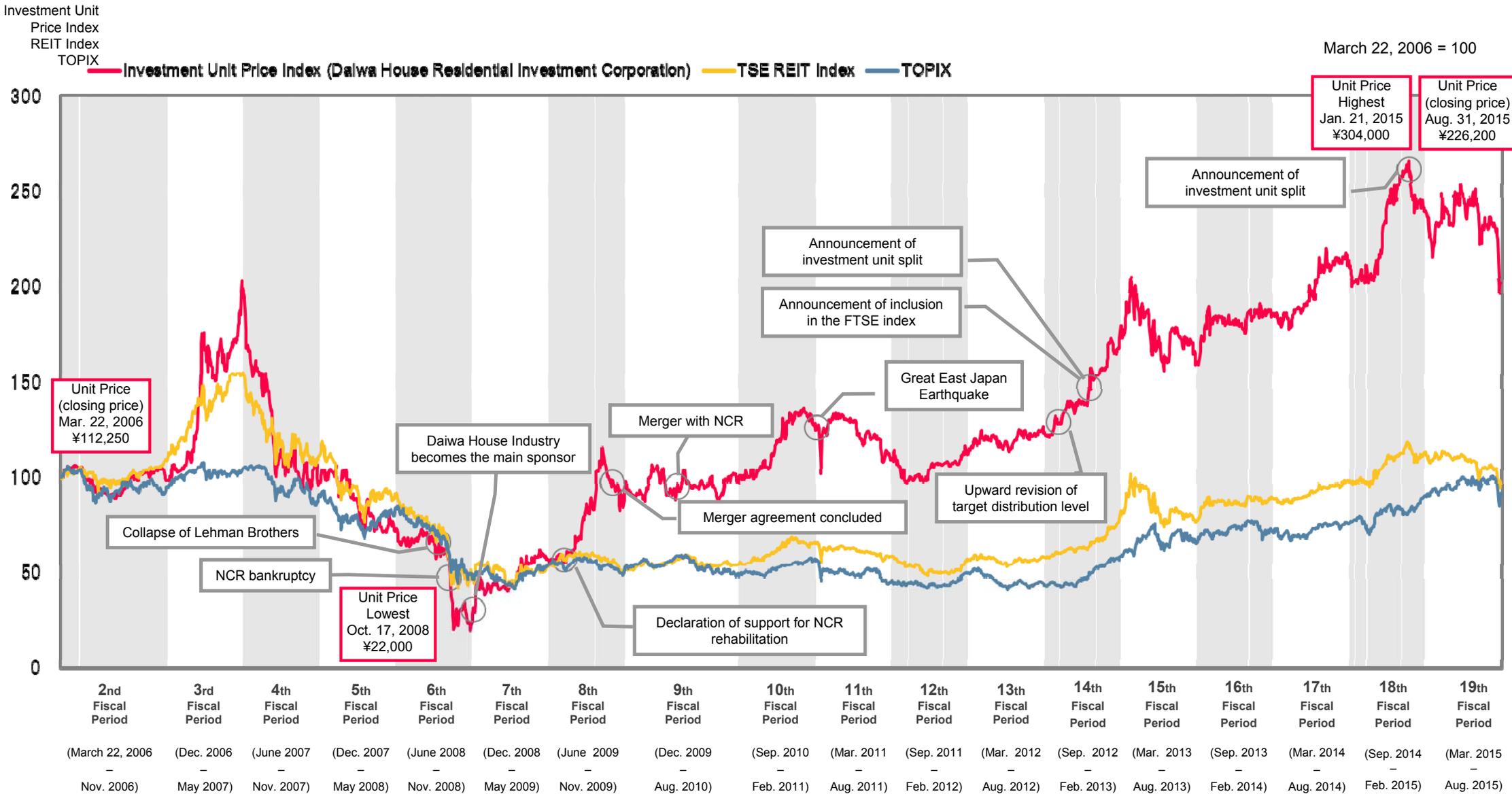


[Okinawa Zanpamisaki Royal Hotel]

// Introducing Cumulative Investment Program to Officers and Employees

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

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



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

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

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

- This document is provided for information purposes only and is not intended as a solicitation to invest or a recommendation to trade in a specific security. Please contact a financial product brokerage company if you are interested in purchasing the investment units of Daiwa House Residential Investment Corporation (“DHI”).
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