

Financial Results for the Fiscal Period Ended August 31, 2017 (March 1, 2017 - August 31, 2017)

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

Listing: Tokyo Stock Exchange
 Securities code: 8984
 URL: <http://www.daiwahouse-reit.co.jp/en/>
 Representative: Jiro Kawanishi, Executive Director
 Asset manager: Daiwa House Asset Management Co., Ltd.
 Representative: Koichi Tsuchida, President and CEO
 Inquiries: Haruto Tsukamoto, Director and CFO
 TEL: +81-3-3595-1265

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 Scheduled date of starting distribution payments: November 8, 2017
 Supplementary materials for the financial results provided: Yes
 Results briefing for the period: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial results for the fiscal period ended August 31, 2017 (March 1, 2017 - August 31, 2017)

(1) Operating results

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended August 31, 2017	21,015	19.9	9,392	68.7	7,974	78.2	7,968	81.4
Fiscal period ended February 28, 2017	17,531	80.9	5,567	40.6	4,474	39.2	4,393	36.7

	Basic earnings per unit	Return on equity (ROE)	Ordinary income to total assets ratio	Ordinary income to operating revenues ratio
	Yen	%	%	%
Fiscal period ended August 31, 2017	4,772	2.3	1.2	37.9
Fiscal period ended February 28, 2017	2,891	2.0	1.0	25.5

(Note) Please refer to “Per Unit Information” on page 44 for the number of investment units used as the basis for calculating basic earnings per unit.

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings per unit)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets ratio
	Yen	Millions of yen	Yen	Millions of yen	%	%
Fiscal period ended August 31, 2017	4,964	8,389	0	0	104.0	2.3
Fiscal period ended February 28, 2017	4,800	7,292	0	0	166.0	2.6

(Note 1) For the fiscal period ended August 31, 2017, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,980 million and the accumulation of reserve for distribution of ¥1,559 million, and differ from “profit.”

(Note 2) For the fiscal period ended February 28, 2017, the funds from which distributions are paid out are the amount including the reversal of reserve for distribution of ¥2,920 million and the accumulation of reserve for distribution of ¥21 million, and differ from “profit.”

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2017	682,359	377,321	55.3	223,267
As of February 28, 2017	604,142	330,304	54.7	217,408

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended August 31, 2017	20,128	(73,318)	68,019	35,357
Fiscal period ended February 28, 2017	8,786	(23,007)	2,781	20,527

2. Forecasts of operating results for the fiscal period from September 1, 2017 to February 28, 2018 and for the fiscal period from March 1, 2018 to August 31, 2018

(Percentage figures represent period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Profit		Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending February 28, 2018	19,540	(7.0)	7,792	(17.0)	6,556	(17.8)	6,552	(17.8)	5,050	0
Fiscal period ending August 31, 2018	19,621	0.4	7,566	(2.9)	6,303	(3.9)	6,298	(3.9)	4,900	0

(Reference) Forecasted basic earnings per unit

For the fiscal period ending February 28, 2018: ¥3,877

For the fiscal period ending August 31, 2018: ¥3,727

(Note 1) For the fiscal period ending February 28, 2018, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,982 million, and differ from “profit.”

(Note 2) For the fiscal period ending August 31, 2018, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,982 million, and differ from “profit.”

* **Other**

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

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

(2) Total number of investment units issued

- a. Total number of investment units issued at the end of the period (including treasury investment units)
 - As of August 31, 2017 1,690,000 units
 - As of February 28, 2017 1,519,280 units
- b. Number of treasury investment units at the end of the period
 - As of August 31, 2017 0 units
 - As of February 28, 2017 0 units

(Note) Please refer to “Per Unit Information” on page 44 for the number of investment units used as the basis for calculating basic earnings per unit.

* **Status of auditing procedures**

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

Accordingly, as of the time of disclosure of this financial results report, DHR had not completed auditing procedures pursuant to the FIE Act.

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

The forward-looking statements, including operating results forecasts, contained in these materials are based on information currently available to DHR, and on certain assumptions deemed reasonable by DHR. The actual operating and other results may differ significantly from those presented herein as a consequence of numerous factors. These forecasts also do not guarantee the amount of distributions. Please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2018 and August 31, 2018” on pages 10 and 11 for information on assumptions for the forecasts of operating results.

Disclaimer:

This English translation has been prepared for general reference purposes only. DHR shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text released on October 18, 2017.

1. The Investment Corporation and Related Corporations

As there have been no significant changes with respect to the “Scheme of Investment Corporation” from such content provided in the latest Securities Report (submitted on May 26, 2017; prepared in Japanese only), such disclosure has been omitted.

2. Operating Policies and Results

(1) Operating Policies

As there have been no significant changes with respect to the “Investment Policy,” “Investment Targets,” and “Distribution Policy” from such content provided in the latest Securities Report (submitted on May 26, 2017; prepared in Japanese only), such disclosure has been omitted.

(2) Operating Results

i) Summary of results for the current fiscal period

A. Transition of the Investment Corporation

DHR is a real estate investment trust (J-REIT) whose sponsor is Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”), and whose asset manager is Daiwa House Asset Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), a wholly owned subsidiary of Daiwa House.

DHR was listed on the Real Estate Investment Trust (REIT) Market of the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) on March 22, 2006, and then later merged with New City Residence Investment Corporation (hereinafter referred to as “NCR”) on April 1, 2010 (hereinafter referred to as “the merger with NCR”). Subsequently on December 1, 2011, the corporate name was changed to Daiwa House Residential Investment Corporation (the corporation prior to change of corporate name to “Daiwa House REIT Investment Corporation” is hereinafter referred to as the “former DHI”), and accordingly changed its investment targets to residential properties.

The former Daiwa House REIT Investment Corporation (the Daiwa House REIT Investment Corporation which was dissolved upon having merged with DHR as of September 1, 2016, is hereinafter referred to as the “former DHR”) was established on September 14, 2007, whose asset manager was Daiwa House REIT Management Co., Ltd., a wholly owned subsidiary of Daiwa House. The former DHR was listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on November 28, 2012, as a REIT that targets investment in logistics and retail properties.

Accordingly, leveraging their individual strengths and drawing on sponsor support of the Daiwa House Group^(Note), both DHR and the former DHR (hereinafter collectively referred to as the “Investment Corporations”) accumulated asset management results geared to securing stable income over the medium to long term and steadily growing their assets. However, as of September 1, 2016, DHR conducted an absorption-type merger (hereinafter referred to as the “Merger”) whereby the former DHI was the surviving corporation and the former DHR was the absorbed corporation, shifted to a diversified REIT portfolio that targets investment in new asset classes such as hotel and office properties, in addition to those that the Investment Corporations had targeted for investment in the past, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation with the aim of sustainably increasing unitholder value going forward.

(Note) The Daiwa House Group comprises Daiwa House, which is the parent company, 252 consolidated subsidiaries, 3 non-consolidated subsidiaries, 29 equity-method affiliates and 2 non-equity-method affiliates as of June 30, 2017. The Asset Manager is a member of the group. The same shall apply hereinafter.

B. Performance for the current fiscal period

In its first capital increase through public offering since the Merger, DHR raised ¥46.4 billion, and through a combination of funds raised through capital increase through public offering and loans, on April 11, 2017, 15 properties were acquired through the Daiwa House Group's pipeline for a total acquisition price of ¥67.9 billion. Furthermore, in July and August, 2017, to replace its assets owned, DHR sold seven residential properties for a total sales price of ¥10.1 billion and acquired two retail properties for a total acquisition price of ¥5.4 billion. As a result, DHR's portfolio as of the end of the current fiscal period consists of 199 properties with an asset value of ¥577.7 billion^(Note 1).

Concerning actual performance of owned assets in the current fiscal period, DHR's occupancy rate at the end of the fiscal period was 99.2%, and a high level of rental revenues was maintained.

Furthermore, as a result of property sales from the replacement of assets owned, gain on sale of real estate properties amounted to ¥1,536 million. As a result, operating revenues amounted to ¥21,015 million, ¥1,674 million higher than the forecast of results disclosed in the financial results report for the fiscal period ended February 28, 2017 (referred to as the "forecast of results" in "B. Performance for the current fiscal period").

Regarding rental expenses, on the other hand, DHR brought forward part of the repairs and maintenance expenses and restoration costs, etc. that had been scheduled for the next fiscal period onward in view of reducing the future cost burden. Nevertheless, DHR's efforts to reduce general and administrative expenses and other costs led to operating income of ¥9,392 million, up ¥1,722 million from the forecast of results, and profit of ¥7,968 million, up ¥1,838 million from the forecast of results.

(Note 1) "Asset value" is the aggregate total of the acquisition prices^(Note 2) of respective assets held by DHR at respective points in time, except as otherwise noted. The same shall apply hereinafter.

(Note 2) "Acquisition prices" are the purchase prices stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and duties, consumption taxes, or leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, which were the prices received at the time of the merger with the former DHR. The "total acquisition price" has been rounded down to the nearest unit. The same shall apply hereinafter.

C. Overview of financing

To provide for ¥3,000 million in redemptions for the 1st Unsecured Investment Corporation Bonds of Daiwa House Residential Investment Corporation maturing on March 9, 2017, DHR conducted debt financing for the full amount of redemptions, and on March 31, 2017, to provide for the repayment of ¥15,095 million in loans that became due on March 31, 2017, and to provide for the early repayment of ¥6,000 million in short-term loans, conducted debt financing in the amount of ¥21,000 million. Furthermore, to provide for some of the acquisition costs and the related expenses for the acquisition of properties through the Daiwa House Group's pipeline (total acquisition price of ¥67.9 billion), conducted debt financing totaling ¥29,500 million on April 11, 2017, and on July 31, 2017, conducted additional debt financing of ¥12,100 million for the repayment of ¥12,400 million in loans that became due on the same date.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥282,268 million (loan balance: ¥266,268 million, investment corporation bond balance: ¥16,000 million), which is an increase of ¥29,105 million in comparison with the previous fiscal period. As of the end of the current fiscal period, its LTV (including goodwill)^(Note 1) was 41.4%, and its LTV (excluding goodwill)^(Note 2) was 46.5%.

(Note 1) "LTV (including goodwill)" is obtained using the following formula. The same shall apply hereinafter.

$$\text{LTV (including goodwill)} = \frac{\text{total amount of interest-bearing debt (borrowings + investment corporation bonds)}}{\text{total assets (including goodwill)}} \times 100$$

(Note 2) "LTV (excluding goodwill)" is obtained using the following formula. The same shall apply hereinafter.

$$\text{LTV (excluding goodwill)} = \frac{\text{total amount of interest-bearing debt (borrowings + investment corporation bonds)}}{\text{total assets (excluding goodwill)}} \times 100$$

The credit ratings of DHR as of the date of this financial results report are as follows:

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

D. Difference between real estate appraisal value and book value

The total appraisal value of assets held at the end of the current fiscal period was ¥622,424 million, and the amount of unrealized gain^(Note) on the portfolio, which is the difference compared to the book value was ¥59,410 million, mainly reflecting a decline in the capitalization rate used in determining the appraisal value.

(Note) “Unrealized gain” is the positive valuation difference when the appraisal value exceeds the book value of real estate properties (excluding construction in progress and construction in progress in trust). (Negative valuation difference is referred to as unrealized loss.) The same shall apply hereinafter. Please note that unrealized gain is not guaranteed to be realized as a result of the sales of real estate.

E. Overview of financial results

As a result of the abovementioned investment management activities, in the current fiscal period, DHR posted operating revenues of ¥21,015 million, operating income of ¥9,392 million, ordinary income of ¥7,974 million, and profit of ¥7,968 million (¥4,714 per investment unit).

Furthermore, based on its distribution policy, DHR reversed ¥1,980 million (¥1,172 per investment unit) as the amount equivalent to amortization of goodwill from retained earnings for temporary difference adjustment to top up profit, while at the same time, ¥1,559 million (¥923 per investment unit) recorded as gain on sale of real estate properties and refunded consumption taxes relating to properties that DHR acquired in prior years was accumulated as reserve for distribution. As a result, total distributions amounted to ¥8,389 million (¥4,964 per investment unit).

ii) Outlook for next fiscal period

A. Investment environment

During the current fiscal period, the Japanese economy continued on a gradual trend of recovery. According to the quarterly Financial Statements Statistics of Corporations by Industry, corporate earnings for April to June 2017 showed sales rising 1.0% from the previous quarter, for the fourth consecutive quarterly increase. Ordinary income rose 4.0% from the previous quarter, rising for the fifth consecutive quarter. Despite a sense of uncertainty in conditions overseas, capital expenditure overall was being underpinned by investment in rationalization and labor saving against the backdrop of strong corporate results and labor shortages, and is expected to remain firm going forward. According to the GDP growth rate for April to June 2017 (the 2nd preliminary), real GDP was up by 0.6% (2.5% annualized), which was positive growth for six consecutive quarters, meaning that the Japanese economy is firm. Consumer spending is generally lacking strength but consumption is on a rise on account of steady improvements in the employment and personal income environments, and it is expected to recover gently in the future. Furthermore, looking toward the future, while the Japanese economy is expected to continue its gradual recovery, amidst expectations for overall stability in the economies of the United States and major European countries, in addition to concerns over a slowdown in the Chinese economy, the situation in North Korea is creating geopolitical risk, and we must continue to be aware of the effects on the Japanese economy if these risks materialize.

In Japan’s real estate market, according to the Land Value LOOK Report for the second quarter of 2017 (April 1, 2017 to July 1, 2017) released by the Ministry of Land, Infrastructure, Transport and Tourism in August 2017, among the 100 intensively used districts of major cities, land value rose in 86 districts (compared with 85 districts in the first quarter of 2017), stayed flat in 14 districts (compared with 15 districts in the first quarter of 2017), and dropped in 0 districts (compared with 0 districts in the first quarter of 2017). Therefore, the districts maintaining rising prices were roughly a little over 80%. The main reason that the percentage of districts with rising prices maintained such a high level was a continuing strong real estate investment sentiment reflecting a favorable financing

environment owing to monetary easing, etc. on the back of a continuing favorable office market condition particularly in the three major metropolitan areas, ongoing large-scale redevelopment projects, and continuing high-level demand of visitors to Japan for consumption and accommodation.

In the J-REIT market, since entering 2017, the Tokyo Stock Exchange REIT Index (1,855.83 points at the end of last year) trended weakly overall due to concerns over higher domestic long-term interest rates given the trend in monetary policy overseas. Additionally, according to trends in transactions by investor type released by the Tokyo Stock Exchange, investment units for J-REIT investment trusts experienced net selling in and after April, leading the Tokyo Stock Exchange REIT Index to fall to 1,620.38 points on July 14 (a 13% decline since the start of the year). However, the index recovered to 1,700 points by the end of July.

Under the aforementioned environment, the investment environment is expected to continue to be a tough environment for property acquisitions due to lowering capitalization rates used in real estate appraisals, rising land prices, soaring construction costs, and other factors. Nevertheless, DHR will continue to actively acquire high quality properties while making use of the Daiwa House Group's integrated capabilities, and real estate development knowhow.

B. Future operating policies and issues to be addressed

(a) Growth strategy

DHR now targets a broader range of investments due to its shift to a diversified REIT portfolio as a result of the Merger (thereby enhancing external growth potential). Consequently, DHR has achieved swift external growth, having acquired 24 new properties over the roughly one year since the Merger (at a total acquisition price of ¥96.1 billion). Also, DHR made acquisitions of a multi-use complex consisting of hotel and offices, in addition to existing built-to-suit (BTS) logistics properties^(Note 1), residential properties, and retail properties since the Merger, and subsequently also acquired its first multi-tenant logistics property^(Note 2) in April 2017. DHR believes that acquiring various types of assets will enable it to diversify its portfolio and generate income more consistently.

Moreover, DHR's asset holdings now include properties such as logistics and retail properties as a result of the Merger, in addition to its previous holdings of residential properties. As such, DHR reckons that its portfolio of asset holdings as of the date of this financial results report promises high occupancy rates across all asset classes, which in turn is likely to generate stable rent income going forward. Accordingly, DHR also deems that it will be able to diversify the portfolio by investing in an extensive range of asset classes featuring varying risk-return profiles, and also that it will be able to boost portfolio income and generate more consistent cash flows as a result of diversifying the portfolio and mitigating risk of excessive reliance on a limited number of tenants by increasing the asset value of the portfolio.

In addition, DHR is committed to steadily promoting external growth through a strategy that involves hastening the pace of growth by leveraging value chains of the Daiwa House Group, in conjunction with efforts to acquire assets by drawing on information channels proprietary to the Asset Manager, thereby making the most of the Daiwa House Group's ample pipeline going forward.

(Note 1) "Built-to-suit (BTS) logistics properties" are logistics properties that have been customized to tenant needs, while maintaining general versatility to accommodate successor tenants in the future. The same shall apply hereinafter.

(Note 2) "Multi-tenant logistics properties" are logistics properties that have been situated on sites suitable to the logistics needs of various businesses, and that offer facility size, grade, and equipment optimal to such sites. The same shall apply hereinafter.

(b) Distribution policy

As of the end of the current fiscal period, DHR had a total of ¥35,228 million in tax loss carryforwards^(Note 1), ¥14,748 million in retained earnings for temporary difference adjustment (before reversal for the current fiscal period; the amount after reversal is ¥12,767 million), and ¥57 million in reserve for distribution (before accumulation for the current fiscal period; the amount after accumulation is ¥1,617 million).

As a result of partial revisions to the “Regulations on Accounting of Investment Corporations” and The Investment Trusts Association, Japan’s “Rules on Real Estate Investment Trusts and Real Estate Investment Corporations,” DHR intends for ¥14,748 million, itemized as gains on negative goodwill, to be transferred in retained earnings for temporary difference adjustment, and, from the fiscal period ended August 31, 2017 onward, for an amount, inside the scope of the said reserve, that equals or exceeds the fifty-year-uniform amount to be reversed in each fiscal period and distributed.

In situations where there has been gain on sale of real estate properties, and so forth, and where profit for the period has been higher than initially expected, DHR has accumulated all or part of that profit as reserve for distribution by utilizing tax loss carryforwards.

In order to make earnings distributions deductible for tax purposes, J-REITs must distribute more than 90% of distributable earnings, but J-REITs that have tax loss carryforwards can reduce their taxable income to the extent of tax loss carryforwards. By utilizing tax loss carryforwards inherited from the merger with NCR, DHR is able to accumulate all or part of profit in cases where profit exceeds the initial forecast due to gain on sale of real estate properties without having taxes imposed until August 2018 to the extent that the tax loss carryforwards are available^(Note 1).

DHR changed part of its distribution policy in the fiscal period ended February 28, 2017 and reverses the amount equivalent to amortization of goodwill from the retained earnings for temporary difference adjustment and uses this to top up profit.

In case profit falls below the initially expected amount due to losses incurred in special cases such as loss on sale of real estate properties, in case of the dilution of distribution due to capital increase, in case sufficient revenues could not be secured due to short operation periods of properties acquired during a fiscal period along with a capital increase, or in the case of extraordinary expenses such as issuance expenses arising, DHR plans to reverse the retained earnings for temporary difference adjustment^(Note 2).

Goodwill recognized from the Merger is amortized over 20 years using the straight-line method. As described above, although DHR plans to reverse the amount equivalent to amortization of goodwill from the retained earnings for temporary difference adjustment and distribute it, after the reversal of the retained earnings for temporary difference adjustment is complete, DHR plans to pay distributions in excess of earnings of the amount equivalent to amortization of goodwill (distribution of retained earnings for temporary difference adjustment).

DHR’s policy is to flexibly utilize loss carryforwards and retained earnings and subsequently pay distributions in excess of earnings (distribution of retained earnings for temporary difference adjustment) to realize stabilization of distributions on a medium- to long-term basis^(Note 3) while ensuring the level of distributions not impacted by the amortization of goodwill that accompanied the Merger.

(Note 1) The carryforward period of loss carryforwards inherited from the merger with NCR is until the end of the fiscal period ending August 31, 2018. In addition the loss carryforwards inherited from the former DHR as a result of the Merger is ¥507 million and the carryforward period for such loss carryforwards will be until the end of the fiscal period ending February 28, 2021.

(Note 2) DHR’s reversals of retained earnings for temporary difference adjustment do not fall under distributions in excess of earnings (return of unitholders’ capital).

(Note 3) Under the above distribution policy, DHR has the policy to stabilize distributions. However, it is not intended as a guarantee or promise of the payment of distribution and amounts thereof.

C. Financial strategy

DHR seeks as its basic policy to execute a well-planned and flexible financial strategy with the aim of ensuring sustainable profits on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.

DHR is also working to improve the stability of its financial base by maintaining and expanding its strong lender formation through initiatives geared toward diversifying methods of raising capital through issuance of investment corporation bonds, and by promoting use of long-term fixed rates on interest-bearing debt and staggering repayment dates.

D. Forecasts of operating results for the fiscal periods ending February 28, 2018 and August 31, 2018

	Operating revenues	Operating income	Ordinary income	Profit	Distributions per unit (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Fiscal period ending February 28, 2018	19,540	7,792	6,556	6,552	5,050	0
Fiscal period ending August 31, 2018	19,621	7,566	6,303	6,298	4,900	0

(Note 1) For the fiscal period ending February 28, 2018, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,982 million, and differ from “profit.”

(Note 2) For the fiscal period ending August 31, 2018, the funds from which distributions are paid out are the amount including the reversal of retained earnings for temporary difference adjustment of ¥1,982 million, and differ from “profit.”

For the assumptions for the forecasts above, please refer to “Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2018 and August 31, 2018” on pages 10 and 11. Due to changes in the circumstances surrounding DHR, actual operating revenues, operating income, ordinary income, profit, distributions per unit and distributions in excess of earnings per unit may change. Furthermore, these forecasts do not guarantee the amount of distributions.

iii) Significant events after balance sheet date

Not applicable.

(3) Investment Risk

As there have been no significant changes in the “Investment Risk” as described in the Securities Report submitted on May 26, 2017 (prepared in Japanese only), the disclosure is omitted.

Assumptions for Forecasts of Operating Results for the Fiscal Period Ending February 28, 2018 and August 31, 2018

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending February 28, 2018: (181 days from September 1, 2017 to February 28, 2018) Fiscal period ending August 31, 2018: (184 days from March 1, 2018 to August 31, 2018)
Portfolio	<ul style="list-style-type: none"> DHR has assumed that there will be no changes (meaning acquisition of new properties or sale of acquired properties) until August 31, 2018 in 199 properties (hereinafter referred to as the “composition of the portfolio”), which are real estate and trust beneficiary interests in real estate held by DHR as of the date of this financial results report. Changes in the composition of the portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> Operating revenues include revenues from rent, common area charges, parking lot usage fees, incidental revenues, utilities charge reimbursements and key money, etc. Each of these items is calculated based on past records and future estimate. DHR has assumed no delinquencies or non-payment of rents by tenants.
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> Operating expenses mainly comprise rental expenses. Those expenses, excluding depreciation of the current properties, are calculated based on past performance, making certain adjustments as appropriate considering factors causing changes in expenses. DHR has assumed that DHR will incur depreciation expenses of ¥3,737 million for the fiscal period ending February 28, 2018 and ¥3,752 million for the fiscal period ending August 31, 2018. These figures are calculated using the straight-line method with incidental expenses added to purchase prices of non-current assets. DHR has estimated property tax, city planning tax and depreciation asset tax at ¥1,202 million for the fiscal period ending February 28, 2018 and ¥1,446 million for the fiscal period ending August 31, 2018. Property tax and city planning tax that will be paid by DHR and the former owner (former beneficiary) on a pro rata basis according to the number of days of ownership due to the acquisition of real estate, etc. are not booked under expenses, since such taxes are included in the acquisition cost. DHR has assumed that DHR will incur certain repairs and maintenance expenses in each fiscal period based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager. However, actual repairs and maintenance expenses in each fiscal period may differ substantially from DHR’s forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by unforeseeable factors, (ii) generally, there is a substantial difference in expenses incurred between each fiscal period, and (iii) expenses are not incurred based on a regular schedule. Selling, general and administrative expenses are estimated based on the actual values or rates, etc., of each item individually.
Amortization of goodwill	<ul style="list-style-type: none"> Amortization of goodwill is estimated at ¥1,982 million for the fiscal period ending February 28, 2018 and ¥1,982 million for the fiscal period ending August 31, 2018.
Non-operating expenses	<ul style="list-style-type: none"> DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥1,238 million for the fiscal period ending February 28, 2018 and ¥1,264 million for the fiscal period ending August 31, 2018.

Item	Assumptions
Extraordinary losses	<ul style="list-style-type: none"> A case was brought against DHR regarding D Project Shin-Misato by Asahi Security Co., Ltd., the tenant of that property, through Mitsubishi UFJ Trust and Banking Corporation, the trustee of the property, concerning claims for rent reduction of an amount 16% less than the current rate from May 2014 onward (hereinafter referred to as the “Case”). The Case was heard at the Tokyo District Court on June 27, 2014, and the Tokyo District Court rendered the judgment on July 24, 2017, ordering DHR to confirm the reduction of the current level of rent by approximately 6% for the period from May 2014 onward. Due to differences between the judgment and the details of DHR’s claim, on August 4, 2017, DHR appealed the judgment in the Tokyo High Court through the trustee. DHR has calculated provision for loss on litigation of ¥3 million for the fiscal period ending February 28, 2018 and ¥4 million for the fiscal period ending August 31, 2018 based on rent judged most likely as of the date of this financial results report after giving comprehensive consideration to how the Case has unfolded. (The amounts include the statutory interest applicable to the reduction portion of rent, including that of prior years.)
Interest-bearing debt	<ul style="list-style-type: none"> As of the date of this financial results report, the balance of interest-bearing debt was ¥282,268 million. DHR has assumed long-term loans of ¥16,000 million that become due by February 28, 2018 will be fully refinanced. Other than the above, DHR has assumed the balance of outstanding interest-bearing debt will be unchanged until August 31, 2018.
Investment units	<ul style="list-style-type: none"> The total number of investment units is based on DHR’s assumption of 1,690,000 units, which is the number of investment units issued as of the date of this financial results report. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until August 31, 2018.
Distributions per unit	<ul style="list-style-type: none"> For distributions (distributions per unit), DHR has assumed that a distribution is made with limits of the amount of earnings or less in accordance with the distribution policy prescribed in DHR’s Articles of Incorporation. In addition, DHR has assumed that for the amount equivalent to amortization of goodwill described in “Amortization of goodwill” above, retained earnings for temporary difference adjustment, apart from profit, are partially reversed and used as funds for payment, and that retained earnings for temporary difference adjustment of ¥1,982 million (¥1,172 per investment unit) and ¥1,982 million (¥1,172 per investment unit) are reversed and used as funds for payment in the fiscal period ending February 28, 2018 and the fiscal period ending August 31, 2018, respectively. Changes in DHR’s portfolio, fluctuations in rent income due to changes in tenants and other factors, unforeseen repairs and maintenance expenses and other factors may lead to changes in the amount of distributions per unit.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> DHR has no plans to pay distributions in excess of earnings (distributions in excess of earnings per unit) as of the date of this financial results report.
Others	<ul style="list-style-type: none"> DHR has assumed no enforcement of such revisions to laws and regulations, tax systems, accounting standards, securities listing regulations and rules of The Investment Trusts Association, Japan, etc. that may affect the above forecasts. DHR’s forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.

3. Financial Statements

(1) Balance Sheets

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Assets		
Current assets		
Cash and deposits	11,110,819	25,621,149
Cash and deposits in trust	9,416,246	9,736,167
Operating accounts receivable	169,018	179,814
Prepaid expenses	447,439	544,374
Consumption taxes receivable	487,928	2,040,334
Other	4,946	129
Allowance for doubtful accounts	(5,521)	(2,576)
Total current assets	21,630,877	38,119,394
Non-current assets		
Property, plant and equipment		
Buildings	29,131,670	26,509,476
Accumulated depreciation	(3,931,676)	(3,827,267)
Buildings, net	25,199,993	22,682,208
Structures	256,404	244,045
Accumulated depreciation	(36,735)	(37,971)
Structures, net	219,669	206,073
Machinery and equipment	503,802	446,686
Accumulated depreciation	(114,476)	(109,040)
Machinery and equipment, net	389,326	337,646
Tools, furniture and fixtures	691,711	636,359
Accumulated depreciation	(316,003)	(308,163)
Tools, furniture and fixtures, net	375,707	328,195
Land	22,453,490	21,637,530
Buildings in trust	232,734,347	266,812,957
Accumulated depreciation	(18,729,575)	(21,195,083)
Buildings in trust, net	214,004,771	245,617,874
Structures in trust	3,640,534	5,104,987
Accumulated depreciation	(251,420)	(341,218)
Structures in trust, net	3,389,114	4,763,769
Machinery and equipment in trust	2,431,487	2,278,043
Accumulated depreciation	(800,272)	(766,727)
Machinery and equipment in trust, net	1,631,215	1,511,315
Tools, furniture and fixtures in trust	640,082	695,073
Accumulated depreciation	(270,571)	(302,973)
Tools, furniture and fixtures in trust, net	369,510	392,100
Land in trust	226,663,386	260,076,467
Construction in progress in trust	5,022	155,088
Total property, plant and equipment	494,701,208	557,708,269
Intangible assets		
Goodwill	77,306,836	75,324,610
Leasehold rights in trust	5,500,051	5,459,918
Software	1,448	1,155
Trademark rights	2,825	2,894
Total intangible assets	82,811,162	80,788,578

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Investments and other assets		
Investment securities	*3 9,291	*3 9,308
Long-term prepaid expenses	1,453,688	2,214,945
Guarantee deposits	10,261	261
Lease and guarantee deposits in trust	3,414,720	3,414,720
Other	42,488	42,488
Allowance for doubtful accounts	(24,058)	(24,058)
Total investments and other assets	4,906,390	5,657,664
Total non-current assets	582,418,762	644,154,512
Deferred assets		
Investment corporation bond issuance costs	92,831	85,446
Total deferred assets	92,831	85,446
Total assets	604,142,471	682,359,354
Liabilities		
Current liabilities		
Operating accounts payable	1,210,266	1,127,768
Short-term loans	6,000,000	-
Current portion of investment corporation bonds	3,000,000	-
Current portion of long-term loans	43,495,000	16,000,000
Accounts payable - other	75,311	128,535
Accrued expenses	1,089,119	1,205,841
Income taxes payable	605	605
Advances received	1,935,780	2,171,045
Unearned revenue	221,735	221,735
Deposits received	356,801	360,372
Other	43,852	58,852
Total current liabilities	57,428,471	21,274,756
Non-current liabilities		
Investment corporation bonds	16,000,000	16,000,000
Long-term loans	184,668,000	250,268,000
Long-term unearned revenue	1,262,357	1,150,578
Tenant leasehold and security deposits	288,912	274,822
Tenant leasehold and security deposits in trust	12,515,805	14,293,230
Provision for loss on litigation	80,147	85,849
Asset retirement obligations	429,379	434,255
Derivatives liabilities	1,164,700	1,256,574
Total non-current liabilities	216,409,303	283,763,311
Total liabilities	273,837,775	305,038,068
Net assets		
Unitholders' equity		
Unitholders' capital	61,703,224	108,136,162
Surplus		
Capital surplus	247,667,563	247,667,563
Voluntary retained earnings		
Retained earnings for temporary difference adjustment	-	*4 14,748,347
Reserve for distribution	17,705,349	57,717
Total voluntary retained earnings	17,705,349	14,806,064
Unappropriated retained earnings (undisposed loss)	4,393,259	7,968,070
Total surplus	269,766,172	270,441,698
Total unitholders' equity	331,469,396	378,577,860

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Valuation and translation adjustments		
Deferred gains or losses on hedges	(1,164,700)	(1,256,574)
Total valuation and translation adjustments	(1,164,700)	(1,256,574)
Total net assets	*2 330,304,696	*2 377,321,286
Total liabilities and net assets	604,142,471	682,359,354

(2) Statements of Income

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Operating revenues		
Rental revenues	*1 16,606,592	*1 18,344,657
Other rental revenues	*1 924,550	*1 1,134,983
Gain on sale of real estate properties	–	*3 1,536,256
Total operating revenues	17,531,143	21,015,897
Operating expenses		
Rental expenses	*1 7,493,903	*1 7,906,409
Loss on sale of real estate properties	*3 4,207	–
Asset management fees	983,471	1,254,120
Asset custody fees	26,204	29,053
Administrative service fees	72,780	74,188
Directors' remuneration	6,600	6,600
Merger expenses	1,042,059	–
Amortization of goodwill	1,982,226	1,982,226
Provision of allowance for doubtful accounts	1,974	1,309
Other operating expenses	350,360	369,257
Total operating expenses	11,963,787	11,623,165
Operating income	5,567,356	9,392,731
Non-operating income		
Interest income	109	146
Gain on forfeiture of unclaimed distributions	5,180	4,441
Refunded consumption taxes	21,388	23,643
Gain on adjustment of liabilities	8	–
Gain on donation of non-current assets	5,433	–
Other	19	1,531
Total non-operating income	32,138	29,762
Non-operating expenses		
Interest expenses	827,814	909,040
Interest expenses on investment corporation bonds	45,953	41,157
Amortization of investment corporation bond issuance costs	7,898	7,384
Investment unit issuance expenses	–	229,991
Borrowing related expenses	241,696	258,437
Other	2,119	2,105
Total non-operating expenses	1,125,483	1,448,116
Ordinary income	4,474,011	7,974,377
Extraordinary losses		
Provision for loss on litigation	80,147	5,702
Total extraordinary losses	80,147	5,702
Profit before income taxes	4,393,864	7,968,675
Income taxes - current	605	605
Total income taxes	605	605
Profit	4,393,259	7,968,070
Unappropriated retained earnings (undisposed loss)	4,393,259	7,968,070

(3) Statements of Unitholders' Equity

Previous fiscal period (From September 1, 2016 to February 28, 2017)

(Unit: Thousands of yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Capital surplus	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus	
Reserve for distribution	Total voluntary retained earnings						
Balance at beginning of period	61,703,224	28,241,587	17,884,290	17,884,290	3,213,554	49,339,433	111,042,657
Changes of items during period							
Increase by merger		219,425,976				219,425,976	219,425,976
Reversal of reserve for distribution			(202,816)	(202,816)	202,816	-	-
Distributions from retained earnings					(3,392,496)	(3,392,496)	(3,392,496)
Accumulation of reserve for distribution			23,874	23,874	(23,874)	-	-
Profit					4,393,259	4,393,259	4,393,259
Net changes of items other than unitholders' equity							
Total changes of items during period	-	219,425,976	(178,941)	(178,941)	1,179,704	220,426,738	220,426,738
Balance at end of period	*61,703,224	247,667,563	17,705,349	17,705,349	4,393,259	269,766,172	331,469,396

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	–	–	111,042,657
Changes of items during period			
Increase by merger			219,425,976
Reversal of reserve for distribution			–
Distributions from retained earnings			(3,392,496)
Accumulation of reserve for distribution			–
Profit			4,393,259
Net changes of items other than unitholders' equity	(1,164,700)	(1,164,700)	(1,164,700)
Total changes of items during period	(1,164,700)	(1,164,700)	219,262,038
Balance at end of period	(1,164,700)	(1,164,700)	330,304,696

Current fiscal period (From March 1, 2017 to August 31, 2017)

(Unit: Thousands of yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Retained earnings for temporary difference adjustment	Reserve for distribution	Total voluntary retained earnings			
Balance at beginning of period	61,703,224	247,667,563	-	17,705,349	17,705,349	4,393,259	269,766,172	331,469,396
Changes of items during period								
Issuance of new investment units	46,432,937							46,432,937
Reversal of reserve for distribution				(17,669,020)	(17,669,020)	2,920,673	(14,748,347)	(14,748,347)
Distributions from retained earnings						(7,292,544)	(7,292,544)	(7,292,544)
Accumulation of retained earnings for temporary difference adjustment			14,748,347		14,748,347		14,748,347	14,748,347
Accumulation of reserve for distribution				21,388	21,388	(21,388)	-	-
Profit						7,968,070	7,968,070	7,968,070
Net changes of items other than unitholders' equity								
Total changes of items during period	46,432,937	-	14,748,347	(17,647,631)	(2,899,284)	3,574,810	675,526	47,108,463
Balance at end of period	*108,136,162	247,667,563	14,748,347	57,717	14,806,064	7,968,070	270,441,698	378,577,860

(Unit: Thousands of yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(1,164,700)	(1,164,700)	330,304,696
Changes of items during period			
Issuance of new investment units			46,432,937
Reversal of reserve for distribution			(14,748,347)
Distributions from retained earnings			(7,292,544)
Accumulation of retained earnings for temporary difference adjustment			14,748,347
Accumulation of reserve for distribution			—
Profit			7,968,070
Net changes of items other than unitholders' equity	(91,874)	(91,874)	(91,874)
Total changes of items during period	(91,874)	(91,874)	47,016,589
Balance at end of period	(1,256,574)	(1,256,574)	377,321,286

(4) Statements of Cash Distributions

Item	Fiscal period ended February 28, 2017	Fiscal period ended August 31, 2017
	Amount (Yen)	Amount (Yen)
I Unappropriated retained earnings	4,393,259,342	7,968,070,160
II Reversal of voluntary retained earnings		
Reversal of retained earnings for temporary difference adjustment	-	1,980,989,899
Reversal of reserve for distribution	17,669,020,696	-
III Distributions	7,292,544,000	8,389,160,000
[Distributions per investment unit]	[4,800]	[4,964]
IV Voluntary retained earnings		
Accumulation of reserve for distribution	21,388,890	1,559,900,059
Accumulation of retained earnings for temporary difference adjustment	* 14,748,347,148	-
V Retained earnings carried forward	-	-

Calculation method for distributions	<p>Based on the cash distribution policy set forth in Article 37, paragraph 1, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Furthermore, in accordance with the cash distribution policy set forth in the Articles of Incorporation, DHR will make a distribution by reversing the amount equivalent to amortization of goodwill from reserve for distribution to top up unappropriated retained earnings.</p> <p>Based on the above policy, for the current fiscal period, DHR will subtract an accumulation of reserve for distribution of ¥21,388,890 from unappropriated retained earnings of ¥4,393,259,342 and reverse a total of the amount equivalent to amortization of goodwill and the amount equivalent to merger fees of ¥2,920,673,548 from reserve for distribution to distribute ¥7,292,544,000 as cash distributions (¥4,800 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 2 of the Articles of Incorporation of DHR.</p>	<p>Based on the cash distribution policy set forth in Article 37, paragraph 1, item 1 of the Articles of Incorporation of DHR, distributions shall be limited to the amount of earnings in excess of an amount equivalent to ninety hundredths (90/100) of distributable earnings, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation; provided, however, that by utilizing carryforwards, taxable income was not recorded in this fiscal period even if certain amounts could not be included in tax deductible expenses under Article 67-15 of the Act on Special Measures Concerning Taxation.</p> <p>Furthermore, in accordance with the cash distribution policy set forth in the Articles of Incorporation, DHR will make a distribution by reversing the amount equivalent to amortization of goodwill from retained earnings for temporary difference adjustment and by adding this to unappropriated retained earnings.</p> <p>Based on the above policy, for the current fiscal period, DHR will reverse the amount equivalent to amortization of goodwill of ¥1,980,989,899 from retained earnings for temporary difference adjustment, add the reversal to unappropriated retained earnings of ¥7,968,070,160 and subtract an accumulation of reserve for distribution of ¥1,559,900,059 to distribute ¥8,389,160,000 as cash distributions (¥4,964 per unit); provided, however, that DHR will not pay the portion of amount that exceeds the earnings defined in Article 37, paragraph 2 of the Articles of Incorporation of DHR.</p>
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(5) Statements of Cash Flows

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Cash flows from operating activities		
Profit before income taxes	4,393,864	7,968,675
Depreciation	3,361,190	3,713,302
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	7,898	7,384
Amortization of trademark rights	266	269
Amortization of software	292	292
Loss on retirement of non-current assets	696	18,348
Increase (decrease) in provision for loss on litigation	80,147	5,702
Investment unit issuance expenses	-	229,991
Interest income	(109)	(146)
Interest expenses	873,768	950,197
Decrease (increase) in operating accounts receivable	32,235	(10,795)
Decrease (increase) in accounts receivable	(1,749)	1,749
Decrease (increase) in consumption taxes receivable	(652,741)	(1,552,406)
Decrease (increase) in prepaid expenses	(23,819)	(96,934)
Increase (decrease) in operating accounts payable	(51,248)	59,569
Increase (decrease) in accounts payable - other	(43,059)	6,007
Increase (decrease) in accrued expenses	(32,303)	153,825
Increase (decrease) in deposits received	17,806	18,639
Increase (decrease) in advances received	167,033	253,863
Decrease (increase) in long-term prepaid expenses	(432,032)	(761,256)
Increase (decrease) in allowance for doubtful accounts	1,442	(2,945)
Decrease in property, plant and equipment due to sales	-	3,155,203
Decrease in property, plant and equipment in trust due to sales	362,247	5,183,083
Decrease (increase) in lease and guarantee deposits in trust	(164,586)	-
Other, net	(49,955)	(55,592)
Subtotal	9,829,511	21,228,256
Interest income received	109	146
Interest expenses paid	(1,041,808)	(1,099,079)
Income taxes paid	(1,219)	(608)
Net cash provided by (used in) operating activities	8,786,591	20,128,714
Cash flows from investing activities		
Purchase of property, plant and equipment	(100,896)	(70,784)
Purchase of property, plant and equipment in trust	(23,535,744)	(75,065,211)
Purchase of intangible assets in trust	(260,480)	-
Proceeds from tenant leasehold and security deposits	29,876	43,233
Repayments of tenant leasehold and security deposits	(16,286)	(35,881)
Proceeds from tenant leasehold and security deposits in trust	1,072,097	2,358,424
Repayments of tenant leasehold and security deposits in trust	(196,132)	(547,585)
Other, net	-	(338)
Net cash provided by (used in) investing activities	(23,007,565)	(73,318,145)

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Cash flows from financing activities		
Decrease in short-term loans	(8,000,000)	(6,000,000)
Proceeds from long-term loans	56,300,000	65,600,000
Repayments of long-term loans	(46,800,000)	(27,495,000)
Proceeds from issuance of investment corporation bonds	7,950,599	-
Redemption of investment corporation bonds	-	(3,000,000)
Proceeds from issuance of investment units	-	46,202,946
Distributions paid	(6,669,582)	(7,288,263)
Net cash provided by (used in) financing activities	2,781,017	68,019,683
Net increase (decrease) in cash and cash equivalents	(11,439,956)	14,830,252
Cash and cash equivalents at beginning of period	9,388,328	20,527,065
Increase in cash and cash equivalents resulting from merger	22,578,692	-
Cash and cash equivalents at end of period	*1 20,527,065	*1 35,357,317

(6) Notes on Assumption of Going Concern

Not applicable.

(7) Notes on Important Accounting Policies

1. Valuation basis and accounting methods for assets	<p>Securities</p> <p>Held-to-maturity bonds</p> <p>The amortized cost method (straight-line method) is used.</p>												
2. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including assets in trust)</p> <p>The straight-line method is used.</p> <p>The useful lives of major property, plant and equipment are listed below.</p> <table style="margin-left: 40px; border: none;"> <tr> <td>Buildings</td> <td style="text-align: right;">2 to 69 years</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">6 to 63 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">7 to 29 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">2 to 28 years</td> </tr> </table> <p>(2) Intangible assets (including assets in trust)</p> <p>The straight-line method is used.</p> <p>The useful lives of major intangible assets are listed below.</p> <table style="margin-left: 40px; border: none;"> <tr> <td>Goodwill</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Software</td> <td style="text-align: right;">5 years</td> </tr> </table> <p>Leasehold rights (fixed-term land lease rights in general) are amortized on a straight-line basis over the life of each contract.</p>	Buildings	2 to 69 years	Structures	6 to 63 years	Machinery and equipment	7 to 29 years	Tools, furniture and fixtures	2 to 28 years	Goodwill	20 years	Software	5 years
Buildings	2 to 69 years												
Structures	6 to 63 years												
Machinery and equipment	7 to 29 years												
Tools, furniture and fixtures	2 to 28 years												
Goodwill	20 years												
Software	5 years												
3. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs</p> <p>Costs are amortized by the straight-line method over the redemption period.</p> <p>(2) Investment unit issuance expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p>												
4. Recognition of allowance	<p>(1) Allowance for doubtful accounts</p> <p>The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and the amounts calculated using the rate of actual collection losses with respect to the other receivables.</p> <p>(2) Provision for loss on litigation</p> <p>To provide for loss that may arise in the future in association with ongoing litigation proceedings, the estimated amount of loss as of the end of the current fiscal period is recorded.</p>												
5. Recognition of revenues and expenses	<p>Property-related taxes</p> <p>For property tax, city planning tax, depreciation asset tax and other tax for real properties held, etc., the amount of tax levied corresponding to the fiscal period is recorded as real estate rental expenses.</p> <p>The settlement money for property-related taxes for the year that is paid to the transferor for acquisition of real estate, etc. is not recorded as real estate rental expenses but included in the acquisition costs for the related properties.</p>												

<p>6. Method of hedge accounting</p>	<p>(1) Method of hedge accounting The deferral hedge accounting is used; provided, however, for interest rate swaps, special treatment is applied when the swaps satisfy the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy DHR conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of DHR pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness Assessment of hedging effectiveness is omitted when the material conditions for the notional principal of hedging instruments and those for hedged items are the same, and changes in cash flows of hedged items can be expected to be offset in full at the commencement of a hedge and continuously thereafter. Also, the assessment of hedging effectiveness is omitted for interest rate swaps to which special treatment is applied.</p>
<p>7. Scope of cash in the statements of cash flows (cash and cash equivalents)</p>	<p>Cash in the statements of cash flows (cash and cash equivalents) include cash on hand, cash in trust, demand deposits, deposits in trust, and highly liquid short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within three months of the date of acquisition.</p>
<p>8. Other significant matters forming the basis of preparing the non-consolidated financial statements</p>	<p>(1) Accounting method for trust beneficiary interests in real estate With regard to trust beneficiary interests in real estate, all assets and liabilities as well as all revenues and expense items associated with all trust assets are accounted for under the respective account items of the balance sheets and statements of income. Of the trust assets accounted for under the respective account items, the following items with significance are separately indicated on the balance sheets.</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust iii) Leasehold rights in trust iv) Lease and guarantee deposits in trust v) Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption tax and local consumption tax Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Non-deductible consumption taxes for acquisition of assets are added on to the acquisition cost of each asset.</p>

(8) Notes to Financial Statements

Notes to Balance Sheets

1. Commitment line contracts

DHR has commitment line contracts with four banks with which it has transaction.

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Total amount specified in commitment line contracts	20,000,000	20,000,000
Loans executed and outstanding	-	-
Unused credit lines	20,000,000	20,000,000

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

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
	50,000	50,000

*3. Government bonds have been deposited with the Tokyo Legal Affairs Bureau as business security deposits in accordance with the Building Lots and Building Transaction Business Act.

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Investment securities	9,291	9,308

*4. Matters regarding accumulation and reversal of retained earnings for temporary difference adjustment

(Unit: Thousands of yen)

Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
	Reserves recognized by transfer 14,748,347
	Balance at beginning of period —
	Amount of accumulation during period 14,748,347
	Amount of reversal during period —
	Balance at end of period 14,748,347
	Reasons for accumulation and reversal
	Application of the transitional measures of Supplementary Provision, paragraph 3 of the “Regulations on Accounting of Investment Corporations” (Cabinet Office Order No. 27 of 2015)
—	(Note) The balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount shall be performed beginning from the next fiscal period following the fiscal period in which the above-mentioned amount was accumulated. However, DHR intends to reverse the amount equivalent to amortization of goodwill from retained earnings for temporary difference adjustment for distribution.

Notes to Statements of Income

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

	(Unit: Thousands of yen)			
	Previous fiscal period (From September 1, 2016 to February 28, 2017)		Current fiscal period (From March 1, 2017 to August 31, 2017)	
A. Real estate rental revenues				
Rental revenues				
Rent	16,184,156		17,907,732	
Common area charges	422,436	16,606,592	436,924	18,344,657
Other rental revenues				
Facility charges	338,545		353,388	
Incidental revenues	253,928		276,697	
Other	332,076	924,550	504,897	1,134,983
Total real estate rental revenues	17,531,143		19,479,640	
B. Real estate rental expenses				
Rental expenses				
Management fees	1,233,882		1,272,800	
Utilities	285,590		299,764	
Taxes and public dues	1,175,602		1,228,362	
Repairs and maintenance expenses	569,404		473,270	
Restoration costs	293,588		305,785	
Insurance	25,089		25,479	
Custodian fees	61,639		67,476	
Depreciation	3,361,190		3,713,302	
Other operating expenses	487,914	7,493,903	520,167	7,906,409
Total real estate rental expenses	7,493,903		7,906,409	
C. Income (loss) from real estate rental business (A – B)	10,037,240		11,573,231	

2. Volume of transactions with principal unitholders

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Volume of operating transactions		
Operating revenues	324,511	323,741
Operating expenses	103,018	40
Volume of non-operating transactions		
Purchase of trust beneficiary interests in real estate	9,686,000	63,211,000

*3. Breakdown of gain (loss) on sale of real estate properties
Previous fiscal period (From September 1, 2016 to February 28, 2017)

(Unit: Thousands of yen)	
Castalia Minamigyotoku II	
Proceeds from sale of real estate properties	370,000
Cost of real estate properties sold	362,247
Other sales expenses	11,960
Gain (loss) on sale of real estate properties	(4,207)

Current fiscal period (From March 1, 2017 to August 31, 2017)

(Unit: Thousands of yen)	
Castalia Maihama	
Proceeds from sale of real estate properties	650,000
Cost of real estate properties sold	614,631
Other sales expenses	23,610
Gain (loss) on sale of real estate properties	11,758
Castalia Urayasu	
Proceeds from sale of real estate properties	578,816
Cost of real estate properties sold	571,439
Other sales expenses	3,247
Gain (loss) on sale of real estate properties	4,130
Castalia Minamigyotoku	
Proceeds from sale of real estate properties	527,326
Cost of real estate properties sold	507,670
Other sales expenses	3,118
Gain (loss) on sale of real estate properties	16,538
Castalia Nipponbashi Kouzu	
Proceeds from sale of real estate properties	4,450,000
Cost of real estate properties sold	3,155,203
Other sales expenses	155,810
Gain (loss) on sale of real estate properties	1,138,986
Castalia Ichikawamyoden	
Proceeds from sale of real estate properties	765,000
Cost of real estate properties sold	625,486
Other sales expenses	27,635
Gain (loss) on sale of real estate properties	111,878
Castalia Shinsakae	
Proceeds from sale of real estate properties	1,720,000
Cost of real estate properties sold	1,664,473
Other sales expenses	52,160
Gain (loss) on sale of real estate properties	3,366

Aprile Tarumi	
Proceeds from sale of real estate properties	1,502,426
Cost of real estate properties sold	1,199,382
Other sales expenses	53,444
Gain (loss) on sale of real estate properties	249,598

Notes to Statements of Unitholders' Equity

* Total number of authorized investment units and total number of investment units issued

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Total number of authorized investment units	8,000,000 units	8,000,000 units
Total number of investment units issued	1,519,280 units	1,690,000 units

Notes to Statements of Cash Distributions

* Retained earnings for temporary difference adjustment

Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
<p>DHR has applied the transitional measures of Supplementary Provision, paragraph 3 of the "Regulations on Accounting of Investment Corporations" (Cabinet Office Order No. 27 of 2015) and accumulated ¥14,748,347,148, which is the balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years, in retained earnings for temporary difference adjustment in the statements of cash distributions. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount shall be performed beginning from the fiscal period following the fiscal period in which the above-mentioned amount was accumulated. However, DHR intends to perform a reversal from retained earnings for temporary difference adjustment, for the amount equivalent to amortization of goodwill, and allocate this as part of distribution.</p>	<p>DHR has applied the transitional measures of Supplementary Provision, paragraph 3 of the "Regulations on Accounting of Investment Corporations" (Cabinet Office Order No. 27 of 2015) and accumulated ¥14,748,347,148, which is the balance of the portion of the amount corresponding to gain on negative goodwill recorded in prior years, in retained earnings for temporary difference adjustment in the statements of cash distributions for the fiscal period ended February 28, 2017. Reversal of this reserve at not less than the amount equivalent to 1%, which equals the fifty-year-uniform amount (¥147,483,472 or more) shall be performed beginning from the fiscal period following the fiscal period in which the above-mentioned amount was accumulated. However, DHR intends to reverse the amount equivalent to amortization of goodwill from retained earnings for temporary difference adjustment for distribution. DHR conducted reversal of ¥1,980,989,899 in the fiscal period ended August 31, 2017.</p>

Notes to Statements of Cash Flows

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

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Cash and deposits	11,110,819	25,621,149
Cash and deposits in trust	9,416,246	9,736,167
Cash and cash equivalents	20,527,065	35,357,317

2. Breakdown of significant non-monetary transactions

The breakdown of assets acquired and liabilities assumed from the former DHR, which was merged into DHR in the previous fiscal period is as follows. The increase in capital surplus from the Merger is ¥219,425,976 thousand.

	(Unit: Thousands of yen)	
	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Current assets	22,836,921	-
Non-current assets	235,625,998	-
Deferred assets	17,042	-
Total assets	258,479,962	-
Current liabilities	24,127,537	-
Non-current liabilities	94,215,512	-
Total liabilities	118,343,050	-

Lease Transactions

Operating lease transactions (Lessor)

Future lease payments

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Due within one year	12,030,811	15,546,218
Due after one year	74,018,272	105,051,331
Total	86,049,084	120,597,550

Financial Instruments

1. Matters regarding financial instruments

(1) Policy for financial instruments

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

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

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

(2) Content and risks of financial instruments and risk management system therefor

The Asset Manager stipulates basic provisions of risk management in its risk management rules.

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

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

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

(3) Supplementary remarks on fair value, etc. of financial instruments

The fair value of financial instruments is based on market prices or reasonably calculated value if there is no market price available. As certain assumptions are used in calculating these values, if different assumptions are used, these values could vary.

2. Matters regarding fair value, etc. of financial instruments

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

Previous fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	11,110,819	11,110,819	–
(2) Cash and deposits in trust	9,416,246	9,416,246	–
(3) Investment securities Held-to-maturity bonds	9,291	8,724	(567)
Total assets	20,536,356	20,535,789	(567)
(4) Short-term loans	6,000,000	6,000,000	–
(5) Current portion of investment corporation bonds	3,000,000	3,000,000	–
(6) Current portion of long-term loans	43,495,000	43,554,967	59,967
(7) Investment corporation bonds	16,000,000	16,100,255	100,255
(8) Long-term loans	184,668,000	187,385,535	2,717,535
(9) Tenant leasehold and security deposits in trust	226,073	226,111	38
Total liabilities	253,389,073	256,266,870	2,877,796
(10) Derivative transactions	[1,164,700]	[1,164,700]	–
Total derivative transactions	[1,164,700]	[1,164,700]	–

Current fiscal period (As of August 31, 2017)

(Unit: Thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	25,621,149	25,621,149	–
(2) Cash and deposits in trust	9,736,167	9,736,167	–
(3) Investment securities Held-to-maturity bonds	9,308	8,919	(389)
Total assets	35,366,626	35,366,236	(389)
(4) Short-term loans	–	–	–
(5) Current portion of investment corporation bonds	–	–	–
(6) Current portion of long-term loans	16,000,000	16,016,722	16,722
(7) Investment corporation bonds	16,000,000	16,139,113	139,113
(8) Long-term loans	250,268,000	253,883,200	3,615,200
(9) Tenant leasehold and security deposits in trust	485,397	480,225	(5,171)
Total liabilities	282,753,397	286,519,262	3,765,865
(10) Derivative transactions	[1,256,574]	[1,256,574]	–
Total derivative transactions	[1,256,574]	[1,256,574]	–

* Amounts shown are the net amount of credit and liability arising from derivatives. Values inside square parentheses [] indicate a net liability.

(Note 1) Measurement methods for fair values of financial instruments

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

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

(3) Investment securities

The fair value is based on reference bond trading statistics.

For the balance sheet carrying amount and fair value of held-to-maturity bonds and the difference between the two values, please refer to “Securities” described later.

(4) Short-term loans

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

(5) Current portion of investment corporation bonds, (7) Investment corporation bonds

The fair value of these bonds is measured as the present value, which is calculated by discounting the sum of principal and interest at the interest rate determined taking into account the current maturity and corresponding credit risk. In the case of the current fiscal period’s current portion of investment corporation bonds, as the market value approximates the book value due to the extremely short remaining period until redemption, the measurement is based on their book values.

(6) Current portion of long-term loans, (8) Long-term loans

The fair value of long-term loans carrying floating interest rates is approximately equal to their book value, thus, the measurement is based on their book value. However, for long-term loans carrying floating interest rates to which special treatment for interest rate swaps is applied, DHR employs a method to calculate the fair value by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at the reasonable rate estimated for similar types of loans.

The fair value of long-term loans carrying fixed interest rates is calculated by discounting the sum of principal and interest at the reasonable rate estimated for a similar loan.

(9) Tenant leasehold and security deposits in trust

The fair value is measured based on the discounted cash flows, using rates reflecting the period up to payment.

(10) Derivative transactions

Please refer to “Derivative Transactions” described later.

(Note 2) Balance sheet carrying amount of financial instruments whose fair value is considered to be extremely difficult to determine

(Unit: Thousands of yen)

	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Tenant leasehold and security deposits	288,912	274,822
Tenant leasehold and security deposits in trust	12,289,732	13,807,833

* These are not subject to fair value disclosure because there are no market prices for them, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease agreement, which in turn makes it difficult to reasonably estimate cash flow.

(Note 3) Redemption schedule for monetary claims after balance sheet date

Previous fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	11,110,819	–	–	–	–	–
Cash and deposits in trust	9,416,246	–	–	–	–	–
Investment securities	–	–	–	–	–	10,000
Total	20,527,065	–	–	–	–	10,000

Current fiscal period (As of August 31, 2017)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and deposits	25,621,149	–	–	–	–	–
Cash and deposits in trust	9,736,167	–	–	–	–	–
Investment securities	–	–	–	–	–	10,000
Total	35,357,317	–	–	–	–	10,000

(Note 4) Expected amount of repayments of short-term loans, investment corporation bonds and long-term loans after balance sheet date

Previous fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans	6,000,000	–	–	–	–	–
Investment corporation bonds (* 1)	3,000,000	–	–	3,000,000	4,000,000	9,000,000
Long-term loans (* 2)	43,495,000	–	40,510,000	14,400,000	16,858,000	112,900,000
Total	52,495,000	–	40,510,000	17,400,000	20,858,000	121,900,000

Current fiscal period (As of August 31, 2017)

(Unit: Thousands of yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Investment corporation bonds (* 1)	–	–	–	3,000,000	4,000,000	9,000,000
Long-term loans (* 2)	16,000,000	11,600,000	39,810,000	16,000,000	27,358,000	155,500,000
Total	16,000,000	11,600,000	39,810,000	19,000,000	31,358,000	164,500,000

(* 1) Includes the current portion of investment corporation bonds.

(* 2) Includes the current portion of long-term loans.

Securities

Previous fiscal period (As of February 28, 2017)

Held-to-maturity bonds

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	–	–	–	–
Bonds with fair value not exceeding the balance sheet carrying amount	Government bonds	9,291	8,724	(567)
Total		9,291	8,724	(567)

Current fiscal period (As of August 31, 2017)

Held-to-maturity bonds

(Unit: Thousands of yen)

		Balance sheet carrying amount	Fair value	Difference
Bonds with fair value exceeding the balance sheet carrying amount	–	–	–	–
Bonds with fair value not exceeding the balance sheet carrying amount	Government bonds	9,308	8,919	(389)
Total		9,308	8,919	(389)

Derivative Transactions

1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of February 28, 2017) and current fiscal period (as of August 31, 2017).

2. Derivative transactions applying hedge accounting

The following table shows contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

Previous fiscal period (As of February 28, 2017)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Principle method	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	47,500,000	47,500,000	(1,164,700)	(Note 1)
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	74,668,000	48,268,000	(Note 2)	–
Total			122,168,000	95,768,000	(1,164,700)	–

Current fiscal period (As of August 31, 2017)

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Calculation method for fair value
				Portion due after one year		
Principle method	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	47,500,000	47,500,000	(1,256,574)	(Note 1)
Special treatment for interest rate swap	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	Long-term loans	48,268,000	48,268,000	(Note 2)	–
Total			95,768,000	95,768,000	(1,256,574)	–

(Note 1) Fair value is quoted by counterparties based on the prevailing market interest rate.

(Note 2) Fair value of interest rate swap with the special treatment is included in fair value of hedged long-term loans as such interest rate swap and the hedged long-term loans are processed as a single unit. (Please refer to “Financial Instruments” above.)

Notes on Business Combinations

Previous fiscal period (From September 1, 2016 to February 28, 2017)

Business combination through acquisition

1. Outline of the business combination

(1) Name and description of business of the acquiree

Name of the acquiree	Description of business
Daiwa House REIT Investment Corporation (hereinafter referred to as the “former DHR”)	Real estate investment trust

(2) Major reason for the business combination

DHR concluded a merger agreement on April 15, 2016, which took effect on September 1, 2016, expecting the following results: (i) enhanced external growth potential and further internal growth opportunities through the shift to a diversified REIT, (ii) improvement of the position in the J-REIT market and asset-management flexibility through scale enhancement, and (iii) acceleration of growth leveraging the value chain of the Daiwa House Group’s integrated capabilities, among other positive effects. (Hereinafter referred to as the “the Merger.”)

(3) Date of the business combination

September 1, 2016

(4) Legal form of the business combination

An absorption-type merger wherein DHR is the surviving corporation and the former DHR was the absorbed corporation.

(5) Name of the investment corporation after the business combination

Daiwa House REIT Investment Corporation (its corporate name has been changed from Daiwa House Residential Investment Corporation (hereinafter referred to as the “former DHI”) as of September 1, 2016.)

(6) Major grounds for determining the acquirer

The former DHI was determined as the acquirer by comprehensively considering the factors stated in the accounting standard relating to business combinations.

2. Period of performance of the acquiree included in the statements of income for the current fiscal period

From September 1, 2016 to February 28, 2017

3. Acquisition cost for the acquiree and the breakdown thereof

Consideration for the acquisition

Fair value of DHR investment units allotted on the business combination date	¥219,425,976 thousand
Acquisition cost	¥219,425,976 thousand

4. Exchange ratio, calculation method and number of investment units allotted as the consideration for the acquisition

(1) Exchange ratio of investment units

2.2 units of DHR per unit of the former DHR were allotted to the unitholders of the former DHR.

(2) Calculation method

In order to ensure fairness of calculations of the merger ratio to be used for the Merger, the former DHI and the former DHR appointed Nomura Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., respectively as financial advisors for the Merger (hereinafter referred to as the “FA”) to perform the calculation of the merger ratio. After careful discussions and negotiations as well as comprehensive consideration of various factors, including the financial results, the assets, liabilities and future business prospects of the former DHI and the former DHR, the benefits of the Merger, and the financial analysis performed by the FAs, both parties ultimately determined that the above merger ratio was appropriate.

(3) Number of investment units allotted

771,540 units

5. Details and amounts of major expenses related to the acquisition

Description of expense	Amount
FA remuneration (former DHR)	¥61,244 thousand
Merger fees	¥939,912 thousand

6. Amount of goodwill recognized and the cause of its recognition

(1) Amount of goodwill

¥79,289,063 thousand

(2) Cause for recognition of goodwill

The goodwill was recognized since the acquisition cost of ¥219,425,976 thousand exceeded ¥140,136,912 thousand, the fair value of the net assets of the former DHR at the business combination date.

(3) Method and period for amortization of goodwill

The goodwill is amortized evenly over 20 years.

7. Amount and main components of assets acquired and liabilities assumed at the date of the business combination

(Unit: Thousands of yen)	
Current assets	22,836,921
Non-current assets	235,625,998
Deferred assets	17,042
Total assets	258,479,962
Current liabilities	24,127,537
Non-current liabilities	94,215,512
Total liabilities	118,343,050

8. Estimated amount of influence that would be exerted on the statements of income for the current fiscal period if the business combination were to have been completed on the date of commencement of the current fiscal period

There would be no impact as the date of the business combination and the date of commencement of the current fiscal period is the same.

Current fiscal period (From March 1, 2017 to August 31, 2017)

Not applicable.

Related Party Transactions

1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2016 to February 28, 2017)

Attribute	Name	Location (city or ward, prefecture)	Capital stock (Millions of yen)	Business or occupation	Ratio of investment units owning (owned) (%)	Type of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Osaka-shi, Osaka	161,699	Construction business	11.16	-	Granting of preferential negotiation rights relating to real estate for investment	Purchase of trust beneficiary interests in real estate	9,686,000	-	-

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Transaction terms and method of determining transaction terms: Transaction terms are based on market values, etc.

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

Current fiscal period (From March 1, 2017 to August 31, 2017)

Attribute	Name	Location (city or ward, prefecture)	Capital stock (Millions of yen)	Business or occupation	Ratio of investment units owning (owned) (%)	Type of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Major corporate unitholder	Daiwa House Industry Co., Ltd.	Osaka-shi, Osaka	161,699	Construction business	10.96	-	Granting of preferential negotiation rights relating to real estate for investment	Purchase of trust beneficiary interests in real estate	63,211,000	-	-

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Transaction terms and method of determining transaction terms: Transaction terms are based on market values, etc.

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

2. Associates, etc.

Not applicable for the previous fiscal period (from September 1, 2016 to February 28, 2017) and current fiscal period (from March 1, 2017 to August 31, 2017).

3. Sister companies, etc.

Previous fiscal period (From September 1, 2016 to February 28, 2017)

Attribute	Name	Location (city or ward, prefecture)	Capital stock (Millions of yen)	Business or occupation	Ratio of investment units owning (owned) (%)	Type of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of DHR's major corporate unitholder	Daiwa House Asset Management Co., Ltd.	Chiyoda- ku, Tokyo	300	Investment management business	–	–	Entrustment of asset management	Payment of asset management fees	1,997,950	Accrued expenses	923,067

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Transaction terms and method of determining transaction terms: Transaction terms are based on market values, etc.

Current fiscal period (From March 1, 2017 to August 31, 2017)

Attribute	Name	Location (city or ward, prefecture)	Capital stock (Millions of yen)	Business or occupation	Ratio of investment units owning (owned) (%)	Type of relationship		Nature of transaction	Amount of transaction (Thousands of yen)	Account title	Ending balance (Thousands of yen)
						Interlocking directors	Business relationship				
Subsidiary of DHR's major corporate unitholder	Daiwa House Asset Management Co., Ltd.	Chiyoda- ku, Tokyo	300	Investment management business	–	–	Entrustment of asset management	Payment of asset management fees	1,477,000	Accrued expenses	1,090,313

(Note 1) The amount of transaction does not include consumption taxes while the ending balance does.

(Note 2) Transaction terms and method of determining transaction terms: Transaction terms are based on market values, etc.

4. Directors and principal individual unitholders

Not applicable for the previous fiscal period (from September 1, 2016 to February 28, 2017) and current fiscal period (from March 1, 2017 to August 31, 2017).

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Unit: Thousands of yen)	
	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Deferred tax assets		
Allowance for doubtful accounts	9,353	8,418
Deferred interest income	469,361	433,885
Valuation difference from the time of merger (Long-term prepaid expenses, etc.)	847	623
Valuation difference from the time of merger (Land, Buildings)	3,184,522	2,977,582
Loss carryforward assumed at the time of merger	14,291,342	11,180,212
Asset retirement obligations	135,656	137,197
Provision for loss on litigation	25,321	27,123
Deferred gains or losses on hedges	367,972	396,998
Depreciation of fixed-term land lease rights	67,451	80,130
Other	987	990
Subtotal	18,552,816	15,243,162
Valuation allowance	(18,552,816)	(15,243,162)
Total	-	-
Deferred tax liabilities		
Valuation difference from the time of merger (Investment securities)	(820)	(800)
Valuation difference from the time of merger (Land, Buildings)	(14,869,216)	(14,689,536)
Asset retirement costs (associated with asset retirement obligations)	(118,925)	(118,925)
Subtotal	(14,988,961)	(14,809,262)
Valuation allowance	14,988,961	14,809,262
Total	-	-
Net deferred tax assets	-	-

(Note) Based on the cash distribution policy set forth in Article 37 of the Articles of Incorporation of DHR, DHR can distribute an amount of cash that exceeds profit in order to suppress the occurrence of income taxes. Accordingly, as payment of corporate taxes in future accounting periods is not expected, deferred tax liabilities are not recorded.

2. Reconciliation of significant difference between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting

	(Unit: %)	
	Previous fiscal period (As of February 28, 2017)	Current fiscal period (As of August 31, 2017)
Statutory effective tax rate	31.74	31.74
(Adjustments)		
Distributions paid included in deductibles	(44.89)	-
Use of loss carryforward assumed at the time of merger	-	(39.04)
Amortization of goodwill	14.32	7.89
Change in valuation allowance	(1.17)	(0.60)
Other	0.01	0.02
Effective tax rate after application of tax effect accounting	0.01	0.01

Retirement Benefits

Not applicable for the previous fiscal period (as of February 28, 2017) and current fiscal period (as of August 31, 2017), since DHR does not have a retirement benefit plan.

Asset Retirement Obligations

1. Details of applicable asset retirement obligations

DHR has entered into agreements involving fixed-term land lease rights with the landowners for part of DHR's assets, and recognizes asset retirement obligations associated with restoration obligations upon expiration of the lease agreements.

2. Methods of calculating the amounts of applicable asset retirement obligations

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

3. Changes in applicable asset retirement obligations

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Balance at beginning of period	424,558	429,379
Increase due to acquisitions of property, plant and equipment	—	—
Accretion expense	4,820	4,875
Balance at end of period	429,379	434,255

Investment and Rental Properties

DHR holds rental logistics, residential and retail properties in the greater Tokyo area and other areas for rental revenues. The balance sheet carrying amounts, changes during the fiscal period, and fair values of these properties are as follows:

(Unit: Thousands of yen)

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Balance sheet carrying amount		
Balance at beginning of period	244,798,501	500,201,260
Changes during period	255,402,759	62,966,927
Balance at end of period	500,201,260	563,168,188
Fair value at end of period	547,376,000	622,424,000

(Note 1) The balance sheet carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) In changes during period, the increase in the previous fiscal period is mainly due to acquisitions of 41 properties previously owned by the former DHR due to the Merger (¥234,978,000 thousand), six properties including Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi) (¥17,443,437 thousand), and Hiratsuka Retail Property (Land) (¥5,857,669 thousand), while the decrease is principally attributable to the sale of Castalia Minamigyotoku II (¥362,247 thousand) and depreciation. The increase in the current fiscal period is mainly due to the acquisitions of 15 properties including DPL Misato (¥68,578,904 thousand) and two properties including FOLEO Ome Imai (¥5,443,204 thousand), while the decrease is principally due to the sale of seven properties including Castalia Nipponbashi Kouzu (¥8,338,287 thousand) and depreciation.

(Note 3) The fair value at end of period is the appraisal value provided by an external real estate appraiser.

The profit or loss concerning investment and rental properties is indicated under "Notes to Statements of Income."

Segment Information

1. Segment information

Segment information is omitted since DHR is engaged in a single business of real estate leasing and there is no reportable segment subject to disclosure.

2. Related information

Previous fiscal period (From September 1, 2016 to February 28, 2017)

(1) Information about product and service

This information is omitted since operating revenues from external customers in the single product and service category exceeded 90% of operating revenues on the statements of income.

(2) Information about geographical area

i) Operating revenues

This information is omitted since operating revenues from external customers in Japan exceeded 90% of operating revenues on the statements of income.

ii) Property, plant and equipment

This information is omitted since the amount of property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the balance sheet.

(3) Information about major customers

This information is omitted as there are no cases where operating revenues attributable to a single external customer accounts for 10% or more of the operating revenues recorded in the statements of income.

Current fiscal period (From March 1, 2017 to August 31, 2017)

(1) Information about product and service

This information is omitted since operating revenues from external customers in the single product and service category exceeded 90% of operating revenues on the statements of income.

(2) Information about geographical area

i) Operating revenues

This information is omitted since operating revenues from external customers in Japan exceeded 90% of operating revenues on the statements of income.

ii) Property, plant and equipment

This information is omitted since the amount of property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the balance sheet.

(3) Information about major customers

This information is omitted as there are no cases where operating revenues attributable to a single external customer accounts for 10% or more of the operating revenues recorded in the statements of income.

Equity in Earnings or Losses of Equity-method Investments

Not applicable for the previous fiscal period (as of February 28, 2017) and current fiscal period (as of August 31, 2017), since there is no associate.

Per Unit Information

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Net assets per unit	¥217,408	¥223,267
Basic earnings per unit	¥2,891	¥4,772

(Note 1) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period. Fully diluted earnings per investment unit is not stated, as there is no potential investment unit.

(Note 2) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From September 1, 2016 to February 28, 2017)	Current fiscal period (From March 1, 2017 to August 31, 2017)
Profit (Thousands of yen)	4,393,259	7,968,070
Amount not attributable to common unitholders (Thousands of yen)	-	-
Profit attributable to common investment units (Thousands of yen)	4,393,259	7,968,070
Average number of investment units for the period (Units)	1,519,280	1,669,617

Major Subsequent Events

Not applicable.

(9) Changes in Number of Investment Units Issued

DHR's total number of investment units issued and changes in unitholders' capital for the most recent five years until August 31, 2017 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
March 1, 2013	Split of investment units	160,535	321,070	–	41,602	(Note 1)
March 18, 2013	Capital increase through public offering	28,000	349,070	10,455	52,058	(Note 2)
April 17, 2013	Capital increase through third-party allotment	2,800	351,870	1,045	53,104	(Note 3)
October 28, 2013	Capital increase through public offering	20,000	371,870	7,817	60,921	(Note 4)
November 19, 2013	Capital increase through third-party allotment	2,000	373,870	781	61,703	(Note 5)
March 1, 2015	Split of investment units	373,870	747,740	–	61,703	(Note 6)
September 1, 2016	Delivery by allotment due to merger	771,540	1,519,280	–	61,703	(Note 7)
March 21, 2017	Capital increase through public offering	156,720	1,676,000	42,625	104,328	(Note 8)
April 14, 2017	Capital increase through third-party allotment	14,000	1,690,000	3,807	108,136	(Note 9)

(Note 1) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2013.

(Note 2) Investment units were issued by public offering with an issue price of ¥386,100 per unit (issue value: ¥373,428) in order to raise funds for the acquisition of new properties, etc.

(Note 3) Additional investment units were issued with an issue value of ¥373,428 per unit in order to raise funds for the acquisition of new properties, etc.

(Note 4) Investment units were issued by public offering with an issue price of ¥404,137 per unit (issue value: ¥390,873) in order to raise funds for repayments of short-term loans for the acquisition of new properties, etc.

(Note 5) Additional investment units were issued with an issue value of ¥390,873 per unit in order to raise funds for repayments of short-term loans for the acquisition of new properties, etc.

(Note 6) A 2-for-1 split of investment units was implemented with an effective date of March 1, 2015.

(Note 7) At the time of the Merger, which became effective as of September 1, 2016, DHR allotted 2.2 units of DHR per unit of the former DHR, and as a result, 771,540 new investment units were issued.

(Note 8) Investment units were issued by public offering with an issue price of ¥280,868 per unit (issue value: ¥271,983) in order to raise funds for the acquisition of new properties, etc.

(Note 9) Additional investment units were issued with an issue value of ¥271,983 per unit in order to raise funds for the acquisition of new properties, etc.

4. Changes in Officers

(1) Changes in DHR's Directors

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

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

(2) Changes in Officers of Asset Manager

On September 30, 2017, Isao Mikami retired from office as Director.

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

Title and post	Name	Major career summary		Number of shares held (Shares)
President and CEO	<i>Koichi Tsuchida</i>	Apr. 1983 Oct. 1997 Apr. 2002 Oct. 2003 Apr. 2005 Apr. 2006 Jun. 2006 Dec. 2006 Apr. 2007 Apr. 2008 Apr. 2014	Joined Daiwa House Industry Co., Ltd Manager, Administration and Accounting Section, Kumamoto Branch, Daiwa House Industry Co., Ltd. Manager, Administration and Support Group, Accounting Department, Administrative Headquarters, Daiwa House Industry Co., Ltd. Manager, Finance and Fund Group, Finance Department, Administrative Headquarters, Daiwa House Industry Co., Ltd. Deputy Department Manager, Finance and Fund Group, Finance Division, Administrative Headquarters, Daiwa House Industry Co., Ltd. General Manager, Finance Department, Administrative Headquarters, Daiwa House Industry Co., Ltd. Corporate Auditor (part-time), Daiwa Service Co., Ltd. Outside Director, Daiwa House Insurance Co., Ltd. General Manager, Finance Department, Management Administration Headquarters, Daiwa House Industry Co., Ltd. (Concurrent) General Manager, IR Department, Management Administration Headquarters, Daiwa House Industry Co., Ltd. President and CEO, Daiwa House Asset Management Co., Ltd. (employment transfer) (current position)	0

Title and post	Name	Major career summary		Number of shares held (Shares)
Senior Managing Director	<i>Kenjiro Matsutake</i>	<p>Apr. 1983</p> <p>Jan. 1994</p> <p>Oct. 1999</p> <p>Apr. 2004</p> <p>Jan. 2005</p> <p>Nov. 2005</p> <p>Oct. 2006</p> <p>May 2009</p> <p>Aug. 2012</p> <p>Apr. 2015</p> <p>Sep. 2016</p>	<p>Joined Daiwa House Industry Co., Ltd.</p> <p>Manager, Commercial Facilities Marketing Headquarters, Osaka Head Office, Daiwa House Industry Co., Ltd.</p> <p>Sales Office Manager, Commercial Facilities Sales Office, Shiga Branch, Daiwa House Industry Co., Ltd.</p> <p>Manager, LOC Promotion Office, Commercial Facilities Business Promotion Department, Marketing Headquarters, Daiwa House Industry Co., Ltd.</p> <p>Director and General Manager, Planning Department, Morimoto Asset Management Co., Ltd. (currently, Daiwa House Asset Management Co., Ltd.) (seconded)</p> <p>Senior Managing Director, Morimoto Asset Management Co., Ltd.</p> <p>Director and Executive Manager, Investment Management Department, Daiwa House REIT Management Co., Ltd. (seconded)</p> <p>President and CEO, Daiwa House REIT Management Co., Ltd. Executive Director, Daiwa House REIT Investment Corporation</p> <p>Director and Executive Manager, Investment Management Department, Daiwa House REIT Management Co., Ltd.</p> <p>Managing Director and Executive Manager, Investment Management Department, Daiwa House REIT Management Co., Ltd.</p> <p>Senior Managing Director and Head of Investment Management Division, Daiwa House Asset Management Co., Ltd. (seconded) (current position)</p>	0
Managing Director	<i>Masahiko Arima</i>	<p>Apr. 1986</p> <p>Apr. 2002</p> <p>Apr. 2006</p> <p>Apr. 2011</p> <p>Apr. 2012</p> <p>Aug. 2016</p> <p>Sep. 2016</p>	<p>Joined Daiwa House Industry Co., Ltd.</p> <p>Manager, Accounting and Administration Division, Ryomo Branch, Daiwa House Industry Co., Ltd.</p> <p>Manager, Accounting Division and Administration Division, Fukushima Branch, Daiwa House Industry Co., Ltd.</p> <p>Deputy General Manager, Accounting Division and Administration Division, Fukushima Branch, Daiwa House Industry Co., Ltd.</p> <p>Managing Director and General Manager, Administration & Accounting Department, Daiwa House Asset Management Co., Ltd. (seconded)</p> <p>Managing Director and General Manager, Administration & Accounting Department and Finance and Corporate Planning Department, Daiwa House Asset Management Co., Ltd</p> <p>Managing Director and General Manager, Administration & Accounting Department, Daiwa House Asset Management Co., Ltd. (current position)</p>	0

Title and post	Name	Major career summary		Number of shares held (Shares)
Director	<i>Haruto Tsukamoto</i>	Apr. 1983	Joined The Mitsui Trust and Banking Company, Limited	0
		Aug. 2003	Branch Manager, Yachiyo Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Nov. 2004	General Manager, Sales Department I, Nagoya Branch, and Satellite Office Manager, Kanayamabashi Satellite Office, The Chuo Mitsui Trust and Banking Company, Limited	
		Jul. 2006	General Manager, Sales Department II, Nagoya Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Jan. 2008	Branch Manager, Urawa Branch, The Chuo Mitsui Trust and Banking Company, Limited	
		Jul. 2009	Chief Operational Auditor, Operational Audit Group, Internal Audit Department, The Chuo Mitsui Trust and Banking Company, Limited	
		Mar. 2011	Mitsui Memorial Hospital (seconded)	
		Apr. 2013	Deputy Director General, Internal Audit Department, Sumitomo Mitsui Trust Bank, Limited	
		Nov. 2014	Director and Executive Manager, Finance Department, Daiwa House REIT Management Co., Ltd. (seconded)	
		Apr. 2016	Daiwa House REIT Management Co., Ltd. (employment transfer)	
		Sep. 2016	Director and General Manager, Finance and Corporate Planning Department (CFO), Daiwa House Asset Management Co., Ltd. (current position)	
Corporate Auditor (Part-time)	<i>Hiroshi Tobita</i>	Apr. 1995	Legal apprentice	
		Apr. 1997	Tokyo Bar Association, Joined Saotome Goro Law Office	
		Apr. 2000	Joined Nishimura & Partners	
		Aug. 2010	Opened Tobita Hiroshi Law Office	
		Nov. 2010	Partner, Wisdom Law Office	
		Jun. 2015	Opened Tobita & Partners Law Offices (current position)	
		Jun. 2015	Corporate Auditor (part-time), Daiwa House Asset Management Co., Ltd. (current position)	
		Jun. 2015	Outside Director and Audit and Supervisory Committee Member, Mutoh Holdings Co., Ltd. (current position)	

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

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

5. Reference Information

Status of DHR's investment

(1) Portfolio List

i) Status of Investment

The status of DHR's investment as of August 31, 2017 is shown below.

Type of assets	Asset class	Area (Note 1)		Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	
Real estate	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	25,203	3.7	
			Greater Nagoya area	926	0.1	
			Greater Osaka area	13,611	2.0	
			Other	5,450	0.8	
		Subtotal			45,191	6.6
Trust beneficiary interest in real estate	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	179,252	26.3	
			Greater Nagoya area	13,564	2.0	
			Greater Osaka area	19,646	2.9	
			Other	46,640	6.8	
	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	171,063	25.1	
			Greater Nagoya area	4,356	0.6	
			Greater Osaka area	9,214	1.4	
			Other	7,156	1.0	
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	27,039	4.0	
			Greater Nagoya area	2,390	0.4	
			Greater Osaka area	4,518	0.7	
			Other	21,757	3.2	
	Other	Three major metropolitan areas of Japan	Greater Tokyo area	1,981	0.3	
			Other	9,394	1.4	
			Subtotal			517,976
	Deposits and other assets				119,191	17.5
	Total assets				682,359	100.0

	Total amount held (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	305,038	44.7
Total net assets	377,321	55.3

(Note 1) Three major metropolitan areas of Japan in "Area" are the Greater Tokyo area (Tokyo, Kanagawa, Saitama and Chiba, the same shall apply hereinafter), the Greater Nagoya area (Aichi, Gifu and Mie, the same shall apply hereinafter) and the Greater Osaka area (Osaka, Kyoto, Hyogo, Nara and Shiga, the same shall apply hereinafter). The same shall apply hereinafter.

(Note 2) "Total amount held" represents the amounts recorded on the balance sheet as of August 31, 2017, which are rounded down to the nearest million yen. For real estate properties and trust beneficiary interest in real estate, the amounts are their acquisition costs (including expenses associated with the acquisition) less accumulated depreciation.

(Note 3) "Percentage to total assets" is rounded to the nearest tenth.

ii) Major investment securities

The status of investment securities held by DHR as of August 31, 2017 is shown below.

(Unit: Thousands of yen)

Type	Issue name	Total face value	Book value	Interest rate	Maturity	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Investment ratio	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	9,308	—	September 20, 2037	—	—	8,919	(389)	0.0%	Deposited as business security deposit
Total		10,000	9,308	—	—	—	—	8,919	(389)	0.0%	

iii) Summary of assets held

A. The summary of real estate and trust beneficiary interest in real estate (or referred as “real estate in trust”) held by DHR as of August 31, 2017 is shown below.

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Logistics properties	LB-001	D Project Machida	Machida City, Tokyo	September 1, 2016	9,200	1.6	9,211	9,420
	LB-002	D Project Hachioji	Hachioji City, Tokyo	September 1, 2016	15,400	2.7	15,242	15,800
	LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	September 1, 2016	3,390	0.6	3,721	4,260
	LB-004	D Project Shin-Misato	Misato City, Saitama	September 1, 2016	5,710	1.0	5,668	5,760
	LB-005	D Project Urayasu I	Urayasu City, Chiba	September 1, 2016	9,280	1.6	9,225	9,510
	LB-006	D Project Urayasu II	Urayasu City, Chiba	September 1, 2016	26,000	4.5	25,844	26,700
	LB-007	D Project Akanehama	Narashino City, Chiba	September 1, 2016	2,950	0.5	2,927	3,030
	LB-008	D Project Noda	Noda City, Chiba	September 1, 2016	6,210	1.1	6,178	6,450
	LB-009	D Project Inuyama	Inuyama City, Aichi	September 1, 2016	8,690	1.5	8,583	9,000
	LB-010	D Project Gifu	Anpachi District, Gifu	September 1, 2016	1,100	0.2	1,084	1,130
	LB-011	D Project Neyagawa	Neyagawa City, Osaka	September 1, 2016	5,980	1.0	5,932	6,200
	LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	September 1, 2016	818	0.1	803	846
	LB-013	D Project Morioka	Takizawa City, Iwate	September 1, 2016	1,200	0.2	1,181	1,210
	LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	September 1, 2016	1,530	0.3	1,505	1,550
	LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	September 1, 2016	3,390	0.6	3,341	3,450
	LB-016	D Project Gotenba	Gotenba City, Shizuoka	September 1, 2016	1,140	0.2	1,126	1,150
	LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	September 1, 2016	1,210	0.2	1,198	1,200
	LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	September 1, 2016	4,240	0.7	4,189	4,290
	LB-019	D Project Tosu	Tosu City, Saga	September 1, 2016	5,740	1.0	5,649	5,910
	LB-020	D Project Kuki I	Kuki City, Saitama	September 1, 2016	3,900	0.7	3,859	4,110
	LB-021	D Project Kuki II	Kuki City, Saitama	September 1, 2016	8,120	1.4	8,007	8,580
	LB-022	D Project Kawagoe I	Kawagoe City, Saitama	September 1, 2016	3,530	0.6	3,499	3,710
	LB-023	D Project Kawagoe II	Kawagoe City, Saitama	September 1, 2016	4,850	0.8	4,804	5,150
	LB-024	DPL Inuyama	Inuyama City, Aichi	September 1, 2016	3,940	0.7	3,896	4,060
	LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	September 1, 2016	4,340	0.8	4,292	4,520
	LB-026	D Project Kuki III	Kuki City, Saitama	September 1, 2016	7,630	1.3	7,540	8,130
	LB-027	D Project Kuki IV	Kuki City, Saitama	September 1, 2016	5,520	1.0	5,462	5,810
	LB-028	D Project Kuki V	Kuki City, Saitama	September 1, 2016	8,280	1.4	8,239	8,790
	LB-029	D Project Kuki VI	Kuki City, Saitama	September 1, 2016	5,140	0.9	5,071	5,420
	LB-030	D Project Yashio	Yashio City, Saitama	September 1, 2016	6,400	1.1	6,339	6,600
	LB-031	D Project Nishiyodogawa	Osaka City, Osaka	September 1, 2016	10,300	1.8	10,178	10,700
	LB-032	D Project Matsudo	Matsudo City, Chiba	September 1, 2016	7,370	1.3	7,309	7,620
	LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	September 28, 2016	2,080	0.4	2,063	2,130
	LB-034	D Project Morioka II	Takizawa City, Iwate	September 28, 2016	1,280	0.2	1,274	1,330
	LB-035	D Project Kawagoe III	Kawagoe City, Saitama	April 11, 2017	7,200	1.2	7,227	7,460
	LB-036	D Project Kazo	Kazo City, Saitama	April 11, 2017	3,300	0.6	3,314	3,430
	LB-037	D Project Urayasu III	Urayasu City, Chiba	April 11, 2017	8,500	1.5	8,526	9,340
	LB-038	D Project Tomisato	Tomisato City, Chiba	April 11, 2017	5,000	0.9	5,015	5,040
	LB-039	D Project Kyotanabe	Kyotanabe City, Kyoto	April 11, 2017	3,520	0.6	3,535	3,620
	LB-040	D Project Sendai Izumi	Sendai City, Miyagi	April 11, 2017	1,510	0.3	1,520	1,590

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Logistics properties	LB-041	D Project Oyama	Oyama City, Tochigi	April 11, 2017	2,000	0.3	2,008	2,020
	LB-042	D Project Sano	Sano City, Tochigi	April 11, 2017	1,780	0.3	1,791	1,790
	LB-043	D Project Tatebayashi	Tatebayashi City, Gunma	April 11, 2017	3,100	0.5	3,111	3,150
	LB-044	D Project Kakegawa	Kakegawa City, Shizuoka	April 11, 2017	6,000	1.0	6,023	6,140
	LB-045	D Project Hiroshima Seifu	Hiroshima City, Hiroshima	April 11, 2017	3,820	0.7	3,836	3,930
	LB-046	D Project Tosu II	Tosu City, Saga	April 11, 2017	1,700	0.3	1,709	1,840
	LM-001	DPL Misato	Misato City, Saitama	April 11, 2017	16,831	2.9	16,875	17,400
Total of 47 Logistics properties					260,119	45.0	258,948	270,276
Residential properties	RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	March 22, 2006	7,650	1.3	7,238	8,520
	RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	March 22, 2006	4,500	0.8	4,170	4,220
	RE-003	Castalia Shibakoen	Minato Ward, Tokyo	March 22, 2006	2,630	0.5	2,410	2,190
	RE-004	Castalia Ginza	Chuo Ward, Tokyo	March 22, 2006	2,520	0.4	2,353	2,220
	RE-005	Castalia Hiroo	Minato Ward, Tokyo	March 22, 2006	2,220	0.4	2,077	1,830
	RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	March 22, 2006	1,200	0.2	1,073	1,170
	RE-007	Castalia Hacchobori	Chuo Ward, Tokyo	March 7, 2007	2,300	0.4	2,116	2,250
	RE-008	Castalia Azabujuban	Minato Ward, Tokyo	June 21, 2007	2,910	0.5	2,792	2,660
	RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	June 21, 2007	2,690	0.5	2,530	2,500
	RE-010	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	June 21, 2007	1,865	0.3	1,770	1,610
	RE-011	Castalia Ginza II	Chuo Ward, Tokyo	June 21, 2007	1,800	0.3	1,667	1,730
	RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	June 21, 2007	1,400	0.2	1,340	1,100
	RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	April 1, 2010	2,143	0.4	2,316	2,260
	RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	April 1, 2010	1,770	0.3	1,706	2,120
	RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	April 1, 2010	1,393	0.2	1,470	1,520
	RE-016	Castalia Suitengu	Chuo Ward, Tokyo	April 1, 2010	1,279	0.2	1,199	1,390
	RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	April 1, 2010	1,138	0.2	1,101	1,260
	RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	April 1, 2010	932	0.2	914	1,030
	RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	April 1, 2010	825	0.1	814	914
	RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	April 1, 2010	887	0.2	859	940
	RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	April 1, 2010	608	0.1	646	713
	RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	April 1, 2010	555	0.1	558	612
	RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	April 1, 2010	464	0.1	441	529
	RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	April 1, 2010	947	0.2	865	1,230
	RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	April 1, 2010	1,070	0.2	979	1,360
	RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	April 1, 2010	914	0.2	858	1,090
	RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	April 1, 2010	1,370	0.2	1,265	1,680
	RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	April 1, 2010	1,160	0.2	1,085	1,450
	RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	April 1, 2010	675	0.1	618	759
	RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	April 1, 2010	2,720	0.5	2,623	3,100
	RE-031	Castalia Takanawadai	Minato Ward, Tokyo	April 1, 2010	860	0.1	818	1,030
	RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	April 1, 2010	666	0.1	612	807
	RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	April 1, 2010	486	0.1	475	511
	RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	April 1, 2010	400	0.1	375	471
	RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	April 1, 2010	1,190	0.2	1,161	1,350
	RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	April 1, 2010	642	0.1	611	697
	RE-037	Castalia Ginza III	Chuo Ward, Tokyo	April 1, 2010	2,880	0.5	2,735	2,970
	RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	April 1, 2010	2,707	0.5	2,525	3,100
	RE-039	Castalia Takanawa	Minato Ward, Tokyo	April 1, 2010	7,430	1.3	7,143	7,800
	RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	April 1, 2010	3,520	0.6	3,266	4,000
	RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	April 1, 2010	2,950	0.5	2,851	3,370
	RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	June 29, 2010	940	0.2	880	1,330
	RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	October 18, 2011	7,580	1.3	6,910	8,780
	RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	December 19, 2011	2,030	0.4	1,988	2,350
	RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	September 27, 2013	1,900	0.3	1,882	2,040
	RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	September 27, 2013	1,420	0.2	1,418	1,550
	RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	December 20, 2005	4,500	0.8	4,059	4,350

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Residential properties	RE-048	Castalia Toritsudaigaku	Meguro Ward, Tokyo	March 22, 2006	648	0.1	596	559
	RE-049	Castalia Yukigaya	Ota Ward, Tokyo	March 7, 2007	1,110	0.2	1,006	1,110
	RE-050	Castalia Yutenji	Meguro Ward, Tokyo	June 21, 2007	1,450	0.3	1,332	1,280
	RE-051	Castalia Otsuka	Toshima Ward, Tokyo	June 21, 2007	1,480	0.3	1,336	1,620
	RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	June 21, 2007	817	0.1	731	778
	RE-053	Castalia Meguro	Meguro Ward, Tokyo	April 1, 2010	844	0.1	845	992
	RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	April 1, 2010	1,040	0.2	990	1,250
	RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	April 1, 2010	1,200	0.2	1,166	1,390
	RE-056	Castalia Mejiro	Toshima Ward, Tokyo	April 1, 2010	988	0.2	937	1,070
	RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	April 1, 2010	2,570	0.4	2,461	2,810
	RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	April 1, 2010	1,140	0.2	1,065	1,230
	RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	April 1, 2010	7,380	1.3	6,836	8,740
	RE-060	Castalia Yakumo	Meguro Ward, Tokyo	April 1, 2010	857	0.1	833	773
	RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	April 1, 2010	1,560	0.3	1,472	1,930
	RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	April 1, 2010	996	0.2	990	1,120
	RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	April 1, 2010	742	0.1	762	812
	RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	April 1, 2010	503	0.1	459	547
	RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	April 1, 2010	198	0.0	182	215
	RE-066	Castalia Morishita	Koto Ward, Tokyo	April 1, 2010	832	0.1	805	1,020
	RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	April 1, 2010	776	0.1	748	847
	RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	April 1, 2010	792	0.1	739	944
	RE-069	Castalia Iriya	Taito Ward, Tokyo	April 1, 2010	546	0.1	505	656
	RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	April 1, 2010	2,641	0.5	2,418	2,720
	RE-071	Castalia Morishita II	Koto Ward, Tokyo	April 1, 2010	686	0.1	623	788
	RE-072	Castalia Minowa	Taito Ward, Tokyo	April 1, 2010	1,430	0.2	1,306	1,550
	RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	April 1, 2010	533	0.1	502	602
	RE-074	Castalia Nakano	Nakano Ward, Tokyo	April 1, 2010	1,060	0.2	978	1,230
	RE-075	Castalia Yoga	Setagaya Ward, Tokyo	April 1, 2010	923	0.2	874	1,140
	RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	April 1, 2010	948	0.2	857	1,010
	RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	April 1, 2010	2,160	0.4	2,002	2,670
	RE-078	Castalia Oshiage	Sumida Ward, Tokyo	April 1, 2010	1,100	0.2	996	1,120
	RE-079	Castalia Kuramae	Taito Ward, Tokyo	April 1, 2010	1,260	0.2	1,151	1,460
	RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	June 29, 2010	1,790	0.3	1,673	2,580
	RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	November 1, 2010	7,360	1.3	6,402	9,720
	RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	November 1, 2010	1,770	0.3	1,617	2,510
	RE-083	Castalia Ooimachi	Shinagawa Ward, Tokyo	June 30, 2011	1,181	0.2	1,170	1,480
	RE-084	Castalia Omori	Ota Ward, Tokyo	August 2, 2011	1,500	0.3	1,450	1,780
	RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	October 7, 2011	1,900	0.3	1,864	2,290
	RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	March 28, 2012	1,660	0.3	1,574	2,140
RE-087	Castalia Omori II	Ota Ward, Tokyo	March 29, 2012	2,370	0.4	2,292	2,830	
RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	November 29, 2012	3,800	0.7	3,787	4,270	
RE-089	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	September 27, 2013	2,030	0.4	2,018	2,250	
RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	September 27, 2013	1,750	0.3	1,760	1,820	
RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	September 27, 2013	1,520	0.3	1,494	1,650	
RE-092	Morino Tonari	Shinagawa Ward, Tokyo	July 1, 2014	1,020	0.2	1,056	1,170	
RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	September 26, 2014	1,165	0.2	1,215	1,270	
RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	May 1, 2015	4,350	0.8	4,313	4,940	
RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	May 1, 2015	1,520	0.3	1,540	1,710	
RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	March 22, 2006	1,674	0.3	1,618	1,970	
RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	June 21, 2007	666	0.1	601	731	
RE-098	Castalia Funabashi	Funabashi City, Chiba	April 1, 2010	704	0.1	710	783	
RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	April 1, 2010	783	0.1	753	908	
RE-105	Castalia Nogeeyama	Yokohama City, Kanagawa	April 1, 2010	325	0.1	300	328	
RE-106	Castalia Ichikawa	Ichikawa City, Chiba	April 1, 2010	461	0.1	412	530	
RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	October 7, 2011	5,300	0.9	4,900	6,190	
RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	September 27, 2013	1,680	0.3	1,662	1,840	
RE-109	Royal Parks Wakabadai	Inagi City, Tokyo	March 28, 2014	4,360	0.8	4,111	4,960	

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)	
					Price (Millions of yen)	Investment ratio (%) (Note 4)			
Residential properties	RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	May 1, 2015	9,100	1.6	8,971	10,900	
	RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	May 1, 2015	1,720	0.3	1,752	2,010	
	RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	May 1, 2015	1,060	0.2	1,046	1,280	
	RE-115	Crest Kusatsu	Kusatsu City, Shiga	April 1, 2010	3,004	0.5	2,882	1,960	
	RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	April 1, 2010	1,490	0.3	1,339	1,700	
	RE-117	Castalia Shin-Umeda	Osaka City, Osaka	April 1, 2010	1,376	0.2	1,229	1,520	
	RE-118	Castalia Abeno	Osaka City, Osaka	April 1, 2010	4,368	0.8	4,060	4,940	
	RE-119	Castalia Sakae	Nagoya City, Aichi	April 1, 2010	1,010	0.2	926	1,210	
	RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	April 1, 2010	411	0.1	370	509	
	RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	April 1, 2010	1,740	0.3	1,571	2,020	
	RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	April 1, 2010	960	0.2	858	1,000	
	RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	April 1, 2010	3,400	0.6	3,016	4,460	
	RE-125	Castalia Sannomiya	Kobe City, Hyogo	April 1, 2010	1,230	0.2	1,093	1,520	
	RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	April 1, 2010	481	0.1	424	556	
	RE-127	Castalia Ichibancho	Sendai City, Miyagi	April 1, 2010	783	0.1	707	948	
	RE-128	Castalia Omachi	Sendai City, Miyagi	April 1, 2010	656	0.1	619	763	
	RE-129	Castalia Uemachidai	Osaka City, Osaka	April 1, 2010	2,190	0.4	1,986	2,680	
	RE-130	Castalia Tower Higobashi	Osaka City, Osaka	April 1, 2010	2,670	0.5	2,424	3,540	
	RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	November 1, 2010	1,740	0.3	1,385	2,630	
	RE-132	Castalia Fushimi	Nagoya City, Aichi	January 14, 2011	2,260	0.4	2,031	3,040	
	RE-133	Castalia Meieki Minami	Nagoya City, Aichi	August 1, 2011	720	0.1	677	916	
	RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	September 26, 2011	930	0.2	899	1,140	
	RE-135	Castalia Mibu	Kyoto City, Kyoto	December 22, 2011	1,193	0.2	1,134	1,450	
	RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	September 3, 2012	1,208	0.2	1,173	1,700	
	RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	March 25, 2013	2,910	0.5	2,716	3,810	
	RE-138	Royal Parks Namba	Osaka City, Osaka	March 29, 2013	2,830	0.5	2,628	2,970	
	RE-139	Castalia Shigahondori	Nagoya City, Aichi	June 26, 2013	1,730	0.3	1,647	2,080	
	RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	November 2, 2015	973	0.2	1,030	1,060	
RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	September 28, 2016	2,000	0.3	2,031	2,300		
RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	September 28, 2016	2,020	0.3	2,058	2,180		
RE-143	Castalia Shinsakae II	Nagoya City, Aichi	April 11, 2017	1,800	0.3	1,880	1,940		
Total of 135 Residential properties					250,448	43.3	236,982	281,828	
Retail properties	RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	September 1, 2016	7,770	1.3	7,662	7,950	
	RM-002	FOLEO Hirakata	Hirakata City, Osaka	September 1, 2016	4,580	0.8	4,518	4,580	
	RM-003	QiZ GATE URAWA	Saitama City, Saitama	September 1, 2016	4,270	0.7	4,292	4,350	
	RM-004	UNICUS Takasaki	Takasaki City, Gunma	September 1, 2016	3,000	0.5	2,977	3,020	
	RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	September 1, 2016	3,740	0.6	3,740	3,840	
	RM-006	DREAM TOWN ALi	Aomori City, Aomori	September 1, 2016	8,100	1.4	8,026	8,270	
	RM-007	ASOBOX (Land)	Kitakyushu City, Fukuoka	August 29, 2017	1,600	0.3	1,617	1,830	
	RM-008	FOLEO Ome Imai	Ome City, Tokyo	August 29, 2017	3,800	0.7	3,823	3,850	
	RR-001	LIFE Sagamihara Wakamatsu	Sagamihara City, Kanagawa	September 1, 2016	1,670	0.3	1,664	1,720	
	RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	September 1, 2016	6,960	1.2	6,917	7,160	
	RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	September 1, 2016	2,390	0.4	2,390	2,440	
	RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	Kitakyushu City, Fukuoka	September 28, 2016	2,230	0.4	2,218	2,340	
	RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	January 31, 2017	5,620	1.0	5,857	6,630	
	Total of 13 Retail properties					55,730	9.6	55,705	57,980

Asset class	Property number (Note 1)	Property name	Location (city or county, prefecture)	Acquisition date (Note 2)	Acquisition price (Note 3)		Book value (Millions of yen) (Note 5)	Assessed value at the end of period (Millions of yen) (Note 6)
					Price (Millions of yen)	Investment ratio (%) (Note 4)		
Other assets	OT-001	Urban Living Inage	Chiba City, Chiba	June 24, 2013	930	0.2	884	1,300
	OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	September 1, 2014	1,100	0.2	1,096	1,290
	OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	September 28, 2016	7,600	1.3	7,532	7,840
	OT-004	Sharp Hiroshima Building	Hiroshima City, Hiroshima	April 11, 2017	1,850	0.3	1,861	1,910
Total of 4 Other assets					11,480	2.0	11,376	12,340
Portfolio Total of 199 Properties					577,777	100.0	563,013	622,424

(Note 1) “Property number” is assigned for each property according to the use categories; L represents logistics properties, RE represents residential properties, R represents retail properties and OT represents other properties, which are further classified into LB (Built-to-Suit (BTS) type), LM (multi-tenant type), RR (roadside type) and RM (mall type). The same shall apply hereinafter.

(Note 2) With regard to the properties acquired through past mergers, “Acquisition date” represents the effective date of the merger.

(Note 3) “Acquisition price” represents the purchase price stipulated in the respective purchase agreements of assets held by DHR (excluding expenses pertaining to acquisitions, settlement money such as taxes and duties, consumption taxes etc., or guarantee deposits on leased land, etc.). However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, the prices received at the time of the merger with the former DHR. “Total acquisition price” is rounded to the nearest million yen.

(Note 4) “Investment ratio” represents the percentage of the acquisition price for each property to the total acquisition price of assets held, rounded to the nearest tenth.

(Note 5) “Book value” is stated at the amount on the balance sheets as of August 31, 2017, rounded down to the nearest million yen.

(Note 6) “Assessed value at the end of period” is the appraisal value as of August 31, 2017 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute and Morii Appraisal & Investment Consulting Inc.) in accordance with the Articles of Incorporation of DHR as well as “Regulations on Accounting of Investment Corporations” (Cabinet Office Order No. 47 of 2006, as amended). The amounts were rounded down to the nearest million yen.

B. The leasable area, leased area, occupancy rate, number of tenants and annual rent of real estate or real estate in trust held by DHR as of August 31, 2017 are as follows:

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
LB-001	D Project Machida	Machida City, Tokyo	50,490.39	50,490.39	100.0	1	(Note 6)
LB-002	D Project Hachioji	Hachioji City, Tokyo	62,394.17	62,394.17	100.0	2	(Note 6)
LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	14,240.84	14,240.84	100.0	1	(Note 6)
LB-004	D Project Shin-Misato	Misato City, Saitama	11,289.91	11,289.91	100.0	1	(Note 6)
LB-005	D Project Urayasu I	Urayasu City, Chiba	36,515.81	36,515.81	100.0	1	(Note 6)
LB-006	D Project Urayasu II	Urayasu City, Chiba	72,320.01	72,320.01	100.0	1	(Note 6)
LB-007	D Project Akanehama	Narashino City, Chiba	11,663.39	11,663.39	100.0	1	(Note 6)
LB-008	D Project Noda	Noda City, Chiba	29,232.53	29,232.53	100.0	1	(Note 6)
LB-009	D Project Inuyama	Inuyama City, Aichi	43,723.70	43,723.70	100.0	1	(Note 6)
LB-010	D Project Gifu	Anpachi District, Gifu	7,669.91	7,669.91	100.0	1	(Note 6)
LB-011	D Project Neyagawa	Neyagawa City, Osaka	11,151.51	11,151.51	100.0	1	(Note 6)
LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	6,749.10	6,749.10	100.0	1	(Note 6)
LB-013	D Project Morioka	Takizawa City, Iwate	9,558.32	9,558.32	100.0	1	(Note 6)
LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	11,052.27	11,052.27	100.0	1	(Note 6)
LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	17,448.86	17,448.86	100.0	1	(Note 6)
LB-016	D Project Gotenba	Gotenba City, Shizuoka	6,737.53	6,737.53	100.0	1	(Note 6)
LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	5,093.51	5,093.51	100.0	2	(Note 6)
LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	24,729.56	24,729.56	100.0	4	251
LB-019	D Project Tosu	Tosu City, Saga	17,858.01	17,858.01	100.0	1	(Note 6)
LB-020	D Project Kuki I	Kuki City, Saitama	22,708.72	22,708.72	100.0	1	(Note 6)
LB-021	D Project Kuki II	Kuki City, Saitama	50,490.00	50,490.00	100.0	1	(Note 6)
LB-022	D Project Kawagoe I	Kawagoe City, Saitama	16,150.88	16,150.88	100.0	1	205
LB-023	D Project Kawagoe II	Kawagoe City, Saitama	19,872.00	19,872.00	100.0	1	281
LB-024	DPL Inuyama	Inuyama City, Aichi	21,628.50	21,628.50	100.0	1	(Note 6)
LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	34,710.80	34,710.80	100.0	1	(Note 6)
LB-026	D Project Kuki III	Kuki City, Saitama	26,937.41	26,937.41	100.0	1	(Note 6)
LB-027	D Project Kuki IV	Kuki City, Saitama	26,460.00	26,460.00	100.0	1	(Note 6)
LB-028	D Project Kuki V	Kuki City, Saitama	47,320.89	47,320.89	100.0	1	(Note 6)
LB-029	D Project Kuki VI	Kuki City, Saitama	29,244.66	29,244.66	100.0	1	(Note 6)
LB-030	D Project Yashio	Yashio City, Saitama	21,965.04	21,965.04	100.0	2	(Note 6)
LB-031	D Project Nishiyodogawa	Osaka City, Osaka	39,584.80	39,584.80	100.0	1	(Note 6)
LB-032	D Project Matsudo	Matsudo City, Chiba	26,776.67	26,776.67	100.0	1	(Note 6)
LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	23,933.75	23,933.75	100.0	1	(Note 6)
LB-034	D Project Morioka II	Takizawa City, Iwate	4,481.00	4,481.00	100.0	1	(Note 6)
LB-035	D Project Kawagoe III	Kawagoe City, Saitama	39,572.32	39,572.32	100.0	1	(Note 6)
LB-036	D Project Kazo	Kazo City, Saitama	18,371.10	18,371.10	100.0	1	(Note 6)
LB-037	D Project Urayasu III	Urayasu City, Chiba	39,441.32	39,441.32	100.0	1	(Note 6)
LB-038	D Project Tomisato	Tomisato City, Chiba	36,113.25	36,113.25	100.0	1	(Note 6)
LB-039	D Project Kyotanabe	Kyotanabe City, Kyoto	10,965.68	10,965.68	100.0	1	(Note 6)
LB-040	D Project Sendai Izumi	Sendai City, Miyagi	10,764.05	10,764.05	100.0	1	(Note 6)
LB-041	D Project Oyama	Oyama City, Tochigi	14,106.91	14,106.91	100.0	1	(Note 6)
LB-042	D Project Sano	Sano City, Tochigi	15,668.44	15,668.44	100.0	1	(Note 6)
LB-043	D Project Tatebayashi	Tatebayashi City, Gunma	13,521.56	13,521.56	100.0	1	(Note 6)
LB-044	D Project Kakegawa	Kakegawa City, Shizuoka	39,341.44	39,341.44	100.0	1	(Note 6)
LB-045	D Project Hiroshima Seifu	Hiroshima City, Hiroshima	19,004.72	19,004.72	100.0	1	(Note 6)
LB-046	D Project Tosu II	Tosu City, Saga	13,012.50	13,012.50	100.0	1	(Note 6)
LM-001	DPL Misato	Misato City, Saitama	55,864.47	55,864.47	100.0	1	(Note 6)
Total of 47 Logistics properties			1,187,932.21	1,187,932.21	100.0	53	14,901
RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	5,230.39	4,996.92	95.5	1	409
RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	3,492.93	3,465.93	99.2	1	225
RE-003	Castalia Shibakoen	Minato Ward, Tokyo	2,707.51	2,670.88	98.6	1	133
RE-004	Castalia Ginza	Chuo Ward, Tokyo	2,226.42	2,156.82	96.9	1	122
RE-005	Castalia Hiroo	Minato Ward, Tokyo	1,621.59	1,621.59	100.0	1	96
RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	1,458.73	1,406.77	96.4	1	72
RE-007	Castalia Hacchobori	Chuo Ward, Tokyo	2,969.57	2,916.44	98.2	1	128

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-008	Castalia Azabujuban	Minato Ward, Tokyo	2,400.00	2,317.63	96.6	1	137
RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	2,094.58	2,064.05	98.5	1	129
RE-010	Castalia Shinjuku Natsumezaka	Shinjuku Ward, Tokyo	1,917.62	1,917.62	100.0	1	93
RE-011	Castalia Ginza II	Chuo Ward, Tokyo	1,817.56	1,769.57	97.4	1	96
RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	1,123.80	1,099.84	97.9	1	66
RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	2,779.77	2,521.53	90.7	1	126
RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	2,559.21	2,416.83	94.4	1	110
RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	1,898.47	1,898.47	100.0	1	79
RE-016	Castalia Suitengu	Chuo Ward, Tokyo	1,940.94	1,915.41	98.7	1	86
RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	1,858.34	1,858.34	100.0	1	79
RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	1,444.52	1,375.68	95.2	1	62
RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	1,244.54	1,244.54	100.0	1	56
RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	1,225.26	1,225.26	100.0	1	52
RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	811.95	811.95	100.0	1	43
RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	803.03	803.03	100.0	1	39
RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	957.60	957.60	100.0	1	37
RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	1,747.90	1,747.90	100.0	1	72
RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	1,826.80	1,826.80	100.0	1	79
RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	1,308.38	1,308.38	100.0	1	64
RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	2,117.46	2,117.46	100.0	1	98
RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	1,628.80	1,628.80	100.0	1	82
RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	972.51	927.79	95.4	1	46
RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	3,594.16	3,594.16	100.0	1	163
RE-031	Castalia Takanawadai	Minato Ward, Tokyo	1,147.44	1,147.44	100.0	1	57
RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	1,105.20	1,105.20	100.0	1	48
RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	668.79	668.79	100.0	1	32
RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	681.00	681.00	100.0	1	31
RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	1,567.84	1,567.84	100.0	1	76
RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	882.67	882.67	100.0	1	41
RE-037	Castalia Ginza III	Chuo Ward, Tokyo	3,494.42	3,494.42	100.0	1	169
RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	4,602.95	4,557.08	99.0	1	180
RE-039	Castalia Takanawa	Minato Ward, Tokyo	10,408.26	10,159.05	97.6	1	453
RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	6,442.28	6,442.28	100.0	1	267
RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	3,150.80	3,150.80	100.0	1	179
RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	1,546.34	1,441.97	93.3	1	76
RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	16,849.50	16,469.68	97.7	2	715
RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	3,077.05	3,048.16	99.1	1	136
RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	2,339.42	2,339.42	100.0	1	116
RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	1,659.71	1,622.25	97.7	1	84
RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	4,967.97	4,848.28	97.6	1	246
RE-048	Castalia Toritsudaigaku	Meguro Ward, Tokyo	863.70	827.93	95.9	1	38
RE-049	Castalia Yukigaya	Ota Ward, Tokyo	1,542.30	1,513.29	98.1	1	68
RE-050	Castalia Yutenji	Meguro Ward, Tokyo	1,380.35	1,380.35	100.0	1	73
RE-051	Castalia Otsuka	Toshima Ward, Tokyo	1,871.70	1,788.00	95.5	1	87
RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	1,168.18	1,141.93	97.8	1	52
RE-053	Castalia Meguro	Meguro Ward, Tokyo	1,414.73	1,307.84	92.4	1	55
RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	1,784.50	1,747.54	97.9	1	72
RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	1,472.47	1,472.47	100.0	1	77
RE-056	Castalia Mejiro	Toshima Ward, Tokyo	1,658.90	1,658.90	100.0	1	65
RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	3,644.35	3,558.01	97.6	1	163
RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	1,624.06	1,624.06	100.0	1	77
RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	12,732.35	12,579.52	98.8	1	523
RE-060	Castalia Yakumo	Meguro Ward, Tokyo	1,276.91	1,083.93	84.9	1	43
RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	2,014.12	2,014.12	100.0	1	100
RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	2,255.88	2,255.88	100.0	1	72
RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	1,220.16	1,061.37	87.0	1	43
RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	887.94	887.94	100.0	1	33

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	414.45	414.45	100.0	1	15
RE-066	Castalia Morishita	Koto Ward, Tokyo	1,383.90	1,322.54	95.6	1	59
RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	1,425.43	1,425.43	100.0	1	53
RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	1,537.84	1,537.84	100.0	1	62
RE-069	Castalia Iriya	Taito Ward, Tokyo	1,415.15	1,415.15	100.0	1	45
RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	4,197.66	4,161.77	99.1	1	170
RE-071	Castalia Morishita II	Koto Ward, Tokyo	1,275.60	1,211.82	95.0	1	51
RE-072	Castalia Minowa	Taito Ward, Tokyo	2,406.41	2,306.27	95.8	1	94
RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	857.32	857.32	100.0	1	36
RE-074	Castalia Nakano	Nakano Ward, Tokyo	1,613.86	1,576.92	97.7	1	69
RE-075	Castalia Yoga	Setagaya Ward, Tokyo	1,472.38	1,397.35	94.9	1	61
RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	1,362.60	1,341.34	98.4	1	63
RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	3,038.98	3,038.98	100.0	1	136
RE-078	Castalia Oshiage	Sumida Ward, Tokyo	1,785.24	1,785.24	100.0	1	71
RE-079	Castalia Kuramae	Taito Ward, Tokyo	1,994.93	1,994.93	100.0	1	86
RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	2,421.82	2,265.31	93.5	1	136
RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	18,112.03	18,112.03	100.0	1	634
RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	2,629.59	2,519.64	95.8	1	144
RE-083	Castalia Ooimachi	Shinagawa Ward, Tokyo	1,413.75	1,413.75	100.0	1	74
RE-084	Castalia Omori	Ota Ward, Tokyo	2,046.36	1,983.78	96.9	1	98
RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	2,640.86	2,601.76	98.5	1	133
RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	3,797.92	3,649.88	96.1	1	122
RE-087	Castalia Omori II	Ota Ward, Tokyo	2,818.70	2,715.30	96.3	1	148
RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	3,166.71	2,999.48	94.7	1	213
RE-089	Castalia Meguro Chojyamaru	Shinagawa Ward, Tokyo	2,123.77	2,064.39	97.2	1	122
RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	1,961.52	1,930.88	98.4	1	102
RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	2,004.80	1,955.26	97.5	1	94
RE-092	Morino Tonari	Shinagawa Ward, Tokyo	1,668.24	1,515.81	90.9	1	55
RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	1,278.52	1,278.52	100.0	1	63
RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	17,269.74	17,269.74	100.0	1	454
RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	2,224.41	2,224.41	100.0	1	100
RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	4,208.83	4,208.83	100.0	1	111
RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	1,452.09	1,407.40	96.9	1	50
RE-098	Castalia Funabashi	Funabashi City, Chiba	1,552.01	1,517.21	97.8	1	58
RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	1,597.32	1,577.60	98.8	1	64
RE-105	Castalia NogeYama	Yokohama City, Kanagawa	744.90	744.90	100.0	1	27
RE-106	Castalia Ichikawa	Ichikawa City, Chiba	876.89	876.89	100.0	1	39
RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	18,153.57	18,153.57	100.0	1	458
RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	2,179.80	2,080.59	95.4	1	105
RE-109	Royal Parks Wakabadai	Inagi City, Tokyo	21,367.93	21,367.93	100.0	2	488
RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	26,294.49	26,294.49	100.0	1	983
RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	3,009.74	3,009.74	100.0	1	111
RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	3,808.97	3,808.97	100.0	1	129
RE-115	Crest Kusatsu	Kusatsu City, Shiga	13,452.80	13,378.66	99.4	1	230
RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	3,471.39	3,440.37	99.1	1	120
RE-117	Castalia Shin-Umeda	Osaka City, Osaka	3,279.90	3,252.62	99.2	1	108
RE-118	Castalia Abeno	Osaka City, Osaka	10,920.75	10,860.37	99.4	1	331
RE-119	Castalia Sakae	Nagoya City, Aichi	2,836.00	2,642.45	93.2	1	82
RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	1,522.89	1,389.08	91.2	1	35
RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	6,100.31	5,716.85	93.7	1	139
RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	3,061.60	3,061.60	100.0	1	83
RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	8,747.40	8,381.87	95.8	1	299
RE-125	Castalia Sannomiya	Kobe City, Hyogo	3,071.60	2,852.20	92.9	1	97
RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	1,684.10	1,604.06	95.2	1	44
RE-127	Castalia Ichibancho	Sendai City, Miyagi	2,800.32	2,714.75	96.9	1	71
RE-128	Castalia Omachi	Sendai City, Miyagi	2,149.08	2,089.27	97.2	1	62
RE-129	Castalia Uemachidai	Osaka City, Osaka	5,415.39	5,415.39	100.0	1	167

Property number	Property name	Location (city or county, prefecture)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (excluding consumption tax) (Millions of yen) (Note 5)
RE-130	Castalia Tower Higobashi	Osaka City, Osaka	6,230.20	6,072.61	97.5	1	248
RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	8,661.19	8,125.29	93.8	1	192
RE-132	Castalia Fushimi	Nagoya City, Aichi	7,022.69	6,569.18	93.5	1	192
RE-133	Castalia Meieki Minami	Nagoya City, Aichi	1,822.10	1,744.70	95.8	1	59
RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	2,784.83	2,691.15	96.6	1	78
RE-135	Castalia Mibu	Kyoto City, Kyoto	2,828.39	2,793.28	98.8	1	89
RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	4,471.11	4,410.20	98.6	1	109
RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	11,089.75	6,342.10	57.2	1	166
RE-138	Royal Parks Namba	Osaka City, Osaka	10,354.15	10,354.15	100.0	1	256
RE-139	Castalia Shigahondori	Nagoya City, Aichi	5,086.69	4,762.06	93.6	1	136
RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	2,035.37	2,035.37	100.0	1	64
RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	2,897.06	2,897.06	100.0	1	133
RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	6,828.78	6,828.78	100.0	1	194
RE-143	Castalia Shinsakae II	Nagoya City, Aichi	4,425.46	4,425.46	100.0	1	114
Total of 135 Residential properties			487,242.91	474,299.74	97.3	137	17,973
RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	41,742.84	41,742.84	100.0	1	551
RM-002	FOLEO Hirakata	Hirakata City, Osaka	16,381.42	15,508.52	94.7	1	350
RM-003	QiZ GATE URAWA	Saitama City, Saitama	9,705.31	8,431.56	86.9	7	278
RM-004	UNICUS Takasaki	Takasaki City, Gunma	9,277.08	9,277.08	100.0	1	259
RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	24,018.00	24,018.00	100.0	1	188
RM-006	DREAM TOWN ALi	Aomori City, Aomori	22,196.81	21,871.80	98.5	1	585
RM-007	ASOBOX (Land)	Kitakyushu City, Fukuoka	11,207.90	11,207.90	100.0	1	94
RM-008	FOLEO Ome Imai	Ome City, Tokyo	8,637.91	8,637.91	100.0	1	257
RR-001	LIFE Sagamihara Wakamatsu	Sagamihara City, Kanagawa	2,973.44	2,973.44	100.0	1	(Note 6)
RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	19,845.72	19,845.72	100.0	1	477
RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	31,981.70	31,981.70	100.0	1	139
RR-004	Sports Depo and GOLF5 Kourahigashi IC Store	Kitakyushu City, Fukuoka	8,899.89	8,899.89	100.0	1	(Note 6)
RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	28,002.92	28,002.92	100.0	1	(Note 6)
Total of 13 Retail properties			234,870.94	232,399.28	98.9	19	3,711
OT-001	Urban Living Inage	Chiba City, Chiba	4,177.52	4,177.52	100.0	1	78
OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	3,901.14	3,901.14	100.0	1	87
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	13,480.00	13,480.00	100.0	1	541
OT-004	Sharp Hiroshima Building	Hiroshima City, Hiroshima	3,064.89	3,064.89	100.0	1	(Note 6)
Total of 4 Other assets			24,623.55	24,623.55	100.0	4	823
Portfolio Total of 199 Properties			1,934,669.61	1,919,254.78	99.2	213	37,410

(Note 1) “Leasable area” means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building in relation to each real estate or each real estate in trust as of August 31, 2017. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.

(Note 2) “Leased area” represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2017. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants, as indicated in the sublease agreement for each real estate or each real estate in trust as of August 31, 2017, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.

(Note 3) “Occupancy rate” represents the percentage of leased area to the leasable area of each real estate or each real estate in trust as of August 31, 2017, and it is rounded to the nearest tenth.

(Note 4) “Number of tenants” is equal to the number of tenants per property based upon the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2017. However, the number of tenants is indicated as 1 (one) in the case of a property subject to a master lease agreement with the master lease company.

(Note 5) “Annual rent” represents the amount calculated by multiplying the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2017 by 12 (as to real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). Annual rent for residential properties includes common area charges. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the annual rent represents the amount calculated by multiplying the monthly rent indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of August 31, 2017 by 12 (as to real estate or each real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). For revenue-based rent, a monthly amount linked to sales in August 2017 is used. Therefore, the sums of the “Annual rent” of each real estate may not add up to the total for the portfolio. Furthermore, in the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the annual rent of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.

(Note 6) Undisclosed as consent for disclosure has not been obtained from lessees.

iv) Status of revenues from real estate and real estate in trust

The status of revenues from each real estate and each real estate in trust including monthly rental fee and rental revenues business is as follows.

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

- Amounts are presented in thousands of yen and rounded down to the nearest thousand yen. Therefore, the sum of figures shown in the tables may not necessarily be equal to the total amount.
- Acquisition price does not include expenses incurred in connection with the acquisition, settlement of taxes and public dues, consumption taxes, and leasehold guarantee deposits, etc. The acquisition price of the properties previously owned by NCR is the appraisal value as of February 28, 2010, which was the price received at the time of the merger with NCR. The acquisition price of the properties previously owned by the former DHR is the appraisal value as of August 31, 2016, which was the price received at the time of the merger with the former DHR. The amounts are rounded down to the nearest million yen.
- Monthly rent, leasehold and security deposits, etc., and occupancy rate represent amounts as of August 31, 2017.
- Monthly rent represents the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust (or the sublease agreement in relation to each property held as of August 31, 2017 in the case of a pass-through type master lease agreement entered into with the master lease company). The monthly rent for residential properties includes common area charges. Furthermore, in the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the monthly rent of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
- Leasehold and security deposits, etc. represents the total amount of outstanding leasehold and security deposit as indicated in the lease agreement in relation to each real estate or each real estate in trust (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). However, in case of a pass-through type master lease agreement entered into with the master lease company, the total scheduled outstanding amount of leasehold and security deposit, as indicated in the sublease agreement concluded between the master lease company and end-tenants in relation to each real estate or each real estate in trust as of August 31, 2017 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), is provided. When there are portions that do not need to be repaid due to special agreements concerning non-refundable deposits or written-off deposits, the amount represents the amount after subtracting these deductions.
- Rental revenues include rent and common area charges.
- Other rental revenues include revenues from parking lot usage fees, signboard usage fees, utilities expenses, vending machines, key money, renewal commissions, restoration and early termination penalty.

- In principle, property taxes and city planning taxes, which are included in taxes and public dues, are imposed on the owner as of January 1 of each year. The amount of adjustment equivalent to prepaid property taxes and city planning taxes with the former owner (prior beneficiary) at the acquisition are included in the acquisition cost of real estate, etc. as part of incidental expenses, and are not recorded in rental expenses.
- Outsourcing expenses include management outsourcing expenses, PM fee, leasing fee and renewal commissions.
- Repairs and maintenance expenses include repairs and restoration costs.
- Since repairs and maintenance expenses, and capital expenditures significantly fluctuate from year to year and do not arise regularly, the repairs and maintenance expenses and capital expenditures in the fiscal period may differ substantially from the amount of such expenses and capital expenditures incurred when DHR continues to hold the acquired asset for a long term.
- Insurance represents the amount calculated based on premiums paid in relation to the relevant term.
- Other rental expenses include custodian fees and parking lot usage fees.
- Depreciation represents the amount in relation to the number of months in the disclosure period.

Status of revenues from real estate and real estate in trust

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-001	LB-002	LB-003	LB-004
Property name	D Project Machida	D Project Hachioji	D Project Aikawa-Machi	D Project Shin-Misato
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	212,055	367,390	83,626	151,591
(D) Depreciation	41,686	81,486	14,386	20,942
(E) Income (loss) from rental business (= C - D)	170,369	285,904	69,240	130,648
(F) Capital expenditures	6,932	5,129	357,859	-
(G) NCF (= C - F)	205,123	362,261	(274,233)	151,591
Acquisition price (Millions of yen)	9,200	15,400	3,390	5,710

Property number	LB-005	LB-006	LB-007	LB-008
Property name	D Project Urayasu I	D Project Urayasu II	D Project Akanehama	D Project Noda
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	207,153	554,752	70,367	153,635
(D) Depreciation	32,461	85,373	13,100	34,166
(E) Income (loss) from rental business (= C - D)	174,691	469,379	57,267	119,468
(F) Capital expenditures	1,646	15,209	-	36,659
(G) NCF (= C - F)	205,506	539,543	70,367	116,975
Acquisition price (Millions of yen)	9,280	26,000	2,950	6,210

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-009	LB-010	LB-011	LB-012
Property name	D Project Inuyama	D Project Gifu	D Project Neyagawa	D Project Sapporo Minami
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	228,047	30,990	143,518	25,483
(D) Depreciation	53,145	7,757	24,382	7,147
(E) Income (loss) from rental business (= C - D)	174,901	23,232	119,135	18,335
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	228,047	30,990	143,518	25,483
Acquisition price (Millions of yen)	8,690	1,100	5,980	818

Property number	LB-013	LB-014	LB-015	LB-016
Property name	D Project Morioka	D Project Sendai Minami	D Project Tsuchiura	D Project Gotenba
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	36,230	41,256	99,871	32,826
(D) Depreciation	9,160	12,430	24,882	6,812
(E) Income (loss) from rental business (= C - D)	27,070	28,825	74,988	26,014
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	36,230	41,256	99,871	32,826
Acquisition price (Millions of yen)	1,200	1,530	3,390	1,140

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-017	LB-018	LB-019	LB-020
Property name	D Project Nishi-Hiroshima	D Project Fukuoka Umi	D Project Tosu	D Project Kuki I
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	20,981	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	176,336	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	126,633	(Note 1)	(Note 1)
Rental revenues	(Note 1)	126,624	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	9	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	20,830	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	9,163	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	3,192	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	7,730	(Note 1)	(Note 1)
Insurance	(Note 1)	224	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	-	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	520	(Note 1)	(Note 1)
(C) NOI (= A - B)	38,006	105,802	148,170	102,181
(D) Depreciation	6,086	25,491	45,436	20,468
(E) Income (loss) from rental business (= C - D)	31,920	80,311	102,733	81,712
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	38,006	105,802	148,170	102,181
Acquisition price (Millions of yen)	1,210	4,240	5,740	3,900

Property number	LB-021	LB-022	LB-023	LB-024
Property name	D Project Kuki II	D Project Kawagoe I	D Project Kawagoe II	DPL Inuyama
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	17,127	23,420	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	173,500	140,148	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	102,762	140,520	(Note 1)
Rental revenues	(Note 1)	102,762	140,520	(Note 1)
Other rental revenues	(Note 1)	-	-	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	11,715	14,913	(Note 1)
Taxes and public dues	(Note 1)	9,293	11,719	(Note 1)
Outsourcing expenses	(Note 1)	1,802	1,800	(Note 1)
Repairs and maintenance expenses	(Note 1)	192	925	(Note 1)
Insurance	(Note 1)	156	197	(Note 1)
Utilities expenses	(Note 1)	-	-	(Note 1)
Other rental expenses	(Note 1)	270	271	(Note 1)
(C) NOI (= A - B)	217,295	91,046	125,606	100,955
(D) Depreciation	56,245	16,372	22,879	21,893
(E) Income (loss) from rental business (= C - D)	161,049	74,674	102,726	79,062
(F) Capital expenditures	-	2,489	-	-
(G) NCF (= C - F)	217,295	88,557	125,606	100,955
Acquisition price (Millions of yen)	8,120	3,530	4,850	3,940

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-025	LB-026	LB-027	LB-028
Property name	D Project Fukuoka Hakozaki	D Project Kuki III	D Project Kuki IV	D Project Kuki V
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	110,613	200,278	148,258	220,011
(D) Depreciation	23,597	44,913	34,349	50,466
(E) Income (loss) from rental business (= C - D)	87,016	155,364	113,909	169,545
(F) Capital expenditures	-	-	11,489	-
(G) NCF (= C - F)	110,613	200,278	136,769	220,011
Acquisition price (Millions of yen)	4,340	7,630	5,520	8,280

Property number	LB-029	LB-030	LB-031	LB-032
Property name	D Project Kuki VI	D Project Yashio	D Project Nishiyodogawa	D Project Matsudo
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	133,638	154,515	260,096	175,148
(D) Depreciation	35,355	34,086	60,936	30,492
(E) Income (loss) from rental business (= C - D)	98,282	120,428	199,160	144,655
(F) Capital expenditures	1,800	7,746	-	-
(G) NCF (= C - F)	131,838	146,769	260,096	175,148
Acquisition price (Millions of yen)	5,140	6,400	10,300	7,370

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-033	LB-034	LB-035	LB-036
Property name	D Project Hibiki Nada	D Project Morioka II	D Project Kawagoe III	D Project Kazo
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	64,866	40,573	162,891	80,228
(D) Depreciation	19,629	8,527	38,397	18,151
(E) Income (loss) from rental business (= C - D)	45,237	32,046	124,494	62,076
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	64,866	40,573	162,891	80,228
Acquisition price (Millions of yen)	2,080	1,280	7,200	3,300

Property number	LB-037	LB-038	LB-039	LB-040
Property name	D Project Urayasu III	D Project Tomisato	D Project Kyotanabe	D Project Sendai Izumi
Period for asset management	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	176,483	121,659	89,998	39,615
(D) Depreciation	34,063	31,913	17,981	9,852
(E) Income (loss) from rental business (= C - D)	142,420	89,745	72,016	29,762
(F) Capital expenditures	650	-	-	-
(G) NCF (= C - F)	175,833	121,659	89,998	39,615
Acquisition price (Millions of yen)	8,500	5,000	3,520	1,510

Daiwa House REIT Investment Corporation (8984)
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(Unit: Thousands of yen, unless otherwise stated)

Property number	LB-041	LB-042	LB-043	LB-044
Property name	D Project Oyama	D Project Sano	D Project Tatebayashi	D Project Kakegawa
Period for asset management	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017
Monthly rent	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)
(C) NOI (= A - B)	49,962	48,068	79,832	156,589
(D) Depreciation	11,813	12,860	19,420	34,706
(E) Income (loss) from rental business (= C - D)	38,148	35,207	60,411	121,883
(F) Capital expenditures	-	-	-	-
(G) NCF (= C - F)	49,962	48,068	79,832	156,589
Acquisition price (Millions of yen)	2,000	1,780	3,100	6,000

Property number	LB-045	LB-046	LM-001	Logistics properties subtotal
Property name	D Project Hiroshima Seifu	D Project Tosu II	DPL Misato	
Period for asset management	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017	
Monthly rent	(Note 1)	(Note 1)	(Note 1)	-
Leasehold and security deposits, etc.	(Note 1)	(Note 1)	(Note 1)	-
Occupancy rate	100.0%	100.0%	100.0%	-
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	(Note 1)	(Note 1)	7,090,088
Rental revenues	(Note 1)	(Note 1)	(Note 1)	7,058,693
Other rental revenues	(Note 1)	(Note 1)	(Note 1)	31,395
(B) Real estate rental expenses subtotal	(Note 1)	(Note 1)	(Note 1)	728,132
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	502,869
Outsourcing expenses	(Note 1)	(Note 1)	(Note 1)	138,942
Repairs and maintenance expenses	(Note 1)	(Note 1)	(Note 1)	53,734
Insurance	(Note 1)	(Note 1)	(Note 1)	10,806
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	3,258
Other rental expenses	(Note 1)	(Note 1)	(Note 1)	18,520
(C) NOI (= A - B)	97,467	44,193	339,101	6,361,955
(D) Depreciation	20,391	11,761	61,219	1,349,086
(E) Income (loss) from rental business (= C - D)	77,075	32,431	277,881	5,012,869
(F) Capital expenditures	-	-	-	447,611
(G) NCF (= C - F)	97,467	44,193	339,101	5,914,344
Acquisition price (Millions of yen)	3,820	1,700	16,831	260,119

(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-001	RE-002	RE-003	RE-004
Property name	Qiz Ebisu	Castalia Azabujuban Shichimenzaka	Castalia Shibakoen	Castalia Ginza
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	34,134	18,799	11,126	10,256
Leasehold and security deposits, etc.	176,757	28,132	12,761	11,011
Occupancy rate	95.5%	99.2%	98.6%	96.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	233,954	119,608	69,830	66,720
Rental revenues	207,821	108,521	66,710	59,902
Other rental revenues	26,132	11,086	3,120	6,818
(B) Real estate rental expenses subtotal	46,587	33,032	12,894	19,120
Taxes and public dues	8,148	4,722	3,410	3,253
Outsourcing expenses	17,558	11,683	5,767	7,899
Repairs and maintenance expenses	8,611	11,661	1,868	5,560
Insurance	122	87	57	62
Utilities expenses	10,722	2,133	333	512
Other rental expenses	1,422	2,743	1,456	1,832
(C) NOI (= A - B)	187,367	86,576	56,935	47,599
(D) Depreciation	32,061	24,209	15,057	13,292
(E) Income (loss) from rental business (= C - D)	155,305	62,366	41,878	34,306
(F) Capital expenditures	6,680	1,196	1,751	2,093
(G) NCF (= C - F)	180,686	85,380	55,184	45,505
Acquisition price (Millions of yen)	7,650	4,500	2,630	2,520

Property number	RE-005	RE-006	RE-007	RE-008
Property name	Castalia Hiroo	Castalia Nihonbashi	Castalia Hacchobori	Castalia Azabujuban
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	8,009	6,013	10,700	11,467
Leasehold and security deposits, etc.	39,783	10,758	13,124	14,630
Occupancy rate	100.0%	96.4%	98.2%	96.6%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	51,673	38,338	66,719	71,116
Rental revenues	47,615	36,390	63,926	68,367
Other rental revenues	4,057	1,947	2,793	2,749
(B) Real estate rental expenses subtotal	10,629	9,391	14,760	14,302
Taxes and public dues	2,708	1,815	2,832	2,397
Outsourcing expenses	4,014	4,021	5,897	7,496
Repairs and maintenance expenses	1,691	2,225	4,598	2,680
Insurance	35	38	60	50
Utilities expenses	1,376	296	217	314
Other rental expenses	802	994	1,153	1,362
(C) NOI (= A - B)	41,043	28,947	51,959	56,813
(D) Depreciation	11,281	8,330	14,501	12,089
(E) Income (loss) from rental business (= C - D)	29,762	20,616	37,457	44,724
(F) Capital expenditures	-	747	3,841	1,452
(G) NCF (= C - F)	41,043	28,199	48,117	55,360
Acquisition price (Millions of yen)	2,220	1,200	2,300	2,910

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-009	RE-010	RE-011	RE-012
Property name	Castalia Azabujuban II	Castalia Shinjuku Natsumezaka	Castalia Ginza II	Castalia Shibuya Sakuragaoka
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	10,824	7,778	8,039	5,537
Leasehold and security deposits, etc.	13,357	16,817	8,370	6,582
Occupancy rate	98.5%	100.0%	97.4%	97.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	65,850	37,154	51,205	35,412
Rental revenues	63,268	35,432	48,667	32,738
Other rental revenues	2,582	1,721	2,537	2,674
(B) Real estate rental expenses subtotal	16,267	15,177	12,612	10,023
Taxes and public dues	2,831	2,130	2,199	1,781
Outsourcing expenses	6,860	7,724	5,841	4,364
Repairs and maintenance expenses	4,685	3,752	2,956	2,214
Insurance	50	40	41	29
Utilities expenses	422	204	256	248
Other rental expenses	1,416	1,325	1,316	1,385
(C) NOI (= A - B)	49,583	21,977	38,593	25,389
(D) Depreciation	13,504	8,029	10,755	5,959
(E) Income (loss) from rental business (= C - D)	36,079	13,947	27,838	19,430
(F) Capital expenditures	1,173	547	1,285	2,378
(G) NCF (= C - F)	48,410	21,429	37,308	23,011
Acquisition price (Millions of yen)	2,690	1,865	1,800	1,400

Property number	RE-013	RE-014	RE-015	RE-016
Property name	Castalia Nishi Azabu Kasumicho	Castalia Ochanomizu	Castalia Sangubashi	Castalia Suitengu
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	10,509	9,182	6,713	7,242
Leasehold and security deposits, etc.	15,587	18,076	10,100	7,176
Occupancy rate	90.7%	94.4%	100.0%	98.7%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	68,473	59,164	44,050	45,965
Rental revenues	62,718	55,994	39,500	42,903
Other rental revenues	5,755	3,170	4,549	3,061
(B) Real estate rental expenses subtotal	32,859	13,067	9,291	10,212
Taxes and public dues	4,497	2,877	2,755	2,346
Outsourcing expenses	9,735	4,932	2,769	4,214
Repairs and maintenance expenses	14,505	3,897	2,156	960
Insurance	63	52	39	43
Utilities expenses	2,384	310	328	1,529
Other rental expenses	1,672	997	1,242	1,118
(C) NOI (= A - B)	35,614	46,097	34,758	35,752
(D) Depreciation	10,809	9,447	6,281	7,138
(E) Income (loss) from rental business (= C - D)	24,805	36,649	28,476	28,613
(F) Capital expenditures	20,915	2,924	2,077	968
(G) NCF (= C - F)	14,699	43,173	32,681	34,783
Acquisition price (Millions of yen)	2,143	1,770	1,393	1,279

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-017	RE-018	RE-019	RE-020
Property name	Castalia Suitengu II	Castalia Shintomicho	Castalia Shintomicho II	Castalia Harajuku
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	6,659	5,214	4,682	4,360
Leasehold and security deposits, etc.	6,370	7,600	5,857	5,267
Occupancy rate	100.0%	95.2%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	41,955	33,125	29,307	25,803
Rental revenues	38,344	31,644	27,483	25,084
Other rental revenues	3,610	1,481	1,824	718
(B) Real estate rental expenses subtotal	34,999	28,508	26,097	7,100
Taxes and public dues	2,495	2,537	715	1,469
Outsourcing expenses	5,080	3,910	2,900	2,652
Repairs and maintenance expenses	19,198	16,442	15,834	1,449
Insurance	44	34	27	27
Utilities expenses	1,318	343	306	242
Other rental expenses	6,861	5,239	6,312	1,259
(C) NOI (= A - B)	6,956	4,616	3,210	18,702
(D) Depreciation	6,567	6,271	5,856	2,969
(E) Income (loss) from rental business (= C - D)	388	(1,654)	(2,646)	15,733
(F) Capital expenditures	42,427	39,516	44,273	1,146
(G) NCF (= C - F)	(35,471)	(34,899)	(41,063)	17,555
Acquisition price (Millions of yen)	1,138	932	825	887

Property number	RE-021	RE-022	RE-023	RE-024
Property name	Castalia Yoyogi Uehara	Castalia Sendagaya	Castalia Shinjuku 7 chome	Castalia Ningyocho
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	3,631	3,313	3,097	6,003
Leasehold and security deposits, etc.	5,667	4,032	2,704	7,981
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	21,184	20,007	19,221	37,412
Rental revenues	20,231	19,518	17,982	35,751
Other rental revenues	952	488	1,238	1,660
(B) Real estate rental expenses subtotal	7,249	5,294	7,251	7,622
Taxes and public dues	1,006	1,004	953	1,940
Outsourcing expenses	2,571	2,081	2,466	3,267
Repairs and maintenance expenses	2,863	1,254	2,914	1,094
Insurance	18	16	22	36
Utilities expenses	150	123	207	275
Other rental expenses	638	813	686	1,007
(C) NOI (= A - B)	13,935	14,713	11,970	29,789
(D) Depreciation	3,024	2,480	1,834	6,147
(E) Income (loss) from rental business (= C - D)	10,911	12,232	10,135	23,641
(F) Capital expenditures	6,979	127	713	923
(G) NCF (= C - F)	6,955	14,585	11,256	28,865
Acquisition price (Millions of yen)	608	555	464	947

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-025	RE-026	RE-027	RE-028
Property name	Castalia Ningyocho II	Castalia Shin-Ochanomizu	Castalia Higashi Nihonbashi II	Castalia Jinbocho
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	6,596	5,354	8,179	6,915
Leasehold and security deposits, etc.	9,384	7,553	11,076	7,555
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	40,565	32,994	51,499	43,197
Rental revenues	39,162	30,816	48,508	41,058
Other rental revenues	1,403	2,178	2,991	2,138
(B) Real estate rental expenses subtotal	8,573	10,579	10,827	8,851
Taxes and public dues	1,994	1,749	2,277	1,775
Outsourcing expenses	3,585	3,596	4,257	3,260
Repairs and maintenance expenses	1,499	4,060	2,979	2,462
Insurance	38	31	51	35
Utilities expenses	314	221	259	349
Other rental expenses	1,140	919	1,001	967
(C) NOI (= A - B)	31,991	22,414	40,672	34,345
(D) Depreciation	6,769	4,352	8,035	5,674
(E) Income (loss) from rental business (= C - D)	25,222	18,062	32,636	28,670
(F) Capital expenditures	-	612	2,242	765
(G) NCF (= C - F)	31,991	21,801	38,429	33,579
Acquisition price (Millions of yen)	1,070	914	1,370	1,160

Property number	RE-029	RE-030	RE-031	RE-032
Property name	Castalia Shintomicho III	Castalia Shinjuku Gyoen	Castalia Takanawadai	Castalia Higashi Nihonbashi III
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	3,846	14,000	4,813	4,056
Leasehold and security deposits, etc.	4,849	18,401	4,575	6,228
Occupancy rate	95.4%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	24,041	83,827	29,784	24,357
Rental revenues	23,489	81,667	28,283	24,336
Other rental revenues	551	2,160	1,501	21
(B) Real estate rental expenses subtotal	8,247	11,927	7,303	5,793
Taxes and public dues	1,155	4,101	1,528	1,298
Outsourcing expenses	2,733	5,466	2,964	1,747
Repairs and maintenance expenses	3,202	864	1,567	1,628
Insurance	28	82	26	27
Utilities expenses	269	560	196	238
Other rental expenses	858	851	1,019	853
(C) NOI (= A - B)	15,793	71,899	22,480	18,563
(D) Depreciation	4,421	12,903	3,744	3,838
(E) Income (loss) from rental business (= C - D)	11,371	58,996	18,736	14,724
(F) Capital expenditures	1,792	3,007	2,517	105
(G) NCF (= C - F)	14,001	68,891	19,963	18,457
Acquisition price (Millions of yen)	675	2,720	860	666

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-033	RE-034	RE-035	RE-036
Property name	Castalia Shinjuku Gyoen II	Castalia Shintomicho IV	Castalia Takanawadai II	Castalia Minami Azabu
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	2,671	2,646	6,396	3,498
Leasehold and security deposits, etc.	1,026	3,364	6,849	4,382
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	16,141	15,983	39,529	21,533
Rental revenues	15,528	15,611	37,237	20,560
Other rental revenues	613	372	2,292	972
(B) Real estate rental expenses subtotal	4,618	4,807	12,253	6,747
Taxes and public dues	871	806	2,031	1,120
Outsourcing expenses	1,950	1,499	4,414	2,207
Repairs and maintenance expenses	1,223	1,483	4,706	2,405
Insurance	16	16	35	18
Utilities expenses	131	183	255	87
Other rental expenses	425	817	809	907
(C) NOI (= A - B)	11,523	11,176	27,276	14,785
(D) Depreciation	2,748	2,342	5,333	2,705
(E) Income (loss) from rental business (= C - D)	8,774	8,833	21,943	12,080
(F) Capital expenditures	116	-	909	200
(G) NCF (= C - F)	11,406	11,176	26,366	14,585
Acquisition price (Millions of yen)	486	400	1,190	642

Property number	RE-037	RE-038	RE-039	RE-040
Property name	Castalia Ginza III	Castalia Kayabacho	Castalia Takanawa	Castalia Higashi Nihonbashi
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	14,151	15,097	38,346	22,250
Leasehold and security deposits, etc.	15,056	20,476	53,083	34,259
Occupancy rate	100.0%	99.0%	97.6%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	87,199	95,029	248,987	139,295
Rental revenues	83,132	90,159	229,471	128,927
Other rental revenues	4,067	4,870	19,516	10,367
(B) Real estate rental expenses subtotal	16,224	14,948	47,131	31,620
Taxes and public dues	4,505	4,492	14,117	7,625
Outsourcing expenses	8,267	6,710	21,042	14,800
Repairs and maintenance expenses	2,248	2,434	4,128	7,577
Insurance	82	102	269	149
Utilities expenses	551	380	2,337	1,057
Other rental expenses	569	827	5,235	411
(C) NOI (= A - B)	70,974	80,081	201,856	107,674
(D) Depreciation	13,995	14,752	27,908	20,455
(E) Income (loss) from rental business (= C - D)	56,979	65,329	173,948	87,218
(F) Capital expenditures	2,376	6,568	4,749	399
(G) NCF (= C - F)	68,597	73,513	197,106	107,274
Acquisition price (Millions of yen)	2,880	2,707	7,430	3,520

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-041	RE-042	RE-043	RE-044
Property name	Castalia Shinjuku	Castalia Ichigaya	Shibaura Island Bloom Tower	Castalia Hatsudai
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	14,955	6,338	59,450	11,410
Leasehold and security deposits, etc.	–	6,319	216,492	11,305
Occupancy rate	100.0%	93.3%	97.7%	99.1%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	92,554	38,767	383,808	70,824
Rental revenues	89,731	37,335	348,531	66,753
Other rental revenues	2,822	1,432	35,276	4,070
(B) Real estate rental expenses subtotal	17,344	12,972	141,816	16,949
Taxes and public dues	4,884	1,875	18,179	4,082
Outsourcing expenses	5,033	6,603	62,491	8,502
Repairs and maintenance expenses	6,633	3,301	17,250	3,141
Insurance	73	34	672	71
Utilities expenses	406	175	3,802	513
Other rental expenses	312	982	39,420	636
(C) NOI (= A – B)	75,209	25,794	241,991	53,875
(D) Depreciation	9,942	6,792	89,052	15,029
(E) Income (loss) from rental business (= C – D)	65,267	19,002	152,939	38,845
(F) Capital expenditures	3,522	–	–	4,297
(G) NCF (= C – F)	71,687	25,794	241,991	49,578
Acquisition price (Millions of yen)	2,950	940	7,580	2,030

Property number	RE-045	RE-046	RE-047	RE-048
Property name	Castalia Hatsudai II	Castalia Ebisu	Castalia Meguro Kamurozaka	Castalia Toritsudaigaku
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	9,715	7,046	20,500	3,205
Leasehold and security deposits, etc.	12,299	9,006	23,814	3,342
Occupancy rate	100.0%	97.7%	97.6%	95.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	59,452	43,600	127,248	20,406
Rental revenues	56,428	41,468	118,567	19,365
Other rental revenues	3,024	2,132	8,680	1,041
(B) Real estate rental expenses subtotal	15,268	11,143	33,025	4,225
Taxes and public dues	3,360	2,265	5,823	538
Outsourcing expenses	7,204	5,779	17,998	2,102
Repairs and maintenance expenses	3,609	2,252	6,492	718
Insurance	55	37	129	22
Utilities expenses	517	266	892	262
Other rental expenses	520	541	1,689	580
(C) NOI (= A – B)	44,184	32,456	94,222	16,181
(D) Depreciation	10,413	8,059	27,508	5,223
(E) Income (loss) from rental business (= C – D)	33,770	24,396	66,714	10,957
(F) Capital expenditures	144	1,837	356	611
(G) NCF (= C – F)	44,040	30,618	93,866	15,569
Acquisition price (Millions of yen)	1,900	1,420	4,500	648

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-049	RE-050	RE-051	RE-052
Property name	Castalia Yukigaya	Castalia Yutenji	Castalia Otsuka	Castalia Kikukawa
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	5,674	6,089	7,319	4,337
Leasehold and security deposits, etc.	10,458	12,351	8,715	6,066
Occupancy rate	98.1%	100.0%	95.5%	97.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	35,536	37,267	47,049	27,404
Rental revenues	34,104	36,436	44,244	25,098
Other rental revenues	1,431	830	2,805	2,306
(B) Real estate rental expenses subtotal	7,548	7,681	20,100	8,319
Taxes and public dues	1,875	1,297	2,153	1,442
Outsourcing expenses	3,196	2,950	4,988	3,555
Repairs and maintenance expenses	924	641	10,950	1,709
Insurance	36	29	47	29
Utilities expenses	259	119	569	200
Other rental expenses	1,256	2,643	1,391	1,382
(C) NOI (= A - B)	27,987	29,586	26,949	19,085
(D) Depreciation	8,276	8,633	11,616	6,765
(E) Income (loss) from rental business (= C - D)	19,710	20,952	15,332	12,319
(F) Capital expenditures	853	-	4,092	150
(G) NCF (= C - F)	27,133	29,586	22,856	18,935
Acquisition price (Millions of yen)	1,110	1,450	1,480	817

Property number	RE-053	RE-054	RE-055	RE-056
Property name	Castalia Meguro	Castalia Otsuka II	Castalia Jiyugaoka	Castalia Mejiro
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	4,603	6,033	6,447	5,471
Leasehold and security deposits, etc.	5,888	8,233	9,191	7,098
Occupancy rate	92.4%	97.9%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	30,352	37,870	39,070	34,253
Rental revenues	29,251	36,070	37,612	31,442
Other rental revenues	1,101	1,800	1,458	2,810
(B) Real estate rental expenses subtotal	5,652	8,276	8,647	11,404
Taxes and public dues	1,452	1,783	2,100	1,637
Outsourcing expenses	2,528	4,319	3,844	3,941
Repairs and maintenance expenses	567	1,203	1,531	5,188
Insurance	27	43	31	32
Utilities expenses	218	252	193	149
Other rental expenses	857	675	944	455
(C) NOI (= A - B)	24,700	29,593	30,423	22,848
(D) Depreciation	5,109	6,905	5,167	5,265
(E) Income (loss) from rental business (= C - D)	19,591	22,688	25,255	17,583
(F) Capital expenditures	-	139	130	5,651
(G) NCF (= C - F)	24,700	29,454	30,292	17,196
Acquisition price (Millions of yen)	844	1,040	1,200	988

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-057	RE-058	RE-059	RE-060
Property name	Castalia Ikebukuro	Castalia Kaname-cho	Castalia Tower Shinagawa Seaside	Castalia Yakumo
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	13,657	6,429	43,594	3,607
Leasehold and security deposits, etc.	16,797	9,206	66,489	3,706
Occupancy rate	97.6%	100.0%	98.8%	84.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	87,230	39,569	278,348	24,005
Rental revenues	82,086	38,301	257,593	22,658
Other rental revenues	5,144	1,268	20,754	1,347
(B) Real estate rental expenses subtotal	17,334	7,529	72,225	9,195
Taxes and public dues	4,110	1,595	15,096	1,700
Outsourcing expenses	7,991	3,204	30,419	3,446
Repairs and maintenance expenses	4,114	1,853	21,364	3,616
Insurance	81	36	319	27
Utilities expenses	460	206	3,431	127
Other rental expenses	574	633	1,594	277
(C) NOI (= A - B)	69,896	32,039	206,122	14,810
(D) Depreciation	13,162	5,569	45,424	3,723
(E) Income (loss) from rental business (= C - D)	56,734	26,470	160,698	11,087
(F) Capital expenditures	1,130	122	4,799	1,378
(G) NCF (= C - F)	68,766	31,917	201,323	13,432
Acquisition price (Millions of yen)	2,570	1,140	7,380	857

Property number	RE-061	RE-062	RE-063	RE-064
Property name	Castalia Togoshiekimae	Castalia Honjo Azumabashi	Castalia Kitazawa	Castalia Monzennakacho
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	8,361	6,029	3,644	2,790
Leasehold and security deposits, etc.	10,709	8,995	5,594	-
Occupancy rate	100.0%	100.0%	87.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	50,724	38,122	25,234	17,026
Rental revenues	50,166	34,730	23,505	16,743
Other rental revenues	558	3,392	1,728	283
(B) Real estate rental expenses subtotal	6,795	13,398	7,923	3,014
Taxes and public dues	2,584	2,373	1,806	915
Outsourcing expenses	2,838	4,303	2,939	1,247
Repairs and maintenance expenses	680	5,685	2,122	81
Insurance	49	48	26	18
Utilities expenses	290	271	325	164
Other rental expenses	352	716	703	587
(C) NOI (= A - B)	43,929	24,724	17,310	14,011
(D) Depreciation	6,306	7,200	4,679	3,283
(E) Income (loss) from rental business (= C - D)	37,623	17,523	12,630	10,727
(F) Capital expenditures	-	9,887	3,111	-
(G) NCF (= C - F)	43,929	14,836	14,199	14,011
Acquisition price (Millions of yen)	1,560	996	742	503

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-065	RE-066	RE-067	RE-068
Property name	Castalia Kamiikedai	Castalia Morishita	Castalia Wakabayashikoen	Castalia Asakusabashi
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	1,284	4,980	4,481	5,228
Leasehold and security deposits, etc.	905	7,210	5,624	7,587
Occupancy rate	100.0%	95.6%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	8,068	32,387	28,643	32,407
Rental revenues	7,597	31,060	26,698	30,965
Other rental revenues	471	1,327	1,944	1,441
(B) Real estate rental expenses subtotal	2,813	6,435	6,224	7,478
Taxes and public dues	239	1,654	1,912	1,540
Outsourcing expenses	852	2,932	2,708	2,953
Repairs and maintenance expenses	636	915	946	2,255
Insurance	8	33	33	33
Utilities expenses	29	213	207	168
Other rental expenses	1,046	685	415	527
(C) NOI (= A - B)	5,254	25,952	22,419	24,928
(D) Depreciation	1,116	5,262	4,188	4,936
(E) Income (loss) from rental business (= C - D)	4,137	20,689	18,230	19,991
(F) Capital expenditures	-	550	1,038	3,614
(G) NCF (= C - F)	5,254	25,402	21,380	21,314
Acquisition price (Millions of yen)	198	832	776	792

Property number	RE-069	RE-070	RE-071	RE-072
Property name	Castalia Iriya	Castalia Kita Ueno	Castalia Morishita II	Castalia Minowa
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	3,818	14,217	4,309	7,857
Leasehold and security deposits, etc.	5,302	20,831	5,170	8,630
Occupancy rate	100.0%	99.1%	95.0%	95.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	22,938	91,151	28,370	49,298
Rental revenues	21,824	84,251	26,635	48,050
Other rental revenues	1,113	6,900	1,735	1,248
(B) Real estate rental expenses subtotal	4,865	20,275	6,635	15,042
Taxes and public dues	1,296	5,325	1,450	2,610
Outsourcing expenses	2,415	9,323	2,947	4,900
Repairs and maintenance expenses	507	3,848	1,416	7,040
Insurance	28	105	30	55
Utilities expenses	163	602	179	280
Other rental expenses	453	1,071	609	156
(C) NOI (= A - B)	18,072	70,876	21,735	34,255
(D) Depreciation	3,693	16,355	4,540	9,147
(E) Income (loss) from rental business (= C - D)	14,379	54,520	17,194	25,108
(F) Capital expenditures	930	585	585	5,691
(G) NCF (= C - F)	17,142	70,290	21,150	28,564
Acquisition price (Millions of yen)	546	2,641	686	1,430

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-073	RE-074	RE-075	RE-076
Property name	Castalia Oyamadai	Castalia Nakano	Castalia Yoga	Castalia Sumiyoshi
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	3,031	5,760	5,164	5,266
Leasehold and security deposits, etc.	2,615	6,466	6,837	6,884
Occupancy rate	100.0%	97.7%	94.9%	98.4%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	17,955	36,361	33,099	33,196
Rental revenues	17,354	35,234	31,355	30,801
Other rental revenues	600	1,127	1,743	2,394
(B) Real estate rental expenses subtotal	4,601	7,849	9,192	8,675
Taxes and public dues	1,227	1,873	1,608	1,703
Outsourcing expenses	2,280	3,315	3,545	4,615
Repairs and maintenance expenses	802	2,110	3,642	2,001
Insurance	22	39	31	37
Utilities expenses	144	232	181	162
Other rental expenses	124	278	183	155
(C) NOI (= A - B)	13,353	28,511	23,906	24,521
(D) Depreciation	2,211	6,392	3,702	6,348
(E) Income (loss) from rental business (= C - D)	11,141	22,119	20,204	18,172
(F) Capital expenditures	-	2,071	1,895	-
(G) NCF (= C - F)	13,353	26,440	22,011	24,521
Acquisition price (Millions of yen)	533	1,060	923	948

Property number	RE-077	RE-078	RE-079	RE-080
Property name	Castalia Monzennakacho II	Castalia Oshiage	Castalia Kuramae	Castalia Nakanobu
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	11,338	5,920	7,236	11,342
Leasehold and security deposits, etc.	5,910	9,205	-	22,499
Occupancy rate	100.0%	100.0%	100.0%	93.5%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	70,249	38,900	43,839	72,547
Rental revenues	68,032	34,653	43,416	69,695
Other rental revenues	2,217	4,246	423	2,852
(B) Real estate rental expenses subtotal	10,412	9,559	6,276	12,862
Taxes and public dues	3,721	2,107	2,464	3,337
Outsourcing expenses	4,622	4,824	2,695	5,962
Repairs and maintenance expenses	1,433	1,747	508	2,098
Insurance	72	46	49	57
Utilities expenses	385	187	290	457
Other rental expenses	176	645	266	947
(C) NOI (= A - B)	59,836	29,340	37,563	59,685
(D) Depreciation	11,093	7,226	7,489	13,442
(E) Income (loss) from rental business (= C - D)	48,743	22,114	30,073	46,243
(F) Capital expenditures	2,913	-	-	547
(G) NCF (= C - F)	56,923	29,340	37,563	59,137
Acquisition price (Millions of yen)	2,160	1,100	1,260	1,790

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-081	RE-082	RE-083	RE-084
Property name	Royal Parks Toyosu	Castalia Togoshi	Castalia Ooimachi	Castalia Omori
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	52,873	12,033	6,238	8,181
Leasehold and security deposits, etc.	73,633	16,063	5,913	13,421
Occupancy rate	100.0%	95.8%	100.0%	96.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	333,962	75,104	37,888	53,730
Rental revenues	317,242	70,992	37,428	49,124
Other rental revenues	16,719	4,111	460	4,606
(B) Real estate rental expenses subtotal	94,655	18,077	3,994	10,883
Taxes and public dues	18,121	4,249	1,734	2,350
Outsourcing expenses	15,155	7,505	1,515	5,224
Repairs and maintenance expenses	7,813	4,438	35	2,514
Insurance	466	72	32	53
Utilities expenses	–	647	158	370
Other rental expenses	53,098	1,164	517	369
(C) NOI (= A – B)	239,307	57,026	33,893	42,846
(D) Depreciation	104,860	16,235	7,946	13,020
(E) Income (loss) from rental business (= C – D)	134,446	40,791	25,947	29,826
(F) Capital expenditures	1,382	1,517	–	3,243
(G) NCF (= C – F)	237,924	55,509	33,893	39,603
Acquisition price (Millions of yen)	7,360	1,770	1,181	1,500

Property number	RE-085	RE-086	RE-087	RE-088
Property name	Castalia Mishuku	Castalia Arakawa	Castalia Omori II	Castalia Nakameguro
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	11,085	10,206	12,361	17,769
Leasehold and security deposits, etc.	20,131	14,256	27,306	45,603
Occupancy rate	98.5%	96.1%	96.3%	94.7%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	68,160	64,959	80,765	119,190
Rental revenues	62,910	60,796	75,551	106,885
Other rental revenues	5,250	4,162	5,214	12,305
(B) Real estate rental expenses subtotal	23,429	16,071	15,478	23,091
Taxes and public dues	3,408	3,713	3,607	4,349
Outsourcing expenses	9,452	5,927	6,484	11,143
Repairs and maintenance expenses	9,751	5,611	2,714	4,829
Insurance	66	81	73	69
Utilities expenses	392	461	1,558	2,229
Other rental expenses	358	276	1,040	470
(C) NOI (= A – B)	44,731	48,887	65,287	96,099
(D) Depreciation	13,409	17,254	13,659	12,516
(E) Income (loss) from rental business (= C – D)	31,321	31,633	51,628	83,583
(F) Capital expenditures	9,588	1,377	–	2,568
(G) NCF (= C – F)	35,142	47,509	65,287	93,531
Acquisition price (Millions of yen)	1,900	1,660	2,370	3,800

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-089	RE-090	RE-091	RE-092
Property name	Castalia Meguro Chojyamaru	Castalia Meguro Takaban	Castalia Omori III	Morino Tonari
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	10,233	8,510	7,869	4,647
Leasehold and security deposits, etc.	10,917	9,996	11,699	8,609
Occupancy rate	97.2%	98.4%	97.5%	90.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	58,763	51,211	48,937	30,786
Rental revenues	55,000	46,507	46,635	29,627
Other rental revenues	3,763	4,703	2,302	1,158
(B) Real estate rental expenses subtotal	18,831	15,340	12,498	5,580
Taxes and public dues	3,768	1,650	2,500	1,624
Outsourcing expenses	8,833	7,916	5,235	2,184
Repairs and maintenance expenses	5,238	4,988	3,706	1,487
Insurance	51	42	43	29
Utilities expenses	407	228	264	88
Other rental expenses	532	514	747	165
(C) NOI (= A - B)	39,931	35,870	36,438	25,206
(D) Depreciation	9,285	6,702	10,041	5,469
(E) Income (loss) from rental business (= C - D)	30,645	29,168	26,396	19,736
(F) Capital expenditures	518	273	-	447
(G) NCF (= C - F)	39,413	35,596	36,438	24,759
Acquisition price (Millions of yen)	2,030	1,750	1,520	1,020

Property number	RE-093	RE-094	RE-095	RE-096
Property name	Castalia Meguro Tairamachi	Royal Parks SEASIR	Castalia Honkomagome	Cosmo Heim Musashikosugi
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	5,293	37,869	8,411	9,294
Leasehold and security deposits, etc.	8,120	41,235	10,870	85,460
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	32,057	245,679	49,820	58,893
Rental revenues	31,290	227,217	48,548	55,604
Other rental revenues	767	18,462	1,271	3,288
(B) Real estate rental expenses subtotal	5,122	94,527	11,897	9,237
Taxes and public dues	1,563	14,618	2,850	3,713
Outsourcing expenses	2,815	7,404	6,523	885
Repairs and maintenance expenses	269	12,202	1,809	4,047
Insurance	29	392	52	72
Utilities expenses	123	-	302	1
Other rental expenses	322	59,909	359	517
(C) NOI (= A - B)	26,934	151,152	37,922	49,655
(D) Depreciation	4,881	76,320	8,746	6,048
(E) Income (loss) from rental business (= C - D)	22,053	74,832	29,175	43,606
(F) Capital expenditures	-	2,359	-	15,089
(G) NCF (= C - F)	26,934	148,793	37,922	34,565
Acquisition price (Millions of yen)	1,165	4,350	1,520	1,674

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Property number	RE-097	RE-098	RE-099	RE-100 (Note 2)
Property name	Castalia Tsurumi	Castalia Funabashi	Castalia Nishi Funabashi	Castalia Maihama
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to July 24, 2017
Monthly rent	4,179	4,869	5,350	–
Leasehold and security deposits, etc.	6,951	6,428	7,767	–
Occupancy rate	96.9%	97.8%	98.8%	–
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	27,552	31,314	34,113	18,203
Rental revenues	25,617	28,232	32,062	17,566
Other rental revenues	1,934	3,081	2,051	636
(B) Real estate rental expenses subtotal	6,649	29,907	8,739	6,879
Taxes and public dues	1,396	1,479	1,440	1,218
Outsourcing expenses	2,618	4,247	3,157	2,103
Repairs and maintenance expenses	547	21,721	3,004	2,920
Insurance	31	33	34	37
Utilities expenses	161	1,544	359	122
Other rental expenses	1,895	882	743	477
(C) NOI (= A – B)	20,902	1,406	25,374	11,323
(D) Depreciation	5,137	5,956	4,735	3,353
(E) Income (loss) from rental business (= C – D)	15,765	(4,549)	20,638	7,970
(F) Capital expenditures	576	27,031	–	191
(G) NCF (= C – F)	20,326	(25,624)	25,374	11,132
Acquisition price (Millions of yen)	666	704	783	670

Property number	RE-101 (Note 3)	RE-102 (Note 4)	RE-103 (Note 5)	RE-105
Property name	Castalia Ichikawamyoden	Castalia Urayasu	Castalia Minamigyotoku	Castalia Nogeyama
Period for asset management	From March 1, 2017 to July 30, 2017	From March 1, 2017 to July 26, 2017	From March 1, 2017 to July 26, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	–	–	–	2,251
Leasehold and security deposits, etc.	–	–	–	2,786
Occupancy rate	–	–	–	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	26,420	14,001	15,873	14,063
Rental revenues	22,185	13,831	14,275	12,581
Other rental revenues	4,234	169	1,597	1,481
(B) Real estate rental expenses subtotal	5,691	3,187	6,335	6,968
Taxes and public dues	1,240	1,054	1,009	733
Outsourcing expenses	3,363	1,002	2,323	2,409
Repairs and maintenance expenses	478	545	2,379	2,691
Insurance	33	28	30	17
Utilities expenses	94	97	115	141
Other rental expenses	479	459	476	974
(C) NOI (= A – B)	20,729	10,813	9,538	7,094
(D) Depreciation	2,845	2,822	2,619	1,692
(E) Income (loss) from rental business (= C – D)	17,884	7,991	6,919	5,401
(F) Capital expenditures	–	–	564	–
(G) NCF (= C – F)	20,729	10,813	8,974	7,094
Acquisition price (Millions of yen)	671	592	543	325

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-106	RE-107	RE-108	RE-109
Property name	Castalia Ichikawa	Royal Parks Hanakoganei	Castalia Musashikosugi	Royal Parks Wakabadai
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	3,280	38,195	8,785	40,678
Leasehold and security deposits, etc.	7,044	41,411	12,121	124,904
Occupancy rate	100.0%	100.0%	95.4%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	19,711	247,239	57,302	257,795
Rental revenues	19,680	229,174	53,145	244,068
Other rental revenues	31	18,064	4,156	13,726
(B) Real estate rental expenses subtotal	3,333	63,227	13,851	103,012
Taxes and public dues	879	13,776	2,710	19,087
Outsourcing expenses	1,573	2,967	6,008	1,891
Repairs and maintenance expenses	177	9,204	4,000	9,094
Insurance	20	396	49	373
Utilities expenses	106	–	303	–
Other rental expenses	575	36,881	778	72,565
(C) NOI (= A – B)	16,378	184,012	43,450	154,782
(D) Depreciation	3,366	73,920	11,149	73,327
(E) Income (loss) from rental business (= C – D)	13,012	110,091	32,301	81,455
(F) Capital expenditures	–	2,879	273	–
(G) NCF (= C – F)	16,378	181,133	43,177	154,782
Acquisition price (Millions of yen)	461	5,300	1,680	4,360

Property number	RE-110	RE-111	RE-112	RE-113 (Note 6)
Property name	Pacific Royal Court Minatomirai Urban Tower	L-Place Shinkoyasu	Royal Parks Musashikosugi	Castalia Shinsakae
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to July 31, 2017
Monthly rent	81,980	9,320	10,826	–
Leasehold and security deposits, etc.	95,465	26,639	24,266	–
Occupancy rate	100.0%	100.0%	100.0%	–
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	519,590	56,542	68,239	49,176
Rental revenues	491,885	55,920	64,958	43,499
Other rental revenues	27,704	622	3,280	5,677
(B) Real estate rental expenses subtotal	211,144	5,399	31,329	16,189
Taxes and public dues	35,311	3,908	3,334	4,212
Outsourcing expenses	40,739	1,149	2,648	5,150
Repairs and maintenance expenses	20,039	–	2,260	5,131
Insurance	834	74	83	123
Utilities expenses	–	–	–	545
Other rental expenses	114,220	266	23,002	1,026
(C) NOI (= A – B)	308,445	51,142	36,909	32,987
(D) Depreciation	180,138	17,724	18,319	19,056
(E) Income (loss) from rental business (= C – D)	128,306	33,418	18,589	13,930
(F) Capital expenditures	6,578	–	286	108
(G) NCF (= C – F)	301,867	51,142	36,623	32,879
Acquisition price (Millions of yen)	9,100	1,720	1,060	1,920

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-114 (Note 7)	RE-115	RE-116	RE-117
Property name	Aprile Tarumi	Crest Kusatsu	Castalia Sakaisuji Honmachi	Castalia Shin-Umeda
Period for asset management	From March 1, 2017 to August 3, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	-	19,203	10,052	9,063
Leasehold and security deposits, etc.	-	32,185	4,082	6,472
Occupancy rate	-	99.4%	99.1%	99.2%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	47,510	130,242	62,765	56,360
Rental revenues	47,510	112,662	59,289	52,772
Other rental revenues	-	17,580	3,476	3,587
(B) Real estate rental expenses subtotal	6,548	99,296	17,699	14,513
Taxes and public dues	5,986	9,582	3,316	3,276
Outsourcing expenses	-	64,028	6,309	5,543
Repairs and maintenance expenses	-	9,084	4,587	3,169
Insurance	191	274	81	78
Utilities expenses	-	13,175	2,190	1,437
Other rental expenses	370	3,151	1,213	1,008
(C) NOI (= A - B)	40,961	30,946	45,065	41,847
(D) Depreciation	9,758	40,825	11,185	10,760
(E) Income (loss) from rental business (= C - D)	31,203	(9,879)	33,880	31,086
(F) Capital expenditures	-	-	691	4,095
(G) NCF (= C - F)	40,961	30,946	44,374	37,751
Acquisition price (Millions of yen)	1,340	3,004	1,490	1,376

Property number	RE-118	RE-119	RE-120 (Note 8)	RE-121
Property name	Castalia Abeno	Castalia Sakae	Castalia Nipponbashi Kouzu	Castalia Maruyama Urasando
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to July 27, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	27,664	6,912	-	2,980
Leasehold and security deposits, etc.	18,299	13,186	-	3,177
Occupancy rate	99.4%	93.2%	-	91.2%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	176,593	46,226	126,711	20,413
Rental revenues	161,499	41,474	121,067	18,257
Other rental revenues	15,093	4,751	5,644	2,156
(B) Real estate rental expenses subtotal	50,590	16,364	39,143	5,724
Taxes and public dues	11,058	3,196	11,365	1,658
Outsourcing expenses	17,072	5,600	16,446	2,217
Repairs and maintenance expenses	17,216	6,531	8,452	910
Insurance	224	63	353	33
Utilities expenses	4,130	471	2,017	647
Other rental expenses	887	501	508	257
(C) NOI (= A - B)	126,002	29,861	87,568	14,689
(D) Depreciation	28,555	7,695	25,937	3,076
(E) Income (loss) from rental business (= C - D)	97,446	22,166	61,630	11,612
(F) Capital expenditures	3,284	2,153	906	881
(G) NCF (= C - F)	122,718	27,707	86,661	13,807
Acquisition price (Millions of yen)	4,368	1,010	3,570	411

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-122	RE-123	RE-124	RE-125
Property name	Castalia Maruyama Omotesando	Castalia Higashi Hie	Castalia Tower Nagahoribashi	Castalia Sannomiya
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	11,660	6,972	25,033	8,126
Leasehold and security deposits, etc.	13,145	6,719	13,729	5,764
Occupancy rate	93.7%	100.0%	95.8%	92.9%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	79,233	43,955	159,231	52,272
Rental revenues	70,657	41,180	148,568	48,997
Other rental revenues	8,576	2,774	10,662	3,274
(B) Real estate rental expenses subtotal	21,697	10,763	42,672	13,698
Taxes and public dues	7,106	3,198	11,139	3,082
Outsourcing expenses	6,943	4,065	18,614	5,024
Repairs and maintenance expenses	4,769	2,689	8,119	4,487
Insurance	134	65	238	69
Utilities expenses	1,949	364	4,096	826
Other rental expenses	793	379	463	208
(C) NOI (= A - B)	57,535	33,191	116,559	38,573
(D) Depreciation	12,216	8,062	28,908	9,839
(E) Income (loss) from rental business (= C - D)	45,319	25,129	87,650	28,734
(F) Capital expenditures	120	706	3,834	244
(G) NCF (= C - F)	57,415	32,484	112,724	38,328
Acquisition price (Millions of yen)	1,740	960	3,400	1,230

Property number	RE-126	RE-127	RE-128	RE-129
Property name	Castalia Kotodaikoen	Castalia Ichibancho	Castalia Omachi	Castalia Uemachidai
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	3,732	5,964	5,222	13,979
Leasehold and security deposits, etc.	3,751	4,814	6,041	8,757
Occupancy rate	95.2%	96.9%	97.2%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	24,287	38,418	32,930	88,907
Rental revenues	23,246	35,451	30,132	82,367
Other rental revenues	1,041	2,967	2,797	6,539
(B) Real estate rental expenses subtotal	7,273	11,685	11,694	19,637
Taxes and public dues	1,694	2,838	2,051	5,558
Outsourcing expenses	2,523	5,091	5,815	7,126
Repairs and maintenance expenses	2,469	3,120	3,375	4,599
Insurance	43	63	53	124
Utilities expenses	443	425	298	1,070
Other rental expenses	99	146	99	1,158
(C) NOI (= A - B)	17,014	26,733	21,235	69,269
(D) Depreciation	4,221	5,887	6,340	14,220
(E) Income (loss) from rental business (= C - D)	12,792	20,845	14,894	55,049
(F) Capital expenditures	111	1,071	-	452
(G) NCF (= C - F)	16,903	25,661	21,235	68,817
Acquisition price (Millions of yen)	481	783	656	2,190

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-130	RE-131	RE-132	RE-133
Property name	Castalia Tower Higobashi	Big Tower Minami Sanjo	Castalia Fushimi	Castalia Meieki Minami
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	20,681	16,129	16,097	4,987
Leasehold and security deposits, etc.	13,128	14,879	15,850	7,140
Occupancy rate	97.5%	93.8%	93.5%	95.8%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	133,347	111,238	104,901	32,252
Rental revenues	121,050	97,686	96,322	29,574
Other rental revenues	12,296	13,552	8,578	2,677
(B) Real estate rental expenses subtotal	41,847	38,179	29,456	9,499
Taxes and public dues	7,410	9,320	6,134	1,877
Outsourcing expenses	18,335	12,326	13,210	3,721
Repairs and maintenance expenses	10,909	13,294	7,240	2,588
Insurance	150	242	145	39
Utilities expenses	3,315	2,221	1,085	272
Other rental expenses	1,726	774	1,639	999
(C) NOI (= A - B)	91,500	73,059	75,444	22,753
(D) Depreciation	19,819	33,355	25,477	6,642
(E) Income (loss) from rental business (= C - D)	71,680	39,703	49,967	16,111
(F) Capital expenditures	591	8,834	1,502	-
(G) NCF (= C - F)	90,908	64,225	73,942	22,753
Acquisition price (Millions of yen)	2,670	1,740	2,260	720

Property number	RE-134	RE-135	RE-136	RE-137
Property name	Castalia Yakuin	Castalia Mibu	Castalia Tsutsujigaoka	Castalia Ohori Bay Tower
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	6,531	7,466	9,131	13,912
Leasehold and security deposits, etc.	9,455	6,789	20,464	13,223
Occupancy rate	96.6%	98.8%	98.6%	57.2%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	42,154	51,513	62,733	147,475
Rental revenues	39,784	43,252	54,375	82,699
Other rental revenues	2,369	8,261	8,357	64,776
(B) Real estate rental expenses subtotal	9,725	17,237	12,961	35,217
Taxes and public dues	3,016	2,819	3,735	12,531
Outsourcing expenses	3,640	7,245	5,484	12,416
Repairs and maintenance expenses	2,236	5,568	2,228	2,498
Insurance	64	59	89	283
Utilities expenses	521	1,119	444	6,010
Other rental expenses	246	425	978	1,477
(C) NOI (= A - B)	32,428	34,276	49,772	112,258
(D) Depreciation	10,649	12,150	14,655	42,473
(E) Income (loss) from rental business (= C - D)	21,779	22,125	35,117	69,785
(F) Capital expenditures	-	-	739	2,335
(G) NCF (= C - F)	32,428	34,276	49,033	109,923
Acquisition price (Millions of yen)	930	1,193	1,208	2,910

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RE-138	RE-139	RE-140	RE-141
Property name	Royal Parks Namba	Castalia Shigahondori	Castalia Kyoto Nishioji	Castalia Ningyocho III
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	21,394	11,426	5,379	11,105
Leasehold and security deposits, etc.	24,975	24,112	2,916	14,637
Occupancy rate	100.0%	93.6%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	137,148	74,027	33,662	69,278
Rental revenues	128,364	68,688	30,554	65,619
Other rental revenues	8,783	5,338	3,108	3,659
(B) Real estate rental expenses subtotal	31,511	27,493	15,342	13,667
Taxes and public dues	9,594	4,322	1,782	3,375
Outsourcing expenses	4,967	7,386	5,343	7,084
Repairs and maintenance expenses	4,243	14,464	7,045	1,223
Insurance	208	88	48	74
Utilities expenses	166	549	971	604
Other rental expenses	12,330	683	150	1,305
(C) NOI (= A - B)	105,636	46,533	18,319	55,610
(D) Depreciation	42,106	20,223	8,106	11,265
(E) Income (loss) from rental business (= C - D)	63,530	26,310	10,212	44,345
(F) Capital expenditures	2,348	-	742	-
(G) NCF (= C - F)	103,288	46,533	17,576	55,610
Acquisition price (Millions of yen)	2,830	1,730	973	2,000

Property number	RE-142	RE-143	RE-104 (Note 9)	Residential properties subtotal
Property name	Royal Parks Umejima	Castalia Shinsakae II	Castalia Minamigyotoku II	
Period for asset management	From March 1, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017		
Monthly rent	16,242	9,536	-	-
Leasehold and security deposits, etc.	29,631	9,536	-	-
Occupancy rate	100.0%	100.0%	-	-
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	105,299	47,147	41	9,877,701
Rental revenues	97,580	44,501	-	9,165,568
Other rental revenues	7,718	2,645	41	712,133
(B) Real estate rental expenses subtotal	38,124	3,250	17	2,834,908
Taxes and public dues	6,295	-	-	558,234
Outsourcing expenses	8,435	1,561	-	957,695
Repairs and maintenance expenses	4,873	389	-	635,142
Insurance	165	73	-	12,451
Utilities expenses	1,782	239	14	113,606
Other rental expenses	16,571	986	2	557,776
(C) NOI (= A - B)	67,174	43,896	23	7,042,793
(D) Depreciation	26,209	10,971	-	2,068,305
(E) Income (loss) from rental business (= C - D)	40,965	32,924	23	4,974,488
(F) Capital expenditures	248	-	-	387,901
(G) NCF (= C - F)	66,926	43,896	23	6,654,892
Acquisition price (Millions of yen)	2,020	1,800	385	(Note 10) 250,448

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(Unit: Thousands of yen, unless otherwise stated)

Property number	RM-001	RM-002	RM-003	RM-004
Property name	ACROSSMALL Shinkamagaya	FOLEO Hirakata	QiZ GATE URAWA	UNICUS Takasaki
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	45,950	29,248	23,234	21,645
Leasehold and security deposits, etc.	551,400	406,944	175,763	151,515
Occupancy rate	100.0%	94.7%	86.9%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	275,700	267,171	310,927	129,870
Rental revenues	275,700	216,518	134,662	129,870
Other rental revenues	-	50,652	176,265	-
(B) Real estate rental expenses subtotal	53,174	139,583	83,257	39,538
Taxes and public dues	25,549	23,044	13,813	9,914
Outsourcing expenses	9,050	45,467	33,734	20,472
Repairs and maintenance expenses	17,235	15,107	13,342	8,172
Insurance	421	303	149	106
Utilities expenses	-	53,977	20,013	-
Other rental expenses	917	1,682	2,204	872
(C) NOI (= A - B)	222,525	127,587	227,669	90,331
(D) Depreciation	53,872	34,739	27,717	11,899
(E) Income (loss) from rental business (= C - D)	168,652	92,847	199,952	78,431
(F) Capital expenditures	-	1,078	19,190	-
(G) NCF (= C - F)	222,525	126,509	208,479	90,331
Acquisition price (Millions of yen)	7,770	4,580	4,270	3,000

Property number	RM-005	RM-006	RM-007	RM-008
Property name	ACROSSPLAZA Miyoshi (Land)	DREAM TOWN ALi	ASOBOX (Land)	FOLEO Ome Imai
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From August 29, 2017 to August 31, 2017	From August 29, 2017 to August 31, 2017
Monthly rent	15,714	48,806	7,846	21,470
Leasehold and security deposits, etc.	188,568	474,999	94,152	434,570
Occupancy rate	100.0%	98.5%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	94,284	400,184	760	2,077
Rental revenues	94,284	293,276	760	2,077
Other rental revenues	-	106,908	-	-
(B) Real estate rental expenses subtotal	9,753	147,976	3	244
Taxes and public dues	9,537	22,880	-	-
Outsourcing expenses	-	33,675	-	116
Repairs and maintenance expenses	-	17,379	-	-
Insurance	-	312	-	1
Utilities expenses	-	72,310	-	-
Other rental expenses	215	1,417	3	125
(C) NOI (= A - B)	84,531	252,207	756	1,833
(D) Depreciation	-	38,351	-	2,941
(E) Income (loss) from rental business (= C - D)	84,531	213,856	756	(1,108)
(F) Capital expenditures	-	2,671	-	-
(G) NCF (= C - F)	84,531	249,536	756	1,833
Acquisition price (Millions of yen)	3,740	8,100	1,600	3,800

(Unit: Thousands of yen, unless otherwise stated)

Property number	RR-001	RR-002	RR-003	RR-004
Property name	LIFE Sagamihara Wakamatsu	FOLEO Sendai Miyanomori	ACROSSPLAZA Inazawa (Land)	Sports Depo and GOLF5 Kokurahigashi IC Store
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017
Monthly rent	(Note 1)	39,750	11,610	(Note 1)
Leasehold and security deposits, etc.	(Note 1)	238,500	139,320	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	(Note 1)	238,500	69,660	(Note 1)
Rental revenues	(Note 1)	238,500	69,660	(Note 1)
Other rental revenues	(Note 1)	–	–	(Note 1)
(B) Real estate rental expenses subtotal	(Note 1)	35,480	7,370	(Note 1)
Taxes and public dues	(Note 1)	22,736	7,155	(Note 1)
Outsourcing expenses	(Note 1)	3,600	–	(Note 1)
Repairs and maintenance expenses	(Note 1)	7,930	–	(Note 1)
Insurance	(Note 1)	220	–	(Note 1)
Utilities expenses	(Note 1)	–	–	(Note 1)
Other rental expenses	(Note 1)	993	214	(Note 1)
(C) NOI (= A – B)	43,573	203,019	62,289	78,934
(D) Depreciation	2,925	21,091	–	12,840
(E) Income (loss) from rental business (= C – D)	40,648	181,928	62,289	66,094
(F) Capital expenditures	–	–	–	–
(G) NCF (= C – F)	43,573	203,019	62,289	78,934
Acquisition price (Millions of yen)	1,670	6,960	2,390	2,230

Property number	RR-005	
Property name	Hiratsuka Retail Property (Land)	Retail properties subtotal
Period for asset management	From March 1, 2017 to August 31, 2017	
Monthly rent	(Note 1)	–
Leasehold and security deposits, etc.	(Note 1)	–
Occupancy rate	100.0%	–
Information on revenues and expenses		
(A) Real estate rental revenues subtotal	(Note 1)	2,053,208
Rental revenues	(Note 1)	1,719,376
Other rental revenues	(Note 1)	333,831
(B) Real estate rental expenses subtotal	(Note 1)	531,091
Taxes and public dues	(Note 1)	143,731
Outsourcing expenses	(Note 1)	149,716
Repairs and maintenance expenses	(Note 1)	79,279
Insurance	(Note 1)	1,629
Utilities expenses	(Note 1)	146,300
Other rental expenses	(Note 1)	10,434
(C) NOI (= A – B)	126,854	1,522,116
(D) Depreciation	–	206,379
(E) Income (loss) from rental business (= C – D)	126,854	1,315,736
(F) Capital expenditures	–	22,940
(G) NCF (= C – F)	126,854	1,499,175
Acquisition price (Millions of yen)	5,620	55,730

(Unit: Thousands of yen, unless otherwise stated)

Property number	OT-001	OT-002	OT-003	OT-004
Property name	Urban Living Inage	Aburatsubo Marina HILLS	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Sharp Hiroshima Building
Period for asset management	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From March 1, 2017 to August 31, 2017	From April 11, 2017 to August 31, 2017
Monthly rent	6,510	7,291	45,114	(Note 1)
Leasehold and security deposits, etc.	41,937	53,900	468,929	(Note 1)
Occupancy rate	100.0%	100.0%	100.0%	100.0%
Information on revenues and expenses				
(A) Real estate rental revenues subtotal	39,060	43,749	330,566	(Note 1)
Rental revenues	39,060	43,749	272,943	(Note 1)
Other rental revenues	–	–	57,622	(Note 1)
(B) Real estate rental expenses subtotal	3,852	6,925	87,035	(Note 1)
Taxes and public dues	2,480	2,419	18,625	(Note 1)
Outsourcing expenses	273	346	24,892	(Note 1)
Repairs and maintenance expenses	761	3,857	6,281	(Note 1)
Insurance	63	76	422	(Note 1)
Utilities expenses	–	–	36,598	(Note 1)
Other rental expenses	274	225	213	(Note 1)
(C) NOI (= A – B)	35,207	36,823	243,530	44,106
(D) Depreciation	12,459	15,110	55,425	6,534
(E) Income (loss) from rental business (= C – D)	22,747	21,712	188,105	37,571
(F) Capital expenditures	–	4,837	1,811	–
(G) NCF (= C – F)	35,207	31,985	241,719	44,106
Acquisition price (Millions of yen)	930	1,100	7,600	1,850

Property number		
Property name	Other assets subtotal	Total
Period for asset management		
Monthly rent		
Leasehold and security deposits, etc.	–	–
Occupancy rate	–	–
Information on revenues and expenses		
(A) Real estate rental revenues subtotal	458,641	19,479,640
Rental revenues	401,019	18,344,657
Other rental revenues	57,622	1,134,983
(B) Real estate rental expenses subtotal	98,974	4,193,107
Taxes and public dues	23,526	1,228,362
Outsourcing expenses	26,445	1,272,800
Repairs and maintenance expenses	10,900	779,056
Insurance	591	25,479
Utilities expenses	36,598	299,764
Other rental expenses	912	587,643
(C) NOI (= A – B)	359,667	15,286,533
(D) Depreciation	89,530	3,713,302
(E) Income (loss) from rental business (= C – D)	270,137	11,573,231
(F) Capital expenditures	6,649	865,103
(G) NCF (= C – F)	353,017	14,421,430
Acquisition price (Millions of yen)	11,480	(Note 10) 577,777

(Note 1) Undisclosed as consent for disclosure has not been obtained from the lessee.

(Note 2) Sold as of July 25, 2017.

(Note 3) Sold as of July 31, 2017.

(Note 4) Sold as of July 27, 2017.

(Note 5) Sold as of July 27, 2017.

(Note 6) Sold as of August 1, 2017.

(Note 7) Sold as of August 4, 2017.

(Note 8) Sold as of July 28, 2017.

(Note 9) Sold as of February 23, 2017.

(Note 10) Properties sold up to the current fiscal period have been excluded.

(2) Summary of major tenants

i) List of major tenants

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

(As of August 31, 2017)

Tenant	Business	Property name	Annual rent (Millions of yen) (Note 1)	Leasehold and security deposit (Millions of yen) (Note 2)	Leased area (m ²) (Note 3)	Ratio of leased area of a tenant to the total leased area (%) (Note 4)
Daiwa Living Management Co., Ltd.	Rental business	Castalia Nishi Azabu Kasumicho and others Total: 82	8,657	852	210,253.35	11.0
Total of all portfolio			37,410	14,729	1,919,254.78	100.0

(Note 1) “Annual rent” represents the amount calculated by multiplying the monthly rent as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2017 by 12 (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). Annual rent for residential properties includes common area charges. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the annual rent represents the amount calculated by multiplying the monthly rent indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of August 31, 2017 by 12 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). For revenue-based rent, a monthly amount linked to sales in August 2017 is used. Therefore, the sums of the “Annual rent” of each property may not add up to the total for the portfolio.

(Note 2) “Leasehold and security deposit” represents the total amount of outstanding leasehold and security deposit as indicated in each lease agreement in relation to each real estate or each real estate in trust as of August 31, 2017 (as to real estate or real estate in trust for which multiple lease agreements are entered into, the total amount indicated in such lease agreements). However, in the case of a pass-through type master lease agreement entered into with the master lease company, the total scheduled outstanding amount of leasehold and security deposit, as indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of August 31, 2017 (as to real estate or real estate in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements), is provided. When there are portions that do not need to be repaid due to special agreements concerning non-refundable deposits or written-off deposits, the amount represents the amount after subtracting these deductions.

(Note 3) “Leased area” represents the leased area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2017. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants, as indicated in the sublease agreement for each real estate or each real estate in trust as of August 31, 2017, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area.

(Note 4) Figures are rounded to the nearest tenth.

ii) Lease terms for major tenants

The major tenant in relation to the assets that DHR owned as of August 31, 2017 was Daiwa Living Management Co., Ltd., and DHR concluded lease agreements in relation to each real estate or each real estate in trust as in the table below. In all the lease agreements, the contract shall be automatically renewed for an additional two years under the same terms unless the lessor, the lessee or the asset manager provides written notice that it will not renew the contract no later than six months before the expiration of the contract, and the same shall apply thereafter. DHR's lease terms expiration date of each real estate or each real estate in trust as of August 31, 2017 is as follows:

Property number	Property name	Expiration date	Property number	Property name	Expiration date
RE-013	Castalia Nishi Azabu Kasumicho	March 31, 2019	RE-066	Castalia Morishita	March 31, 2019
RE-014	Castalia Ochanomizu	March 31, 2019	RE-067	Castalia Wakabayashikoen	March 31, 2019
RE-016	Castalia Suitengu	March 31, 2019	RE-068	Castalia Asakusabashi	March 31, 2019
RE-017	Castalia Suitengu II	March 31, 2019	RE-069	Castalia Iriya	March 31, 2019
RE-018	Castalia Shintomicho	March 31, 2019	RE-070	Castalia Kita Ueno	March 31, 2019
RE-019	Castalia Shintomicho II	March 31, 2019	RE-071	Castalia Morishita II	March 31, 2019
RE-020	Castalia Harajuku	March 31, 2019	RE-072	Castalia Minowa	March 31, 2019
RE-022	Castalia Sendagaya	March 31, 2019	RE-074	Castalia Nakano	March 31, 2019
RE-023	Castalia Shinjuku 7 chome	March 31, 2019	RE-075	Castalia Yoga	March 31, 2019
RE-024	Castalia Ningyocho	March 31, 2019	RE-076	Castalia Sumiyoshi	March 31, 2019
RE-025	Castalia Ningyocho II	March 31, 2019	RE-077	Castalia Monzennakacho II	March 31, 2019
RE-026	Castalia Shin-Ochanomizu	March 31, 2019	RE-078	Castalia Oshiage	March 31, 2019
RE-027	Castalia Higashi Nihonbashi II	March 31, 2019	RE-079	Castalia Kuramae	March 31, 2019
RE-028	Castalia Jinbocho	March 31, 2019	RE-083	Castalia Ooimachi	March 31, 2019
RE-029	Castalia Shintomicho III	March 31, 2019	RE-084	Castalia Omori	March 31, 2019
RE-030	Castalia Shinjuku Gyoen	March 31, 2019	RE-085	Castalia Mishuku	March 31, 2019
RE-031	Castalia Takanawadai	March 31, 2019	RE-089	Castalia Meguro Chojyamaru	September 30, 2019
RE-032	Castalia Higashi Nihonbashi III	March 31, 2019	RE-090	Castalia Meguro Takaban	September 30, 2019
RE-033	Castalia Shinjuku Gyoen II	March 31, 2019	RE-091	Castalia Omori III	September 30, 2019
RE-034	Castalia Shintomicho IV	March 31, 2019	RE-092	Morino Tonari	June 30, 2018
RE-035	Castalia Takanawadai II	March 31, 2019	RE-093	Castalia Meguro Tairamachi	September 25, 2018
RE-036	Castalia Minami Azabu	March 31, 2019	RE-095	Castalia Honkomagome	May 31, 2019
RE-037	Castalia Ginza III	March 31, 2019	RE-098	Castalia Funabashi	March 31, 2019
RE-038	Castalia Kayabacho	March 31, 2019	RE-099	Castalia Nishi Funabashi	March 31, 2019
RE-039	Castalia Takanawa	March 31, 2019	RE-105	Castalia Nogeyama	March 31, 2019
RE-040	Castalia Higashi Nihonbashi	March 31, 2019	RE-106	Castalia Ichikawa	March 31, 2019
RE-041	Castalia Shinjuku	March 31, 2019	RE-108	Castalia Musashikosugi	September 30, 2019
RE-045	Castalia Hatsudai II	September 30, 2019	RE-111	L-Place Shinkoyasu	May 31, 2019
RE-046	Castalia Ebisu	September 30, 2019	RE-116	Castalia Sakaisuji Honmachi	March 31, 2019
RE-054	Castalia Otsuka II	March 31, 2019	RE-117	Castalia Shin-Umeda	March 31, 2019
RE-055	Castalia Jiyugaoka	March 31, 2019	RE-118	Castalia Abeno	March 31, 2019
RE-056	Castalia Mejiro	March 31, 2019	RE-119	Castalia Sakae	March 31, 2019
RE-057	Castalia Ikebukuro	March 31, 2019	RE-124	Castalia Tower Nagahoribashi	March 31, 2019
RE-058	Castalia Kaname-cho	March 31, 2019	RE-125	Castalia Sannomiya	March 31, 2019
RE-059	Castalia Tower Shinagawa Seaside	March 31, 2019	RE-129	Castalia Uemachidai	March 31, 2019
RE-060	Castalia Yakumo	March 31, 2019	RE-130	Castalia Tower Higobashi	March 31, 2019
RE-061	Castalia Togoshiekimae	March 31, 2019	RE-132	Castalia Fushimi	March 31, 2019
RE-062	Castalia Honjo Azumabashi	March 31, 2019	RE-133	Castalia Meieki Minami	March 31, 2019
RE-063	Castalia Kitazawa	March 31, 2019	RE-139	Castalia Shigahondori	June 30, 2019
RE-064	Castalia Monzennakacho	March 31, 2019	RE-141	Castalia Ningyocho III	September 30, 2018
RE-065	Castalia Kamiikedai	March 31, 2019	RE-143	Castalia Shinsakae II	April 30, 2022

(3) Summary on appraisal report

DHR obtains an appraisal report for each real estate or real estate in trust from DAIWA REAL ESTATE APPRAISAL CO., LTD., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute or Morii Appraisal & Investment Consulting, Inc. The following is a summary on the appraisal report obtained for each real estate or real estate in trust, which was owned by DHR as of August 31, 2017.

The appraisal value does not provide any guarantees or promises that the relevant real estate or real estate in trust may be sold at the appraisal value now or in future. DHR has no interest in the above appraisal agencies.

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-001	D Project Machida	T	August 31, 2017	9,420	9,620	4.5	9,330	1st to 9th year 4.4 10th year and later 4.5	4.7
LB-002	D Project Hachioji	T	August 31, 2017	15,800	15,600	4.4	15,900	1st to 2nd year 4.3 3rd year and later 4.4	4.6
LB-003	D Project Aikawa-Machi	T	August 31, 2017	4,260	4,330	4.6	4,230	4.6	4.8
LB-004	D Project Shin-Misato	T	August 31, 2017	5,760	5,840	5.2	5,720	5.2	5.4
LB-005	D Project Urayasu I	T	August 31, 2017	9,510	9,750	4.1	9,400	4.2	4.3
LB-006	D Project Urayasu II	T	August 31, 2017	26,700	27,000	4.0	26,600	1st to 10th year 4.0 11th year 4.1	4.2
LB-007	D Project Akanehama	T	August 31, 2017	3,030	3,080	4.5	3,010	4.6	4.7
LB-008	D Project Noda	T	August 31, 2017	6,450	6,460	4.7	6,450	1st to 10th year 4.6 11th year 4.7	4.9
LB-009	D Project Inuyama	T	August 31, 2017	9,000	8,890	4.9	9,040	1st to 7th year 4.8 8th year and later 4.9	5.1
LB-010	D Project Gifu	T	August 31, 2017	1,130	1,120	5.5	1,130	1st to 7th year 5.4 8th year and later 5.5	5.7
LB-011	D Project Neyagawa	T	August 31, 2017	6,200	6,200	4.6	6,200	4.6	4.8
LB-012	D Project Sapporo Minami	T	August 31, 2017	846	833	6.0	851	5.9	6.2
LB-013	D Project Morioka	T	August 31, 2017	1,210	1,200	6.0	1,220	5.9	6.2
LB-014	D Project Sendai Minami	T	August 31, 2017	1,550	1,530	5.3	1,560	1st to 4th year 5.1 5th to 10th year 5.2	5.5
LB-015	D Project Tsuchiura	T	August 31, 2017	3,450	3,330	5.3	3,500	5.2	5.5
LB-016	D Project Gotenba	T	August 31, 2017	1,150	1,130	5.4	1,160	5.3	5.6

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-017	D Project Nishi-Hiroshima	T	August 31, 2017	1,200	1,160	5.5	1,210	Building A 1st to 5th year 5.5 6th to 10th year 5.6 Building B 5.5	5.7
LB-018	D Project Fukuoka Umi	T	August 31, 2017	4,290	4,260	5.1	4,300	Building A 1st to 3rd year 4.9 4th year and later 5.0 Building B 1st to 5th year 4.8 6th year and later 5.0 Building C 5.0 Building D 1st to 4th year 4.9 5th year and later 5.0	5.3
LB-019	D Project Tosu	T	August 31, 2017	5,910	5,990	5.1	5,870	1st to 7th year 5.1 8th year and later 5.2	5.3
LB-020	D Project Kuki I	T	August 31, 2017	4,110	4,130	4.8	4,100	1st to 7th year 4.8 8th year and later 4.9	5.0
LB-021	D Project Kuki II	T	August 31, 2017	8,580	8,650	4.8	8,550	1st to 6th year 4.8 7th year and later 4.9	5.0
LB-022	D Project Kawagoe I	T	August 31, 2017	3,710	3,750	4.8	3,690	1st to 9th year 4.8 10th to 11th year 4.9	5.0
LB-023	D Project Kawagoe II	T	August 31, 2017	5,150	5,200	4.8	5,130	1st to 10th year 4.8 11th year 4.9	5.0
LB-024	DPL Inuyama	T	August 31, 2017	4,060	4,070	4.9	4,060	4.8	5.1
LB-025	D Project Fukuoka Hakozaki	T	August 31, 2017	4,520	4,540	4.8	4,510	4.7	5.0
LB-026	D Project Kuki III	T	August 31, 2017	8,130	8,250	4.8	8,080	1st to 6th year 4.8 7th year and later 4.9	5.0
LB-027	D Project Kuki IV	T	August 31, 2017	5,810	5,770	4.8	5,820	1st to 7th year 4.8 8th to 10th year 4.9	5.0
LB-028	D Project Kuki V	T	August 31, 2017	8,790	8,820	4.8	8,770	1st to 5th year 4.8 6th to 10th year 4.9	5.0
LB-029	D Project Kuki VI	T	August 31, 2017	5,420	5,470	4.8	5,400	1st to 6th year 4.8 7th to 10th year 4.9	5.0

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
LB-030	D Project Yashio	F	August 31, 2017	6,600	6,650	4.6	6,550	4.1	4.9
LB-031	D Project Nishiyodogawa	F	August 31, 2017	10,700	10,700	4.8	10,600	4.5	5.0
LB-032	D Project Matsudo	F	August 31, 2017	7,620	7,630	4.6	7,600	4.3	4.7
LB-033	D Project Hibiki Nada	T	August 31, 2017	2,130	2,120	5.8	2,130	1st to 4th year 5.7 5th year and later 5.9	6.0
LB-034	D Project Morioka II	T	August 31, 2017	1,330	1,330	6.0	1,330	1st to 8th year 5.7 9th year and later 5.8	6.2
LB-035	D Project Kawagoe III	T	August 31, 2017	7,460	7,490	4.7	7,450	1st to 7th year 4.7 8th year and later 4.8	4.9
LB-036	D Project Kazo	T	August 31, 2017	3,430	3,400	4.9	3,440	1st to 7th year 4.9 8th year and later 5.0	5.1
LB-037	D Project Urayasu III	T	August 31, 2017	9,340	9,630	4.1	9,220	1st to 5th year 4.0 6th to 8th year 4.1 9th to 10th year 4.2	4.3
LB-038	D Project Tomisato	T	August 31, 2017	5,040	5,010	5.0	5,050	1st to 8th year 5.0 9th year and later 5.1	5.2
LB-039	D Project Kyotanabe	F	August 31, 2017	3,620	3,640	5.6	3,600	5.2	5.9
LB-040	D Project Sendai Izumi	F	August 31, 2017	1,590	1,590	5.4	1,580	5.1	5.6
LB-041	D Project Oyama	T	August 31, 2017	2,020	2,050	5.6	2,010	5.7	5.8
LB-042	D Project Sano	T	August 31, 2017	1,790	1,800	5.6	1,780	5.6	5.8
LB-043	D Project Tatebayashi	T	August 31, 2017	3,150	3,130	5.6	3,160	5.6	5.8
LB-044	D Project Kakegawa	F	August 31, 2017	6,140	6,180	5.7	6,100	5.5	5.9
LB-045	D Project Hiroshima Seifu	F	August 31, 2017	3,930	3,950	5.6	3,900	5.1	6.0
LB-046	D Project Tosu II	T	August 31, 2017	1,840	1,850	5.2	1,840	1st to 6th year 5.2 7th year and later 5.3	5.4
LM-001	DPL Misato	T	August 31, 2017	17,400	17,500	4.2	17,300	1st to 3rd year 4.2 4th year and later 4.3	4.4
RE-001	Qiz Ebisu	T	August 31, 2017	8,520	8,740	3.9	8,420	4.1	4.1
RE-002	Castalia Azabujuban Shichimenzaka	C	August 31, 2017	4,220	4,280	4.2	4,220	4.0	4.4
RE-003	Castalia Shibakoen	T	August 31, 2017	2,190	2,220	4.3	2,170	4.4	4.5
RE-004	Castalia Ginza	T	August 31, 2017	2,220	2,250	4.2	2,200	4.3	4.4

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-005	Castalia Hiroo	T	August 31, 2017	1,830	1,910	4.1	1,800	4.2	4.3
RE-006	Castalia Nihonbashi	T	August 31, 2017	1,170	1,180	4.3	1,160	4.4	4.5
RE-007	Castalia Hacchobori	T	August 31, 2017	2,250	2,280	4.3	2,230	4.4	4.5
RE-008	Castalia Azabujuban	C	August 31, 2017	2,660	2,730	4.2	2,660	4.0	4.4
RE-009	Castalia Azabujuban II	C	August 31, 2017	2,500	2,570	4.1	2,500	3.9	4.3
RE-010	Castalia Shinjuku Natsumezaka	C	August 31, 2017	1,610	1,660	4.3	1,610	4.1	4.5
RE-011	Castalia Ginza II	T	August 31, 2017	1,730	1,760	4.2	1,720	4.3	4.4
RE-012	Castalia Shibuya Sakuragaoka	T	August 31, 2017	1,100	1,130	4.1	1,090	4.3	4.3
RE-013	Castalia Nishi Azabu Kasumicho	T	August 31, 2017	2,260	2,300	4.2	2,240	4.3	4.4
RE-014	Castalia Ochanomizu	F	August 31, 2017	2,120	2,150	4.3	2,090	4.1	4.5
RE-015	Castalia Sangubashi	T	August 31, 2017	1,520	1,540	4.2	1,510	4.4	4.4
RE-016	Castalia Suitengu	T	August 31, 2017	1,390	1,400	4.4	1,380	4.4	4.6
RE-017	Castalia Suitengu II	T	August 31, 2017	1,260	1,280	4.3	1,250	4.4	4.5
RE-018	Castalia Shintomicho	T	August 31, 2017	1,030	1,040	4.4	1,020	4.4	4.6
RE-019	Castalia Shintomicho II	T	August 31, 2017	914	921	4.4	911	4.4	4.6
RE-020	Castalia Harajuku	F	August 31, 2017	940	954	4.1	925	3.9	4.3
RE-021	Castalia Yoyogi Uehara	F	August 31, 2017	713	723	4.2	703	4.0	4.4
RE-022	Castalia Sendagaya	F	August 31, 2017	612	621	4.2	603	4.0	4.4
RE-023	Castalia Shinjuku 7 chome	F	August 31, 2017	529	536	4.5	522	4.3	4.7
RE-024	Castalia Ningyocho	F	August 31, 2017	1,230	1,240	4.2	1,210	4.0	4.4
RE-025	Castalia Ningyocho II	F	August 31, 2017	1,360	1,380	4.2	1,340	4.0	4.4
RE-026	Castalia Shin-Ochanomizu	F	August 31, 2017	1,090	1,100	4.2	1,070	4.0	4.4
RE-027	Castalia Higashi Nihonbashi II	F	August 31, 2017	1,680	1,700	4.2	1,660	4.0	4.4
RE-028	Castalia Jinbocho	F	August 31, 2017	1,450	1,470	4.2	1,430	4.0	4.4
RE-029	Castalia Shintomicho III	F	August 31, 2017	759	772	4.3	746	4.0	4.6
RE-030	Castalia Shinjuku Gyoen	T	August 31, 2017	3,100	3,170	4.3	3,070	1st to 10th year 4.5 11th year 4.5	4.5
RE-031	Castalia Takanawadai	F	August 31, 2017	1,030	1,040	4.1	1,010	3.9	4.3
RE-032	Castalia Higashi Nihonbashi III	D	August 31, 2017	807	817	4.2	803	4.0	4.4
RE-033	Castalia Shinjuku Gyoen II	T	August 31, 2017	511	524	4.3	506	4.5	4.5

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-034	Castalia Shintomicho IV	D	August 31, 2017	471	476	4.2	469	4.0	4.4
RE-035	Castalia Takanawadai II	F	August 31, 2017	1,350	1,370	4.1	1,330	3.9	4.3
RE-036	Castalia Minami Azabu	F	August 31, 2017	697	707	4.1	686	3.9	4.3
RE-037	Castalia Ginza III	T	August 31, 2017	2,970	3,020	4.2	2,950	4.3	4.4
RE-038	Castalia Kayabacho	T	August 31, 2017	3,100	3,110	4.4	3,090	4.4	4.6
RE-039	Castalia Takanawa	T	August 31, 2017	7,800	8,000	4.3	7,710	4.6	4.5
RE-040	Castalia Higashi Nihonbashi	C	August 31, 2017	4,000	3,900	4.5	4,000	4.3	4.7
RE-041	Castalia Shinjuku	T	August 31, 2017	3,370	3,430	4.3	3,340	4.5	4.5
RE-042	Castalia Ichigaya	C	August 31, 2017	1,330	1,350	4.4	1,330	4.2	4.6
RE-043	Shibaura Island Bloom Tower	F	August 31, 2017	8,780	– (Note 3)	– (Note 3)	8,780	4.0	6.1
RE-044	Castalia Hatsudai	D	August 31, 2017	2,350	2,380	4.2	2,340	4.0	4.4
RE-045	Castalia Hatsudai II	M	August 31, 2017	2,040	2,070	4.2	2,010	4.0	4.4
RE-046	Castalia Ebisu	M	August 31, 2017	1,550	1,570	4.1	1,520	3.9	4.3
RE-047	Castalia Meguro Kamurozaka	D	August 31, 2017	4,350	4,410	4.1	4,320	3.9	4.3
RE-048	Castalia Toritsudaigaku	C	August 31, 2017	559	568	5.1	559	4.9	5.4
RE-049	Castalia Yukigaya	T	August 31, 2017	1,110	1,120	4.4	1,110	4.5	4.6
RE-050	Castalia Yutenji	C	August 31, 2017	1,280	1,300	4.2	1,280	4.0	4.4
RE-051	Castalia Otsuka	C	August 31, 2017	1,620	1,640	4.3	1,620	4.1	4.5
RE-052	Castalia Kikukawa	T	August 31, 2017	778	784	4.5	775	4.6	4.7
RE-053	Castalia Meguro	F	August 31, 2017	992	1,000	4.4	983	4.1	4.6
RE-054	Castalia Otsuka II	F	August 31, 2017	1,250	1,270	4.3	1,230	4.1	4.5
RE-055	Castalia Jiyugaoka	F	August 31, 2017	1,390	1,410	4.1	1,370	3.9	4.3
RE-056	Castalia Mejiro	C	August 31, 2017	1,070	1,090	4.6	1,070	4.4	4.8
RE-057	Castalia Ikebukuro	D	August 31, 2017	2,810	2,840	4.2	2,790	4.0	4.4
RE-058	Castalia Kaname-cho	T	August 31, 2017	1,230	1,250	4.4	1,220	4.6	4.6
RE-059	Castalia Tower Shinagawa Seaside	T	August 31, 2017	8,740	8,780	4.4	8,720	4.4	4.6
RE-060	Castalia Yakumo	T	August 31, 2017	773	791	4.3	765	4.5	4.5
RE-061	Castalia Togoshiekimae	F	August 31, 2017	1,930	1,950	4.4	1,900	4.2	4.6
RE-062	Castalia Honjo Azumabashi	T	August 31, 2017	1,120	1,130	4.6	1,120	4.7	4.8
RE-063	Castalia Kitazawa	F	August 31, 2017	812	823	4.3	801	4.1	4.5

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-064	Castalia Monzennakacho	T	August 31, 2017	547	554	4.6	544	4.7	4.8
RE-065	Castalia Kamiikedai	F	August 31, 2017	215	216	5.0	214	4.6	5.2
RE-066	Castalia Morishita	F	August 31, 2017	1,020	1,030	4.3	1,010	4.1	4.5
RE-067	Castalia Wakabayashikoen	D	August 31, 2017	847	857	4.2	842	4.0	4.4
RE-068	Castalia Asakusabashi	C	August 31, 2017	944	941	4.5	944	4.3	4.7
RE-069	Castalia Iriya	C	August 31, 2017	656	659	4.9	656	4.7	5.1
RE-070	Castalia Kita Ueno	T	August 31, 2017	2,720	2,750	4.5	2,700	4.6	4.7
RE-071	Castalia Morishita II	T	August 31, 2017	788	793	4.5	786	4.6	4.7
RE-072	Castalia Minowa	T	August 31, 2017	1,550	1,560	4.5	1,540	4.6	4.7
RE-073	Castalia Oyamadai	T	August 31, 2017	602	605	4.4	600	4.5	4.6
RE-074	Castalia Nakano	F	August 31, 2017	1,230	1,250	4.3	1,210	4.1	4.5
RE-075	Castalia Yoga	T	August 31, 2017	1,140	1,160	4.3	1,130	4.5	4.5
RE-076	Castalia Sumiyoshi	T	August 31, 2017	1,010	1,020	4.5	1,000	4.6	4.7
RE-077	Castalia Monzennakacho II	F	August 31, 2017	2,670	2,710	4.3	2,630	4.1	4.5
RE-078	Castalia Oshiage	T	August 31, 2017	1,120	1,130	4.6	1,120	1st to 10th year 4.9 11th year 4.7	4.8
RE-079	Castalia Kuramae	T	August 31, 2017	1,460	1,490	4.5	1,450	1st to 10th year 4.7 11th year 4.6	4.7
RE-080	Castalia Nakanobu	C	August 31, 2017	2,580	2,600	4.3	2,580	4.1	4.5
RE-081	Royal Parks Toyosu	C	August 31, 2017	9,720	9,920	4.7	9,720	4.4	5.0
RE-082	Castalia Togoshi	C	August 31, 2017	2,510	2,530	4.4	2,510	4.2	4.6
RE-083	Castalia Ooimachi	M	August 31, 2017	1,480	1,490	4.1	1,470	4.0	4.3
RE-084	Castalia Omori	C	August 31, 2017	1,780	1,810	4.4	1,780	4.2	4.6
RE-085	Castalia Mishuku	C	August 31, 2017	2,290	2,330	4.4	2,290	4.2	4.6
RE-086	Castalia Arakawa	C	August 31, 2017	2,140	2,180	4.6	2,140	4.4	4.8
RE-087	Castalia Omori II	M	August 31, 2017	2,830	2,870	4.2	2,790	4.0	4.4
RE-088	Castalia Nakameguro	M	August 31, 2017	4,270	4,330	4.1	4,210	3.9	4.3
RE-089	Castalia Meguro Chojyamaru	M	August 31, 2017	2,250	2,290	4.1	2,210	3.9	4.3
RE-090	Castalia Meguro Takaban	M	August 31, 2017	1,820	1,850	4.3	1,790	4.1	4.5
RE-091	Castalia Omori III	M	August 31, 2017	1,650	1,670	4.3	1,620	4.1	4.5

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-092	Morino Tonari	F	August 31, 2017	1,170	1,190	4.2	1,150	4.0	4.4
RE-093	Castalia Meguro Tairamachi	M	August 31, 2017	1,270	1,290	4.0	1,240	3.8	4.2
RE-094	Royal Parks SEASIR	M	August 31, 2017	4,940	5,040	5.5 (Note 4)	4,940	1st to 10th year 5.3 11th year to end of land leasing period 5.7	- (Note 4)
RE-095	Castalia Honkomagome	M	August 31, 2017	1,710	1,730	4.4	1,680	4.2	4.6
RE-096	Cosmo Heim Musashikosugi	C	August 31, 2017	1,970	2,070	4.9	1,970	4.7	5.1
RE-097	Castalia Tsurumi	C	August 31, 2017	731	733	5.2	731	5.0	5.4
RE-098	Castalia Funabashi	T	August 31, 2017	783	781	5.0	784	1st to 2nd year 5.0 3rd to 11th year 4.8	5.2
RE-099	Castalia Nishi Funabashi	F	August 31, 2017	908	916	5.3	899	5.1	5.5
RE-105	Castalia Nogeeyama	F	August 31, 2017	328	331	5.2	324	5.0	5.4
RE-106	Castalia Ichikawa	F	August 31, 2017	530	534	5.2	526	5.0	5.4
RE-107	Royal Parks Hanakoganei	D	August 31, 2017	6,190	6,130	5.1 (Note 4)	6,210	1st to 10th year 4.9 11th year to end of land leasing period 5.3	- (Note 4)
RE-108	Castalia Musashikosugi	M	August 31, 2017	1,840	1,870	4.6	1,810	4.4	4.8
RE-109	Royal Parks Wakabadai	D	August 31, 2017	4,960	4,880	5.2 (Note 4)	4,990	1st to 10th year 5.0 11th year to end of land leasing period 5.4	- (Note 4)
RE-110	Pacific Royal Court Minatomirai Urban Tower	M	August 31, 2017	10,900	11,100	5.0 (Note 4)	10,900	1st to 10th year 4.8 11th year to end of land leasing period 5.2	- (Note 4)
RE-111	L-Place Shinkoyasu	F	August 31, 2017	2,010	2,030	5.0	1,980	4.8	5.2
RE-112	Royal Parks Musashikosugi	M	August 31, 2017	1,280	1,300	5.0 (Note 4)	1,280	1st to 10th year 4.8 11th year to end of land leasing period 5.2	- (Note 4)
RE-115	Crest Kusatsu	T	August 31, 2017	1,960	2,000	6.8	1,940	6.9	7.0
RE-116	Castalia Sakaisuji Honmachi	T	August 31, 2017	1,700	1,710	4.8	1,700	4.9	5.0
RE-117	Castalia Shin-Umeda	T	August 31, 2017	1,520	1,530	4.9	1,520	5.0	5.1
RE-118	Castalia Abeno	T	August 31, 2017	4,940	4,980	4.8	4,920	4.9	5.0
RE-119	Castalia Sakae	C	August 31, 2017	1,210	1,200	4.9	1,210	4.7	5.1
RE-121	Castalia Maruyama Urasando	T	August 31, 2017	509	510	5.1	508	5.1	5.3

Daiwa House REIT Investment Corporation (8984)
Financial Results for the Fiscal Period Ended August 31, 2017

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RE-122	Castalia Maruyama Omotesando	T	August 31, 2017	2,020	2,020	5.1	2,020	5.1	5.3
RE-123	Castalia Higashi Hie	T	August 31, 2017	1,000	1,010	5.1	1,000	5.3	5.3
RE-124	Castalia Tower Nagahoribashi	C	August 31, 2017	4,460	4,480	4.8	4,460	4.6	5.0
RE-125	Castalia Sannomiya	D	August 31, 2017	1,520	1,530	5.0	1,520	4.8	5.2
RE-126	Castalia Kotodaikoen	D	August 31, 2017	556	554	5.3	557	5.3	5.5
RE-127	Castalia Ichibancho	D	August 31, 2017	948	955	5.3	945	5.3	5.5
RE-128	Castalia Omachi	D	August 31, 2017	763	762	5.3	763	5.3	5.5
RE-129	Castalia Uemachidai	D	August 31, 2017	2,680	2,710	4.7	2,670	4.5	4.9
RE-130	Castalia Tower Higobashi	C	August 31, 2017	3,540	3,560	4.8	3,540	4.6	5.0
RE-131	Big Tower Minami Sanjo	D	August 31, 2017	2,630	2,630	5.2	2,630	5.0	5.4
RE-132	Castalia Fushimi	F	August 31, 2017	3,040	3,070	4.8	3,000	4.6	5.0
RE-133	Castalia Meieki Minami	M	August 31, 2017	916	930	4.6	902	4.4	4.8
RE-134	Castalia Yakuin	M	August 31, 2017	1,140	1,150	4.7	1,120	4.5	4.9
RE-135	Castalia Mibu	F	August 31, 2017	1,450	1,460	4.9	1,430	4.7	5.1
RE-136	Castalia Tsutsujigaoka	M	August 31, 2017	1,700	1,720	5.0	1,680	4.8	5.2
RE-137	Castalia Ohori Bay Tower	M	August 31, 2017	3,810	3,890	5.2	3,720	5.0	5.4
RE-138	Royal Parks Namba	D	August 31, 2017	2,970	2,960	5.5 (Note 4)	2,970	1st to 10th year 5.4 11th year to end of land leasing period 5.8	– (Note 4)
RE-139	Castalia Shigahondori	F	August 31, 2017	2,080	2,100	5.0	2,060	4.8	5.2
RE-140	Castalia Kyoto Nishioji	M	August 31, 2017	1,060	1,080	4.7	1,040	4.5	4.9
RE-141	Castalia Ningyocho III	F	August 31, 2017	2,300	2,320	4.2	2,270	4.0	4.4
RE-142	Royal Parks Umejima	M	August 31, 2017	2,180	2,220	5.5 (Note 4)	2,180	1st to 10th year 5.3 11th year and later 5.7	– (Note 4)
RE-143	Castalia Shinsakae II	D	August 31, 2017	1,940	1,970	5.0	1,930	4.8	5.2
RM-001	ACROSSMALL Shinkamagaya	F	August 31, 2017	7,950	7,980	5.8	7,920	5.5	6.0
RM-002	FOLEO Hirakata	F	August 31, 2017	4,580	4,610	6.2	4,540	5.7	6.3
RM-003	QiZ GATE URAWA	F	August 31, 2017	4,350	4,380	5.4	4,320	5.0	5.5
RM-004	UNICUS Takasaki	F	August 31, 2017	3,020	3,030	6.4	3,010	6.1	6.6
RM-005	ACROSSPLAZA Miyoshi (Land)	T	August 31, 2017	3,840	– (Note 3)	– (Note 3)	3,840	4.4	– (Note 4)

Property number	Property name	Appraisal agency (Note 1)	Date of value appraised	Appraisal value (Millions of yen)	Value based on income method (Millions of yen) (Note 2)				
					Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
RM-006	DREAM TOWN ALi	F	August 31, 2017	8,270	8,370	5.8	8,160	5.6	6.1
RM-007	ASOBOX (Land)	F	August 31, 2017	1,830	– (Note 3)	– (Note 3)	1,830	5.0	– (Note 4)
RM-008	FOLEO Ome Imai	F	August 31, 2017	3,850	3,870	5.2	3,820	4.7	5.5
RR-001	LIFE Sagamihara Wakamatsu	F	August 31, 2017	1,720	1,730	5.0	1,700	4.6	5.1
RR-002	FOLEO Sendai Miyanomori	F	August 31, 2017	7,160	7,190	5.8	7,120	5.5	6.0
RR-003	ACROSSPLAZA Inazawa (Land)	F	August 31, 2017	2,440	– (Note 3)	– (Note 3)	2,440	5.3	– (Note 4)
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	T	August 31, 2017	2,340	2,340	6.2	2,340	6.3	6.4
RR-005	Hiratsuka Retail Property (Land)	T	August 31, 2017	6,630	– (Note 3)	– (Note 3)	6,630	4.0	– (Note 4)
OT-001	Urban Living Inage	D	August 31, 2017	1,300	1,310	5.2	1,300	5.0	5.4
OT-002	Aburatsubo Marina HILLS	F	August 31, 2017	1,290	1,300	6.0	1,280	5.8	6.2
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	D	August 31, 2017	7,840	7,810	5.6	7,850	5.4	5.8
OT-004	Sharp Hiroshima Building	F	August 31, 2017	1,910	1,930	5.4	1,890	5.2	5.6

(Note 1) In “Appraisal agency,” “D” represents DAIWA REAL ESTATE APPRAISAL CO., LTD., “C” represents Chuo Real Estate Appraisal Co., Ltd., “T” represents The Tanizawa Sōgō Appraisal Co., Ltd., “F” represents Japan Real Estate Institute, and “M” represents Morii Appraisal & Investment Consulting, Inc.

(Note 2) “Value based on income method” represents value calculated by the direct capitalization method and value calculated by the DCF method. The direct capitalization method is a technique to estimate a value by dividing net cash flow for a period by the capitalization rate. The DCF method is a technique to estimate a value based on income calculated by discounting net cash flow and terminal value for consecutive multiple periods to the present values corresponding to the periods in which each belong and adding the respective discounted values together.

(Note 3) In this appraisal, because the contractual terms prescribe the restoration of land to its original state at the expiry of the agreement and the direct capitalization method where net cash flow over a period of time is capitalized at the capitalization rate is not suitable, the price based on the direct capitalization method was not calculated.

(Note 4) The capitalization rate states the discount rate used in the direct capitalization method (inwood method). Since the capitalization method was not applied in the calculation of price of selling the vacant lot, the terminal capitalization rate was not presented.

(4) Summary on engineering report

DHR obtains building condition evaluation reports and detailed earthquake risk analysis reports concerning building inspections, building evaluations, compliance with relevant laws and regulations, evaluations of repairs and maintenance expenses, environmental assessments, and earthquake risk analyses (collectively termed “Engineering Reports”) from Takenaka Corporation, SHIMIZU CORPORATION, Land Solution Inc., HI International Consultant Inc., Engineering and Risk Services Corporation, Tokio Marine & Nichido Risk Consulting Co., Ltd. and Sampo Risk Management & Health Care Inc. (former corporate name: Sampo Japan Risk Management Inc.) for each real estate or each real estate in trust owned by DHR. The summary of the Engineering Reports for each real estate or each real estate in trust as of August 31, 2017, is as follows:

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
LB-001	D Project Machida	–	–	275,315	2.7	August 2017
LB-002	D Project Hachioji	–	–	188,463	6.0	August 2017
LB-003	D Project Aikawa-Machi	–	–	27,858	5.5	August 2017
LB-004	D Project Shin-Misato	–	–	38,465	0.8	August 2017
LB-005	D Project Urayasu I	–	–	200,122	3.5	August 2017
LB-006	D Project Urayasu II	–	–	273,325	2.1	August 2017
LB-007	D Project Akanehama	–	–	18,091	1.7	August 2017
LB-008	D Project Noda	–	–	64,458	1.7	August 2017
LB-009	D Project Inuyama	–	–	90,622	3.4	August 2017
LB-010	D Project Gifu	–	–	13,297	4.1	August 2017
LB-011	D Project Neyagawa	–	–	23,505	2.7	August 2017
LB-012	D Project Sapporo Minami	–	–	26,616	1.9	August 2017
LB-013	D Project Morioka	–	–	42,410	8.1	August 2017
LB-014	D Project Sendai Minami	–	–	27,070	1.5	August 2017
LB-015	D Project Tsuchiura	–	–	32,535	1.6	August 2017
LB-016	D Project Gotenba	–	–	37,810	7.0	August 2017
LB-017	D Project Nishi-Hiroshima	–	–	14,235	2.3	August 2017
LB-018	D Project Fukuoka Umi	–	–	32,840	1.3	August 2017
LB-019	D Project Tosu	–	–	11,000	5.2	August 2017
LB-020	D Project Kuki I	–	–	5,837	0.5	February 2014
LB-021	D Project Kuki II	–	–	10,249	3.4	December 2013
LB-022	D Project Kawagoe I	–	–	7,046	7.6	February 2014
LB-023	D Project Kawagoe II	–	–	5,231	3.2	February 2014
LB-024	DPL Inuyama	–	–	4,837	7.0	February 2014
LB-025	D Project Fukuoka Hakozaki	–	–	40,626	10.9	February 2014
LB-026	D Project Kuki III	–	–	42,950	0.1	February 2015
LB-027	D Project Kuki IV	–	–	11,712	1.7	February 2015
LB-028	D Project Kuki V	–	–	59,385	2.8	February 2015
LB-029	D Project Kuki VI	–	–	41,380	2.0	February 2015
LB-030	D Project Yashio	–	–	69,618	1.6	February 2015
LB-031	D Project Nishiyodogawa	–	–	20,912	7.3	February 2015
LB-032	D Project Matsudo	–	–	20,868	3.1	February 2015
LB-033	D Project Hibiki Nada	–	–	77,619	1.3	April 2016
LB-034	D Project Morioka II	–	–	20,721	14.5	March 2016
LB-035	D Project Kawagoe III	–	–	99,129	2.2	February 2017
LB-036	D Project Kazo	–	–	44,541	1.2	February 2017
LB-037	D Project Urayasu III	–	–	236,787	3.7	February 2017
LB-038	D Project Tomisato	–	–	57,681	2.9	February 2017
LB-039	D Project Kyotanabe	–	–	47,381	5.7	February 2017
LB-040	D Project Sendai Izumi	–	–	29,414	4.4	February 2017
LB-041	D Project Oyama	–	–	31,146	1.6	February 2017
LB-042	D Project Sano	–	–	38,714	1.5	February 2017
LB-043	D Project Tatebayashi	–	–	45,056	1.8	February 2017
LB-044	D Project Kakegawa	–	–	58,493	9.1	February 2017
LB-045	D Project Hiroshima Seifu	–	–	39,347	4.7	February 2017
LB-046	D Project Tosu II	–	–	26,713	3.0	February 2017
LM-001	DPL Misato	–	–	297,332	0.5	February 2017
RE-001	Qiz Ebisu	–	–	192,351	3.4	January 2015
RE-002	Castalia Azabujuban Shichimenzaka	–	–	133,227	2.3	January 2015
RE-003	Castalia Shibakoen	–	–	99,313	3.9	July 2014
RE-004	Castalia Ginza	–	–	99,817	2.8	July 2014
RE-005	Castalia Hiroo	–	–	50,386	6.0	February 2017
RE-006	Castalia Nihonbashi	–	–	58,455	2.7	January 2015
RE-007	Castalia Hacchobori	–	–	72,397	5.2	July 2015
RE-008	Castalia Azabujuban	–	–	75,318	3.8	February 2016

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RE-009	Castalia Azabujuban II	–	–	87,409	3.8	February 2016
RE-010	Castalia Shinjuku Natsumezaka	–	–	53,396	5.1	August 2016
RE-011	Castalia Ginza II	–	–	40,586	2.5	August 2016
RE-012	Castalia Shibuya Sakuragaoka	–	–	55,552	7.6	January 2017
RE-013	Castalia Nishi Azabu Kasumicho	–	–	64,960	5.0	January 2014
RE-014	Castalia Ochanomizu	–	–	50,299	6.8	January 2014
RE-015	Castalia Sangubashi	–	–	42,741	4.2	January 2014
RE-016	Castalia Suitengu	–	–	63,138	6.6	July 2014
RE-017	Castalia Suitengu II	–	–	70,359	6.9	July 2014
RE-018	Castalia Shintomicho	–	–	65,432	5.4	July 2014
RE-019	Castalia Shintomicho II	–	–	56,783	3.6	July 2014
RE-020	Castalia Harajuku	–	–	44,793	9.6	January 2014
RE-021	Castalia Yoyogi Uehara	–	–	35,304	9.1	January 2014
RE-022	Castalia Sendagaya	–	–	45,018	10.3	January 2014
RE-023	Castalia Shinjuku 7 chome	–	–	44,301	4.9	January 2014
RE-024	Castalia Ningyocho	–	–	60,991	4.9	January 2015
RE-025	Castalia Ningyocho II	–	–	53,988	5.4	January 2015
RE-026	Castalia Shin-Ochanomizu	–	–	46,036	5.7	January 2015
RE-027	Castalia Higashi Nihonbashi II	–	–	71,364	4.8	January 2015
RE-028	Castalia Jinbocho	–	–	56,108	5.6	January 2015
RE-029	Castalia Shintomicho III	–	–	40,393	3.2	January 2015
RE-030	Castalia Shinjuku Gyoen	–	–	95,550	2.9	July 2014
RE-031	Castalia Takanawadai	–	–	50,018	6.9	July 2014
RE-032	Castalia Higashi Nihonbashi III	–	–	45,446	4.6	July 2014
RE-033	Castalia Shinjuku Gyoen II	–	–	39,667	4.8	July 2014
RE-034	Castalia Shintomicho IV	–	–	31,244	5.8	July 2014
RE-035	Castalia Takanawadai II	–	–	45,602	10.0	January 2015
RE-036	Castalia Minami Azabu	–	–	28,944	5.0	January 2015
RE-037	Castalia Ginza III	–	–	95,256	2.7	July 2015
RE-038	Castalia Kayabacho	–	–	95,974	5.0	July 2015
RE-039	Castalia Takanawa	–	–	266,139	4.0	July 2015
RE-040	Castalia Higashi Nihonbashi	–	–	116,722	2.2	July 2015
RE-041	Castalia Shinjuku	–	–	32,453	4.3	July 2015
RE-042	Castalia Ichigaya	–	–	34,073	7.5	July 2015
RE-043	Shibaura Island Bloom Tower	–	–	418,923	2.0	August 2016
RE-044	Castalia Hatsudai	–	–	101,851	3.9	August 2016
RE-045	Castalia Hatsudai II	–	–	51,667	4.9	July 2017
RE-046	Castalia Ebisu	–	–	41,598	3.4	July 2017
RE-047	Castalia Meguro Kamurozaka	–	–	167,646	2.6	January 2015
RE-048	Castalia Toritsudaigaku	–	–	33,696	5.9	January 2014
RE-049	Castalia Yukigaya	–	–	69,120	2.5	February 2016
RE-050	Castalia Yutenji	–	–	43,828	8.5	February 2016
RE-051	Castalia Otsuka	–	–	57,326	4.3	August 2016
RE-052	Castalia Kikukawa	–	–	53,076	7.6	August 2016
RE-053	Castalia Meguro	–	–	45,492	4.2	January 2014
RE-054	Castalia Otsuka II	–	–	52,914	3.8	January 2015
RE-055	Castalia Jiyugaoka	–	–	55,037	9.3	January 2015
RE-056	Castalia Mejiro	–	–	45,570	5.3	July 2015
RE-057	Castalia Ikebukuro	–	–	111,774	2.8	January 2015
RE-058	Castalia Kaname-cho	–	–	51,382	2.3	July 2015
RE-059	Castalia Tower Shinagawa Seaside	–	–	274,548	3.1	July 2015
RE-060	Castalia Yakumo	–	–	43,824	9.1	July 2015
RE-061	Castalia Togoshiekimae	–	–	31,373	5.6	July 2015
RE-062	Castalia Honjo Azumabashi	–	–	60,033	4.5	July 2014
RE-063	Castalia Kitazawa	–	–	38,126	4.4	January 2014
RE-064	Castalia Monzennakacho	–	–	35,177	8.1	January 2014
RE-065	Castalia Kamiikedai	–	–	10,359	11.2	January 2014
RE-066	Castalia Morishita	–	–	46,009	6.7	January 2015
RE-067	Castalia Wakabayashikoan	–	–	47,061	3.4	July 2014
RE-068	Castalia Asakusabashi	–	–	67,431	2.8	January 2015
RE-069	Castalia Iriya	600	–	35,393	5.4	July 2015
RE-070	Castalia Kita Ueno	–	–	151,816	3.3	January 2015
RE-071	Castalia Morishita II	–	–	36,974	6.7	January 2015
RE-072	Castalia Minowa	–	–	61,432	5.4	January 2015
RE-073	Castalia Oyamadai	–	–	14,148	8.7	July 2015
RE-074	Castalia Nakano	–	–	33,418	3.9	July 2015
RE-075	Castalia Yoga	–	–	26,900	5.6	July 2015
RE-076	Castalia Sumiyoshi	–	–	28,681	6.8	July 2015

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RE-077	Castalia Monzennakacho II	-	-	59,539	7.3	January 2015
RE-078	Castalia Oshiage	-	-	50,805	6.5	January 2015
RE-079	Castalia Kuramae	-	-	50,815	4.1	January 2015
RE-080	Castalia Nakanobu	-	-	53,877	2.8	July 2015
RE-081	Royal Parks Toyosu	-	-	265,862	7.2	July 2015
RE-082	Castalia Togoshi	-	-	59,537	3.8	July 2015
RE-083	Castalia Ooimachi	-	-	43,161	3.9	February 2016
RE-084	Castalia Omori	-	-	79,460	3.7	February 2016
RE-085	Castalia Mishuku	-	-	108,838	5.9	February 2016
RE-086	Castalia Arakawa	-	-	98,574	4.5	February 2016
RE-087	Castalia Omori II	-	-	42,630	4.0	August 2016
RE-088	Castalia Nakameguro	-	-	107,342	3.6	February 2017
RE-089	Castalia Meguro Chojyamaru	-	-	54,250	3.1	July 2017
RE-090	Castalia Meguro Takaban	-	-	88,717	7.0	July 2017
RE-091	Castalia Omori III	-	-	48,261	3.7	July 2017
RE-092	Morino Tonari	-	-	17,778	4.6	June 2014
RE-093	Castalia Meguro Tairamachi	-	-	9,010	6.2	June 2014
RE-094	Royal Parks SEASIR	-	-	222,002	3.6	February 2015
RE-095	Castalia Honkomagome	-	-	15,112	6.6	February 2015
RE-096	Cosmo Heim Musashikosugi	-	-	92,197	9.1	January 2014
RE-097	Castalia Tsurumi	-	-	32,193	9.0	August 2016
RE-098	Castalia Funabashi	-	-	52,885	3.0	January 2014
RE-099	Castalia Nishi Funabashi	-	-	56,800	3.6	January 2014
RE-105	Castalia Nogeyama	-	-	37,694	5.3	January 2014
RE-106	Castalia Ichikawa	-	-	36,179	2.7	July 2014
RE-107	Royal Parks Hanakoganei	-	-	430,325	4.5	February 2016
RE-108	Castalia Musashikosugi	-	-	56,442	6.4	July 2017
RE-109	Frespo Wakabadai EAST (Retail)	-	-	89,353	6.2	March 2014
	Royal Parks Wakabadai (Residential)	-	-	153,646	4.4	March 2014
RE-110	Pacific Royal Court Minatomirai Urban Tower	-	-	438,587	3.9	February 2015
RE-111	L-Place Shinkoyasu	-	-	20,575	3.0	February 2015
RE-112	Royal Parks Musashikosugi	-	-	56,442	6.2	January 2015
RE-115	Crest Kusatsu	-	-	427,937	13.6	January 2014
RE-116	Castalia Sakaisuji Honmachi	-	-	101,788	6.1	January 2015
RE-117	Castalia Shin-Umeda	-	-	103,797	8.3	January 2015
RE-118	Castalia Abeno	-	-	301,752	10.1	July 2015
RE-119	Castalia Sakae	-	-	82,362	4.2	July 2014
RE-121	Castalia Maruyama Urasando	-	-	43,623	1.3	July 2014
RE-122	Castalia Maruyama Omotesando	-	-	159,250	1.1	July 2014
RE-123	Castalia Higashi Hie	-	-	136,557	2.6	February 2016
RE-124	Castalia Tower Nagahoribashi	-	-	189,010	4.6	January 2015
RE-125	Castalia Sannomiya	-	-	76,520	5.3	January 2014
RE-126	Castalia Kotodaikoen	-	-	62,657	3.4	July 2014
RE-127	Castalia Ichibancho	-	-	49,342	2.9	July 2014
RE-128	Castalia Omachi	-	-	80,272	2.6	July 2014
RE-129	Castalia Uemachidai	-	-	67,675	5.9	July 2015
RE-130	Castalia Tower Higobashi	-	-	95,723	5.8	July 2015
RE-131	Big Tower Minami Sanjo	-	-	174,218	0.9	July 2014
RE-132	Castalia Fushimi	-	-	131,108	3.1	July 2014
RE-133	Castalia Meieki Minami	-	-	60,447	4.6	February 2016
RE-134	Castalia Yakuin	-	-	102,156	5.6	February 2016
RE-135	Castalia Mibu	-	-	54,217	9.4	August 2016
RE-136	Castalia Tsutsujigaoka	-	-	78,747	2.7	January 2017
RE-137	Castalia Oori Bay Tower	-	-	224,239	1.9	January 2013
RE-138	Royal Parks Namba	-	-	293,019	7.8	January 2017
RE-139	Castalia Shigahondori	-	-	135,510	2.3	January 2017
RE-140	Castalia Kyoto Nishioji	-	-	39,962	9.3	September 2015
RE-141	Castalia Ningyocho III	-	-	19,732	3.6	April 2016
RE-142	Royal Parks Umejima	-	-	91,236	4.1	April 2016
RE-143	Castalia Shinsakae II	-	-	24,415	4.5	February 2017
RM-001	ACROSSMALL Shinkamagaya	-	-	299,297	2.4	September 2012
RM-002	FOLEO Hirakata	-	-	245,654	13.3	September 2012
RM-003	QiZ GATE URAWA	-	-	129,306	1.8	September 2012
RM-004	UNICUS Takasaki	-	-	77,378	1.0	March 2013
RM-005	ACROSSPLAZA Miyoshi (Land)	-	-	-	-(Note 3)	-
RM-006	DREAM TOWN ALi	-	-	219,367	1.8	September 2015
RM-007	ASOBOX (Land)	-	-	-	-(Note 3)	-

Property number	Property name	Repairs and maintenance expenses (Thousands of yen) (Note 1)			PML (%) (Note 2)	Preparation date of the relevant building condition evaluation report
		Emergency	Short-term	Long-term (12 years)		
RM-008	FOLEO Ome Imai	-	-	31,736	9.3	July 2017
RR-001	LIFE Sagamihara Wakamatsu	-	-	33,213	11.0	September 2012
RR-002	FOLEO Sendai Miyanomori	-	-	16,646	2.8	September 2012
RR-003	ACROSSPLAZA Inazawa (Land)	-	-	-	- (Note 3)	-
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	-	-	160,912	0.5	April 2016
RR-005	Hiratsuka Retail Property (Land)	-	-	-	- (Note 3)	-
OT-001	Urban Living Inage	-	-	41,907	3.5	January 2017
OT-002	Aburatsubo Marina HILLS	-	-	29,198	8.8	August 2014
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha- Omoromachi)	-	-	597,524	1.2	April 2016
OT-004	Sharp Hiroshima Building	-	-	25,525	3.0	February 2017
Portfolio Total (Note 4)		-	-	-	1.7	-

(Note 1) “Repairs and maintenance expenses” represent the amount exclusive of tax.

(Note 2) “PML (probable maximum loss)” is the ratio (%) of anticipated loss due to earthquake to reproduction cost from an event with an annual exceedance probability of 0.21% (once in 475 years). However, PML in relation to the portfolio relates to groups of multiple buildings, and in consideration of the likelihood of damage occurring simultaneously to multiple buildings, the ratio (%) of anticipated loss affecting either single or multiple buildings in a group to reproduction cost from an event with an annual exceedance probability of 0.21% (once in 475 years) is shown. DHR is considering taking out earthquake insurance based on PML. However, there are no current plans to take out earthquake insurance for each piece of real estate or real estate in trust above.

(Note 3) For ACROSSPLAZA Miyoshi (Land), ACROSSPLAZA Inazawa (Land), ASOBOX (Land), and Hiratsuka Retail Property (Land), PML figures were not presented because only the land is owned and the building was not acquired.

(Note 4) Repairs and maintenance expenses are represented by “-” in the “Portfolio Total” row because the dates of preparation for the building condition reports vary. In addition, “PML” is a numerical value obtained in the same way for the aggregate of the 195 properties (portfolio PML) as for an individual property, excluding ACROSSPLAZA Miyoshi (Land), ACROSSPLAZA Inazawa (Land), ASOBOX (Land), and Hiratsuka Retail Property (Land), for which only the land was acquired, based on the report on earthquake risk assessment provided by Tokio Marine & Nichido Risk Consulting Co., Ltd.

(5) Status of portfolio diversification (As of August 31, 2017)

i) Investment ratio by area

Area (Note 1)		Number of properties	Acquisition price (Millions of yen)	Investment ratio (%) (Note 2)	
Three major metropolitan areas of Japan	Greater Tokyo area	140	414,996	71.8	84.4
	Greater Nagoya area	9	23,640	4.1	
	Greater Osaka area	15	49,104	8.5	
Other		35	90,037	15.6	
Total		199	577,777	100.0	

(Note 1) For details of “Area,” please refer to “(1) Portfolio List, i) Status of Investment (Note 1)” above.

(Note 2) “Investment ratio” is calculated based on the acquisition price, rounded to the nearest tenth. The same applies hereinafter.

ii) Investment ratio by asset class

Asset class		Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)	
Core assets	Logistics properties	47	260,119	45.0	98.0
	Residential properties	135	250,448	43.3	
	Retail properties	13	55,730	9.6	
	Hotel properties	–	–	–	
Other assets		4	11,480	2.0	
Total		199	577,777	100.0	

iii) Diversification by age of property

Age of property	Number of properties	Acquisition price (Millions of yen)	Investment ratio (%)
Less than 5 years	25	102,916	18.2
5 years or more but less than 10 years	56	198,198	35.1
10 years or more	114	263,313	46.7
Total	195	564,427	100.0

iv) Average age of property by asset class

Asset class	Average age (year)
Logistics properties	7.2
Residential properties	11.6
Retail properties	8.9
Hotel properties	–
Other assets	5.9
Total	9.2

(Note) “Average age” is the weighted average age of owned properties as of August 31, 2017 based on the acquisition price, rounded to the nearest tenth.

(6) Capital expenditures for properties held

i) Schedule of capital expenditures

The following table shows major scheduled capital expenditures for planned renovation work, etc. for owned properties (real estate, real estate in trust, etc.) as of August 31, 2017. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Thousands of yen)		
			Total amount	Payment during the period	Total amount paid
D Project Hachioji (Hachioji City, Tokyo)	Repair work of exterior walls	From June 2017 to February 2018	259,200	86,400	86,400
D Project Aikawa-Machi (Aiko District, Kanagawa)	Installation of freezing facility	From August 2017 to October 2017	145,800	48,600	48,600
D Project Sendai Minami (Iwanuma City, Miyagi)	Sealing work of exterior walls	From December 2017 to February 2018	19,313	–	–
Castalia Suitengu (Chuo Ward, Tokyo)	Large-scale renovations	From October 2017 to February 2018	52,704	–	–
Castalia Ningyocho (Chuo Ward, Tokyo)	Large-scale renovations	From September 2017 to February 2018	51,462	–	–
Castalia Shintomicho IV (Chuo Ward, Tokyo)	Large-scale renovations	From September 2017 to February 2018	29,764	–	–
Castalia Yutenji (Meguro Ward, Tokyo)	Large-scale renovations	From August 2017 to February 2018	41,040	–	–
Castalia Monzennakacho (Koto Ward, Tokyo)	Large-scale renovations	From September 2017 to December 2017	32,778	–	–
FOLEO Hirakata (Hirakata City, Osaka)	Painting renovation of exterior walls	From October 2017 to December 2017	54,000	–	–

ii) Capital expenditures during the period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows. Capital expenditures during the current fiscal period were ¥865,103 thousand together with ¥473,270 thousand in repairs and maintenance expenses and ¥305,785 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥1,644,159 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Thousands of yen)
D Project Aikawa-Machi (Aiko District, Kanagawa)	Installation of freezing facility	From August 2017 to August 2017	272,515
D Project Aikawa-Machi (Aiko District, Kanagawa)	Installation of air conditioning facility	From July 2017 to August 2017	70,281
Castalia Suitengu II (Chuo Ward, Tokyo)	Large-scale renovations	From May 2017 to August 2017	41,908
Castalia Shintomicho (Chuo Ward, Tokyo)	Large-scale renovations	From May 2017 to August 2017	34,330
Castalia Shintomicho II (Chuo Ward, Tokyo)	Large-scale renovations	From May 2017 to August 2017	41,934
Castalia Funabashi (Funabashi City, Chiba)	Entrance work	From July 2017 to August 2017	7,440
Castalia Funabashi (Funabashi City, Chiba)	Front door replacement work	From July 2017 to August 2017	9,296

iii) Cash reserves for long-term repair and maintenance plans

DHR sets aside the following cash reserves for repair and maintenance in order to provide for payment of funds for future maintenance of the value of assets and the renewal of facilities and equipment.

(Unit: Thousands of yen)

Operating period	19th period From March 1, 2015 to August 31, 2015	20th period From September 1, 2015 to February 29, 2016	21st period From March 1, 2016 to August 31, 2016	22nd period From September 1, 2016 to February 28, 2017	23rd period From March 1, 2017 to August 31, 2017
Balance of reserves at beginning of period	547,280	561,360	575,440	589,520	1,298,495
Amount of reserves during period	14,080	14,080	14,080	708,974	140,960
Amount of reversal of reserves during period	-	-	-	-	-
Reserves carried forward	561,360	575,440	589,520	1,298,495	1,439,455