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REIT Financial Report for the 23rd Fiscal Period

July 18, 2017

Name of REIT Issuer: Daiwa Office Investment Corporation
 Stock Code No.: 8976
 Representative: Yoshimi Murakami, Executive Director
 Name of Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
 Representative: Akira Yamanouchi, President and Representative Director
 Inquiries to: Kentaro Azumi, General Manager, Customer Relations Department

Stock Exchange Listing: TSE
 URL: <http://www.daiwa-office.co.jp>
 TEL: +81-3-6215-9649

Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): August 24, 2017
 Scheduled date of start of distribution payments: August 10, 2017

Preparing presentation material: Yes
 Holding financial brief meeting: Yes (for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen, except for per unit figures]

1. Status of Management and Assets for the 23rd Fiscal Period

23rd Fiscal Period: Fiscal period ended May 2017 (from December 1, 2016 to May 31, 2017)

22nd Fiscal Period: Fiscal period ended November 2016 (from June 1, 2016 to November 30, 2016)

(1) Management

[% figures show the period-over-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
23rd Period	¥12,547 million	(2.4%)	¥6,133 million	(0.2%)	¥5,360 million	0.7%	¥5,359 million	0.7%
22nd Period	¥12,853 million	4.0%	¥6,143 million	0.6%	¥5,324 million	(0.0%)	¥5,324 million	1.4%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
23rd Period	¥10,764	2.1%	1.1%	42.7%
22nd Period	¥10,800	2.1%	1.1%	41.4%

(Note) Net income per unit is calculated using the following daily weighted average number of investment units issued and outstanding:

23rd Period: 497,869 units; 22nd Period: 492,948 units

(2) Distributions

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Distribution amount to net assets
23rd Period	¥10,764	¥5,359 million	¥0	¥- million	100.0%	2.1%
22nd Period	¥10,695	¥5,324 million	¥0	¥- million	100.0%	2.1%

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
23rd Period	¥483,730 million	¥256,560 million	53.0%	¥515,317
22nd Period	¥483,450 million	¥256,517 million	53.1%	¥515,230

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(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
23rd Period	¥7,510 million	(¥2,875 million)	(¥5,324 million)	¥19,978 million
22nd Period	¥11,157 million	(¥14,558 million)	¥1,031 million	¥20,667 million

2. Management Status Forecasts for the 24th Fiscal Period and 25th Fiscal Period

24th Fiscal Period: Fiscal period ending November 2017 (from June 1, 2017 to November 30, 2017)

25th Fiscal Period: Fiscal period ending May 2018 (from December 1, 2017 to May 31, 2018)

[% figures show the period-over-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
24th Period	¥12,655 million	0.9%	¥6,087 million	(0.7%)	¥5,364 million	0.1%	¥5,362 million	0.1%
25th Period	¥12,684 million	0.2%	¥6,075 million	(0.2%)	¥5,379 million	0.3%	¥5,377 million	0.3%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
24th Period	¥10,770	¥0
25th Period	¥10,800	¥0

(Reference) Estimated net income per unit for the 24th Fiscal Period: ¥10,770; 25th Fiscal Period: ¥10,800

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

- (i) Changes in accounting policies due to amended accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding at end of period (including treasury units):
23rd Fiscal Period: 497,869 units 22nd Fiscal Period: 497,869 units
- (ii) Total number of treasury units at end of period:
23rd Fiscal Period: – units 22nd Fiscal Period: – units

(Note) Please refer to “Notes to Per Unit Information” on page 28 for the number of investment units used as the basis for calculating the net income per unit.

*** Presentation of the status of implementation of audit procedures**

This financial report (*kessan tanshin*) is exempt from the audit procedures pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948; including amendments thereto) (hereinafter referred to as the “Financial Instruments and Exchange Act”) and, at the time of disclosure of this financial report (*kessan tanshin*), the audit procedures pursuant to the Financial Instruments and Exchange Act have not been completed.

*** Explanation of the appropriate use of the management status forecasts, and other matters of special note**

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. In addition, the forecast is not a guarantee of the distribution amount. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 24th Fiscal Period and 25th Fiscal Period” on page 9.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 21, 2017).

2. Management Policy and Management Status

2.1. Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 21, 2017) as of date of this document.

2.2. Management Status

(1) Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

Investment Corporation was established on July 11, 2005 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) with Daiwa Real Estate Asset Management Co., Ltd. (former name K.K. daVinci Select) (the “Asset Manager”) as the organizer. After its establishment, the Investment Corporation implemented an additional issuance of investment units through a public offering (99,600 units) on October 18, 2005 and then listed on the Tokyo Stock Exchange, Inc. (TSE) Real Estate Investment Trust Section (stock code: 8976) on the following day.

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 469,341 million yen as of the last day of May 2017.

The Investment Corporation strives to secure stable revenue and sustained growth of the investment assets based on a clear portfolio development policy of specializing in investment in office buildings, with a particular focus on investment in a total floor area of more than about 2,000 m² situated in downtown Tokyo, as well as through dedicated efforts to heighten tenant satisfaction levels.

B. Investment Environment and Management Performance

a. Investment Environment (from December 2016 to May 2017)

The Japanese economy during the fiscal period under review continued to show a modest recovery trend with real GDP growth rate (Second Preliminary Estimates) for January to March 2017 at an annual rate of 1.0%, recording a positive figure for five consecutive quarters under the ongoing quantitative/qualitative monetary easing policy by the Bank of Japan.

In the office building leasing market in central Tokyo, with new supply having settled down, the vacancy rate took a turn after peaking in June 2013, dropping to 3.41% at the end of May 2017. Led by improvement in the vacancy rate for existing large buildings, the overall vacancy rate that includes small- to medium-sized buildings also continues to be on an improving trend. The drop in the vacancy rate has led to an increase in office rent in some areas, and the market as a whole continues to see increase in rent, albeit slight.

For the office building transaction market, an appetite for property acquisitions continued to be strong among real estate companies, funds (including J-REITs) and oversea investors with the continuing proactive lending attitude by financial institutions backed by the forecast of an increase in property prices in accordance with expectations for economic recovery.

b. Management Performance

In view of increasing the long-term EPS (EPS (net income per unit) after deducting gain on sales of properties) over the medium to long term, the Investment Corporation continued to work on “external growth,” which aims to boost revenue through acquisition of properties, and “internal growth,” which aims to maximize income generating from owned properties.

Concerning external growth, the Investment Corporation acquired “Shin Kanda Mikura-cho Building” (acquisition price: 1,592 million yen) in December 2016. As a result, the Investment Corporation’s assets under management as of the end of the 23rd Fiscal Period (May 31, 2017) totaled 54 properties, the sum total of acquisition prices of which amounted to 469,341 million yen.

Concerning internal growth, while the office leasing market trended recovering, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. Consequently, the occupancy rate as of the end of the 23rd Fiscal Period (May 31, 2017) was 97.7%.

C. Overview of Capital Procurement

a. Procurement of Capital for Repayment of Borrowings

In the 23rd Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings

that were due for repayment.

- A total amount of 1,700 million yen was borrowed from Development Bank of Japan Inc. on May 10, 2017 to fund the repayment of the same amount borrowed from the bank due the same day.
- A total amount of 6,500 million yen was borrowed from Development Bank of Japan Inc. on May 22, 2017 to fund the repayment of the same amount borrowed from the bank due the same day.
- A total amount of 9,500 million yen was borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited and Mizuho Trust & Banking Co., Ltd. on May 31, 2017 to fund the repayment of the same amount borrowed from the respective banks due the same day.

Furthermore, in the 23rd Fiscal Period, the Investment Corporation concluded the interest-rate swap agreement for the total borrowing of 13,000 million yen with floating interest rates in order to offset the risks of the possible increase of the interest rate in the future.

b. Status of Interest-Bearing Liabilities at End of the Fiscal Period under Review

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 23rd Fiscal Period (May 31, 2017) stood at 204,300 million yen (short-term loans payable: 1,000 million yen; long-term loans payable: 198,200 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 19,400 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 23rd Fiscal Period stands at 4.3 years.

List of Borrowings in the 23rd Fiscal Period

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
Development Bank of Japan Inc.	1,700	2017/5/10	2023/11/30	6.6 years
Development Bank of Japan Inc.	3,500	2017/5/22	2024/5/31	7.0 years
Development Bank of Japan Inc.	3,000	2017/5/22	2024/11/29	7.5 years
Sumitomo Mitsui Banking Corporation	1,000	2017/5/31	2018/5/31	1.0 year
Sumitomo Mitsui Banking Corporation	2,000	2017/5/31	2025/5/30	8.0 years
Mizuho Trust & Banking Co., Ltd.	1,500	2017/5/31	2025/5/30	8.0 years
Sumitomo Mitsui Trust Bank, Limited.	3,000	2017/5/31	2025/11/28	8.5 years
Sumitomo Mitsui Banking Corporation	2,000	2017/5/31	2025/11/28	8.5 years

Balance of Borrowings from Each Financial Institution (as of May 31, 2017)

Lender	End of the 23rd Fiscal Period (million yen)	Share (%) (Note)
Sumitomo Mitsui Banking Corporation	41,400	20.78
Sumitomo Mitsui Trust Bank, Limited	24,850	12.47
Development Bank of Japan Inc.	21,750	10.92
Mizuho Bank, Ltd.	19,400	9.74
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,000	8.03
Shinsei Bank, Ltd.	14,000	7.03
Resona Bank, Ltd.	12,500	6.28
Mitsubishi UFJ Trust and Banking Corporation	8,500	4.27
Mizuho Trust and Banking Co., Ltd.	6,000	3.01
The Bank of Fukuoka, Ltd.	5,500	2.76
Kansai Urban Banking Corporation	5,000	2.51
Aozora Bank, Ltd.	3,000	1.51
The Nishi-Nippon City Bank Limited	3,000	1.51
ORIX Bank Corporation	2,500	1.26
The Gunma Bank, Ltd.	2,500	1.26
The 77 Bank, Ltd.	2,000	1.00
The Musashino Bank, Ltd.	2,000	1.00
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.00

The Yamaguchi Bank, Ltd.	2,000	1.00
The Higashi-Nippon Bank, Limited	1,500	0.75
Nippon Life Insurance Company	1,300	0.65
The Kagawa Bank, Ltd.	1,000	0.50
The Hiroshima Bank, Ltd.	1,000	0.50
Taiyo Life Insurance Company	300	0.15
Fukoku Mutual Life Insurance Company	200	0.10
Total	199,200	100.00

(Note) Share is rounded to two decimal places.

c. Rating Information (as of May 31, 2017)

Credit rating agency	Rating	Outlook
R&I	A+	Stable
Japan Credit Rating Agency	AA-	Stable

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 23rd Fiscal Period of 12,547 million yen in operating revenue, 6,133 million yen in operating income, 5,360 million yen in ordinary income and 5,359 million yen in net income.

Concerning distributions, it is planned that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")). Accordingly, the Investment Corporation decided to distribute almost the entire amount of unappropriated retained earnings (excluding fractions of the distribution amount per unit that are less than 1 yen), and declared a distribution amount per unit of 10,764 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward is expected to see a moderate economic recovery through solid trends in personal spending against the backdrop of favorable employment environment and the improved income environment while various economic measures, centering on the public works projects promoted by the current administration and the monetary easing policy implemented by Bank of Japan continue. However, factors, such as policies to be set out by the U.S. President Donald Trump, the downward swing of the Chinese economy, upset in emerging markets accompanying the U.S. “exit strategy,” “risk off” due to geopolitical risks and political risks, the Brexit negotiations and deleveraging by European financial institutions, pose potential risks of disrupting the Japanese real economy and financial environment, and are thus thought to require attention.

In the Tokyo office building leasing market, factors such as improvement in employment are stimulating demand, resulting in the vacancy rate dropping. Improvement in corporate performance is forecasted to increase demand for office floor space and rent is expected to improve as a consequence. In the office building transaction market, backed by the favorable financing environment and expectations of rent rising, among other factors, property acquisition appetite among investors overseas, real estate companies and funds (including J-REITs) is thought to remain strong.

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

Despite such office leasing market conditions as described above, the tenant side is, as it has been, also expected to become more heavily selective with properties in terms of software such as crime/disaster prevention measures and operations/management on top of location and building specifications. Consequently, the Investment Corporation will carry out operational management under the following policy with an aim to enhance the competitiveness of existing properties and thereby increase the long-term EPS over the medium to long term.

(i) Maintain and raise occupancy rates

Concerning existing tenants, strive to reduce vacancy risks by improving the quality of buildings, equipment and management system. In addition, concerning new tenants, strive to maintain and raise occupancy rates through the provision of highly satisfactory services from gaining deeper understanding of tenant needs through proactive participation in the market.

(ii) Maintain and raise profitability

Aim to secure stable revenue over the medium to long term through further strengthening good relationships with existing tenants, as well as proactively tapping the needs of new tenants by discerning the market environment.

(iii) Lower operational management costs

Strive to lower operational management costs based on maintaining office environments of high tenant satisfaction levels by implementing efficient operational management and reviewing systematic construction work by optimally leveraging the economies of scale achieved from proactively realizing external growth.

b. Strategy for New Property Investments

The Investment Corporation will invest in office buildings that have a total floor area of about 2,000 m² or more based on various external growth strategies, while maintaining a balance with the asset acquisition environment and financing situation. In principle, considerations will focus on Tokyo as the investment target area, but the Investment Corporation will also consider investing in competitive properties in cities other than Tokyo from a viewpoint of territorially-distributed investments.

As pipeline support, in addition to expanding its own information-sourcing channels, the Investment Corporation will continue to search for properties that meet its investment criteria by proactively gathering real estate transaction market information through greater collaboration with the Asset Manager and Sponsor Group and utilizing the Group’s extensive network of clients, partners, etc.

Furthermore, in the 23rd Fiscal Period, the Investment Corporation acquired “Shin Kanda Mikura-cho Building,” which is located in Tokyo. The Investment Corporation believes that acquisition of this property will contribute to further stabilization and enhancement of the portfolio. The Investment Corporation will continue to strive to acquire properties in line with the investment strategy described above.

c. Financial Strategy

The Investment Corporation will conduct disciplined financial management of the following basic content.

- (i) Control leverage by keeping the ratio of interest-bearing liabilities to total assets (LTV) within the range of 40% to 50% at maximum, taking into consideration also the real LTV, etc., as a principle.**
- (ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.**
- (iii) Aim to have long-term loans account for at least 70% of total loans as a principle.**
- (iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.**
- (v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.**

C. Significant Subsequent Events

Not applicable.

(Reference Information)

The Investment Corporation acquired a silent partnership equity interest on June 1, 2017 as follows.

Summary of Asset Acquired

Property name	Godo kaisha Yokohama Office Management Silent Partnership Equity Interest (Note 1)
Type of asset	Equity interest in silent partnership that invests in trust beneficial interest of domestic real estate
Real Estate in Trust	CONCURRED Yokohama (Note 2)
Acquisition Price	3,920 million yen (10% of total investment amount in the silent partnership)
Date of conclusion of purchase agreement	May 23, 2017
Date of Acquisition of Equity Interest	June 1, 2017
Funding for Acquisition of Equity Interest	Cash on hand
Payment Method	Lump-sum payment at the time of acquisition

(Note1) The asset is a silent partnership equity interest operated by Godo kaisha Yokohama Office Management.

(Note 2) The above-mentioned Godo kaisha acquired a trust beneficiary interest having quasi co-ownership that is 75% of the above-mentioned real estate in trust as primary asset in trust on June 1, 2017.

(Note 3) In connection with the acquisition, the Investment Corporation has been granted a preferential negotiation right concerning the acquisition of the quasi co-ownership interest (period: until July 31, 2018). Accordingly, the Investment Corporation is able to acquire the quasi co-ownership interest at 38,100 million yen (appraisal value: 39,100 million yen, as of March 31, 2017), which is the condition on acquisition price upon preferential negotiation.

(Note 4) The details of the silent partnership are as announced on May 23, 2017. However, the calculation period has been changed to; from March 1 to August 31 and from September 1 to the last day of February in each year. The first calculation period is from the date of conclusion of the Silent Partnership Agreement to the last day of February, 2018.

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 24th Fiscal Period (fiscal period ending November 2017 (from June 1, 2017 to November 30, 2017)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 24th Fiscal Period and 25th Fiscal Period” on page 9.

24th Fiscal Period (fiscal period ending November 2017 (from June 1, 2017 to November 30, 2017))

Operating revenue	12,655 million yen
Operating income	6,087 million yen
Ordinary income	5,364 million yen
Net income	5,362 million yen
Distribution amount per unit	10,770 yen
Distribution amount in excess of earnings per unit	0 yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 24th Fiscal Period and 25th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 25th Fiscal Period (fiscal period ending May 2018 (from December 1, 2017 to May 31, 2018)).

25th Fiscal Period (fiscal period ending May 2018 (from December 1, 2017 to May 31, 2018))

Operating revenue	12,684 million yen
Operating income	6,075 million yen
Ordinary income	5,379 million yen
Net income	5,377 million yen
Distribution amount per unit	10,800 yen
Distribution amount in excess of earnings per unit	0 yen

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution amount per unit and distribution amount in excess of earnings per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Assumptions for the Management Status Forecasts for the 24th Fiscal Period and 25th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 24th Fiscal Period and 25th Fiscal Period: Assets under management are assumed to be the 54 properties owned as of May 31, 2017. • In addition to the above, the Investment Corporation owns a silent partnership equity interest. • The actual number of properties may vary due to changes in the assets under management other than above.
Operating revenue	<ul style="list-style-type: none"> • Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. • It is assumed that there is no gain (loss) on sales of real estate properties. • Dividend income is expected to be 100 million yen in the 25th Fiscal Period.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. • Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager. • Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 7,364 million yen in the 24th Fiscal Period and 7,258 million yen in the 25th Fiscal Period. • Consignment expenses are expected to be 950 million yen in the 24th Fiscal Period and 882 million yen in the 25th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,109 million yen in the 24th Fiscal Period and 1,109 million yen in the 25th Fiscal Period. • While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. • Depreciation is expected to be 1,769 million yen in the 24th Fiscal Period and 1,803 million yen in the 25th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 24th Fiscal Period are expected to be 723 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 719 million yen. • Non-operating expenses in the 25th Fiscal Period are expected to be 695 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 691 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 204,300 million yen at the end of the 24th Fiscal Period and 204,300 million yen at the end of the 25th Fiscal Period • In the 24th Fiscal Period, it is assumed that the entire amount of the 6,050 million yen and 5,500 million yen of borrowings due for repayment on August 31, 2017 and May 31, 2018, respectively, will be refinanced. • In the 25th Fiscal Period, it is assumed that the entire amount of the 6,850 million yen and 2,000 million yen of borrowings due for repayment on February 28, 2018 and May 31, 2018, respectively, will be refinanced.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • The total number of investment units issued and outstanding is assumed to be 497,869 units as of May 31, 2017. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 25th Fiscal Period through the issuance of new investment units, etc.
Distribution amount per unit	<ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.

Item	Assumptions
Distribution amount in excess of earnings per unit	<ul style="list-style-type: none"> • At present, there is no plan to make any distribution in excess of earnings (distribution amount in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • It is assumed that there are no changes to laws and ordinances, the tax system, accounting standards, listing regulations, the rules of Tokyo Stock Exchange, Inc. and The Investment Trusts Association, Japan, etc. that will affect the abovementioned forecast figures. • It is assumed that there will be no major unforeseen changes in general economic trends, real estate market conditions, etc.

2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 21, 2017).

3. Financial Statements**3.1. Balance Sheets**

(Unit: thousand yen)

	22nd Fiscal Period [As of Nov. 30, 2016]	23rd Fiscal Period [As of May 31, 2017]
Assets		
Current assets		
Cash and deposits	19,070,683	18,280,633
Cash and deposits in trust	1,597,181	1,697,781
Operating accounts receivable	145,235	145,154
Consumption taxes receivable	55,305	-
Prepaid expenses	369,096	371,845
Deferred tax assets	11	2,087
Other	16,773	44,307
Total current assets	21,254,286	20,541,810
Noncurrent assets		
Property, plant and equipment		
Buildings	3,205,177	3,245,133
Accumulated depreciation	(1,891,204)	(1,981,221)
Buildings, net	1,313,973	1,263,911
Structures	14,344	14,344
Accumulated depreciation	(4,278)	(4,749)
Structures, net	10,066	9,595
Tools, furniture and fixtures	19,126	19,953
Accumulated depreciation	(10,006)	(10,789)
Tools, furniture and fixtures, net	9,119	9,163
Land	12,302,226	12,302,226
Construction in progress	2,661	773
Buildings in trust	103,827,953	104,660,217
Accumulated depreciation	(20,523,653)	(22,145,961)
Buildings in trust, net	*1 83,304,300	*1 82,514,255
Structures in trust	959,053	959,436
Accumulated depreciation	(195,189)	(208,706)
Structures in trust, net	763,863	750,730
Machinery and equipment in trust	886,637	968,629
Accumulated depreciation	(411,719)	(441,667)
Machinery and equipment in trust, net	474,917	526,961
Tools, furniture and fixtures in trust	228,556	242,357
Accumulated depreciation	(97,495)	(111,213)
Tools, furniture and fixtures in trust, net	131,060	131,144
Other in trust	4,336	-
Accumulated depreciation	(4,336)	-
Other in trust, net	-	-
Land in trust	359,306,652	360,772,887
Construction in progress in trust	399,429	741,404
Total property, plant and equipment	458,018,269	459,023,054

Daiwa Office Investment Corporation (8976) Financial Report for the 23rd Fiscal Period

(Unit: thousand yen)

	22nd Fiscal Period [As of Nov. 30, 2016]	23rd Fiscal Period [As of May 31, 2017]
Intangible assets		
Right of trademark	541	487
Leasehold rights	2,398,275	2,398,275
Leasehold rights in trust	306,884	306,884
Other	1,924	31,733
Total intangible assets	2,707,626	2,737,381
Investments and other assets		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,074,158	1,071,191
Deferred tax assets	165,910	159,766
Derivatives	80,482	50,507
Other	10,020	10,020
Total investments and other assets	1,444,256	1,405,169
Total noncurrent assets	462,170,152	463,165,605
Deferred assets		
Investment corporation bonds issuance costs	26,481	23,543
Total deferred assets	26,481	23,543
Total assets	483,450,920	483,730,959
Liabilities		
Current liabilities		
Operating accounts payable	1,996,736	1,394,961
Short-term loans payable	1,000,000	1,000,000
Current portion of long-term loans payable	28,250,000	19,400,000
Accounts payable – other	456,273	457,360
Income taxes payable	831	943
Accrued consumption taxes	89,141	336,451
Advances received	2,028,280	2,040,616
Other	264,659	571,466
Total current liabilities	34,085,923	25,201,798
Noncurrent liabilities		
Investment corporation bonds	5,100,000	5,100,000
Long-term loans payable	169,950,000	178,800,000
Tenant leasehold and security deposits	16,447,831	16,768,298
Tenant leasehold and security deposits in trust	504,267	504,009
Derivatives liabilities	845,574	796,226
Total noncurrent liabilities	192,847,673	201,968,535
Total liabilities	226,933,597	227,170,333
Net Assets		
Unitholders' equity		
Unitholders' capital	251,551,759	251,551,759
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	164,162	164,162
Total voluntary retained earnings	164,162	164,162
Unappropriated retained earnings (undisposed loss)	5,324,776	5,359,285
Total surplus	5,488,939	5,523,447
Total unitholders' equity	257,040,698	257,075,206
Valuation and translation adjustments		
Deferred gains or losses on hedges	(523,375)	(514,581)
Total valuation and translation adjustments	(523,375)	(514,581)
Total net assets	*2 256,517,323	*2 256,560,625
Total liabilities and net assets	483,450,920	483,730,959

3.2. Statements of Income

(Unit: thousand yen)

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]		23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]	
Operating revenue				
Rent revenue – real estate	*1	12,687,269	*1	12,513,018
Other lease business revenue	*1	63,616	*1	33,995
Gain on sales of real estate properties	*2	102,138		–
Total operating revenue		12,853,024		12,547,014
Operating expenses				
Expenses related to rent business	*1	5,433,014	*1	5,151,041
Asset management fees		1,043,440		1,034,063
Asset custody fees		24,159		24,104
Administrative service fees		82,492		75,571
Trust fees		18,936		18,606
Directors' compensation		6,300		7,200
Other operating expenses		101,196		103,258
Total operating expenses		6,709,539		6,413,845
Operating income		6,143,484		6,133,168
Non-operating income				
Interest income		45		140
Reversal of distribution payable		624		603
Miscellaneous income		10,357		6,548
Total non-operating income		11,026		7,292
Non-operating expenses				
Interest expenses		603,225		587,969
Interest expenses on investment corporation bonds		16,707		16,892
Borrowing expenses		173,072		170,990
Investment unit issuance expenses		31,338		–
Other		4,738		4,433
Total non-operating expenses		829,082		780,286
Ordinary income		5,325,428		5,360,175
Income before income taxes		5,325,428		5,360,175
Income taxes – current		836		964
Income taxes – deferred		6		(6)
Total income taxes		843		957
Net income		5,324,585		5,359,217
Retained earnings brought forward		191		67
Unappropriated retained earnings (undisposed loss)		5,324,776		5,359,285

3.3. Statements of Unitholders' Equity

22nd Fiscal Period (from June 1, 2016 to November 30, 2016)

(Unit: thousand yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				Total unitholders' equity
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total Surplus	
		Reserve for reduction entry	Total voluntary retained earnings			
Balance at beginning of current fiscal period	243,403,874	-	-	5,250,225	5,250,225	248,654,100
Changes of items during the period						
Issuance of new investment units	8,147,884					8,147,884
Provision of reserve for reduction entry		164,162	164,162	(164,162)	-	-
Dividends from surplus				(5,085,872)	(5,085,872)	(5,085,872)
Net income				5,324,585	5,324,585	5,324,585
Net changes of items other than shareholders' equity						
Total changes of items during the period	8,147,884	164,162	164,162	74,550	238,713	8,386,598
Balance at end of current fiscal period	251,551,759	164,162	164,162	5,324,776	5,488,939	257,040,698

	Total valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	(933,915)	(933,915)	247,720,184
Changes of items during the period			
Issuance of new investment units			8,147,884
Provision of reserve for reduction entry			-
Dividends from surplus			(5,085,872)
Net income			5,324,585
Net changes of items other than shareholders' equity	410,540	410,540	410,540
Total changes of items during the period	410,540	410,540	8,797,138
Balance at end of current fiscal period	(523,375)	(523,375)	256,517,323

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23rd Fiscal Period (from December 1, 2016 to May 31, 2017)

(Unit: thousand yen)

	Unitholders' equity					
	Unitholders' capital	Surplus				Total unitholders' equity
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total Surplus	
		Reserve for reduction entry	Total voluntary retained earnings			
Balance at beginning of current fiscal period	251,551,759	164,162	164,162	5,324,776	5,488,939	257,040,698
Changes of items during the period						
Dividends from surplus				(5,324,708)	(5,324,708)	(5,324,708)
Net income				5,359,217	5,359,217	5,359,217
Net changes of items other than shareholders' equity						
Total changes of items during the period	-	-	-	34,508	34,508	34,508
Balance at end of current fiscal period	251,551,759	164,162	164,162	5,359,285	5,523,447	257,075,206

	Total valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	(523,375)	(523,375)	256,517,323
Changes of items during the period			
Dividends from surplus			(5,324,708)
Net income			5,359,217
Net changes of items other than shareholders' equity	8,793	8,793	8,793
Total changes of items during the period	8,793	8,793	43,301
Balance at end of current fiscal period	(514,581)	(514,581)	256,560,625

3.4. Statements of Cash Distributions

Item	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2017]	23rd Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	5,324,776,691	5,359,285,070
II. Distribution amount [Distribution amount per unit]	5,324,708,955 [10,695]	5,359,061,916 [10,764]
III. Retained earnings carried forward	67,736	223,154
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (497,869 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,324,708,955 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (497,869 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,359,061,916 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.

3.5. Statements of Cash Flows

(Unit: thousand yen)

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]	23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
Net cash provided by (used in) operating activities		
Income before income taxes	5,325,428	5,360,175
Depreciation and amortization	1,750,178	1,772,265
Amortization of investment corporation bonds issuance costs	2,954	2,938
Investment unit issuance expenses	31,338	-
Interest income	(45)	(140)
Interest expenses	619,933	604,861
(Increase) Decrease in operating accounts receivable	29,608	80
(Increase) Decrease in consumption taxes refund receivable	(55,305)	55,305
(Increase) Decrease in prepaid expenses	58,864	(2,749)
Increase (decrease) in operating accounts payable	382,326	(176,463)
Increase (decrease) in accounts payable – other	(29)	(6,759)
Increase (decrease) in accrued consumption taxes	(445,049)	247,309
Increase (decrease) in advances received	(23,447)	12,335
(Increase) Decrease in long-term prepaid expenses	115,003	2,967
Decrease from sales of property, plant and equipment in trust	3,795,173	-
Other, net	191,043	243,585
Subtotal	11,777,976	8,115,711
Interest income received	45	140
Interest expenses paid	(620,025)	(604,769)
Income taxes paid	(975)	(852)
Net cash provided by (used in) operating activities	11,157,021	7,510,230
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(16,739)	(68,655)
Purchase of property, plant and equipment in trust	(14,541,472)	(3,126,686)
Purchase of intangible assets	(82,008)	-
Proceeds from tenant security deposits	637,097	936,065
Proceeds from tenant security deposits in trust	515,643	25,619
Repayments of tenant security deposits	(683,992)	(641,475)
Repayments of tenant security deposits in trust	(386,915)	-
Net cash provided by (used in) investing activities	(14,558,386)	(2,875,133)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	8,000,000	1,000,000
Repayment of short-term loans payable	(7,000,000)	(1,000,000)
Proceeds from long-term loans payable	1,500,000	16,700,000
Repayment of long-term loans payable	(4,500,000)	(16,700,000)
Proceeds from issuance of investment units	8,116,546	-
Dividends paid	(5,085,533)	(5,324,546)
Net cash provided by (used in) financing activities	1,031,012	(5,324,546)
Net increase (decrease) in cash and cash equivalents	(2,370,352)	(689,449)
Cash and cash equivalents at beginning of period	23,038,217	20,667,865
Cash and cash equivalents at end of period	*1 20,667,865	*1 19,978,415

3.6. Notes to the Going Concern

Not applicable.

3.7. Notes to Significant Accounting Policies

1. Accumulated depreciation method for noncurrent assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0" data-bbox="675 443 1161 555"> <tr> <td>Buildings</td> <td>2~64 years</td> </tr> <tr> <td>Structures</td> <td>10~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>7~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5~15 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	2~64 years	Structures	10~56 years	Machinery and equipment	7~23 years	Tools, furniture and fixtures	5~15 years
Buildings	2~64 years								
Structures	10~56 years								
Machinery and equipment	7~23 years								
Tools, furniture and fixtures	5~15 years								
2. Accounting policies for deferred assets	Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.								
3. Accounting standards for recording revenues and expenses	<p>Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties is 39,920 thousand yen in the 22nd Fiscal Period and is 188 thousand yen in the 23rd Fiscal Period.</p>								
4. Hedge accounting approaches	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p>								
5. Scope of funds in the statements of cash flows	The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.								

<p>6. Other significant matters forming basis for preparation of financial statements</p>	<p>(1) Accounting method for trust beneficial interest in real estate, etc. Concerning owned trust beneficial interest that have real estate properties as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenues and expenses incurred from the assets in trust are recorded in the relevant account item of the balance sheets and statements of income. The following material items of the assets in trust recorded in the relevant account item are separately listed on the balance sheets. (i) Cash and deposits in trust (ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, other tangible assets 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> <p>(2) Accounting method for consumption taxes Consumption tax and local consumption tax are accounted for by the tax-exclusion method and consumption taxes that are not tax-deductible are expensed in the fiscal period under review. The consumption taxes relating to noncurrent assets, etc. that are not tax-deductible are amortized in equal installments over 5 years.</p>
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3.8. Notes to Financial Statements

Concerning notes to lease transactions, securities, retirement benefits, tax-effect accounting and asset retirement obligations, disclosure is omitted because there is no substantial need for such disclosure in the financial report (*kessan tanshin*).

[Notes to Balance Sheets]

*1. Advanced depreciation amount for noncurrent assets acquired by government subsidies, etc.

	22nd Fiscal Period [As of November 30, 2016]		23rd Fiscal Period [As of May 31, 2017]
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

	22nd Fiscal Period [As of November 31, 2016]		23rd Fiscal Period [As of May 31, 2017]
	50,000 thousand yen		50,000 thousand yen

[Notes to Statements of Income]

*1. Breakdown of operating income (loss) from property leasing

(Unit: thousand yen)

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]		23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
A. Property leasing revenue			
Rent revenue – real estate	12,687,269		12,513,018
Other lease business revenue	63,616		33,995
Total property leasing revenue	12,750,885		12,547,014
B. Property leasing expenses			
Consignment expenses	942,415		980,112
Utilities expenses	1,068,008		985,941
Taxes and dues	1,045,891		1,034,433
Non-life insurance expenses	17,056		14,657
Repair expenses	456,738		316,200
Depreciation	1,749,716		1,770,760
Other lease business expenses	153,188		48,934
Total property leasing expenses	5,433,014		5,151,041
C. Operating income (loss) from property leasing [A – B]	7,317,871		7,395,973

*2. Breakdown of gain on sales of real estate properties (Unit: thousand yen)

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]		Daiwa Kudan	
Proceeds from sales of real estate properties			4,048,485
Cost of sales of real estate properties			3,795,173
Other expenses on sales			151,172
Gain on sales of real estate properties			102,138

23rd Fiscal Period [From: December 1, 2016 To: May 31, 2017]

Not applicable.

[Notes to Statements of Unitholders' Equity]

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]	23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
Total number of investment units authorized and number of investment units issued and outstanding		
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	497,869 units	497,869 units

[Notes to Statements of Cash Flows]

*1. Reconciliation of balance sheet items to cash and cash equivalents at end of period in the statements of cash flows

(Unit: thousand yen)

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]	23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
Cash and deposits	19,070,683	18,280,633
Cash and deposits in trust	1,597,181	1,697,781
Cash and cash equivalents	20,667,865	19,978,415

[Notes to Financial Instruments]**(1) Matters Concerning Status of Financial Instruments****(a) Policy for financial instruments**

The Investment Corporation raises funds through bank borrowings, issuance of investment corporation bonds and issuance of new investment units, etc. for the acquisition and repair of investment properties, the payments of dividends and the reimbursement of bank borrowings.

As for debt finance, the Investment Corporation focuses on lengthening maturities, fixing interest rates, and dispersing maturity dates in order to secure financial stability and avoid future fluctuation risk of interest rates.

The Investment Corporation manages surplus funds through deposits and safe and highly liquid money claims and securities (in principle, deposits).

Derivative transactions are limited to hedge operations which hedge against interest rate risks attributable to liabilities of the Investment Corporation.

(b) Contents and risk of financial instruments and related risk management

The Investment Corporation uses the proceeds from the financing of debts and investment corporation bonds for the acquisition of investment properties (such as trust beneficial interest in real estate) and the reimbursement of current debts and bonds. While these debts and bonds are exposed to liquidity risk, the Investment Corporation manages the risk by maintaining the LTV ratio at low levels, dispersing maturity dates, maintaining the ratio of long-term debt to total debt at high levels, and diversifying lenders with particular focus on domestic financial institutions.

Bank borrowings etc. with floating interest rates are exposed to interest rate risk and the risk is controlled by using derivative instruments (interest rate swap transaction) for some long-term borrowings to avoid interest rate rise and to fix interest expense.

The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.

Enforcement and management of derivative transactions are carried out in accordance with the provisions established by the basic policy of risk management. Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are exposed to liquidity risk upon tenants moving out and the Investment Corporation reduces the risk by pooling funds to a certain degree.

Surplus funds by deposits are exposed to credit risk of counterparties (financial institutions and so on) and are managed by limiting the terms to short durations and establishing credit rating level of counterparties (except for checkable deposit), etc.

(c) Supplementary explanation for fair value of financial instruments

The fair value of financial instruments is based on their market price. The fair value of financial instruments with no available market price is determined by using price reasonably estimated. As various factors are incorporated into these calculations, the resulting value may differ if different assumptions are provided. Furthermore, the contractual amounts of derivative transactions do not represent the market risk involved in these derivative transactions.

(2) Matters Concerning Fair Value, etc. of Financial Instruments

The carrying amounts and fair values and their differences are as follows. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

22nd Fiscal Period [As of November 30, 2016]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	19,070,683	19,070,683	—
(2) Cash and deposits in trust	1,597,181	1,597,181	—
Total assets	20,667,865	20,667,865	—
(3) Short-term loans payable	1,000,000	1,000,000	—
(4) Current portion of long-term loans payable	28,250,000	28,320,007	70,007
(5) Investment corporation bonds	5,100,000	5,184,930	84,930
(6) Long-term loans payable	169,950,000	170,032,842	82,842
Total liabilities	204,300,000	204,537,780	237,780
Derivative transactions (*)	(765,091)	(765,091)	—

23rd Fiscal Period [As of May 31, 2017]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	18,280,633	18,280,633	—
(2) Cash and deposits in trust	1,697,781	1,697,781	—
Total assets	19,978,415	19,978,415	—
(3) Short-term loans payable	1,000,000	1,000,000	—
(4) Current portion of long-term loans payable	19,400,000	19,422,667	22,667
(5) Investment corporation bonds	5,100,000	5,178,750	78,750
(6) Long-term loans payable	178,800,000	178,786,894	(13,105)
Total liabilities	204,300,000	204,388,312	88,312
Derivative transactions (*)	(752,224)	(752,224)	—

(*)The value of receivables and payables arising from derivatives are indicated at net basis. The amount in parentheses represents the net liability position.

(Note 1) Methods to estimate fair value of financial instruments and matters concerning derivative transactions.

Assets

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

As these are settled within a short period of time, the fair value is approximately the same as the book value and thus is stated at that book value.

Liabilities

(3) Short-term loans payable; (4) Current portion of long-term loans payable; (6) Long-term loans payable

As those with floating interest rates reflect market interest rates within a short period of time and the Investment Corporation's credit capability does not differ markedly from the execution, the fair value is approximately the same as the book value and thus is stated at that book value. Those with fixed interest rates, on the other hand, are based on the method of calculating by discounting the sum total amount of principal and interest (*) by the reasonably estimated interest rate in the case that the same type of borrowings are undertaken.

(*) For long-term loans payable that are subject to special accounting for interest rate swaps, the interest is handled together with applicable interest rate swaps. (Please refer to [Notes to Derivative Transactions] below.)

(5) Investment corporation bonds

The fair value of the investment corporation bonds issued by the Investment Corporation is based on the market price.

Derivative transactions

Please refer to [Notes to Derivative transactions] below.

(Note 2) Financial products for which it is extremely difficult to estimate fair value.

(Unit: thousand yen)

	22nd Fiscal Period [As of November 30, 2016]	23rd Fiscal Period [As of May 31, 2017]
Tenant leasehold and security deposits	16,447,831	16,768,298
Tenant leasehold and security deposits in trust	504,267	504,009
Total	16,952,099	17,272,308

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust that are deposited by lessees of rental properties are not subject to disclosure of fair value because discerning of the fair value is recognized to be extremely difficult as future cash flows cannot be reasonably estimated due to there being no market price and difficulty in calculation of the actual deposit period, which is the period from tenants' move-ins to move-outs.

(Note 3) Redemption schedule for monetary claims due after the settlement of accounts.

22nd Fiscal Period [As of November 30, 2016]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	19,070,683	—	—	—	—	—
Cash and deposits in trust	1,597,181	—	—	—	—	—
Total	20,667,865	—	—	—	—	—

23rd Fiscal Period [As of May 31, 2017]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	18,280,633	—	—	—	—	—
Cash and deposits in trust	1,697,781	—	—	—	—	—
Total	19,978,415	—	—	—	—	—

(Note 4) Amount of repayment of short-term loans payable, current portion of long-term loans payable, long-term loans payable and investment corporation bonds scheduled to be due after the settlement of accounts.

22nd Fiscal Period [As of November 30, 2016]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Short-term loans payable	1,000,000	—	—	—	—	—
Current portion of long-term loans payable	28,250,000	—	—	—	—	—
Investment corporation bonds	—	—	3,000,000	—	—	2,100,000
Long-term loans payable	—	17,350,000	22,000,000	31,600,000	24,200,000	74,800,000
Total	29,250,000	17,350,000	25,000,000	31,600,000	24,200,000	76,900,000

23rd Fiscal Period [As of May 31, 2017]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Short-term loans payable	1,000,000	—	—	—	—	—
Current portion of long-term loans payable	19,400,000	—	—	—	—	—
Investment corporation bonds	—	—	3,000,000	—	—	2,100,000
Long-term loans payable	—	21,500,000	25,000,000	33,300,000	21,500,000	77,500,000
Total	20,400,000	21,500,000	28,000,000	33,300,000	21,500,000	79,600,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

22nd Fiscal Period [As of November 30, 2016]

Not applicable.

23rd Fiscal Period [As of May 31, 2017]

Not applicable.

(2) Transactions for which hedge accounting is applied

22nd Fiscal Period [As of November 30, 2016]

About derivative transactions for which hedge accounting is applied, the contract amount, amount equivalent to the principal provided in the contract, etc. as of the settlement of accounts for each hedge accounting approach are as follows.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	99,600,000	99,600,000	(765,091)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	28,350,000	14,350,000	(*)	—
Total			127,950,000	113,950,000	(765,091)	—

23rd Fiscal Period [As of May 31, 2017]

About derivative transactions for which hedge accounting is applied, the contract amount, amount equivalent to the principal provided in the contract, etc. as of the settlement of accounts for each hedge accounting approach are as follows.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	112,600,000	110,100,000	(752,224)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	19,850,000	9,000,000	(*)	—
Total			132,450,000	119,100,000	(752,224)	—

(*) Since the derivative financial instruments qualifying for the special accounting for interest rate swaps are accounted for as one transaction together with their hedged item, long-term loans payable, the fair value of these derivatives is included in that of related long-term loans payable. (Please refer to “Notes to Financial Instruments (2) Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) Liabilities (4) (6)”).

[Notes to Transactions with Related Parties]

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]
Not applicable.

23rd Fiscal Period [From: December 1, 2016 To: May 31, 2017]
Not applicable.

[Notes to Investment and Rental Properties]

The Investment Corporation has rental office buildings, etc. (including land) in Tokyo and other regions. The carrying amount, amount of increase (decrease) during period and fair value for these rental properties are as follows.

(Unit: thousand yen)

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]	23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
Carrying amount		
Balance at beginning of period	451,114,325	460,321,339
Amount of increase (decrease) during period	9,207,014	664,697
Balance at end of period	460,321,339	460,986,036
Fair value at end of period	505,430,000	518,560,000

(Note 1) The carrying amount is the amount after accumulated depreciation is deducted from the cost of acquisition.

(Note 2) Of the amount of increase (decrease) for rental properties during the 22nd Fiscal Period, the amount of increase is mainly attributable to acquisition of 4 properties (13,392 million yen) and the amount of decrease is mainly attributable to sales of Daiwa Kudan (3,795 million yen) and depreciation (1,749 million yen). Of the amount of increase (decrease) for rental properties during the 23rd Fiscal Period, the amount of increase is mainly attributable to acquisition of Shin Kanda Mikura-cho Building (1,592 million yen) and the amount of decrease is mainly attributable to depreciation (1,770 million yen).

(Note 3) The fair value at end of period presents the appraisal value estimated by external real estate appraisers.

The income (loss) for investment and rental properties are as presented in the aforementioned "Notes to Statements of Income."

[Notes to Segment Information, etc.]

(1) Segment Information

Segment information has been omitted because the Investment Corporation has no segment except the property leasing business.

(2) Related Information

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]

① Information about products and services

Information about products and services has been omitted because net sales to external customers for one segment are in excess of 90% of the operating revenue on statements of income.

② Information about geographical areas

A. Net sales

Information about net sales has been omitted because net sales to external customers in Japan are in excess of 90% of the operating revenue on statements of income.

B. Property, plant and equipment

Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on balance sheets.

③ Information about major customers

Information about principal customers has been omitted because each net sales to a single external customer accounts for less than 10% of the operating revenue on statements of income.

23rd Fiscal Period [From: December 1, 2016 To: May 31, 2017]

① Information about products and services

Information about products and services has been omitted because net sales to external customers for one segment are in excess of 90% of the operating revenue on statements of income.

② Information about geographical areas

A. Net sales

Information about net sales has been omitted because net sales to external customers in Japan are in excess of 90% of the operating revenue on statements of income.

B. Property, plant and equipment

Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on balance sheets.

③ Information about major customers

Information about principal customers has been omitted because each net sales to a single external customer accounts for less than 10% of the operating revenue on statements of income.

[Notes to Per Unit Information]

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]	23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
Net assets per unit	515,230 yen	515,317 yen
Net income per unit	10,800.73 yen	10,764.31yen

(Note 1) The net income per unit was calculated by dividing the net income by the daily weighted average number of investment units issued and outstanding. The diluted net income per unit is not stated as there are no diluted investment units.

(Note 2) The basis for calculating the net income per unit is as follows.

	22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016]	23rd Fiscal Period [From: Dec. 1, 2016 To: May 31, 2017]
Net income (thousand yen)	5,324,585	5,359,217
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	5,324,585	5,359,217
Average number of investment units during the period (unit)	492,984	597,869

[Notes to Significant Subsequent Events]

Not applicable.

3.9. Increase (Decrease) in Number of Investment Units Issued and Outstanding

Since no capital increase, etc. were conducted in the 23rd Fiscal Period, there is no change to unitholders' capital, etc.

The overview of capital increase in the most recent 5 years up to the end of the 23rd Fiscal Period is as follows.

Payment date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
July 2, 2014	Capital increase through public offering	41,092	436,890	18,522	217,303	(Note 1)
July 30, 2014	Capital increase by way of a third-party allotment	4,110	441,000	1,852	219,155	(Note 2)
June 1, 2015	Capital increase through public offering	41,045	482,045	23,145	242,301	(Note 3)
June 24, 2015	Capital increase by way of a third-party allotment	1,955	484,000	1,102	243,403	(Note 4)
August 2, 2016	Capital increase through public offering	12,700	496,700	7,461	250,864	(Note 5)
August 31, 2016	Capital increase by way of a third-party allotment	1,169	497,869	686	251,551	(Note 6)

(Note 1) The Investment Corporation issued new investment units through public offering at an issue price of 466,537 yen per unit (paid-in price: 450,746 yen) to procure funds for acquisition of properties, etc.

(Note 2) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 450,746 yen per unit (paid-in price: 450,746 yen) to procure funds for acquisition of properties, etc.

(Note 3) The Investment Corporation issued new investment units through public offering at an issue price of 583,050 yen per unit (paid-in price: 563,914 yen) to procure funds for acquisition of properties, repayment of borrowings, etc.

(Note 4) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 563,914 yen per unit (paid-in price: 563,914 yen) to procure funds for acquisition of properties, repayment of borrowings, etc.

(Note 5) The Investment Corporation issued new investment units through public offering at an issue price of 607,425 yen per unit (paid-in price: 587,489 yen) to procure funds for repayment of borrowings, etc.

(Note 6) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 587,489 yen per unit (paid-in price: 587,489 yen) to procure funds for repayment of borrowings, etc.

4. Changes in Directors

4.1. Changes in Directors at the Investment Corporation

Not applicable.

4.2. Changes in Directors at the Asset Manager

There were changes in Directors at the Asset Manager on March 31, 2017 and April 1, 2017.

The following is the directors at the Asset Manager as of the date of this document.

Title	Name	Career summary		Number of shares owned (shares)
President and Representative Director	Akira Yamauchi	Apr. 1986 Apr. 2002 May 2002 Mar. 2003 Aug. 2004 Feb. 2008 Feb. 2009 Jul. 2009 Apr. 2010 May 2010	Joined Marubeni Corporation Joined Pacific Management Corporation Temporarily transferred to Pacific Investment Advisors Corporation (currently, AD Investment Management Co., Ltd.) President and Representative Director of Pacific Investment Advisors Corporation (with employment transfer) Executive Director of Nippon Residential Investment Corporation (currently, Advance Residence Investment Corporation) President and Representative Director of Pacific Investment Partners Inc. (currently, Cushman & Wakefield Asset Management K.K.) Representative Director (part-time) of Pacific Holdings, Inc. Executive Managing Director of Cushman & Wakefield Asset Management K.K. Advisor of Daiwa Real Estate Asset Management Co., Ltd. President and Representative Director of Daiwa Real Estate Asset Management Co., Ltd. (current position)	—
Vice-President and Representative Director (Head of Corporate Division and Business Planning Department)	Yuji Shinotsuka	Apr. 1989 Jun. 2009 Jul. 2009 Nov. 2009 Apr. 2011 Oct. 2012 Dec. 2012 Jan. 2014 Aug. 2014 Apr. 2016 Apr. 2017	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department of Daiwa Securities Group Inc. Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of IR & Planning Department) of Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Corporate Planning Department) of Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Business Planning and Finance Department) of Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Corporate Planning Department) of Daiwa Real Estate Asset Management Co., Ltd. Executive Director of Daiwa Residential Private Investment Corporation (current position) Executive Director of Nippon Healthcare Investment Corporation Resigned from office as Executive Director of Nippon Healthcare Investment Corporation Vice-President and Representative Director (Head of Corporate Planning Department) of Daiwa Real Estate Asset Management Co., Ltd. (with employment transfer) Vice-President and Representative Director (Head of Corporate Division and Business Planning Department) of Daiwa Real Estate Asset Management Co., Ltd. (current position)	—
Vice President and Representative Director (Head of Private Fund Division and Private Fund management Department)	Yoshiki Nishigaki	Apr. 1992 May 2004 Feb. 2006 Mar. 2007 Mar. 2008 Nov. 2008 May 2010 Aug. 2010 Feb. 2011	Joined Cititrust & Banking Corporation Joined K.K. DaVinci Advisors Transferred to K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.) Head of IR & Business Planning Department of Daiwa Real Estate Asset Management Co., Ltd. President and Representative Director Executive of Daiwa Real Estate Asset Management Co., Ltd. Director of DA Office Investment Corporation (currently, Daiwa Office Investment Corporation) Vice President and Representative Director of Daiwa Real Estate Asset Management Co., Ltd. Resigned from Executive Director of Daiwa Office Investment Corporation Vice-President and Representative Director (Head of Advisory Department) of	—

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		Apr. 2012 Oct. 2013 Apr. 2014 Apr. 2017	Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Private Fund Management Department) of Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Customer Relations Department and Private Fund Management Department) of Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Private Fund Management Department) of Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of Private Fund Division and Private Fund Management Department) of Daiwa Real Estate Asset Management Co., Ltd. (current position)	
Director (Head of Acquisition and Asset Management Division, Asset Management Department and Origination Department)	Toshio Fukushima	Apr. 1992 Jul. 2004 Aug. 2009 Mar. 2011 Jun. 2013 Nov. 2015 Apr. 2016 Apr. 2017	Joined Tokyu Land Corporation Joined Pacific Management Corporation Joined Mitsubishi Estate Co., Ltd. Joined Daiwa Real Estate Asset Management Co., Ltd. Head of Acquisition Department of Daiwa Real Estate Asset Management Co., Ltd. Head of Acquisition Department and Origination Department of Daiwa Real Estate Asset Management Co., Ltd. Head of Asset Management Department and Origination Department of Daiwa Real Estate Asset Management Co., Ltd. Director and Head of Acquisition and Asset Management Division, Asset Management Department and Origination Department of Daiwa Real Estate Asset Management Co., Ltd. (current position)	—
Director (Head of Administration Department)	Hajime Imbe	Apr. 1988 Jun. 2006 Apr. 2009 Jan. 2010 Oct. 2010 Apr. 2012 Apr. 2013 Apr. 2017	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Managing Director of Human Resources Department of Daiwa Securities Group Inc. Managing Director of Investment Banking Strategic Planning Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.) Managing Director of Global Investment Banking Planning Department of Daiwa Securities Capital Markets Co. Ltd. Managing Director of Corporate Division Planning Department of Daiwa Securities Capital Markets Co. Ltd. Managing Director of Corporate Division Planning Department of Daiwa Securities Co. Ltd. Managing Director of Corporate Business Planning Department of Daiwa Securities Co. Ltd. Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Director and Head of Administration Department of Daiwa Real Estate Asset Management Co., Ltd. (current position)	—
Director (part-time)	Mikita Komatsu	Apr. 1985 Oct. 2005 Oct. 2008 Apr. 2010 Apr. 2011 Apr. 2012 Apr. 2013 Apr. 2016 Jun. 2016	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Finance Department of Daiwa Securities Group Inc. President of Daiwa Securities SMBC Europe Limited (currently Daiwa Capital Markets Europe Limited) Senior Managing Director of Daiwa Securities Capital Markets Co. Ltd. Senior Managing Director of Daiwa Securities Group Inc. Director (part-time) of Daiwa Real Estate Asset Management Co., Ltd. (current position) Executive Managing Director of Daiwa Securities Group Inc. Senior Managing Director of Daiwa Securities Group Inc. Director and Senior Managing Director of Daiwa Securities Group Inc. (current position)	—
Director (part-time)	Naoya Otani	Apr. 1988 Jun. 2006 Apr. 2009 Jul. 2011 Apr. 2017 Jun. 2017	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Managing Director of Legal Department and Corporate Planning Department of Daiwa Securities Group Inc. Managing Director of Corporate Planning Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.) Managing Director of Corporate Planning Department of Daiwa Securities Group Inc. (current position) Managing Director of Corporate Planning Department of Daiwa Securities Co. Ltd. (current position) Director of Daiwa Real Estate Asset Management Co. Ltd.(part-time) (current position) Auditor of Nippon Record Keeping Network Co., Ltd. (part-time) (current position)	—

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Auditor	Tamaki Shibayama	Apr. 1982 Sept. 1986 Apr. 2002 Oct. 2010 Apr. 2012 Apr. 2015	Joined the Japan Chamber of Commerce and Industry Joined Daiwa Securities Co., Ltd. (currently Daiwa Securities Group Inc.) General Manager of Initial Public Offering Department of Daiwa Securities SMBC Co., Ltd. (currently Daiwa Securities Co. Ltd.) Head of Corporate Auditor's Office of Daiwa Securities Capital Markets Co., Ltd. Managing Director of Corporate Clients Banking Department (VII) of Daiwa Securities Co., Ltd. Auditor of Daiwa Real Estate Asset Management Co. Ltd. (current position)	—
Auditor (part-time)	Morimasa Matsuda	Apr. 1989 Jun. 2007 Dec. 2009 Apr. 2011 Apr. 2013 Apr. 2016 Jun. 2016	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Managing Director of Corporate Planning Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.) Managing Director of Asia Strategic Planning Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.) Managing Director of Investor Relations Office of Daiwa Securities Group Inc. Managing Director of Internal Audit Department of Daiwa Securities Group Inc. Executive Director of Daiwa Securities Group Inc. Auditor of Daiwa Real Estate Asset Management Co. Ltd. (part-time) (current position) Director of Daiwa Securities Group Inc. (current position)	—
Auditor (part-time)	Shinji Kiso	Apr. 2001 Dec. 2009 Jul. 2011 Jun. 2013 May 2014 Jun. 2015 Jan. 2016	Joined Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Co., Ltd.) Corporate Planning Department of Daiwa Securities Group Inc. (current position) Corporate Planning Department of Daiwa Securities Co., Ltd. (current position) Director (part-time) of ASTMAX Co., Ltd. (current position) Auditor (part-time) of Daiwa Real Estate Asset Management Co. Ltd. (current position) Director (part-time) of Money Partners Group Co., Ltd. (current position) Auditor (part-time) of IDI infrastructures, Inc. (current position)	—

(Note 1) Naoyuki Owa left the office of Director on March 31, 2017.

(Note 2) Akihiko Ogino left the office of Director (part-time) on March 31, 2017.

(Note 3) Toshio Fukushima assumed office as Director on April 1, 2017.

(Note 4) Hajime Imbe assumed office as Director on April 1, 2017.

(Note 5) Naoya Otani assumed office as Director (part-time) on April 1, 2017.

5. Reference Information

5.1. Investment Status

Type of asset	Use	Region	23rd Fiscal Period (As of May 31, 2017)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo	15,983	3.3
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	392,333	81.1
		Greater Tokyo	38,039	7.9
		Major Regional Cities	14,630	3.0
Total			460,986	95.3
Deposits and other assets			22,744	4.7
Total amount of assets (Note 2)			487,730	100.0
			[460,986]	[95.3]

(Note 1) The total amount owned is the carrying amount (the book value after depreciation in the case of real estate and trust beneficial interest in real estate).

(Note 2) The figures in parentheses [] under “Total amount of assets” shows the portion of the applicable asset that, in effect, corresponds to the holding of real estate properties. The amount of construction in progress (including construction in progress in trust) is not included in the amount of real estate and trust beneficial interest in real estate.

5.2. Investment Real Estate Properties (As of May 31, 2017)

5.2.1. Price and Investment Ratio of Investment Real Estate Properties

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Five Central Wards of Tokyo (Note 1)	Daiwa Ginza	Real estate	14,100	13,198	17,100	3.0
	Daiwa Ginza Annex		3,050	2,784	3,560	0.6
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,039	7,680	1.8
	Daiwa Minami-Aoyama		4,550	4,443	4,520	1.0
	Daiwa Sarugakucho		3,190	3,226	3,550	0.7
	Daiwa A Hamamatsucho (Note 8)		2,865	2,806	3,460	0.6
	Daiwa Jingumae		2,800	2,726	2,460	0.6
	Daiwa Shibadaimon		2,578	2,420	3,040	0.5
	Daiwa Misakicho		2,346	2,174	2,790	0.5
	Daiwa Shimbashi 510		2,080	2,136	2,530	0.4
	Daiwa Tsukijiekimae		1,560	1,314	1,720	0.3
	Daiwa Tsukiji		1,240	1,151	1,490	0.3
	Daiwa Tsukishima		7,840	6,994	9,570	1.7
	Daiwa Nihonbashi Horidomecho		2,520	2,473	2,590	0.5
	Daiwa Azabudai		1,600	1,523	1,890	0.3
	Daiwa Kyobashi		3,460	3,262	3,390	0.7
	Daiwa Kojimachi 4-chome		2,910	2,850	2,820	0.6
	Daiwa Onarimon		13,860	13,394	13,800	3.0
	Shinjuku Maynds Tower (Note 8)		133,800	129,636	125,000	28.5
	SHIBUYA EDGE		5,900	5,681	5,050	1.3
	Daiwa Kodenmachi		2,460	2,383	2,200	0.5
	Daiwa Jimbocho		4,150	4,045	3,530	0.9
	Daiwa Nishi-Shimbashi		5,000	4,791	6,350	1.1
	Daiwa Kayabacho Building		5,600	5,315	7,880	1.2
	Daiwa Jimbocho 3-chome		3,550	3,413	4,760	0.8
	E SPACE TOWER		24,000	23,617	33,300	5.1
	Daiwa Nihonbashi Hongokucho		1,721	1,615	2,320	0.4
	shinyon curumu		9,650	9,742	14,800	2.1
	Daiwa Akasaka		9,200	9,415	13,200	2.0
	Daiwa Shibuya Miyamasuzaka		7,000	7,222	8,740	1.5
	Daiwa Azabu Terrace (Note 9)		14,000	14,161	16,100	3.0
	Daiwa Ebisu 4-chome		4,135	4,246	5,420	0.9
	LAQUAS Higashi Shinjuku		8,450	8,548	10,400	1.8
	Daiwa Aoyama (Note 9)		9,800	10,070	12,000	2.1
	Shinsen Place		4,800	4,917	6,520	1.0
	Glass City Shibuya		16,000	16,042	18,300	3.4
	Daiwa River Gate (Note 9)	28,000	28,178	30,100	6.0	
	Daiwa Hatchobori ekimae	2,871	2,958	3,220	0.6	
	Daiwa Hatchobori ekimae West	1,647	1,733	1,820	0.4	
	Nikko Building	13,710	13,967	14,900	2.9	
Kirin Nihonbashi Building	8,180	8,316	8,290	1.7		
Daiwa Higashi-nihonbashi (Note 9)	6,370	6,389	6,750	1.4		
Square Daikanyama Building	2,280	2,391	2,530	0.5		

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	Shinjuku West Building		942	983	1,200	0.2
	Shin Kanda Mikura-cho Building		1,592	1,609	1,700	0.3
Total for Five Central Wards of Tokyo (45 Properties)			415,622	408,316	454,340	88.6
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Trust beneficial interest in real estate	2,958	2,697	3,690	0.6
	Daiwa Shinagawa North		7,710	7,210	6,020	1.6
	Daiwa Osaki 3-chome		1,650	1,628	2,320	0.4
	Daiwa Kamiooka		2,000	1,948	2,700	0.4
	Integral Tower		15,220	14,968	19,200	3.2
	Daiwa Meguro Square (Note 9)		5,600	5,574	6,550	1.2
	Daiwa Ogikubo (Note 9)		3,800	4,012	4,390	0.8
Total for Greater Tokyo (7 properties)			38,938	38,039	44,870	8.3
Major Regional Cities (Note 3)	Daiwa Meieki	Trust beneficial interest in real estate	5,300	5,256	7,750	1.1
	Daiwa Kitahama (Note 9)		9,481	9,373	11,600	2.0
Total for Major Regional Cities (2 properties)			14,781	14,630	19,350	3.1
Total (54 properties)			469,341	460,986	518,560	100.0

(Note 1) “Five Central Wards of Tokyo” means Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards.

(Note 2) “Greater Tokyo” means Tokyo excluding the Five Central Wards of Tokyo, Kanagawa, Chiba and Saitama prefectures.

(Note 3) “Major Regional Cities” means Osaka area (i.e., Osaka, Kyoto and Hyogo prefectures), Nagoya area (Aichi, Mie and Gifu prefectures) and ordinance-designated cities and core cities under the Local Autonomy Act.

(Note 4) Acquisition price is excluding acquisition costs, fixed property tax, city planning tax, consumption tax and local consumption tax.

(Note 5) Carrying amount is the book value after depreciation as of May 31, 2017.

(Note 6) Estimated price at end of period is the price as of May 31, 2017 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 7) Investment ratio is the acquisition price of each property expressed as a percentage of the total amount of acquisition prices, rounded to one decimal place.

(Note 8) For Daiwa A Hamamatsucho Building and Shinjuku Maynds Tower, the figures are those pertaining to the Investment Corporation’s ownership interest.

(Note 9) The Investment Corporation changed the names of assets under management from River Gate to Daiwa River Gate, Heiwa Higashi-nihonbashi to Daiwa Higashi-nihonbashi, Meguro Place Tower to Daiwa Meguro Square, Ogikubo TM Building to Daiwa Ogikubo and Kitahama Grand Building to Daiwa Kitahama on April 1, 2017; from Concept Aoyama to Daiwa Aoyama on May 1, 2017; and from Azabu Green Terrace to Daiwa Azabu Terrace on June 1, 2017. The same applies hereinafter in this document.

5.2.2. Summary of Building and Leasing of Investment Real Estate

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3 / 12F	July 1963	8,170.23	7,924.91	27	96.9	373,786
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	92,928
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	8,688.11	55	90.3	241,800
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,715.54	6	100.0	119,154
	Daiwa Sarugakuchō (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	1	100.0	-
	Daiwa A Hamamatsuchō	SRC B2 / 10F	July 1993	3,663.38	3,663.38	12	100.0	130,390
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	4	100.0	69,217
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	84,910
	Daiwa Misakichō (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,641.56	2,633.16	7	99.6	77,071
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	56,621
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.44	1,487.44	5	100.0	47,982
	Daiwa Tsukishima	S 5F	July 1996	8,425.69	8,425.69	4	100.0	99,687
	Daiwa Nihonbashi Horidomechō	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	8	100.0	84,497
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.88	1,697.88	10	100.0	55,652
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	2,871.69	9	87.9	85,126
	Daiwa Kojimachi 4-chōme	SRC B2 / 9F	Oct. 1987	2,690.90	2,690.90	7	100.0	91,104
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,614.92	8	100.0	326,769
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,543.97	44,009.84	37	96.6	2,529,595
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	117,697
	Daiwa Kodenmachō	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	64,341
	Daiwa Jimbochō	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	105,712
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,815.84	11	100.0	169,101
Daiwa Kayabachō Building (Note 8)	S / SRC B1 / 8F	Apr. 2010	5,899.11	5,899.11	1	100.0	-	

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
	Daiwa Jimbocho 3-chome	S 9F	Feb. 2010	2,889.34	2,889.34	8	100.0	107,334
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,960.87	7	100.0	733,592
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	64,257
	shinyon curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,720.81	17	99.5	337,540
	Daiwa Akasaka	SRC B2 / 7F	Sept. 1990	8,739.17	8,739.17	20	100.0	354,816
	Daiwa Shibuya Miyamasuzaka	S B1 / 12F	Dec. 1988	6,327.95	6,327.95	8	100.0	244,736
	Daiwa Azabu Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	13,192.63	11	99.6	441,054
	Daiwa Ebisu 4-chome (Note 8)	SRC B1 / 9F	Dec. 1997	2,885.64	2,885.64	1	100.0	-
	LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	224,590
	Daiwa Aoyama	S / RC B1 / 7F	Nov. 2001	4,424.48	3,802.63	6	85.9	126,890
	Shinsen Place (Note 8)	RC B1 / 9F	Sept. 2001	2,811.35	2,811.35	1	100.0	-
	Glass City Shibuya	S / SRC B1 / 11F	Feb. 2004	8,566.73	8,566.73	10	100.0	409,131
	Daiwa River Gate	S / SRC / RC B2 / 20F	Feb. 1994	32,063.06	28,962.35	79	90.3	1,032,701
	Daiwa Hatchobori ekimae	S / SRC B1 / 10F	Feb. 2006	2,622.42	2,622.42	9	100.0	78,618
	Daiwa Hatchobori ekimae West	SRC B1 / 9F	Feb. 1996	1,723.15	1,723.15	8	100.0	45,540
	Nikko Building	SRC / RC / S B2 / 11F	Aug. 1991	6,967.61	6,924.71	7	99.3	299,338
	Kirin Nihonbashi Building (Note 8)	S / SRC 7F	Feb. 1999	5,630.17	5,630.17	1	100.0	-
	Daiwa Higashi-nihonbashi Building	S 7F	Mar. 2008	5,015.88	5,015.88	5	100.0	166,398
	Square Daikanyama Building (Note 8)	S 6F	Mar. 2001	1,588.35	1,588.35	1	100.0	-
	Shinjuku West Building	RC 4F	Mar. 1989	1,120.58	1,120.58	8	100.0	34,589
	Shin Kanda Mikura-cho Building	SRC B1 / 7F	Jan. 1991	1,720.83	1,196.17	5	69.5	15,281
Total for Five Central Wards of Tokyo (45 properties)				276,883.43	269,407.50	474	97.2	10,629,208
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	7	100.0	120,777
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,548.17	6,548.17	14	100.0	192,897
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,786.06	5	100.0	61,620
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,630.30	9	100.0	85,666
	Integral Tower (Note 10)	S / SRC B2 / 18F	June 1993	17,778.14	17,778.14	9	100.0	587,563
	Meguro Place Tower	S / SRC B2 / 14F	July 2009	3,519.50	3,519.50	16	100.0	146,092
	Daiwa Ogikubo	SRC B1 / 7F	Nov. 1990	3,849.63	3,849.63	11	100.0	125,404
Total for Greater Tokyo (7 properties)				40,573.27	40,573.27	71	100.0	1,320,021
Major Regional Cities	Daiwa Meieki	S 12F	Dec. 2007	7,461.90	7,461.90	26	100.0	225,455
	Daiwa Kitahama	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,364.78	6	98.8	338,332
Total for Major Regional Cities (2 properties)				20,979.52	20,826.68	32	99.2	563,788
Total (54 properties)				338,436.22	330,807.45	577	97.7	12,513,018

- (Note 1) “Structure and number of floors” are the entries in the real estate registry of the building of the applicable investment real estate property. “S” refers to steel-framed structure, “RC” refers to reinforced concrete structure, “SRC” refers to steel-framed reinforced concrete structure, “B” refers to floors below ground and “F” refers to floors above ground.
- (Note 2) “Construction completion” is the entry in the real estate registry of the building of the applicable investment real estate property.
- (Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of May 31, 2017.
- (Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of May 31, 2017.
- (Note 5) “Total number of tenants” is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property (excluding other lease business revenue) during the 23rd Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the common ownership interest corresponding to six-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.
- (Note 10) The buildings consist of three registrations. Of these, the details of the major building are shown here.

5.2.3. Capital Expenditures for Assets under Management

A. Scheduled Capital Expenditures for the 24th Fiscal Period

The following are the principal capital expenditures arising from renovation construction work, etc. currently planned for existing portfolio properties. Please note that the expected construction amount includes portions that are expensed as a separate account item of accounting costs.

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Expected construction amount (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Daiwa Akasaka (Minato-ku, Tokyo)	Upgrading of air-conditioning system	From: Nov. 2016 To: Jun. 2018	1,091	327	—
Integral Tower (Suginami-ku, Tokyo)	Upgrading of air-conditioning system	From: Mar. 2017 To: Apr. 2018	935	277	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Remodeling of gray water facility	From: Jul. 2017 To: Nov. 2017	84	—	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Changing lighting in exclusive areas to LED (green leasing)	From: Aug. 2017 To: Nov. 2017	60	—	—

B. Capital Expenditures during the 23rd Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 23rd Fiscal Period. Capital expenditures for the 23rd Fiscal Period amounted to 823 million yen and, when combined with the 316 million yen in repair expenses charged to the 23rd Fiscal Period expenses, totals 1,139 million yen in construction work were implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Daiwa Ogikubo (Suginami-ku, Tokyo)	Upgrading of air-conditioning equipment	From: Mar. 2017 To: May. 2017	69
Daiwa Akasaka (Minato-ku, Tokyo)	Repair work of mechanical parking facility	From: Feb. 2017 To: May 2017	43
Daiwa Shibadaimon (Minato-ku, Tokyo)	Upgrading of individual air-conditioning equipment	From: Mar. 2017 To: May 2017	41
Other		From: Dec. 2016 To: May 2017	669
Total			823

C. Reserve Amount for Long-Term Repair Plans (Reserve for Repairs)

The Investment Corporation sets aside the following reserve for repairs from cash flows during the fiscal period for the payment of future major repairs.

(Unit: million yen)

Fiscal period	19th Fiscal Period	20th Fiscal Period	21st Fiscal Period	22nd Fiscal Period	23rd Fiscal Period
	[From: Dec. 1, 2014 To: May 31, 2015]	[From: June 1, 2015 To: Nov. 30, 2015]	[From: Dec. 1, 2015 To: May 31, 2016]	[From: June 1, 2016 To: Nov. 30, 2016]	[From: Dec. 1, 2016 To: May 31, 2017]
Balance of reserve at beginning of current period	1,199	2,742	1,060	1,843	2,043
Amount of reserve in current period	1,678	—	1,255	524	84
Reversal of reserve in current period	135	1,682	472	324	227
Amount carried forward to next period	2,742	1,060	1,843	2,043	1,900

5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2017)

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Ginza	17,100	17,400	3.6	16,700	3.4	3.8
Daiwa Ginza Annex	3,560	3,640	3.5	3,470	3.3	3.7
Daiwa Shibaura	7,680	7,710	4.1	7,670	3.9	4.3
Daiwa Minami-Aoyama	4,520	4,560	3.9	4,480	3.7	4.1
Daiwa Sarugakucho	3,550	3,620	4.5	3,480	4.3	4.7
Daiwa A Hamamatsucho (Note 2)	3,460	3,510	3.8	3,440	3.6	4.0
Daiwa Jingumae	2,460	2,490	3.8	2,430	3.6	4.0
Daiwa Shibadaimon	3,040	3,100	3.7	3,010	3.5	3.9
Daiwa Misakicho	2,790	2,820	4.0	2,770	3.8	4.2
Daiwa Shimbashi 510	2,530	2,580	4.1	2,470	3.9	4.3
Daiwa Tsukijiekimae (Note 3)	1,720	1,740	4.3	1,710	4.3	4.5
Daiwa Tsukiji	1,490	1,450	4.2	1,510	4.2	4.4
Daiwa Tsukishima	9,570	9,670	4.2	9,530	3.9	4.4
Daiwa Nihonbashi Horidomecho	2,590	2,650	4.1	2,530	3.9	4.3
Daiwa Azabudai	1,890	1,930	4.0	1,850	3.8	4.2
Daiwa Kyobashi	3,390	3,450	4.0	3,330	3.8	4.2
Daiwa Kojimachi 4-chome	2,820	2,830	3.7	2,810	3.5	3.9
Daiwa Onarimon	13,800	14,400	3.8	13,500	3.6	4.0
Shinjuku Maynds Tower (Note 4)	125,000	149,000	3.3	142,000	3.1	3.5
SHIBUYA EDGE	5,050	5,160	3.8	4,940	3.6	4.0
Daiwa Kodenmacho	2,200	2,210	4.3	2,180	4.1	4.5
Daiwa Jimbocho	3,530	3,620	4.0	3,490	4.0	4.2
Daiwa Nishi-Shimbashi	6,350	6,480	3.6	6,300	3.4	3.8
Daiwa Kayabacho Building	7,880	8,030	3.4	7,810	3.2	3.6
Daiwa Jimbocho 3-chome	4,760	4,870	3.4	4,710	3.2	3.6
E SPACE TOWER	33,300	34,000	3.4	32,600	3.2	3.6
Daiwa Nihonbashi Hongokucho	2,320	2,350	4.0	2,310	3.8	4.2
shinyon curumu	14,800	15,100	3.3	14,700	3.1	3.5
Daiwa Akasaka	13,200	13,500	3.3	13,100	3.1	3.5
Daiwa Shibuya Miyamasuzaka	8,740	8,900	3.7	8,580	3.5	3.9
Daiwa Azabu Terrace	16,100	16,300	3.9	15,800	3.7	4.1
Daiwa Ebisu 4-chome	5,420	5,410	3.75	5,420	3.55	3.95
LAQUAS Higashi Shinjuku	10,400	10,700	3.4	10,200	3.2	3.6
Daiwa Aoyama	12,000	12,300	3.3	11,800	3.1	3.5
Shinsen Place	6,520	6,620	3.4	6,480	3.3	3.6
Glass City Shibuya	18,300	18,400	3.5	18,100	3.2	3.6
Daiwa River Gate	30,100	30,200	4.1	29,900	3.8	4.2
Daiwa Hatchobori ekimae	3,220	3,360	3.6	3,160	3.4	3.8
Daiwa Hatchobori ekimae West	1,820	1,880	3.7	1,790	3.5	3.9
Nikko Building	14,900	15,500	3.4	14,700	3.2	3.6
Kirin Nihonbashi Building	8,290	8,450	4.0	8,120	3.7	4.1
Daiwa Higashi-nihonbashi Building	6,750	6,950	3.9	6,660	3.7	4.1
Square Daikanyama Building (Note 5)	2,530	2,560	3.5	2,520	3.5	3.7

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Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Shinjuku West Building	1,200	1,210	3.8	1,190	3.6	4.0
Shin Kanda Mikura-cho Building	1,700	1,740	4.1	1,680	4.1	4.3
Daiwa Higashi-Ikebukuro	3,690	3,740	4.2	3,670	4.0	4.4
Daiwa Shinagawa North	6,020	6,090	4.3	5,950	4.1	4.5
Daiwa Osaki 3-chome	2,320	2,340	3.9	2,310	3.7	4.1
Daiwa Kamiooka	2,700	2,690	4.6	2,700	4.4	4.8
Integral Tower	19,200	19,500	3.8	19,100	3.6	4.0
Daiwa Meguro Square	6,550	6,750	3.6	6,460	3.4	3.8
Daiwa Ogikubo	4,390	4,470	4.0	4,350	3.8	4.2
Daiwa Meieki	7,750	7,930	4.2	7,670	4.2	4.4
Daiwa Kitahama	11,600	11,900	3.8	11,500	3.6	4.0
Total	518,560	549,760	-	530,640	-	-

(Note 1) "Estimated price at end of period" is the price as of May 31, 2017 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 2) For Daiwa A Hamamatsucho, the prices are those pertaining to the Investment Corporation's ownership interest.

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 2nd fiscal year (4.2% for the 1st fiscal year).

(Note 4) For Shinjuku Maynds Tower, the estimated price at end of period is the price pertaining to the Investment Corporation's ownership interest, and the price indicated by the direct capitalization method and price indicated by the DCF method are the prices pertaining to the entire Property.

(Note 5) Discount rate for Square Daikanyama Building is the figure after the 11th fiscal year (3.6% up to the 10th fiscal year).

5.2.5. Status of Income (Loss), etc. of Individual Properties

The following table lists the status of income (loss), etc. of each property for the 23rd Fiscal Period (from December 1, 2016 to May 31, 2017). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami- Aoyama	Daiwa Sarugakucho (Note 4)
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	14,100	3,050	8,265	4,550	3,190
	Investment ratio (%)	3.0	0.6	1.8	1.0	0.7
	Carrying amount (million yen)	13,198	2,784	8,039	4,443	3,226
	Estimated price at end of period (million yen)	17,100	3,560	7,680	4,520	3,550
Leasing information	Number of tenants (Note 1)	27	7	55	6	1
	Leasable floor area (m ²)	8,170.23	2,032.11	9,619.67	2,715.54	3,657.43
	Leased floor area (m ²)	7,924.91	2,032.11	8,688.11	2,715.54	3,657.43
	Occupancy rate (%)					
	End of May 2015	91.8	100.0	99.5	100.0	100.0
	End of Nov. 2015	93.9	100.0	98.7	100.0	100.0
	End of May 2016	93.9	100.0	99.1	84.8	100.0
End of Nov. 2016	94.9	100.0	97.6	100.0	100.0	
End of May 2017	96.9	100.0	90.3	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	373,786	92,928	244,041	119,154	—
	Rent revenue – real estate	373,786	92,928	241,800	119,154	—
	Other lease business revenue	—	—	2,241	—	—
	Total property leasing expenses (B) (thousand yen)	173,390	40,504	90,592	39,083	—
	Consignment expenses	23,683	5,527	17,984	5,158	—
	Utilities expenses	23,387	5,641	17,234	5,780	—
	Taxes and dues	27,976	9,131	19,584	11,850	—
	Non-life insurance expenses	366	85	336	134	—
	Repair expenses	13,088	1,893	6,935	2,220	—
	Depreciation (C)	73,045	18,225	28,497	13,939	—
	Other lease business expenses	11,841	—	20	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	200,395	52,423	153,448	80,070	—
NOI (E) [(D) + (C)] (thousand yen)	273,441	70,649	181,945	94,009	82,659	
Capital expenditures (F) (thousand yen)	40,282	500	6,508	811	37,777	
NCF [(E) – (F)] (thousand yen)	233,158	70,149	175,437	93,198	44,882	
Reference information	Expense rate (%) [(B) ÷ (A)]	46.39	43.59	37.12	32.80	—
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	55,785	18,067	38,645	23,401	13,316
	Estimated long-term repair expenses (thousand yen) (Note 2)	346,060	86,510	347,210	185,215	171,199

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 4)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.6	0.6	0.5	0.5	0.4
	Carrying amount (million yen)	2,806	2,726	2,420	2,174	2,136
	Estimated price at end of period (million yen)	3,460	2,460	3,040	2,790	2,530
Leasing information	Number of tenants (Note 1)	12	4	6	1	7
	Leasable floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,641.56
	Leased floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,633.16
	Occupancy rate (%)					
	End of May 2015	100.0	100.0	100.0	100.0	99.6
	End of Nov. 2015	100.0	100.0	100.0	100.0	99.6
	End of May 2016	100.0	100.0	100.0	100.0	88.0
End of Nov. 2016	100.0	100.0	100.0	100.0	99.6	
End of May 2017	100.0	100.0	100.0	100.0	99.6	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	130,390	69,217	84,910	—	77,071
	Rent revenue – real estate	130,390	69,217	84,910	—	77,071
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	74,715	24,710	39,645	—	24,606
	Consignment expenses	11,943	4,310	7,063	—	4,993
	Utilities expenses	8,085	4,654	5,662	—	5,485
	Taxes and dues	8,795	6,365	6,240	—	5,673
	Non-life insurance expenses	156	72	106	—	109
	Repair expenses	1,203	172	10,442	—	338
	Depreciation (C)	15,131	9,127	10,129	—	8,006
	Other lease business expenses	29,400	7	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	55,674	44,507	45,264	—	52,465
NOI (E) [(D) + (C)] (thousand yen)	70,806	53,634	55,393	62,560	60,471	
Capital expenditures (F) (thousand yen)	3,558	928	45,937	11,390	13,726	
NCF [(E) – (F)] (thousand yen)	67,247	52,706	9,455	51,170	46,744	
Reference information	Expense rate (%) [(B) ÷ (A)]	57.30	35.70	46.69	—	31.93
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	17,366	12,714	12,173	10,329	11,296
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,430	117,930	150,927	182,856	169,555

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukijiekimae	Daiwa Tsukiji	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	May 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	7,840	2,520	1,600
	Investment ratio (%)	0.3	0.3	1.7	0.5	0.3
	Carrying amount (million yen)	1,314	1,151	6,994	2,473	1,523
	Estimated price at end of period (million yen)	1,720	1,490	9,570	2,590	1,890
Leasing information	Number of tenants (Note 1)	6	5	4	8	10
	Leasable floor area (m ²)	2,659.59	1,487.44	8,425.69	2,850.81	1,697.88
	Leased floor area (m ²)	2,659.59	1,487.44	8,425.69	2,850.81	1,697.88
	Occupancy rate (%)					
	End of May 2015	100.0	89.2	100.0	100.0	100.0
	End of Nov. 2015	100.0	89.2	100.0	100.0	100.0
	End of May 2016	100.0	89.2	100.0	100.0	100.0
End of Nov. 2016	100.0	100.0	56.7	100.0	100.0	
End of May 2017	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	56,621	48,282	99,687	84,497	55,652
	Rent revenue – real estate	56,621	47,982	99,687	84,497	55,652
	Other lease business revenue	–	300	–	–	–
	Total property leasing expenses (B) (thousand yen)	29,084	18,365	132,352	34,302	24,874
	Consignment expenses	4,183	3,768	50,093	5,161	3,645
	Utilities expenses	5,462	2,704	9,884	4,866	2,947
	Taxes and dues	5,072	3,863	13,706	6,719	4,913
	Non-life insurance expenses	86	55	255	116	65
	Repair expenses	755	650	899	3,031	4,390
	Depreciation (C)	13,505	7,322	57,497	14,407	8,912
	Other lease business expenses	18	–	16	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	27,537	29,917	(32,664)	50,194	30,778
NOI (E) [(D) + (C)] (thousand yen)	41,043	37,240	24,832	64,602	39,690	
Capital expenditures (F) (thousand yen)	136	830	611	10,880	1,492	
NCF [(E) – (F)] (thousand yen)	40,907	36,410	24,221	53,722	38,198	
Reference information	Expense rate (%) [(B) ÷ (A)]	51.37	38.04	–	40.60	44.70
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	10,101	7,663	27,454	13,193	9,813
	Estimated long-term repair expenses (thousand yen) (Note 2)	120,530	109,848	102,930	234,846	108,280

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kyobashi	Daiwa Kojimachi 4-chome	Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE
Acquisition date		July 2006	Oct. 2006	Dec. 2006	July 2007 and Nov. 2007	July 2007
Price information	Acquisition price (million yen)	3,460	2,910	13,860	133,800	5,900
	Investment ratio (%)	0.7	0.6	3.0	28.5	1.3
	Carrying amount (million yen)	3,262	2,850	13,394	129,636	5,681
	Estimated price at end of period (million yen)	3,390	2,820	13,800	125,000	5,050
Leasing information	Number of tenants (Note 1)	9	7	8	37	5
	Leasable floor area (m ²)	3,265.83	2,690.90	11,614.92	45,543.97	2,480.65
	Leased floor area (m ²)	2,871.69	2,690.90	11,614.92	44,009.84	2,480.65
	Occupancy rate (%)					
	End of May 2015	100.0	100.0	100.0	98.8	100.0
	End of Nov. 2015	100.0	100.0	100.0	96.1	100.0
	End of May 2016	100.0	100.0	100.0	98.8	100.0
End of Nov. 2016	88.2	100.0	100.0	99.2	100.0	
End of May 2017	87.9	100.0	100.0	96.6	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	87,662	91,104	340,499	2,529,595	117,697
	Rent revenue – real estate	85,126	91,104	326,769	2,529,595	117,697
	Other lease business revenue	2,535	–	13,730	–	–
	Total property leasing expenses (B) (thousand yen)	50,433	47,941	112,881	1,093,245	40,528
	Consignment expenses	9,516	6,026	23,649	160,905	8,632
	Utilities expenses	6,591	6,368	20,892	262,064	6,529
	Taxes and dues	7,114	14,952	34,932	253,767	7,240
	Non-life insurance expenses	114	126	352	3,221	92
	Repair expenses	7,128	7,850	1,888	18,486	1,692
	Depreciation (C)	19,969	12,615	31,165	392,653	16,341
	Other lease business expenses	–	–	–	2,146	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	37,229	43,163	227,618	1,436,350	77,168
NOI (E) [(D) + (C)] (thousand yen)	57,199	55,779	258,783	1,829,003	93,510	
Capital expenditures (F) (thousand yen)	180	7,020	1,830	67,083	415	
NCF [(E) – (F)] (thousand yen)	57,019	48,758	256,953	1,761,920	93,095	
Reference information	Expense rate (%) [(B) ÷ (A)]	57.53	52.62	33.15	43.22	34.43
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	14,092	29,646	69,800	500,692	14,448
	Estimated long-term repair expenses (thousand yen) (Note 2)	140,200	169,753	459,880	4,460,870	62,460

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kodenmacho	Daiwa Jimbocho	Daiwa Nishi- Shimbashi	Daiwa Kayabacho Building (Note 4)	Daiwa Jimbocho 3-chome
Acquisition date		Aug. 2007	Mar. 2010	Aug. 2010	Mar. 2011	Mar. 2011
Price information	Acquisition price (million yen)	2,460	4,150	5,000	5,600	3,550
	Investment ratio (%)	0.5	0.9	1.1	1.2	0.8
	Carrying amount (million yen)	2,383	4,045	4,791	5,315	3,413
	Estimated price at end of period (million yen)	2,200	3,530	6,350	7,880	4,760
Leasing information	Number of tenants (Note 1)	8	7	11	1	8
	Leasable floor area (m ²)	2,379.31	3,164.26	4,815.84	5,899.11	2,889.34
	Leased floor area (m ²)	2,379.31	3,164.26	4,815.84	5,899.11	2,889.34
	Occupancy rate (%)					
	End of May 2015	100.0	100.0	96.3	100.0	100.0
	End of Nov. 2015	100.0	100.0	100.0	100.0	100.0
	End of May 2016	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2016	100.0	100.0	100.0	100.0	100.0
End of May 2017	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	64,341	105,712	169,101	—	107,334
	Rent revenue – real estate	64,341	105,712	169,101	—	107,334
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	23,565	47,182	80,341	—	46,899
	Consignment expenses	4,043	7,048	17,909	—	9,722
	Utilities expenses	4,102	6,675	9,940	—	6,296
	Taxes and dues	3,646	10,875	15,766	—	9,375
	Non-life insurance expenses	82	118	214	—	110
	Repair expenses	1,451	836	2,272	—	1,569
	Depreciation (C)	9,415	21,368	34,237	—	19,825
	Other lease business expenses	822	261	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	40,776	58,529	88,760	—	60,435
NOI (E) [(D) + (C)] (thousand yen)	50,192	79,897	122,998	148,486	80,260	
Capital expenditures (F) (thousand yen)	1,138	1,153	12,509	323	780	
NCF [(E) – (F)] (thousand yen)	49,053	78,744	110,488	148,163	79,480	
Reference information	Expense rate (%) [(B) ÷ (A)]	36.63	44.63	47.51	—	43.69
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	7,285	21,506	31,196	24,822	18,699
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	100,234	128,200	187,580	125,988	82,470

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Region		Five Central Wards of Tokyo				
Property name		E-SPACE TOWER	Daiwa Nihonbashi Hongokuchō	shinyon curumu	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka
Acquisition date		July 2011	May 2012	Dec. 2012 and Apr. 2013	Aug. 2013	Sept. 2013
Price information	Acquisition price (million yen)	24,000	1,721	9,650	9,200	7,000
	Investment ratio (%)	5.1	0.4	2.1	2.0	1.5
	Carrying amount (million yen)	23,617	1,615	9,742	9,415	7,222
	Estimated price at end of period (million yen)	33,300	2,320	14,800	13,200	8,740
Leasing information	Number of tenants (Note 1)	7	6	17	20	8
	Leasable floor area (m ²)	13,960.87	2,143.08	6,751.31	8,739.17	6,327.95
	Leased floor area (m ²)	13,960.87	2,143.08	6,720.81	8,739.17	6,327.95
	Occupancy rate (%)					
	End of May 2015	96.4	100.0	100.0	85.8	100.0
	End of Nov. 2015	100.0	100.0	100.0	88.4	100.0
	End of May 2016	100.0	100.0	100.0	100.0	100.0
End of Nov. 2016	96.8	100.0	100.0	100.0	100.0	
End of May 2017	100.0	100.0	99.5	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	733,592	64,257	341,791	354,816	244,736
	Rent revenue – real estate	733,592	64,257	337,540	354,816	244,736
	Other lease business revenue	–	–	4,250	–	–
	Total property leasing expenses (B) (thousand yen)	231,964	24,914	122,733	132,186	84,278
	Consignment expenses	54,022	3,910	33,452	25,065	21,311
	Utilities expenses	42,643	3,034	19,350	33,726	14,545
	Taxes and dues	56,789	4,407	33,523	33,179	20,001
	Non-life insurance expenses	571	64	275	357	250
	Repair expenses	10,148	324	208	16,045	6,308
	Depreciation (C)	67,286	13,174	35,924	23,611	21,765
	Other lease business expenses	502	–	–	200	96
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	501,627	39,342	219,057	222,630	160,458
NOI (E) [(D) + (C)] (thousand yen)	568,914	52,517	254,981	246,241	182,223	
Capital expenditures (F) (thousand yen)	61,309	350	400	57,087	480	
NCF [(E) – (F)] (thousand yen)	507,604	52,167	254,581	189,154	181,743	
Reference information	Expense rate (%) [(B) ÷ (A)]	31.62	38.77	35.91	37.25	34.44
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	113,486	8,784	66,671	66,067	40,089
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	574,150	50,940	65,855	430,612	416,816

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabu Terrace	Daiwa Ebisu 4-chome (Note 4)	LAQUAS Higashi Shinjuku	Daiwa Aoyama	Shinsen Place (Note 4)
Acquisition date		Jul. 2014	Dec. 2014	Dec. 2014	Mar. 2015	Mar. 2015
Price information	Acquisition price (million yen)	14,000	4,135	8,450	9,800	4,800
	Investment ratio (%)	3.0	0.9	1.8	2.1	1.0
	Carrying amount (million yen)	14,161	4,246	8,548	10,070	4,917
	Estimated price at end of period (million yen)	16,100	5,420	10,400	12,000	6,520
Leasing information	Number of tenants (Note 1)	11	1	4	6	1
	Leasable floor area (m ²)	13,234.39	2,885.64	7,498.33	4,424.48	2,811.35
	Leased floor area (m ²)	13,192.63	2,885.64	7,498.33	3,802.63	2,811.35
	Occupancy rate (%)					
	End of May 2015	100.0	0.0	100.0	85.9	100.0
	End of Nov. 2015	100.0	100.0	100.0	100.0	100.0
	End of May 2016	94.9	100.0	100.0	91.4	100.0
End of Nov. 2016	99.6	100.0	100.0	100.0	100.0	
End of May 2017	99.6	100.0	100.0	85.9	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	441,054	—	224,590	126,890	—
	Rent revenue – real estate	441,054	—	224,590	126,890	—
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	164,642	—	80,294	95,890	—
	Consignment expenses	31,430	—	11,208	21,008	—
	Utilities expenses	42,306	—	11,846	5,869	—
	Taxes and dues	31,814	—	20,426	12,748	—
	Non-life insurance expenses	508	—	262	132	—
	Repair expenses	7,852	—	4,055	36,640	—
	Depreciation (C)	50,600	—	32,336	19,491	—
	Other lease business expenses	130	—	158	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	276,411	—	144,296	30,999	—
NOI (E) [(D) + (C)] (thousand yen)	327,012	116,454	176,632	50,490	121,395	
Capital expenditures (F) (thousand yen)	21,912	—	2,350	2,066	22,840	
NCF [(E) – (F)] (thousand yen)	305,099	116,454	174,282	48,424	98,554	
Reference information	Expense rate (%) [(B) ÷ (A)]	37.33	—	35.75	75.57	—
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	63,132	17,886	40,350	25,421	16,292
	Estimated long-term repair expenses (thousand yen) (Note 2)	325,054	115,410	125,440	97,530	112,510

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Region		Five Central Wards of Tokyo				
Property name		Glass City Shibuya	Daiwa River Gate	Daiwa Hatchobori ekimae	Daiwa Hatchobori ekimae West	Nikko Building
Acquisition date		May 2015	Jun. 2015	Sep. 2015	Sep. 2015	Mar. 2016
Price information	Acquisition price (million yen)	16,000	28,000	2,871	1,647	13,710
	Investment ratio (%)	3.4	6.0	0.6	0.4	2.9
	Carrying amount (million yen)	16,042	28,178	2,958	1,733	13,967
	Estimated price at end of period (million yen)	18,300	30,100	3,220	1,820	14,900
Leasing information	Number of tenants (Note 1)	10	79	9	8	7
	Leasable floor area (m ²)	8,566.73	32,063.06	2,622.42	1,723.15	6,967.61
	Leased floor area (m ²)	8,566.73	28,962.35	2,622.42	1,723.15	6,924.71
	Occupancy rate (%)					
	End of May 2015	100.0	—	—	—	—
	End of Nov. 2015	100.0	95.3	100.0	100.0	—
	End of May 2016	100.0	98.6	100.0	100.0	99.3
	End of Nov. 2016	100.0	95.1	100.0	100.0	99.3
End of May 2017	100.0	90.3	100.0	100.0	99.3	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	409,131	1,038,014	78,618	45,540	299,338
	Rent revenue – real estate	409,131	1,032,701	78,618	45,540	299,338
	Other lease business revenue	—	5,312	—	—	—
	Total property leasing expenses (B) (thousand yen)	97,906	553,446	34,625	17,729	58,062
	Consignment expenses	14,726	100,169	7,669	4,819	20,840
	Utilities expenses	22,400	116,066	6,165	3,243	17,310
	Taxes and dues	27,200	103,211	8,998	4,029	214
	Non-life insurance expenses	314	1,528	110	56	263
	Repair expenses	408	70,922	1,618	326	1,739
	Depreciation (C)	32,856	161,427	10,062	5,254	17,690
	Other lease business expenses	—	120	—	—	3
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	311,224	484,567	43,993	27,811	241,275
	NOI (E) [(D) + (C)] (thousand yen)	344,081	645,995	54,056	33,065	258,966
Capital expenditures (F) (thousand yen)	2,608	180,476	2,100	2,653	14,800	
NCF [(E) – (F)] (thousand yen)	341,473	465,518	51,956	30,412	244,165	
Reference information	Expense rate (%) [(B) ÷ (A)]	23.93	53.32	44.04	38.93	19.40
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	53,883	202,886	17,772	7,988	70,212
	Estimated long-term repair expenses (thousand yen) (Note 2)	202,340	1,970,900	114,190	84,620	284,170

Region	Five Central Wards of Tokyo
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Property name		Kirin Nihonbashi Building (Note 4)	Daiwa Higashi-nihonbashi Building	Square Daikanyama Building (Note 4)	Shinjuku West Building	Shin Kanda Mikura-cho Building
Acquisition date		May 2016	June 2016	June 2016	July 2016	December 2016
Price information	Acquisition price (million yen)	8,180	6,370	2,280	942	1,592
	Investment ratio (%)	1.7	1.4	0.5	0.2	0.3
	Carrying amount (million yen)	8,316	6,389	2,391	983	1,609
	Estimated price at end of period (million yen)	8,290	6,750	2,530	1,200	1,700
Leasing information	Number of tenants (Note 1)	1	5	1	8	5
	Leasable floor area (m ²)	5,630.17	5,015.88	1,588.35	1,120.58	1,720.83
	Leased floor area (m ²)	5,630.17	5,015.88	1,588.35	1,120.58	1,196.17
	Occupancy rate (%)					
	End of May 2015	—	—	—	—	—
	End of Nov. 2015	—	—	—	—	—
	End of May 2016	100.0	—	—	—	—
End of Nov. 2016	100.0	100.0	100.0	100.0	—	
End of May 2017	100.0	100.0	100.0	100.0	69.5	
Income (loss) information	Number of days of asset management	182	182	182	182	162
	Total property leasing revenue (A) (thousand yen)	—	166,398	—	34,589	16,814
	Rent revenue – real estate	—	166,398	—	34,589	15,281
	Other lease business revenue	—	—	—	—	1,532
	Total property leasing expenses (B) (thousand yen)	—	49,122	—	9,707	18,910
	Consignment expenses	—	7,618	—	4,889	10,882
	Utilities expenses	—	10,625	—	2,392	1,297
	Taxes and dues	—	81	—	9	9
	Non-life insurance expenses	—	178	—	36	42
	Repair expenses	—	5,526	—	204	1,795
	Depreciation (C)	—	25,087	—	2,165	4,872
	Other lease business expenses	—	4	—	10	9
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	—	117,276	—	24,881	(2,095)
NOI (E) [(D) + (C)] (thousand yen)	170,892	142,363	27,898	27,046	2,777	
Capital expenditures (F) (thousand yen)	16,867	1,403	24,662	1,298	2,246	
NCF [(E) – (F)] (thousand yen)	154,025	140,960	3,235	25,748	530	
Reference information	Expense rate (%) [(B) ÷ (A)]	—	29.52	—	28.07	—
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	21,272	22,479	9,096	6,198	6,704
	Estimated long-term repair expenses (thousand yen) (Note 2)	216,720	158,880	45,044	79,330	74,026

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Region		Greater Tokyo				
Property name		Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North	Daiwa Osaki 3-chome	Daiwa Kamiooka	Integral Tower
Acquisition date		Oct. 2005	July 2007	Sept. 2012	Mar. 2013	May 2014
Price information	Acquisition price (million yen)	2,958	7,710	1,650	2,000	15,220
	Investment ratio (%)	0.6	1.6	0.4	0.4	3.2
	Carrying amount (million yen)	2,697	7,210	1,628	1,948	14,968
	Estimated price at end of period (million yen)	3,690	6,020	2,320	2,700	19,200
Leasing information	Number of tenants (Note 1)	7	14	5	9	9
	Leasable floor area (m ²)	4,461.47	6,548.17	1,786.06	2,630.30	17,778.14
	Leased floor area (m ²)	4,461.47	6,548.17	1,786.06	2,630.30	17,778.14
	Occupancy rate (%)					
	End of May 2015	100.0	90.0	100.0	100.0	99.5
	End of Nov. 2015	100.0	100.0	100.0	100.0	99.5
	End of May 2016	100.0	100.0	78.9	89.8	99.5
End of Nov. 2016	100.0	100.0	100.0	93.7	100.0	
End of May 2017	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	120,777	192,922	61,620	85,666	587,563
	Rent revenue – real estate	120,777	192,897	61,620	85,666	587,563
	Other lease business revenue	–	24	–	–	–
	Total property leasing expenses (B) (thousand yen)	57,837	86,630	22,205	37,292	267,599
	Consignment expenses	11,295	15,217	3,912	5,966	52,742
	Utilities expenses	11,589	13,950	2,848	6,827	66,397
	Taxes and dues	8,598	18,375	3,935	6,333	44,311
	Non-life insurance expenses	188	290	58	100	740
	Repair expenses	2,809	4,474	37	–	12,249
	Depreciation (C)	23,356	34,313	11,393	18,065	90,773
	Other lease business expenses	–	9	20	–	384
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	62,939	106,291	39,414	48,373	319,963
NOI (E) [(D) + (C)] (thousand yen)	86,296	140,605	50,808	66,439	410,737	
Capital expenditures (F) (thousand yen)	8,366	6,548	465	–	30,945	
NCF [(E) – (F)] (thousand yen)	77,929	134,056	50,343	66,439	379,791	
Reference information	Expense rate (%) [(B) ÷ (A)]	47.89	44.90	36.04	43.53	45.54
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	17,084	35,553	7,845	12,567	88,483
	Estimated long-term repair expenses (thousand yen) (Note 2)	228,260	331,160	37,912	24,782	834,324

Daiwa Office Investment Corporation (8976) Financial Report for the 23rd Fiscal Period

Region		Greater Tokyo		Major Regional Cities	
Property name		Meguro Daiwa Square	Ogikubo Daiwa	Daiwa Meieki	Daiwa Kitahama
Acquisition date		May 2015	July 2016	Feb. 2013	Aug. 2014
Price information	Acquisition price (million yen)	5,600	3,800	5,300	9,481
	Investment ratio (%)	1.2	0.8	1.1	2.0
	Carrying amount (million yen)	5,574	4,012	5,256	9,373
	Estimated price at end of period (million yen)	6,550	4,390	7,750	11,600
Leasing information	Number of tenants (Note 1)	16	11	26	6
	Leasable floor area (m ²)	3,519.50	3,849.63	7,461.90	13,517.62
	Leased floor area (m ²)	3,519.50	3,849.63	7,461.90	13,364.78
	Occupancy rate (%)				
	End of May 2015	100.0	—	98.5	100.0
	End of Nov. 2015	100.0	—	100.0	100.0
	End of May 2016	100.0	—	100.0	100.0
	End of Nov. 2016	96.1	100.0	100.0	100.0
End of May 2017	100.0	100.0	100.0	98.8	
Income (loss) information	Number of days of asset management	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	146,092	125,404	225,455	342,400
	Rent revenue – real estate	146,092	125,404	225,455	338,332
	Other lease business revenue	—	—	—	4,068
	Total property leasing expenses (B) (thousand yen)	59,716	42,188	93,879	144,796
	Consignment expenses	9,761	9,859	22,642	24,992
	Utilities expenses	8,762	6,125	14,083	30,816
	Taxes and dues	13,575	26	20,292	32,864
	Non-life insurance expenses	146	126	324	493
	Repair expenses	4,814	15,300	1,050	2,017
	Depreciation (C)	22,655	10,746	35,486	53,379
	Other lease business expenses	—	4	—	232
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	86,375	83,215	131,576	197,604
	NOI (E) [(D) + (C)] (thousand yen)	109,030	93,961	167,062	250,984
Capital expenditures (F) (thousand yen)	1,218	76,469	3,321	10,680	
NCF [(E) – (F)] (thousand yen)	107,812	17,491	163,740	240,304	
Reference information	Expense rate (%) [(B) ÷ (A)]	40.88	33.64	41.64	42.29
	Annual amount of fixed property tax, etc. for fiscal 2017 (thousand yen)	26,671	15,467	40,334	65,541
	Estimated long-term repair expenses (thousand yen) (Note 2)	110,053	161,340	170,803	264,054

(Note 1) Number of tenants is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.

(Note 2) Estimated long-term repair expenses are the total amount of repair expenses and renewal expenses estimated to arise over the 12-year period from the 1st year to the 12th year as stated in the building investigation diagnosis report.

(Note 3) Estimated long-term repair expenses of “Daiwa Kayabacho Building” are the total amount of repair expenses and renewal expenses estimated to arise over the 10-year period from the 1st year to the 10th year as stated in the building investigation diagnosis report.

(Note 4) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.