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REIT Financial Report for the 25th Fiscal Period

July 18, 2018

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 Stock Code No.: 8976
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 Name of Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
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Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): August 17, 2018
 Scheduled date of start of distribution payments: August 10, 2018

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 25th Fiscal Period

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

(1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
25th Period	¥13,440 million	5.5%	¥6,678 million	8.1%	¥5,888 million	7.9%	¥5,887 million	7.9%
24th Period	¥12,735 million	1.5%	¥6,177 million	0.7%	¥5,456 million	1.8%	¥5,455 million	1.8%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
25th Period	¥11,882	2.3%	1.2%	43.8%
24th Period	¥10,957	2.1%	1.1%	42.8%

(Note) Net income per unit is calculated using the following average number of investment units during the period:
 25th Fiscal Period: 495,505 units; 24th Fiscal Period: 497,869 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
25th Period	¥11,150	¥5,484 million	¥0	¥- million	93.2%	2.2%
24th Period	¥10,957	¥5,455 million	¥0	¥- million	100.0%	2.1%

(Note) Distribution amount per unit for the 25th Fiscal Period is calculated by dividing the amount obtained by deducting provision of reserve for reduction entry (¥403 million) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distribution amount per unit and net income per unit is due to the calculation. As acquisition and cancellation of own investment units were carried out, dividend payout for the 25th Fiscal Period is obtained by using the following calculation formula, rounded to one decimal place.
 Dividend payout = Total distribution amount (excluding distribution amount in excess of earnings) / Net income x 100

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(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
25th Period	¥467,040 million	¥253,676 million	54.3%	¥515,730
24th Period	¥483,173 million	¥256,796 million	53.1%	¥515,790

(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
25th Period	¥77,961 million	(¥37,368 million)	(¥24,480 million)	¥32,070 million
24th Period	¥6,572 million	(¥5,233 million)	(¥5,358 million)	¥15,958 million

2. Management Status Forecasts for the 26th Fiscal Period and 27th Fiscal Period

26th Fiscal Period: Fiscal period ending November 2018 (from June 1, 2018 to November 30, 2018)

27th Fiscal Period: Fiscal period ending May 2019 (from December 1, 2018 to May 31, 2019)

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

	Operating revenue		Operating income		Ordinary income		Net income	
26th Period	¥13,029 million	(3.1%)	¥6,459 million	(3.3%)	¥5,830 million	(1.0%)	¥5,828 million	(1.0%)
27th Period	¥12,964 million	(0.5%)	¥6,531 million	1.1	¥5,904 million	1.3%	¥5,902 million	1.3%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
26th Period	¥11,850	¥0
27th Period	¥12,000	¥0

(Reference) Estimated net income per unit for the 26th Fiscal Period: ¥11,850; 27th Fiscal Period: ¥12,000

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): | 25th Fiscal Period: 491,877 units | 24th Fiscal Period: 497,869 units |
| (ii) Total number of treasury units at end of period: | 25th Fiscal Period: – units | 24th Fiscal Period: – units |

(Note) Please refer to “Notes to Per Unit Information” on page 30 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 26th Fiscal Period and 27th Fiscal Period” on page 11.

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1. Affiliated Juridical Persons of the Investment Corporation

With regard to silent partnership equity in Godo kaisha Yokohama Office Management owned by the Investment Corporation which was described in the “Structure of the Investment Corporation” “(3) Structure of silent partnership in which the Investment Corporation invests” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 21, 2018), the investment has been terminated as the company was dissolved due to closure of business on April 30, 2018.

Disclosure is omitted for other parts because no significant changes have been made.

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, 2018) as of date of this document.

The Investment Corporation plans to submit a proposal for partial amendments to the Articles of Incorporation, including the “Targets and Policy of Asset Management,” for discussion at the 10th General Meeting of Unitholders scheduled to be held on August 20, 2018.

[Targets and Policy of Asset Management]

As a result of the revision to Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations (the “Association’s Regulation”) of The Investment Trusts Association, Japan, shares and contribution of certain Foreign Real Estate Holding Corporations were added to real estate, etc. (as defined in the Article 3, Paragraph 2 of the Association’s Regulation). Accordingly, amendments will be made to add the shares or contribution of the Foreign Real Estate Holding Corporations to real estate, etc. stipulated in the Articles of Incorporation of the Investment Corporation.

[Asset Management Fees to the Asset Manager]

In order to focus on management results and shift to an asset management fee system that improves the incentive for raising distributable amount, amendments will be made to link Management Fee I (based on assets under management), which was linked to the Investment Corporation’s cumulative acquisition price, to the total appraisal value of asset under management and to lower the fee rate from 0.1% to 0.05%, while at the same time raising the fee rate of Management Fee III (based on distributable amount), which is linked to distributable amount, from 2.0% to 3.5%. These changes to the Articles of Incorporation shall take effect on December 1, 2018, which is the first day of the 27th Fiscal Period of the Investment Corporation.

For details of proposals regarding partial amendments to the Articles of Incorporation, please refer to the press release “Notice concerning Amendments to Articles of Incorporation and Appointment of Directors, Etc.” dated July 18, 2018.

2.2. Management Status

2.2.1. 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 439,441 million yen as of the last day of May 2018.

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 2017 to May 2018)

The Japanese economy during the fiscal period under review saw real GDP growth rate (Second Preliminary Estimates) for January to March 2018 at an annual rate of -0.6%, indicating a temporary standstill in the recovery trend that had continued for eight 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 2.68% at the end of May 2018. 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, a strong appetite for property acquisitions continued among real estate companies, funds (including J-REITs) and overseas investors with the continuing proactive lending attitude by financial institutions.

b. Management Performance

In view of increasing the ordinary EPS (EPS (net income per unit) after deducting gain on sale from 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 “CONCURRED Yokohama” (acquisition price: 38,100 million yen) and “Daiwa Kanda East” (Note) (acquisition price: 4,200 million yen). Furthermore, the Investment Corporation divested “Daiwa Meieki Building” in December 2017, and three-sevenths out of six-sevenths of co-ownership interest in “Shinjuku Maynds Tower” in February 2018. As a result, the Investment Corporation’s assets under management as of the end of the 25th Fiscal Period (May 31, 2018) totaled 55 properties, the sum total of acquisition prices of which amounted to 439,441 million yen.

Concerning internal growth, while the office leasing market remained strong, 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 25th Fiscal Period (May 31, 2018) was 99.0%.

(Note) The name of Nippon Manpower Building was changed to Daiwa Kanda East on July 1, 2018. The same applies hereinafter in this document.

C. Overview of Capital Procurement

a. Procurement of Capital for Repayment of Borrowings

In the 25th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties and the repayment of borrowings.

- The Investment Corporation took out loans of 39,000 million yen in total from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd., Mizuho Bank, Ltd. and MUFG Bank, Ltd. on January 11, 2018 to fund the acquisition of a new property (CONCURRED Yokohama) acquired on the same day.
- The Investment Corporation took out loans of 5,000 million yen in total from Sumitomo Mitsui Trust Bank, Ltd. on February 28, 2018 to fund the repayment of loans of 6,850 million yen borrowed from Sumitomo Mitsui Trust Bank, Ltd., ORIX Bank Corporation and The Higashi-Nippon Bank, Limited which were due for repayment on the same day; and used cash on hand to repay the remaining amount.
- The Investment Corporation took out loans of 1,000 million yen in total from The Musashino Bank, Ltd. and The Gunma Bank, Ltd. on May 31, 2018 to fund the repayment of loans of 1,000 million yen in total borrowed from the same banks which were due for repayment on the same day.

The Investment Corporation executed early repayment of loans of 41,000 million yen in total borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd., Mizuho Bank, Ltd. and MUFG Bank, Ltd. on March 30, 2018.

In addition, The Investment Corporation executed early repayment of loans of 11,500 million yen in total borrowed from Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd. and Mizuho Trust & Banking Co., Ltd. on April 27, 2018.

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 25th Fiscal Period (May 31, 2018) stood at 188,950 million yen in total (long-term loans payable: 183,850 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 15,500 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 25th Fiscal Period stands at 4.2 years.

List of Borrowings in the 25th Fiscal Period

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
Sumitomo Mitsui Banking Corporation	12,000	2018/1/11	2018/5/31	0.4 year
Sumitomo Mitsui Trust Bank, Ltd.	9,000	2018/1/11	2018/5/31	0.4 year
MUFG Bank, Ltd.	9,000	2018/1/11	2018/5/31	0.4 year
Mizuho Bank, Ltd.	9,000	2018/1/11	2018/5/31	0.4 year
Sumitomo Mitsui Trust Bank, Ltd.	5,000	2018/2/28	2026/2/27	8.0 years
The Gunma Bank, Ltd.	500	2018/5/31	2025/5/30	7.0 years
The Musashino Bank, Ltd.	500	2018/5/31	2026/5/29	8.0 years

Balance of Borrowings from Each Financial Institution (as of May 31, 2018)

Lender	End of the 25th Fiscal Period (million yen)	Share (%) (Note)
Sumitomo Mitsui Banking Corporation	36,400	19.80
Sumitomo Mitsui Trust Bank, Limited	22,500	12.24
Development Bank of Japan Inc.	21,750	11.83
MUFG Bank, Ltd.	20,500	11.15
Mizuho Bank, Ltd.	18,400	10.01
Shinsei Bank, Ltd.	14,000	7.61
Resona Bank, Ltd.	12,500	6.80
The Bank of Fukuoka, Ltd.	5,500	2.99
Mizuho Trust and Banking Co., Ltd.	5,500	2.99
Kansai Urban Banking Corporation	5,000	2.72
Aozora Bank, Ltd.	3,000	1.63
The Nishi-Nippon City Bank Limited	3,000	1.63
The Gunma Bank, Ltd.	2,500	1.36
The 77 Bank, Ltd.	2,000	1.09
The Musashino Bank, Ltd.	2,000	1.09
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.09
The Yamaguchi Bank, Ltd.	2,000	1.09
ORIX Bank Corporation	1,500	0.82
Nippon Life Insurance Company	1,300	0.71
The Kagawa Bank, Ltd.	1,000	0.54
The Higashi-Nippon Bank, Limited	1,000	0.54
Taiyo Life Insurance Company	300	0.16
Fukoku Mutual Life Insurance Company	200	0.11
Total	183,850	100.00

(Note) Share is rounded to two decimal places.

c. Rating Information (as of May 31, 2018)

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

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 25th Fiscal Period of 13,440 million yen in operating revenue, 6,678 million yen in operating income, 5,888 million yen in ordinary income and 5,887 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")). On that basis, the Investment Corporation decided to distribute almost the entire amount (excluding fractions of the distribution amount per unit that are less than 1 yen) remaining after reserving part of unappropriated retained earnings as reduction entry and deducting provision of reserve for reduction entry from unappropriated retained earnings, through application of "Special Provisions on Taxation in the case of advance acquisition of land and such in 2009 and 2010" (Article 66-2 of the Special Taxation Measures Act). Accordingly, the Investment Corporation declared a distribution amount per unit of 11,150 yen.

In the fiscal period under review, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company and then cancelled all of the units. Such was executed for the enhancement of capital efficiency and return of profits to unitholders, after comprehensively taking into consideration the level of investment unit price, status of cash on hand, financial condition, market environment, etc. The total number of investment units acquired/cancelled during the fiscal period under review was 5,992 (1.2% of the total number of investment units issued and outstanding before the acquisition/cancellation), and the total acquisition price was 3,675,523,000 yen. As a result of the acquisition/cancellation of own investment units, a distribution amount per unit increased by 134 yen.

2.2.2. Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward was expected to continue to expand backed by solid trends in personal spending against the backdrop of a favorable employment environment and the improved income environment while the monetary easing policy implemented by Bank of Japan continued. However, the pace of growth is expected to stall temporarily due to factors which will slow export, such as the ending of inventory accumulation in Japan and the U.S. and ECB's announcement of plans to scale down quantitative easing. In addition, factors such as policies set out by the U.S. President Donald Trump, the downward swing of the Chinese economy, deterioration of European economy, rise of crude oil price, stricter overtime work regulations and consumption tax hike scheduled for October 2019 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 continue rising moderately as a consequence. In the office building transaction market, backed by the favorable financing environment, among other factors, the 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

While office leasing market conditions remain strong, large-scale relocations to new buildings for consolidation, etc. have become noticeable. Therefore, the Investment Corporation intends to improve its skill in building management by constantly attempting to grasp the latest tenant needs and market conditions, regularly reviewing management systems and such in order to be able to promptly respond when secondary or tertiary vacancies, etc. arise. 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 cancellation 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 25th Fiscal Period, the Investment Corporation acquired "CONCURRED Yokohama" located in Yokohama City, Kanagawa Prefecture and "Daiwa Kanda East" located in Tokyo. The Investment Corporation believes that acquisition of these properties 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 LTV, etc. based on appraisal value, 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 balance of 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

a. The Investment Corporation acquired trust beneficial interest in real estate on July 7, 2018 as follows.

Summary of Asset Acquired

Property name	Prime Kanda Building
Type of asset	Trust beneficial interest in domestic real estate (Note 1)
Location	2-8-2 Kanda Suda-cho, Chiyoda-ku, Tokyo
Acquisition Price	1,800 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	May 23, 2018
Date of delivery	June 7, 2018
Seller	Not disclosed (Note 2)

(Note 1) The asset is a trust beneficial interest with compartmentalized ownership of the B1 floor, part of the first floor and floors 4 to 10 as primary asset in trust.

(Note 2) The seller is a domestic special purpose company, which has not agreed to disclose its name.

b. The Investment Corporation decided on June 18, 2018 to acquire trust beneficial interest in real estate as follows

Summary of Asset Acquired

Property name	Kita-Shinagawa Gotenyama Building)
Type of asset	Trust beneficial interest in domestic real estate
Location	3-3-5 Kita-Shinagawa, Shinagawa-ku, Tokyo
Acquisition Price	2,500 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	June 18, 2018
Date of delivery	September 13, 2018 (Planned)
Seller	Danke Holdings Co., Ltd.

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 26th Fiscal Period (fiscal period ending November 2018 (from June 1, 2018 to November 30, 2018)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 26th Fiscal Period and 27th Fiscal Period” on page 11.

26th Fiscal Period (fiscal period ending November 2018 (from June 1, 2018 to November 30, 2018))

Operating revenue	13,029 million yen
Operating income	6,459 million yen
Ordinary income	5,830 million yen
Net income	5,828 million yen
Distribution amount per unit	11,850 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 26th Fiscal Period and 27th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 27th Fiscal Period (fiscal period ending May 2019 (from December 1, 2018 to May 31, 2019)).

27th Fiscal Period (fiscal period ending May 2019 (from December 1, 2018 to May 31, 2019))

Operating revenue	12,964 million yen
Operating income	6,531 million yen
Ordinary income	5,904 million yen
Net income	5,902 million yen
Distribution amount per unit	12,000 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 26th Fiscal Period and 27th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 26th Fiscal Period: Assets under management are assumed to be the 55 properties owned as of May 31, 2018, plus the 1 property (Prime Kanda Building) acquired in June 2018 and 1 property (Kita-Shinagawa Gotenyama Building) to be acquired in September 2018, to total 57 properties. • 27th Fiscal Period: Assets under management are assumed to be the above 57 properties. • 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.
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 sale from real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 7,769 million yen in the 26th Fiscal Period and 7,841 million yen in the 27th Fiscal Period. • Consignment expenses are expected to be 886 million yen in the 26th Fiscal Period and 889 million yen in the 27th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,045 million yen in the 26th Fiscal Period and 1,030 million yen in the 27th 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. As such, fixed property tax, city planning tax, etc. for properties acquired in 2018 will be recorded as expenses starting from the fiscal 2019. • Depreciation is expected to be 1,708 million yen in the 26th Fiscal Period and 1,745 million yen in the 27th Fiscal Period. • Asset Management Fees are expected to be 1,056 million yen in the 26th Fiscal Period and 1,054 million yen in the 27th Fiscal Period. For the 27th Fiscal Period, the amount is calculated based on the amended fee rate stated in “2. Management Policy and Management Status 2.1. Management Policy [Asset Management Fees to the Asset Manager] on page 4, assuming the amendments to the Articles of Incorporation be approved (The total appraisal value of asset under management to be multiplied by Management Fee I is the estimated value as of the end of the 25th Fiscal Period.) .
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 26th Fiscal Period are expected to be 628 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 624 million yen. • Non-operating expenses in the 27th Fiscal Period are expected to be 626 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 621 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 187,950 million yen at the end of the 26th Fiscal Period and 187,950 million yen at the end of the 27th Fiscal Period • In the 26th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on July 31, 2018 (1,000 million yen) will be refinanced. As to the borrowings due for repayment on August 31, 2018 (4,500 million yen), it is assumed that 1,000 million yen will be repaid as scheduled and the remaining 3,500 million yen will be refinanced. • In the 27th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on February 28, 2019 (2,500 million yen), March 29, 2019 (6,000 million yen) and May 31, 2019 (1,500 million yen) 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 491,877 units as of May 31, 2018. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 27th 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

The following content will be added as “(b) Risk that asset to be acquired cannot be incorporated into the portfolio” to “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks; 3.1. Risk Factors; 3.1.6. Other” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 21, 2018).

(b) Risk that asset to be acquired cannot be incorporated into the portfolio

The Investment Corporation has concluded a purchase agreement for trust beneficial interest in Kita-Shinagawa Gotenyama Building and future acquisition is scheduled.

However, the Investment Corporation may not be able to acquire the property above as scheduled because of failure to fulfill certain terms and conditions provided in the agreement or because of cancellation of the agreement due to such factors as significant changes in the market environment, financing environment, etc. or individual circumstances of the seller or the Investment Corporation during the period from the date of this document to asset acquisition. In such case, the Investment Corporation may not be able to generate the projected operating revenue and, as a result, the distribution amount per unit may fall below the projected amount.

In addition, “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks; 3.1. Risk Factors; 3.1.4. Risks concerning Real Estate and Beneficial Interest in Trust; (xxii) Risk concerning forward commitments” set out in the abovementioned periodic securities report (*yuka shoken hokokusho*) will be amended as follows (amendments are underlined)

(xxii) Risk concerning forward commitments

The Investment Corporation may use forward commitments (forward commitments is defined as “a sale and purchase agreement binding for forward and future transactions, with respect to which the settlement and delivery take place one or more months after the signing of the agreement”) to acquire real estate or trust beneficial interest that have real estate as assets in trust. When the purchase agreement is cancelled due to the buyer’s circumstances, the buyer will be liable for damages due to default in obligations. Moreover, regardless of proof of the amount of damages, etc., there may be an agreement made to the effect that a penalty that is a certain percentage of the purchasing price of the real estate or trust beneficial interest that have real estate as assets in trust shall apply. In the event of forward commitments, there is a certain period of time from the signing of the agreement to the settlement and delivery. In cases where the Investment Corporation fails to procure funds for the real estate acquisition due to such factors as changes in the market environment or other cases leading to the need to cancel the purchase agreement during that period, there is a possibility that the financial condition of the Investment Corporation will deteriorate due to payment of the penalty, etc.

The Investment Corporation has concluded a purchase agreement for trust beneficial interest in Kita-Shinagawa Gotenyama Building and future acquisition is scheduled. This purchase agreement falls under the category of the forward commitments above. If there is a violation of any of the provisions of the purchase agreement with the seller of the property by either the Investment Corporation or the seller, the other party can cancel the purchase agreement and demand an amount equivalent to 10% of the purchasing price as a penalty.

3. Financial Statements

3.1. Balance Sheets

(Unit: thousand yen)

	24th Fiscal Period [As of Nov. 2017]	25th Fiscal Period [As of May 31, 2018]
Assets		
Current assets		
Cash and deposits	14,289,857	28,687,859
Cash and deposits in trust	1,668,622	3,383,052
Operating accounts receivable	222,262	180,947
Income taxes receivable	-	16,267
Prepaid expenses	344,392	338,534
Deferred tax assets	4,896	5,348
Other	84,121	36,817
Total current assets	16,614,151	32,648,828
Noncurrent assets		
Property, plant and equipment		
Buildings	3,253,750	3,260,320
Accumulated depreciation	(2,064,500)	(2,148,056)
Buildings, net	1,189,250	1,112,264
Structures	14,344	14,344
Accumulated depreciation	(5,220)	(5,691)
Structures, net	9,124	8,652
Tools, furniture and fixtures	23,975	19,917
Accumulated depreciation	(11,726)	(8,805)
Tools, furniture and fixtures, net	12,249	11,111
Land	12,302,226	12,302,226
Construction in progress	3,619	3,687
Buildings in trust	105,126,884	100,613,702
Accumulated depreciation	(23,767,949)	(20,611,255)
Buildings in trust, net	*1 81,358,934	*1 80,002,446
Structures in trust	970,959	722,262
Accumulated depreciation	(222,278)	(159,378)
Structures in trust, net	748,681	562,883
Machinery and equipment in trust	998,774	765,971
Accumulated depreciation	(475,578)	(378,845)
Machinery and equipment in trust, net	523,196	387,125
Tools, furniture and fixtures in trust	257,137	228,474
Accumulated depreciation	(125,831)	(117,569)
Tools, furniture and fixtures in trust, net	131,306	110,904
Land in trust	360,772,887	335,174,786
Construction in progress in trust	1,519,315	821,310
Total property, plant and equipment	458,570,791	430,497,400
Intangible assets		
Right of trademark	433	378
Leasehold rights	2,398,275	2,398,275
Leasehold rights in trust	306,884	306,884
Other	28,199	24,679
Total intangible assets	2,733,792	2,730,218

(Unit: thousand yen)

	24th Fiscal Period [As of Nov. 2017]	25th Fiscal Period [As of May 31, 2018]
Investments and other assets		
Investment securities	3,951,142	-
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,002,820	903,806
Deferred tax assets	92,582	35,145
Derivatives	63,861	83,268
Other	10,020	10,020
Total investments and other assets	5,234,111	1,145,925
Total noncurrent assets	466,538,695	434,373,544
Deferred assets		
Investment corporation bonds issuance costs	20,589	17,651
Total deferred assets	20,589	17,651
Total assets	483,173,437	467,040,024
Liabilities		
Current liabilities		
Operating accounts payable	814,019	872,092
Short-term loans payable	2,000,000	-
Current portion of long-term loans payable	17,350,000	15,500,000
Accounts payable – other	425,557	534,701
Income taxes payable	869	655
Accrued consumption taxes	256,957	296,361
Advances received	2,046,248	2,073,799
Other	304,745	524,627
Total current liabilities	23,198,399	19,802,238
Noncurrent liabilities		
Investment corporation bonds	5,100,000	5,100,000
Long-term loans payable	179,850,000	168,350,000
Tenant leasehold and security deposits	17,140,303	17,709,854
Tenant leasehold and security deposits in trust	491,739	1,792,654
Derivatives liabilities	596,906	434,526
Other	-	174,578
Total noncurrent liabilities	203,178,949	193,561,614
Total liabilities	226,377,349	213,363,852
Net Assets		
Unitholders' equity		
Unitholders' capital	251,551,759	251,551,759
Deduction from unitholders' capital	-	*2 (3,675,523)
Unitholders' capital, net	251,551,759	247,876,236
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)	5,455,377	5,887,688
Total surplus	5,619,540	6,051,850
Total unitholders' equity	257,171,299	253,928,086
Valuation and translation adjustments		
Deferred gains or losses on hedges	(375,211)	(251,915)
Total valuation and translation adjustments	(375,211)	(251,915)
Total net assets	*3 256,796,087	*3 253,676,171
Total liabilities and net assets	483,173,437	467,040,024

3.2. Statements of Income

(Unit: thousand yen)

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]		25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	
Operating revenue				
Rent revenue – real estate	*1	12,718,363	*1	12,868,665
Other lease business revenue	*1	16,863	*1	41,409
Gain on sales of real estate properties		-	*2	481,733
Dividend income		-		48,820
Total operating revenue		12,735,226		13,440,629
Operating expenses				
Expenses related to rent business	*1	5,279,234	*1	5,410,175
Asset management fees		1,048,416		1,064,807
Asset custody fees		24,124		24,796
Administrative service fees		75,117		76,500
Trust fees		18,594		19,738
Directors' compensation		7,200		7,200
Other operating expenses		105,291		158,669
Total operating expenses		6,557,978		6,761,887
Operating income		6,177,247		6,678,741
Non-operating income				
Interest income		91		9
Reversal of distribution payable		479		697
Miscellaneous income		-		137,418
Insurance income		1,589		898
Total non-operating income		2,160		139,024
Non-operating expenses				
Interest expenses		548,019		542,083
Interest expenses on investment corporation bonds		16,707		16,892
Borrowing expenses		153,930		144,081
Loss on fire		-		125,588
Other		4,708		100,879
Total non-operating expenses		723,366		929,524
Ordinary income		5,456,041		5,888,241
Income before income taxes		5,456,041		5,888,241
Income taxes – current		883		774
Income taxes – deferred		3		5
Total income taxes		887		780
Net income		5,455,154		5,887,460
Retained earnings brought forward		223		227
Unappropriated retained earnings (undisposed loss)		5,455,377		5,887,688

3.3. Statements of Unitholders' Equity

24th Fiscal Period (from June 1, 2017 to November 30, 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	5,359,285	5,523,447	257,075,206
Changes of items during the period						
Dividends from surplus				(5,359,061)	(5,359,061)	(5,359,061)
Net income				5,455,154	5,455,154	5,455,154
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	—	96,092	96,092	96,092
Balance at end of current fiscal period	251,551,759	164,162	164,162	5,455,377	5,619,540	257,171,299

	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	(514,581)	(514,581)	256,560,625
Changes of items during the period			
Dividends from surplus			(5,359,061)
Net income			5,455,154
Net changes of items other than shareholders' equity	139,369	139,369	139,369
Total changes of items during the period	139,369	139,369	235,462
Balance at end of current fiscal period	(375,211)	(375,211)	256,796,087

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

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	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	—	251,551,759	164,162	164,162	5,455,377	5,619,540
Changes of items during the period							
Dividends from surplus						(5,455,150)	(5,455,150)
Net income						5,887,460	5,887,460
Acquisition of own investment units							
Cancellation of own investment units		(3,675,523)	(3,675,523)				
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	(3,675,523)	(3,675,523)	—	—	432,310	432,310
Balance at end of current fiscal period	251,551,759	(3,675,523)	247,876,236	164,162	164,162	5,887,688	6,051,850

	Unitholders' equity		Total valuation and translation adjustments		Total net assets
	Own investment units	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	—	257,171,299	(375,211)	(375,211)	256,796,087
Changes of items during the period					
Dividends from surplus		(5,455,150)			(5,455,150)
Net income		5,887,460			5,887,460
Acquisition of own investment units	(3,675,523)	(3,675,523)			(3,675,523)
Cancellation of own investment units	3,675,523	—			—
Net changes of items other than shareholders' equity			123,296	123,296	123,296
Total changes of items during the period	—	(3,243,213)	123,296	123,296	(3,119,917)
Balance at end of current fiscal period	—	253,928,086	(251,915)	(251,915)	253,676,171

3.4. Statements of Cash Distributions

Item	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	5,455,377,793	5,887,688,126
II. Distribution amount [Distribution amount per unit]	5,455,150,633 (10,957)	5,484,428,550 (11,150)
III. Voluntary retained earnings Provision of reserve for reduction entry	-	403,259,576
IV. Retained earnings carried forward	227,160	-
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 5,455,150,633 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 (491,877 units) in an amount that is not in excess of the remaining amount obtained after deducting provision of reserve for reduction entry defined in Article 66-2 of the Special Taxation Measures Act from unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,484,428,550 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)

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
Net cash provided by (used in) operating activities		
Income before income taxes	5,456,041	5,888,241
Depreciation and amortization	1,772,415	1,775,614
Amortization of investment corporation bonds issuance costs	2,954	2,938
Interest income	(91)	(9)
Interest expenses	564,727	558,975
(Increase) Decrease in operating accounts receivable	(77,107)	41,314
Decrease (increase) in accounts receivable - other	—	(2,214)
(Increase) Decrease in prepaid expenses	27,453	5,857
Increase (decrease) in operating accounts payable	(286,501)	(27,529)
Increase (decrease) in accounts payable – other	(543)	8,045
Increase (decrease) in accrued consumption taxes	(79,493)	39,403
Increase (decrease) in advances received	5,631	27,551
(Increase) Decrease in long-term prepaid expenses	68,370	99,013
Decrease from sales of property, plant and equipment in trust	—	69,827,449
Other, net	(316,146)	293,398
Subtotal	7,137,710	78,538,048
Interest income received	91	9
Interest expenses paid	(564,819)	(558,883)
Income taxes paid	(956)	(17,257)
Net cash provided by (used in) operating activities	6,572,025	77,961,917
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(48,802)	(7,835)
Purchase of property, plant and equipment in trust	(1,562,150)	(43,357,161)
Purchase of intangible assets	(31,259)	—
Purchase of investment securities	(3,951,142)	—
Proceeds from withdrawal of investment securities	—	3,951,142
Proceeds from tenant security deposits	970,585	2,835,391
Proceeds from tenant security deposits in trust	—	1,562,855
Repayments of tenant security deposits	(610,851)	(2,246,747)
Repayments of tenant security deposits in trust	—	(106,455)
Net cash provided by (used in) investing activities	(5,233,620)	(37,368,810)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	1,000,000	39,000,000
Repayment of short-term loans payable	—	(41,000,000)
Proceeds from long-term loans payable	10,550,000	6,000,000
Repayment of long-term loans payable	(11,550,000)	(19,350,000)
Purchase of own investment units	—	(3,675,523)
Dividends paid	(5,358,341)	(5,455,151)
Net cash provided by (used in) financing activities	(5,358,341)	(24,480,674)
Net increase (decrease) in cash and cash equivalents	(4,019,936)	16,112,432
Cash and cash equivalents at beginning of period	19,978,415	15,958,479
Cash and cash equivalents at end of period	*1 15,958,479	32,070,911

3.6. Notes to the Going Concern

Not applicable.

3.7. Notes to Significant Accounting Policies

1. Evaluation criteria and method for assets	<p>Securities Other securities Securities without fair value Moving-average cost method is adopted. A method to take in the amount equivalent to ownership interest in silent partnership on a net basis is adopted for silent partnership equity interest.</p>
2. 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: Buildings 2~64 years Structures 10~56 years Machinery and equipment 7~23 years Tools, furniture and fixtures 5~15 years</p> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>
3. Accounting policies for deferred assets	<p>Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p>
4. 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 0 yen in the 24th Fiscal Period and 126,300 thousand yen in the 25th Fiscal Period.</p>
5. 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>
6. Scope of funds in the statements of cash flows	<p>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>

<p>7. 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.</p> <ul style="list-style-type: none"> (i) Cash and deposits in trust (ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust (iii) Leasehold rights in trust (iv) Lease and guarantee deposits in trust (v) Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption 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.

24th Fiscal Period [As of November 30, 2017]		25th Fiscal Period [As of May 31, 2018]	
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

*2. Status of cancellation of own investment units

24th Fiscal Period [As of November 30, 2017]		25th Fiscal Period [As of May 31, 2018]	
Total number of investment units cancelled	-		5,992 units
Total amount cancelled	-		3,675,523 thousand yen

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

24th Fiscal Period [As of November 30, 2017]		25th Fiscal Period [As of May 31, 2018]	
	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)

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
A. Property leasing revenue		
Rent revenue – real estate	12,718,363	12,868,665
Other lease business revenue	16,863	41,409
Total property leasing revenue	12,735,226	12,910,074
B. Property leasing expenses		
Consignment expenses	969,049	962,222
Utilities expenses	1,095,647	998,451
Taxes and dues	1,110,288	1,108,572
Non-life insurance expenses	14,770	14,249
Repair expenses	267,966	505,704
Depreciation	1,768,826	1,772,039
Other lease business expenses	52,684	48,935
Total property leasing expenses	5,279,234	5,410,175
C. Operating income (loss) from property leasing [A – B]	7,455,991	7,499,899

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

24th Fiscal Period [From: June 1, 2017 To: November 30, 2017]

Not applicable.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Daiwa Meieki

Proceeds from sales of real estate properties	8,301,326	
Cost of sales of real estate properties	5,217,313	
Other expenses on sales	124,549	
Gain on sales of real estate properties		2,959,463

Shinjuku Maynds Tower (three-sevenths out of six-sevenths of co-ownership interest)

Proceeds from sales of real estate properties	62,500,000	
Cost of sales of real estate properties	64,610,135	
Other expenses on sales	367,594	
Loss on sales of real estate properties		2,477,729

[Notes to Statements of Unitholders' Equity]

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
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	491,877 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)	
	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
Cash and deposits	14,289,857	28,687,859
Cash and deposits in trust	1,668,622	3,383,052
Cash and cash equivalents	15,958,479	32,070,911

[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.

Investment securities are for investments in silent partnerships and are exposed to credit risk of issuers, fluctuation risk of values, etc., of real estate, etc. and interest rate. However, such risks are controlled by regularly discerning the financial status of issuers and values, etc. of real estate, 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)).

24th Fiscal Period [As of November 30, 2017]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	14,289,857	14,289,857	—
(2) Cash and deposits in trust	1,668,622	1,668,622	—
Total assets	15,958,479	15,958,479	—
(3) Short-term loans payable	2,000,000	2,000,000	—
(4) Current portion of long-term loans payable	17,350,000	17,364,931	14,931
(5) Investment corporation bonds	5,100,000	5,175,450	75,450
(6) Long-term loans payable	179,850,000	179,753,467	(96,532)
Total liabilities	204,300,000	204,293,849	(6,150)
Derivative transactions (*)	(548,483)	(548,483)	—

25th Fiscal Period [As of May 31, 2018]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	28,687,859	28,687,859	—
(2) Cash and deposits in trust	3,383,052	3,383,052	—
Total assets	32,070,911	32,070,911	—
(3) Short-term loans payable	—	—	—
(4) Current portion of long-term loans payable	15,500,000	15,510,391	10,391
(5) Investment corporation bonds	5,100,000	5,168,640	68,640
(6) Long-term loans payable	168,350,000	168,312,077	(37,922)
Total liabilities	188,950,000	188,991,109	41,109
Derivative transactions (*)	(368,207)	(368,207)	—

(*) 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 is 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) Carrying amount of financial products for which it is extremely difficult to estimate fair value

(Unit: thousand yen)

	24th Fiscal Period [As of November 30, 2017]	25th Fiscal Period [As of May 31, 2018]
Investment securities*1	3,951,142	—
Tenant leasehold and security deposits*2	17,140,303	17,709,854
Tenant leasehold and security deposits in trust*2	491,739	1,792,654
Total	21,583,184	19,502,509

(*1) Silent partnership equity interest recorded as investment securities are not subject to disclosure of fair value as there is no market price and discerning of the fair value is recognized to be extremely difficult.

(*2) 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.

24th Fiscal Period [As of November 30, 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	14,289,857	—	—	—	—	—
Cash and deposits in trust	1,668,622	—	—	—	—	—
Total	15,958,479	—	—	—	—	—

25th Fiscal Period [As of May 31, 2018]

(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	28,687,859	—	—	—	—	—
Cash and deposits in trust	3,383,052	—	—	—	—	—
Total	32,070,911	—	—	—	—	—

(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.

24th Fiscal Period [As of November 30, 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	2,000,000	—	—	—	—	—
Current portion of long-term loans payable	17,350,000	—	—	—	—	—
Investment corporation bonds	—	3,000,000	—	—	—	2,100,000
Long-term loans payable	—	22,000,000	31,600,000	24,200,000	31,600,000	70,450,000
Total	19,350,000	25,000,000	31,600,000	24,200,000	31,600,000	72,550,000

25th Fiscal Period [As of May 31, 2018]

(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
Current portion of long-term loans payable	15,500,000	—	—	—	—	—
Investment corporation bonds	—	3,000,000	—	—	—	2,100,000
Long-term loans payable	—	19,500,000	33,300,000	21,500,000	30,600,000	63,450,000
Total	15,500,000	22,500,000	33,300,000	21,500,000	30,600,000	65,550,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

24th Fiscal Period [As of November 30, 2017]
Not applicable.

25th Fiscal Period [As of May 31, 2018]
Not applicable.

(2) Transactions for which hedge accounting is applied

24th Fiscal Period [As of November 30, 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	105,100,000	(548,483)	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	14,350,000	7,000,000	(*)	—
Total			126,950,000	112,100,000	(548,483)	—

25th Fiscal Period [As of May 31, 2018]

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	105,100,000	96,100,000	(368,207)	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	4,500,000	2,000,000	(*)	—
Total			109,600,000	98,100,000	(368,207)	—

(*) 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]

(1) Parent company and major corporate unitholders, etc.

24th Fiscal Period [From: June 1, 2017 To: November 30, 2017]

Not applicable.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Not applicable.

(2) Affiliated companies, etc.

24th Fiscal Period [From: June 1, 2017 To: November 30, 2017]

Not applicable.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Not applicable.

(3) Sister companies, etc.

24th Fiscal Period [From: June 1, 2017 To: November 30, 2017]

Not applicable.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Category	Name of company, etc.	Location	Capital stock or investments in capital	Business description	Rate of voting rights, etc. held by related party (held in the Investment Corporation)	Relation with Related Parties	Nature of transaction	Transaction amount (thousand yen)	Account	Balance at end of period (thousand yen)
Subsidiary of Other affiliated company	Godo kaisha Yokohama Office Management	Chuo-ku, Tokyo	400,000 yen	Real estate business	—	Purchase of trust beneficial interest in real estate	Purchase of trust beneficial interest in real estate (Note 1, 2, 3)	38,100,000	—	—

Of amounts indicated above, transaction amount does not include consumption tax, etc.

(Note 1) Transaction terms and conditions were determined based on the market.

(Note 2) Terms and conditions with interested persons were determined according to the regulation concerning conflict of interest in the internal rule of the Asset Manager.

(Note 3) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is quasi co-ownership equivalent to 75% of the entire CONCURRED Yokohama.

(4) Officers and major individual unitholders, etc.

24th Fiscal Period [From: June 1, 2017 To: November 30, 2017]

Not applicable.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

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)

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
Carrying amount		
Balance at beginning of period	460,986,036	459,753,017
Amount of increase (decrease) during period	(1,233,019)	(27,375,454)
Balance at end of period	459,753,017	432,377,563
Fair value at end of period	527,130,000	506,040,000

(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 24th Fiscal Period, the amount of decrease is mainly attributable to depreciation (1,768 million yen). The amount of increase in the 25th Fiscal Period is mainly attributable to acquisition of two properties (CONCURRED Yokohama and Daiwa Kanda East) (42,300 million yen) and the amount of decrease is mainly attributable to divestment of Daiwa Meieki Building and Shinjuku Maynds Tower (three-sevenths out of six-sevenths of co-ownership interest) (69,827 million yen) and depreciation (1,772 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

24th Fiscal Period [From: June 1, 2017 To: November 30, 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 figure to a single external customer accounts for less than 10% of the operating revenue on statements of income.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

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 figure to a single external customer accounts for less than 10% of the operating revenue on statements of income.

[Notes to Per Unit Information]

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
Net assets per unit	515,790 yen	515,730 yen
Net income per unit	10,957 yen	10,882 yen

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period. 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.

	24th Fiscal Period [From: June 1, 2017 To: Nov. 30, 2017]	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]
Net income (thousand yen)	5,455,154	5,887,460
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	5,455,154	5,887,460
Average number of investment units during the period (unit)	497,869	495,505

[Notes to Significant Subsequent Events]

1. Acquisition of Assets

(a) The Investment Corporation acquired trust beneficial interest in real estate on June 7, 2018 as follows.

Summary of Asset Acquired

Property name	Prime Kanda Building
Type of asset	Trust beneficial interest in domestic real estate (Note 1)
Location	2-8-2 Kanda Suda-cho, Chiyoda-ku, Tokyo
Acquisition Price	1,800 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	May 23, 2018
Date of delivery	June 7, 2018
Seller	Not disclosed (Note 2)

(Note 1) The asset is a trust beneficial interest with compartmentalized ownership of the B1 floor, part of the first floor and floors 4 to 10 as primary asset in trust.

(Note 2) The seller is a domestic special purpose company, which has not agreed to disclose its name.

(b) The Investment Corporation decided on June 18, 2018 to acquire trust beneficial interest in real estate as follows

Summary of Asset Acquired

Property name	Kita-Shinagawa Gotenyama Building
Type of asset	Trust beneficial interest in domestic real estate
Location	3-3-5 Kita-Shinagawa, Shinagawa-ku, Tokyo
Acquisition Price	2,500 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	June 18, 2018
Date of delivery	September 13, 2018 (Planned)
Seller	Danke Holdings Co., Ltd.

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

Since no capital increase, etc. were conducted in the 25th 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 25th 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)
May 31, 2018	Cancellation	(5,992)	491,877	(3,675)	247,876	(Note 7)

(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.

(Note 7) In the period from March 1, 2018 to May 18, 2018, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (5,992 units) on May 31, 2018 based on the resolution at its Board of Directors meeting held on May 28, 2018.

4. Changes in Directors

4.1. Changes in Directors at the Investment Corporation

Not applicable.

Yoshimi Murakami will resign from executive director on August 20, 2018 at his term.

The Investment Corporation plans to submit the proposal for the appointment of the executive director at the 10th Unitholder's meeting scheduled to be held on August 20, 2018 as follows. If the proposal is approved, the candidate shall assume the office on the same day.

Candidate for Executive Director: Motoi Takahashi

Name	Career summary		Number of shares owned (shares)
Motoi Takahashi	Apr. 1980	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
	Apr. 1999	Managing Director of Capital Market I Department of Daiwa Securities SB Capital Markets Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Jul. 2002	Head of Corporate Finance III Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Jun. 2003	Head of Corporate Finance II Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Jun. 2004	Head of Corporate Finance I Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Apr. 2005	Senior Managing Director (in charge of planning) of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Apr. 2006	Senior Managing Director (in charge of public institutions) of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Apr. 2008	Executive Managing Director (in charge of public institutions) of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Jan. 2010	Executive Managing Director (in charge of public institutions) of Daiwa Securities Capital Markets Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Apr. 2010	Executive Managing Director (in charge of syndicate, capital market, initial public offering and investment programs) of Daiwa Securities Capital Markets Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
	Apr. 2011	Senior Executive Managing Director of Daiwa Institute of Research Ltd.	
	Apr. 2016	Advisor of Daiwa Institute of Research Ltd.	

4.2. Changes in Directors at the Asset Manager

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 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)	—

Title	Name	Career summary		Number of shares owned (shares)
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 Apr. 2012 Oct. 2013 Apr. 2014 Apr. 2017	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 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)	—
Executive Managing Director (Head of Acquisition and Asset Management Division and Origination Department)	Toshio Fukushima	Apr. 1992 Jul. 2004 Aug. 2009 Mar. 2011 Jun. 2013 Nov. 2015 Apr. 2016 Apr. 2017 Oct. 2017 Apr. 2018	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. Director and Head of Acquisition and Asset Management Division and Origination Department of Daiwa Real Estate Asset Management Co., Ltd. Executive Managing Director and Head of Acquisition and Asset Management Division and Origination Department of Daiwa Real Estate Asset Management Co., Ltd. (current position)	—
Director (Head of Administration)	Hajime Imbe	Apr. 1988	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—

Title	Name	Career summary		Number of shares owned (shares)
Department)		Jun. 2006	Managing Director of Human Resources Department of Daiwa Securities Group Inc.	
		Apr. 2009	Managing Director of Investment Banking Strategic Planning Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
		Jan. 2010	Managing Director of Global Investment Banking Planning Department of Daiwa Securities Capital Markets Co. Ltd.	
		Oct. 2010	Managing Director of Corporate Business Planning Department of Daiwa Securities Co. Ltd.	
		Apr. 2012	Managing Director of Corporate Division Planning Department of Daiwa Securities Co. Ltd.	
		Apr. 2013	Managing Director of Corporate Business Planning Department of Daiwa Securities Co. Ltd.	
		Apr. 2017	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)	
		Mar. 2018	Executive Director of Daiwa Hotel Private Investment Corporation (current position)	
Director (part-time)	Mikita Komatsu	Apr. 1985	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		Oct. 2005	Head of Finance Department of Daiwa Securities Group Inc.	
		Oct. 2008	President of Daiwa Securities SMBC Europe Limited (currently Daiwa Capital Markets Europe Limited)	
		Apr. 2010	Senior Managing Director of Daiwa Securities Capital Markets Co. Ltd.	
		Apr. 2011	Senior Managing Director of Daiwa Securities Group Inc.	
		Apr. 2012	Director (part-time) of Daiwa Real Estate Asset Management Co., Ltd. (current position)	
		Apr. 2013	Executive Managing Director of Daiwa Securities Group Inc.	
		Apr. 2016	Senior Managing Director of Daiwa Securities Group Inc.	
		Jun. 2016	Director and Senior Managing Director of Daiwa Securities Group Inc. (current position)	
Director (part-time)	Naoya Otani	Apr. 1988	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		Jun. 2006	Managing Director of Legal Department and Corporate Planning Department of Daiwa Securities Group Inc.	
		Apr. 2009	Managing Director of Corporate Planning Department of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	
		Jul. 2011	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)	
		Apr. 2017	Director of Daiwa Real Estate Asset Management Co. Ltd. (part-time) (current position)	
		Jun. 2017	Auditor of Nippon Record Keeping Network Co., Ltd. (part-time) (current position)	
Auditor	Tamaki Shibayama	Apr. 1982 Sept. 1986	Joined the Japan Chamber of Commerce and Industry Joined Daiwa Securities Co., Ltd.	—

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

(Note) Toshio Fukushima assumed office as Executive Managing Director on April 1, 2018.

5. Reference Information

5.1. Investment Status

Type of asset	Use	Region	25th Fiscal Period (As of May 31, 2018)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo (Note 2)	15,832	3.4
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	330,163	70.7
		Greater Tokyo (Note 3)	77,104	16.5
		Major Regional Cities (Note 4)	9,276	2.0
Total			432,377	92.6
Deposits and other assets			34,662	7.4
Total amount of assets (Note 5)			467,040	100.0
			[432,377]	[92.6]

(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 Five Central Wards of Tokyo are Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards.

(Note 3) Tokyo Metropolitan Area is Tokyo, Kanagawa, Chiba and Saitama Prefectures (excluding the Five Central Wards of Tokyo).

(Note 4) Regional Major Cities are the Osaka metropolitan area (Osaka, Kyoto and Hyogo Prefectures), Nagoya metropolitan area (Aichi, Mie and Gifu Prefectures), and ordinance-designated cities and core cities set forth in the Local Autonomy Act.

(Note 5) 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, 2018)

5.2.1. Price and Investment Ratio of Investment Real Estate Properties

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 1)	Carrying amount (million yen) (Note 2)	Estimated price at end of period (million yen) (Note 3)	Investment ratio (%) (Note 4)
Five Central Wards of Tokyo	Daiwa Ginza	Real estate	14,100	13,064	17,400	3.2
	Daiwa Ginza Annex		3,050	2,767	3,840	0.7
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,014	7,870	1.9
	Daiwa Minami-Aoyama		4,550	4,425	4,640	1.0
	Daiwa Sarugakucho		3,190	3,194	3,840	0.7
	Daiwa A Hamamatsucho (Note 5)		2,865	2,777	3,610	0.7
	Daiwa Jingumae		2,800	2,711	2,460	0.6
	Daiwa Shibadaimon		2,578	2,398	3,110	0.6
	Daiwa Misakicho		2,346	2,151	2,860	0.5
	Daiwa Shimbashi 510		2,080	2,141	2,530	0.5
	Daiwa Tsukijiekimae		1,560	1,289	2,000	0.4
	Daiwa Tsukiji		1,240	1,141	1,610	0.3
	Daiwa Tsukishima		7,840	6,888	10,500	1.8
	Daiwa Nihonbashi Horidomecho		2,520	2,465	2,660	0.6
	Daiwa Azabudai		1,600	1,516	1,930	0.4
	Daiwa Kyobashi		3,460	3,225	3,450	0.8
	Daiwa Kojimachi 4-chome		2,910	2,846	2,810	0.7
	Daiwa Onarimon		13,860	13,348	13,700	3.2
	Shinjuku Maynds Tower (Note 5)		66,900	64,538	62,600	15.2
	Daiwa SHIBUYA EDGE		5,900	5,655	5,190	1.3
	Daiwa Kodonmacho		2,460	2,374	2,260	0.6
	Daiwa Jimbocho		4,150	4,003	3,620	0.9
	Daiwa Nishi-Shimbashi		5,000	4,735	6,570	1.1
	Daiwa Kayabacho Building		5,600	5,259	8,170	1.3
	Daiwa Jimbocho 3-chome		3,550	3,373	5,060	0.8
	E SPACE TOWER		24,000	23,610	33,500	5.5
	Daiwa Nihonbashi Hongokucho		1,721	1,592	2,560	0.4
	shinyon curumu		9,650	9,685	15,600	2.2
	Daiwa Akasaka		9,200	9,422	14,000	2.1
	Daiwa Shibuya Miyamasuzaka		7,000	7,200	9,350	1.6
	Daiwa Azabu Terrace		14,000	14,080	16,600	3.2
	Daiwa Ebisu 4-chome		4,135	4,254	6,040	0.9
	LAQUAS Higashi Shinjuku		8,450	8,484	10,800	1.9
	Daiwa Aoyama		9,800	10,031	12,400	2.2
	Shinsen Place		4,800	4,890	6,720	1.1
	Glass City Shibuya		16,000	15,979	18,300	3.6
	Daiwa River Gate		28,000	28,001	30,900	6.4
	Daiwa Hatchobori ekimae		2,871	2,944	3,320	0.7
	Daiwa Hatchobori ekimae West		1,647	1,726	1,850	0.4
	Daiwa Nishi-Shinjuku		13,710	13,947	15,800	3.1
	Kirin Nihonbashi Building		8,180	8,278	8,290	1.9
	Daiwa Higashi-nihonbashi		6,370	6,339	6,780	1.4
	Square Daikanyama Building		2,280	2,383	2,620	0.5
	Shinjuku West Building		942	981	1,230	0.2
	Daiwa Kanda Mikura-cho Building		1,592	1,601	1,710	0.4
	Daiwa Kanda East		4,200	4,249	5,120	1.0
Total for Five Central Wards of Tokyo (46 Properties)			352,922	345,996	407,780	80.3

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 1)	Carrying amount (million yen) (Note 2)	Estimated price at end of period (million yen) (Note 3)	Investment ratio (%) (Note 4)
Greater Tokyo	Daiwa Higashi-Ikebukuro	Trust beneficial interest in real estate	2,958	2,661	4,050	0.7
	Daiwa Shinagawa North		7,710	7,169	6,170	1.8
	Daiwa Osaki 3-chome		1,650	1,605	2,340	0.4
	Daiwa Kamiooka		2,000	1,911	2,750	0.5
	Integral Tower		15,220	15,917	20,500	3.5
	Daiwa Meguro Square		5,600	5,531	6,810	1.3
	Daiwa Ogikubo		3,800	3,989	4,540	0.9
	CONCURRED Yokohama (Note 5)		38,100	38,315	39,400	8.7
Total for Greater Tokyo (8 properties)			77,038	77,104	86,560	17.5
Major Regional Cities	Daiwa Kitahama	Trust beneficial interest in real estate	9,481	9,276	11,700	2.2
Total for Major Regional Cities (1 property)			9,481	9,276	11,700	2.2
Total (55 properties)			439,441	432,377	506,040	100.0

(Note 1) Acquisition price is excluding acquisition costs, fixed property tax, city planning tax, consumption tax and local consumption tax.

(Note 2) Carrying amount is the book value after depreciation as of May 31, 2018.

(Note 3) Estimated price at end of period is the price as of May 31, 2018 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. 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 4) 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 5) For Daiwa A Hamamatsucho Building, Shinjuku Maynds Tower and CONCURRED Yokohama, the figures are those pertaining to the Investment Corporation's ownership interest.

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	8,114.85	7,715.78	26	95.0	371,555
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	94,457
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	9,537.85	54	99.1	257,404
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,304.37	5	84.8	127,380
	Daiwa Sarugakuchō (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	2	100.0	(Not disclosed)
	Daiwa A Hamamatsuchō	SRC B2 / 10F	July 1993	3,663.38	3,663.38	12	100.0	135,078
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	4	100.0	74,785
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	86,155
	Daiwa Misakichō (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	(Not disclosed)
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,595.76	2,595.76	7	100.0	66,205
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	58,617
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.44	1,487.44	5	100.0	51,726
	Daiwa Tsukishima	S 5F	July 1996	8,425.69	8,425.69	4	100.0	270,637
	Daiwa Nihonbashi Horidomechō	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	8	100.0	84,185
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.88	1,697.88	10	100.0	55,571
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	3,265.83	10	100.0	92,251
	Daiwa Kojimachi 4-chōme	SRC B2 / 9F	Oct. 1987	2,695.31	2,695.31	7	100.0	86,137
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,614.92	8	100.0	355,219
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	22,771.98	22,738.68	39	99.8	1,861,818
	Daiwa SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	126,961
	Daiwa Kodenmachō	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	64,968
	Daiwa Jimbochō	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	106,977
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,815.84	11	100.0	174,861
	Daiwa Kayabachō Building (Note 8)	S / SRC B1 / 8F	Apr. 2010	5,899.11	5,899.11	1	100.0	(Not disclosed)
	Daiwa Jimbochō 3-chōme	S 9F	Feb. 2010	2,889.34	2,889.34	8	100.0	104,483
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,960.87	11	100.0	742,540
	Daiwa Nihonbashi Hongokuchō	S 8F	May 2010	2,143.08	2,143.08	5	100.0	57,230
	shinyon curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,720.81	17	99.5	370,014
	Daiwa Akasaka	SRC B2 / 7F	Sept. 1990	8,746.48	8,746.48	19	100.0	335,679
	Daiwa Shibuya Miyamasuzaka	S B1 / 12F	Dec. 1988	6,329.00	6,329.00	7	100.0	246,718
	Daiwa Azabu Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	13,192.63	11	99.6	466,978
	Daiwa Ebisu 4-chōme (Note 8)	SRC B1 / 9F	Dec. 1997	2,951.70	2,951.70	1	100.0	(Not disclosed)
LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	226,481	

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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 Aoyama	S / RC B1 / 7F	Nov. 2001	4,426.10	4,426.10	7	100.0	248,326
	Shinsen Place (Note 8)	RC B1 / 9F	Sept. 2001	2,811.35	2,811.35	1	100.0	(Not disclosed)
	Glass City Shibuya	S / SRC B1 / 11F	Feb. 2004	8,566.73	8,566.73	9	100.0	419,281
	Daiwa River Gate	S / SRC / RC B2 / 20F	Feb. 1994	32,055.85	31,873.76	92	99.4	1,035,249
	Daiwa Hatchobori ekimae	S / SRC B1 / 10F	Feb. 2006	2,622.42	2,622.42	9	100.0	80,096
	Daiwa Hatchobori ekimae West	SRC B1 / 9F	Feb. 1996	1,723.15	1,723.15	8	100.0	46,583
	Daiwa Nishi-Shinjuku	SRC / RC / S B2 / 11F	Aug. 1991	6,967.61	6,967.61	7	100.0	335,754
	Kirin Nihonbashi Building (Note 8)	S / SRC 7F	Feb. 1999	5,630.17	5,630.17	1	100.0	(Not disclosed)
	Daiwa Higashi-nihonbashi Building	S 7F	Mar. 2008	5,015.88	5,015.88	5	100.0	170,674
	Square Daikanyama Building (Note 8)	S 6F	Mar. 2001	1,588.35	1,588.35	1	100.0	(Not disclosed)
	Shinjuku West Building	RC 4F	Mar. 1989	1,120.58	1,120.58	8	100.0	38,098
	Daiwa Kanda Mikura-cho Building	SRC B1 / 7F	Jan. 1991	1,719.51	1,719.51	7	100.0	46,530
	Daiwa Kanda East	S 9F	Feb. 2005	3,918.02	3,599.56	4	91.8	87,622
Total for Five Central Wards of Tokyo (46 properties)				258,000.20	256,502.03	495	99.4	10,459,577
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	8	100.0	127,028
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,548.17	6,548.17	12	100.0	191,154
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,786.06	5	100.0	65,424
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,630.30	9	100.0	93,325
	Integral Tower (Note 10)	S / SRC B2 / 18F	June 1993	17,778.14	17,778.14	9	100.0	592,062
	Daiwa Meguro Square	S / SRC B2 / 14F	July 2009	3,519.50	3,519.50	16	100.0	148,235
	Daiwa Ogikubo	SRC B1 / 7F	Nov. 1990	3,849.63	3,849.63	12	100.0	120,889
	CONCURRED Yokohama (Note 11)	S / SRC B1 / 20F	Feb. 2008	28,052.98	26,167.53	32	93.2	735,742
Total for Greater Tokyo (8 properties)				68,626.25	66,740.80	103	97.2	2,073,861
Major Regional Cities	Daiwa Meieki (Note 12)	S 12F	Dec. 2007	-	-	-	-	24,729
	Daiwa Kitahama	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,517.62	8	100.0	310,496
Total for Major Regional Cities (2 properties)				13,517.62	13,517.62	8	100.0	335,226
Total (56 properties)				340,144.07	336,760.45	606	99.0	12,868,665

(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, 2018.

(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, 2018.

(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 25th 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 co-ownership interest corresponding to three-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to three-sevenths of the entire building. On February 28, 2018, the three-sevenths co-ownership out of the six-sevenths co-ownership of the property was divested. Rent revenue during current period uses a figure for the six-sevenths co-ownership before the divestment date and that for the three-sevenths co-ownership after the divestment date.
- (Note 10) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 11) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the quasi co-ownership interest corresponding to 75% of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to 75% of the entire building.
- (Note 12) The property was divested on December 20, 2017. This is reflected in the totals for the number of properties and the rent revenue during current period.

5.2.3. Capital Expenditures for Assets under Management

A. Scheduled Capital Expenditures for the 25th 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: Nov. 2018	1,084	—	654
Integral Tower (Suginami-ku, Tokyo)	Upgrading of air-conditioning system (West side)	From: Jun. 2018 To: Nov. 2019	986	—	—
Daiwa Shibuya Miyamasuzaka (Shibuya-ku, Tokyo)	Repair of exterior walls	From: Mar. 2018 To: Dec. 2018	256	15	4
Daiwa Onarimon (Minato-ku, Tokyo)	Upgrading of air-conditioning system	From: Jun. 2018 To: Nov. 2018	235	—	—
Kirin Nihonbashi Building (Chuo-ku, Tokyo)	Changing lighting in exclusive areas to LED (green leasing)	From: Jun. 2018 To: Nov. 2018	181	—	—

B. Capital Expenditures during the 25th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 25th Fiscal Period. Capital expenditures for the 25th Fiscal Period amounted to 1,564 million yen and, when combined with the 505 million yen in repair expenses charged to the 25th Fiscal Period expenses, totals 2,069 million yen in construction work were implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Integral Tower (Suginami-ku, Tokyo)	Upgrading of air-conditioning system	From: Mar. 2017 To: Apr. 2018	914
Integral Tower (Suginami-ku, Tokyo)	Construction of power receiving and transforming facility	From: Mar. 2017 To: Dec. 2017	178
E SPACE TOWER (Shibuya-ku, Tokyo)	Upgrading of air-conditioning system	From: Mar. 2018 To: May 2018	91
Other			380
Total			1,564

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	21st Fiscal Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period
	[From: Dec. 1, 2015 To: May 31, 2016]	[From: June 1, 2016 To: Nov. 30, 2016]	[From: Dec. 1, 2016 To: May 31, 2017]	[From: June 1, 2017 To: Nov. 30, 2017]	[From: Dec. 1, 2017 To: May 31, 2018]
Balance of reserve at beginning of current period	1,060	1,843	2,043	1,900	1,839
Amount of reserve in current period	1,255	524	84	1,417	—
Reversal of reserve in current period	472	324	227	1,478	263
Amount carried forward to next period	1,843	2,043	1,900	1,839	1,576

5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2018)

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	17,400	17,800	3.5	17,000	3.3	3.7
Daiwa Ginza Annex	3,840	3,850	3.5	3,820	3.3	3.7
Daiwa Shibaura	7,870	7,900	4.0	7,850	3.8	4.2
Daiwa Minami-Aoyama	4,640	4,700	3.8	4,570	3.6	4.0
Daiwa Sarugakucho	3,840	3,890	4.4	3,780	4.2	4.6
Daiwa A Hamamatsucho (Note 2)	3,610	3,670	3.7	3,580	3.5	3.9
Daiwa Jingumae	2,460	2,500	3.8	2,420	3.6	4.0
Daiwa Shibadaimon	3,110	3,180	3.6	3,080	3.4	3.8
Daiwa Misakicho	2,860	2,900	3.9	2,840	3.7	4.1
Daiwa Shimbashi 510	2,530	2,550	4.0	2,500	3.8	4.2
Daiwa Tsukijiekimae (Note 3)	2,000	1,990	4.2	2,010	4.2	4.4
Daiwa Tsukiji	1,610	1,610	4.1	1,610	4.1	4.3
Daiwa Tsukishima	10,500	10,600	4.1	10,400	3.8	4.3
Daiwa Nihonbashi Horidomecho	2,660	2,710	4.0	2,600	3.8	4.2
Daiwa Azabudai	1,930	1,970	3.9	1,890	3.7	4.1
Daiwa Kyobashi	3,450	3,500	4.0	3,390	3.8	4.2
Daiwa Kojimachi 4-chome	2,810	2,830	3.7	2,780	3.5	3.9
Daiwa Onarimon	13,700	14,000	3.8	13,400	3.6	4.0
Shinjuku Maynds Tower (Note 4)	62,600	147,000	3.2	144,000	3.0	3.4
Daiwa SHIBUYA EDGE	5,190	5,290	3.7	5,090	3.5	3.9
Daiwa Kodenmachi	2,260	2,270	4.2	2,240	4.0	4.4
Daiwa Jimbocho	3,620	3,690	3.9	3,590	3.9	4.1
Daiwa Nishi-Shimbashi	6,570	6,720	3.5	6,510	3.3	3.7
Daiwa Kayabacho Building	8,170	8,320	3.3	8,100	3.1	3.5
Daiwa Jimbocho 3-chome	5,060	5,190	3.3	5,010	3.1	3.5
E SPACE TOWER	33,500	34,200	3.3	32,700	3.1	3.5
Daiwa Nihonbashi Hongokucho	2,560	2,590	3.9	2,550	3.7	4.1
shinyon curumu	15,600	15,900	3.2	15,400	3.0	3.4
Daiwa Akasaka	14,000	14,300	3.2	13,900	3.0	3.4
Daiwa Shibuya Miyamasuzaka	9,350	9,490	3.6	9,210	3.4	3.8
Daiwa Azabu Terrace	16,600	16,900	3.8	16,300	3.6	4.0
Daiwa Ebisu 4-chome	6,040	5,960	3.7	6,070	3.8	3.9
LAQUAS Higashi Shinjuku	10,800	11,100	3.3	10,600	3.1	3.5
Daiwa Aoyama	12,400	12,700	3.2	12,200	3.0	3.4
Shinsen Place	6,720	6,820	3.3	6,670	3.2	3.5
Glass City Shibuya	18,300	18,400	3.5	18,100	3.2	3.6
Daiwa River Gate	30,900	31,000	4.0	30,700	3.7	4.1
Daiwa Hatchobori ekimae	3,320	3,450	3.5	3,260	3.3	3.7
Daiwa Hatchobori ekimae West	1,850	1,920	3.6	1,820	3.4	3.8
Daiwa Nishi-Shinjuku	15,800	16,400	3.3	15,600	3.1	3.5
Kirin Nihonbashi Building	8,290	8,460	4.0	8,120	3.7	4.1
Daiwa Higashi-nihonbashi Building	6,780	6,950	3.9	6,700	3.7	4.1
Square Daikanyama Building (Note 5)	2,620	2,650	3.4	2,600	3.4	3.6
Shinjuku West Building	1,230	1,240	3.7	1,220	3.5	3.9
Daiwa Kanda Mikura-cho	1,710	1,740	4.0	1,690	4.0	4.2

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 (%)
Building						
Daiwa Kanda East	5,120	5,140	3.9	5,100	3.5	3.9
Daiwa Higashi-Ikebukuro	4,050	4,110	4.1	4,030	3.9	4.3
Daiwa Shinagawa North	6,170	6,270	4.2	6,060	4.0	4.4
Daiwa Osaki 3-chome	2,340	2,370	3.8	2,330	3.6	4.0
Daiwa Kamiooka	2,750	2,760	4.5	2,740	4.3	4.7
Integral Tower	20,500	20,800	3.7	20,400	3.5	3.9
Daiwa Meguro Square	6,810	6,970	3.5	6,740	3.3	3.7
Daiwa Ogikubo	4,540	4,620	3.9	4,500	3.7	4.1
CONCURRED Yokohama (Note 6)	39,400	40,800	4.3	38,800	4.1	4.5
Daiwa Kitahama	11,700	12,000	3.8	11,600	3.6	4.0
Total	506,040	598,640	-	581,770	-	-

(Note 1) "Estimated price at end of period" is the price as of May 31, 2018 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. 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 3rd fiscal year (4.1% for the 2nd 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 (3.5% up to the 10th fiscal year).

(Note 6) For CONCURRED Yokohama, Price indicates a price pertaining to the Investment Corporation's ownership interest.

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 25th Fiscal Period (from December 1, 2017 to May 31, 2018). 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 3)
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 (%)	3.2	0.7	1.9	1.0	0.7
	Carrying amount (million yen)	13,064	2,767	8,014	4,425	3,194
	Estimated price at end of period (million yen)	17,400	3,840	7,870	4,640	3,840
Leasing information	Total number of tenants (Note 1)	26	7	54	5	2
	Leasable floor area (m ²)	8,114.85	2,032.11	9,619.67	2,715.54	3,657.43
	Leased floor area (m ²)	7,715.78	2,032.11	9,537.85	2,304.37	3,657.43
	Occupancy rate (%)					
	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
End of Nov. 2017	89.3	100.0	99.1	100.0	100.0	
End of May 2018	95.0	100.0	99.1	84.8	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	380,455	94,457	259,169	137,607	(Not disclosed)
	Rent revenue – real estate	371,555	94,457	257,404	127,380	(Not disclosed)
	Other lease business revenue	8,900	–	1,764	10,226	(Not disclosed)
	Total property leasing expenses (B) (thousand yen)	174,735	31,599	89,618	39,135	(Not disclosed)
	Consignment expenses	24,081	5,304	16,148	5,865	(Not disclosed)
	Utilities expenses	24,334	5,789	18,758	6,284	(Not disclosed)
	Taxes and dues	27,911	9,104	19,588	11,931	(Not disclosed)
	Non-life insurance expenses	369	86	338	134	(Not disclosed)
	Repair expenses	11,331	1,013	5,080	646	(Not disclosed)
	Depreciation (C)	74,864	10,300	29,682	14,273	(Not disclosed)
	Other lease business expenses	11,841	–	20	–	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	205,720	62,858	169,551	98,471	(Not disclosed)
NOI (E) [(D) + (C)] (thousand yen)	280,584	73,158	199,234	112,745	45,607	
Capital expenditures (F) (thousand yen)	4,716	1,853	3,359	1,904	480	
NCF [(E) – (F)] (thousand yen)	275,868	71,305	195,874	110,841	45,127	
Reference information	Expense rate (%) [(B) ÷ (A)]	45.93	33.45	34.58	28.44	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	59,440	19,361	40,458	24,498	14,149
	Estimated long-term repair expenses (thousand yen) (Note 2)	346,060	86,510	347,210	185,215	171,199

Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 3)	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 (%)	0.7	0.6	0.6	0.5	0.5
	Carrying amount (million yen)	2,777	2,711	2,398	2,151	2,141
	Estimated price at end of period (million yen)	3,610	2,460	3,110	2,860	2,530
Leasing information	Total 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	2,595.76
	Leased floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,595.76
	Occupancy rate (%)					
	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
End of Nov. 2017	100.0	100.0	100.0	100.0	89.4	
End of May 2018	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)	135,078	74,785	86,155	(Not disclosed)	66,205
	Rent revenue – real estate	135,078	74,785	86,155	(Not disclosed)	66,205
	Other lease business revenue	–	–	–	(Not disclosed)	–
	Total property leasing expenses (B) (thousand yen)	74,597	24,904	31,101	(Not disclosed)	36,009
	Consignment expenses	10,352	4,058	7,114	(Not disclosed)	6,613
	Utilities expenses	8,566	4,690	5,896	(Not disclosed)	5,039
	Taxes and dues	8,770	6,357	6,254	(Not disclosed)	5,664
	Non-life insurance expenses	157	73	107	(Not disclosed)	109
	Repair expenses	2,231	496	291	(Not disclosed)	10,012
	Depreciation (C)	15,119	9,221	11,436	(Not disclosed)	8,570
	Other lease business expenses	29,400	7	–	(Not disclosed)	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	60,481	49,880	55,054	(Not disclosed)	30,195
NOI (E) [(D) + (C)] (thousand yen)	75,600	59,102	66,491	63,005	38,765	
Capital expenditures (F) (thousand yen)	990	741	–	324	22,151	
NCF [(E) – (F)] (thousand yen)	74,610	58,360	66,491	62,681	16,614	
Reference information	Expense rate (%) [(B) ÷ (A)]	55.22	33.30	36.10	(Not disclosed)	54.39
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	17,939	13,473	12,795	10,752	12,070
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,430	117,930	150,927	182,856	169,555

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 (%)	0.4	0.3	1.8	0.6	0.4
	Carrying amount (million yen)	1,289	1,141	6,888	2,465	1,516
	Estimated price at end of period (million yen)	2,000	1,610	10,500	2,660	1,930
Leasing information	Total 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 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
	End of Nov. 2017	100.0	100.0	100.0	100.0	100.0
End of May 2018	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)	58,617	51,876	270,637	84,185	56,444
	Rent revenue – real estate	58,617	51,726	270,637	84,185	55,571
	Other lease business revenue	–	150	–	–	872
	Total property leasing expenses (B) (thousand yen)	28,472	18,820	100,590	32,553	21,346
	Consignment expenses	4,271	3,542	12,398	5,122	3,654
	Utilities expenses	5,853	2,849	14,277	4,967	3,134
	Taxes and dues	5,067	3,861	13,727	6,719	4,916
	Non-life insurance expenses	86	55	256	116	65
	Repair expenses	34	1,058	2,446	594	402
	Depreciation (C)	13,141	7,452	57,484	15,032	9,173
	Other lease business expenses	18	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	30,145	33,055	170,046	51,631	35,097
	NOI (E) [(D) + (C)] (thousand yen)	43,287	40,508	227,530	66,664	44,271
Capital expenditures (F) (thousand yen)	1,199	4,616	7,971	11,318	10,218	
NCF [(E) – (F)] (thousand yen)	42,088	35,892	219,559	55,345	34,052	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.57	36.28	37.17	38.67	37.82
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	10,429	8,053	28,530	13,738	10,140
	Estimated long-term repair expenses (thousand yen) (Note 2)	120,530	109,848	102,930	234,846	108,280

Region		Five Central Wards of Tokyo				
Property name		Daiwa Kyobashi	Daiwa Kojimachi 4-chome	Daiwa Onarimon	Shinjuku Maynds Tower (Note 4)	Daiwa SHIBUYA EDGE
Acquisition date		Jul. 2006	Oct. 2006	Dec. 2006	Jul. 2007 and Nov. 2007	Jul. 2007
Price information	Acquisition price (million yen)	3,460	2,910	13,860	66,900	5,900
	Investment ratio (%)	0.8	0.7	3.2	15.2	1.3
	Carrying amount (million yen)	3,225	2,846	13,348	64,538	5,655
	Estimated price at end of period (million yen)	3,450	2,810	13,700	62,600	5,190
Leasing information	Total number of tenants (Note 1)	10	7	8	39	5
	Leasable floor area (m ²)	3,265.83	2,695.31	11,614.92	22,771.98	2,480.65
	Leased floor area (m ²)	3,265.83	2,695.31	11,614.92	22,738.68	2,480.65
	Occupancy rate (%)					
	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
End of Nov. 2017	87.9	100.0	100.0	96.6	100.0	
End of May 2018	100.0	100.0	100.0	99.8	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	92,251	86,137	355,219	1,861,881	126,961
	Rent revenue – real estate	92,251	86,137	355,219	1,861,818	126,961
	Other lease business revenue	–	–	–	62	–
	Total property leasing expenses (B) (thousand yen)	43,792	42,636	132,882	903,218	67,442
	Consignment expenses	8,498	6,772	16,224	124,168	7,128
	Utilities expenses	7,395	6,765	22,885	201,302	6,991
	Taxes and dues	7,110	14,946	34,925	253,508	7,226
	Non-life insurance expenses	112	126	355	2,399	92
	Repair expenses	596	889	26,961	20,068	29,404
	Depreciation (C)	20,027	13,137	31,529	299,952	16,598
	Other lease business expenses	50	–	–	1,819	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	48,459	43,501	222,337	958,662	59,518
NOI (E) [(D) + (C)] (thousand yen)	68,487	56,638	253,866	1,258,615	76,117	
Capital expenditures (F) (thousand yen)	1,018	15,972	10,557	55,036	–	
NCF [(E) – (F)] (thousand yen)	67,469	40,665	243,308	1,203,578	76,117	
Reference information	Expense rate (%) [(B) ÷ (A)]	47.47	49.50	37.41	48.51	53.12
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	14,859	31,865	75,490	257,627	15,171
	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 3)	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 (%)	0.6	0.9	1.1	1.3	0.8
	Carrying amount (million yen)	2,374	4,003	4,735	5,259	3,373
	Estimated price at end of period (million yen)	2,260	3,620	6,570	8,170	5,060
Leasing information	Total 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 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
	End of Nov. 2017	100.0	100.0	100.0	100.0	100.0
End of May 2018	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)	64,968	106,977	174,861	(Not disclosed)	115,919
	Rent revenue – real estate	64,968	106,977	174,861	(Not disclosed)	104,483
	Other lease business revenue	–	–	–	(Not disclosed)	11,436
	Total property leasing expenses (B) (thousand yen)	23,464	49,950	84,739	(Not disclosed)	45,530
	Consignment expenses	4,059	6,228	16,351	(Not disclosed)	9,694
	Utilities expenses	4,458	7,078	11,005	(Not disclosed)	6,459
	Taxes and dues	3,642	10,898	15,750	(Not disclosed)	9,366
	Non-life insurance expenses	82	118	214	(Not disclosed)	109
	Repair expenses	666	4,297	6,432	(Not disclosed)	64
	Depreciation (C)	9,731	21,069	34,985	(Not disclosed)	19,836
	Other lease business expenses	822	260	–	(Not disclosed)	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	41,504	57,026	90,121	(Not disclosed)	70,389
NOI (E) [(D) + (C)] (thousand yen)	51,235	78,096	125,106	148,621	90,225	
Capital expenditures (F) (thousand yen)	490	470	2,747	–	–	
NCF [(E) – (F)] (thousand yen)	50,745	77,626	122,359	148,621	90,225	
Reference information	Expense rate (%) [(B) ÷ (A)]	36.12	46.69	48.46	(Not disclosed)	39.28
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	7,585	22,779	32,185	25,639	19,653
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,234	128,200	187,580	125,988 (Note 5)	82,470

Region		Five Central Wards of Tokyo				
Property name		E-SPACE TOWER	Daiwa Nihonbashi Hongokuchō	shinyon curumu	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka
Acquisition date		Jul. 2011	May 2012	Dec. 2012 and Apr. 2013	Aug. 2013	Sep. 2013
Price information	Acquisition price (million yen)	24,000	1,721	9,650	9,200	7,000
	Investment ratio (%)	5.5	0.4	2.2	2.1	1.6
	Carrying amount (million yen)	23,610	1,592	9,685	9,422	7,200
	Estimated price at end of period (million yen)	33,500	2,560	15,600	14,000	9,350
Leasing information	Total number of tenants (Note 1)	11	5	17	19	7
	Leasable floor area (m ²)	13,960.87	2,143.08	6,751.31	8,746.48	6,329.00
	Leased floor area (m ²)	13,960.87	2,143.08	6,720.81	8,746.48	6,329.00
	Occupancy rate (%)					
	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
End of Nov. 2017	92.8	100.0	99.5	91.4	100.0	
End of May 2018	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)	742,540	57,230	370,014	335,679	246,718
	Rent revenue – real estate	742,540	57,230	370,014	335,679	246,718
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	247,524	26,956	116,264	137,873	82,215
	Consignment expenses	60,978	5,582	22,469	27,005	22,797
	Utilities expenses	46,049	3,171	21,963	32,037	13,896
	Taxes and dues	56,762	4,398	33,357	33,150	20,129
	Non-life insurance expenses	565	67	280	357	250
	Repair expenses	12,405	461	2,050	17,970	2,581
	Depreciation (C)	70,347	13,274	36,116	27,350	22,500
Other lease business expenses	416	–	25	–	60	
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	495,015	30,273	253,750	197,805	164,502	
NOI (E) [(D) + (C)] (thousand yen)	565,363	43,548	289,866	225,156	187,002	
Capital expenditures (F) (thousand yen)	91,690	1,623	14,302	48,579	1,910	
NCF [(E) – (F)] (thousand yen)	473,672	41,925	275,564	176,576	185,091	
Reference information	Expense rate (%) [(B) ÷ (A)]	33.33	47.10	31.42	41.07	33.32
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	119,252	9,055	70,379	68,729	42,224
	Estimated long-term repair expenses (thousand yen) (Note 2)	574,150	50,940	166,089	430,612	416,816

Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabu Terrace	Daiwa Ebisu 4-chome (Note 3)	LAQUAS Higashi Shinjuku	Daiwa Aoyama	Shinsen Place (Note 3)
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 (%)	3.2	0.9	1.9	2.2	1.1
	Carrying amount (million yen)	14,080	4,254	8,484	10,031	4,890
	Estimated price at end of period (million yen)	16,600	6,040	10,800	12,400	6,720
Leasing information	Total number of tenants (Note 1)	11	1	4	7	1
	Leasable floor area (m ²)	13,234.39	2,951.70	7,498.33	4,426.10	2,811.35
	Leased floor area (m ²)	13,192.63	2,951.70	7,498.33	4,426.10	2,811.35
	Occupancy rate (%)					
	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
	End of Nov. 2017	99.6	100.0	100.0	100.0	100.0
End of May 2018	99.6	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)	466,978	(Not disclosed)	226,481	248,326	(Not disclosed)
	Rent revenue – real estate	466,978	(Not disclosed)	226,481	248,326	(Not disclosed)
	Other lease business revenue	–	(Not disclosed)	–	–	(Not disclosed)
	Total property leasing expenses (B) (thousand yen)	161,239	(Not disclosed)	85,258	56,061	(Not disclosed)
	Consignment expenses	30,408	(Not disclosed)	16,854	12,163	(Not disclosed)
	Utilities expenses	45,773	(Not disclosed)	12,500	6,841	(Not disclosed)
	Taxes and dues	31,725	(Not disclosed)	20,334	12,710	(Not disclosed)
	Non-life insurance expenses	508	(Not disclosed)	262	129	(Not disclosed)
	Repair expenses	1,509	(Not disclosed)	2,613	4,661	(Not disclosed)
	Depreciation (C)	51,314	(Not disclosed)	32,466	19,554	(Not disclosed)
	Other lease business expenses	–	(Not disclosed)	226	–	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	305,739	(Not disclosed)	141,222	192,264	(Not disclosed)
NOI (E) [(D) + (C)] (thousand yen)	357,053	(60,268)	173,689	211,819	116,938	
Capital expenditures (F) (thousand yen)	17,748	3,210	222	–	323	
NCF [(E) – (F)] (thousand yen)	339,305	(63,478)	173,467	211,819	116,615	
Reference information	Expense rate (%) [(B) ÷ (A)]	34.53	(Not disclosed)	37.64	22.58	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	65,860	19,232	41,872	26,892	17,099
	Estimated long-term repair expenses (thousand yen) (Note 2)	325,054	115,410	125,440	97,530	112,510

Region		Five Central Wards of Tokyo				
Property name		Glass City Shibuya	Daiwa River Gate	Daiwa Hatchobori ekimae	Daiwa Hatchobori ekimae West	Daiwa Nishi-Shinjuku
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 (%)	3.6	6.4	0.7	0.4	3.1
	Carrying amount (million yen)	15,979	28,001	2,944	1,726	13,947
	Estimated price at end of period (million yen)	18,300	30,900	3,320	1,850	15,800
Leasing information	Total number of tenants (Note 1)	9	92	9	8	7
	Leasable floor area (m ²)	8,566.73	32,055.85	2,622.42	1,723.15	6,967.61
	Leased floor area (m ²)	8,566.73	31,873.76	2,622.42	1,723.15	6,967.61
	Occupancy rate (%)					
	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
End of Nov. 2017	100.0	98.1	100.0	100.0	100.0	
End of May 2018	100.0	99.4	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)	419,281	1,038,944	80,096	46,583	335,754
	Rent revenue – real estate	419,281	1,035,249	80,096	46,583	335,754
	Other lease business revenue	–	3,695	–	–	–
	Total property leasing expenses (B) (thousand yen)	149,530	489,944	34,027	16,993	88,994
	Consignment expenses	16,206	83,876	7,818	4,551	15,717
	Utilities expenses	23,238	119,803	5,560	2,804	16,847
	Taxes and dues	27,191	103,867	8,979	4,025	35,320
	Non-life insurance expenses	313	1,517	109	56	267
	Repair expenses	49,525	14,606	1,248	315	2,483
	Depreciation (C)	33,054	166,152	10,310	5,239	18,359
	Other lease business expenses	–	120	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	269,750	549,000	46,068	29,589	246,759
NOI (E) [(D) + (C)] (thousand yen)	302,805	715,152	56,379	34,829	265,119	
Capital expenditures (F) (thousand yen)	–	54,698	824	1,464	8,224	
NCF [(E) – (F)] (thousand yen)	302,805	660,453	55,555	33,365	256,894	
Reference information	Expense rate (%) [(B) ÷ (A)]	35.66	47.16	42.48	36.48	26.51
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	56,600	202,022	18,341	8,377	74,448
	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				
Property name		Kirin Nihonbashi Building (Note 3)	Daiwa Higashi-nihonbashi Building	Square Daikanyama Building (Note 3)	Shinjuku West Building	Daiwa Kanda Mikura-cho Building
Acquisition date		May 2016	Jun. 2016	Jun. 2016	Jul. 2016	Dec. 2016
Price information	Acquisition price (million yen)	8,180	6,370	2,280	942	1,592
	Investment ratio (%)	1.9	1.4	0.5	0.2	0.4
	Carrying amount (million yen)	8,278	6,339	2,383	981	1,601
	Estimated price at end of period (million yen)	8,290	6,780	2,620	1,230	1,710
Leasing information	Total number of tenants (Note 1)	1	5	1	8	7
	Leasable floor area (m ²)	5,630.17	5,015.88	1,588.35	1,120.58	1,719.51
	Leased floor area (m ²)	5,630.17	5,015.88	1,588.35	1,120.58	1,719.51
	Occupancy rate (%)					
	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
End of Nov. 2017	100.0	100.0	100.0	100.0	100.0	
End of May 2018	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)	(Not disclosed)	170,674	(Not disclosed)	38,098	46,530
	Rent revenue – real estate	(Not disclosed)	170,674	(Not disclosed)	38,098	46,530
	Other lease business revenue	(Not disclosed)	—	(Not disclosed)	—	—
	Total property leasing expenses (B) (thousand yen)	(Not disclosed)	58,492	(Not disclosed)	33,488	16,393
	Consignment expenses	(Not disclosed)	11,677	(Not disclosed)	3,204	5,663
	Utilities expenses	(Not disclosed)	9,309	(Not disclosed)	2,467	2,109
	Taxes and dues	(Not disclosed)	11,337	(Not disclosed)	3,113	3,373
	Non-life insurance expenses	(Not disclosed)	178	(Not disclosed)	36	47
	Repair expenses	(Not disclosed)	863	(Not disclosed)	22,417	248
	Depreciation (C)	(Not disclosed)	25,126	(Not disclosed)	2,248	4,952
	Other lease business expenses	(Not disclosed)	—	(Not disclosed)	—	—
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	(Not disclosed)	112,182	(Not disclosed)	4,610	30,136	
NOI (E) [(D) + (C)] (thousand yen)	108,940	137,308	49,681	6,859	35,089	
Capital expenditures (F) (thousand yen)	1,340	542	—	—	1,179	
NCF [(E) – (F)] (thousand yen)	107,600	136,765	49,681	6,859	33,910	
Reference information	Expense rate (%) [(B) ÷ (A)]	(Not disclosed)	34.27	(Not disclosed)	87.90	35.23
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	22,124	23,139	9,673	6,224	6,950
	Estimated long-term repair expenses (thousand yen) (Note 2)	216,720	158,880	45,044	79,330	74,026

Region		Five Central Wards of Tokyo	Greater Tokyo			
Property name		Daiwa Kanda East	Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North	Daiwa Osaki 3-chome	Daiwa Kamiooka
Acquisition date		Jan. 2018	Oct. 2005	Jul. 2007	Sep. 2012	Mar. 2013
Price information	Acquisition price (million yen)	4,200	2,958	7,710	1,650	2,000
	Investment ratio (%)	1.0	0.7	1.8	0.4	0.5
	Carrying amount (million yen)	4,249	2,661	7,169	1,605	1,911
	Estimated price at end of period (million yen)	5,120	4,050	6,170	2,340	2,750
Leasing information	Total number of tenants (Note 1)	4	8	12	5	9
	Leasable floor area (m ²)	3,918.02	4,461.47	6,548.17	1,786.06	2,630.30
	Leased floor area (m ²)	3,599.56	4,461.47	6,548.17	1,786.06	2,630.30
	Occupancy rate (%)					
	End of May 2016	—	100.0	100.0	78.9	89.8
	End of Nov. 2016	—	100.0	100.0	100.0	93.7
	End of May 2017	—	100.0	100.0	100.0	100.0
End of Nov. 2017	—	100.0	100.0	100.0	100.0	
End of May 2018	91.8	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	140	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	89,922	127,028	191,154	65,424	93,325
	Rent revenue – real estate	87,622	127,028	191,154	65,424	93,325
	Other lease business revenue	2,300	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	29,867	60,954	86,779	22,704	38,712
	Consignment expenses	8,581	11,097	17,544	3,712	5,680
	Utilities expenses	5,514	13,246	14,418	3,122	7,981
	Taxes and dues	8	8,580	18,327	3,922	6,283
	Non-life insurance expenses	99	188	290	58	100
	Repair expenses	2,185	4,003	1,261	480	600
	Depreciation (C)	13,478	23,837	34,937	11,408	18,065
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	60,054	66,074	104,374	42,719	54,612
NOI (E) [(D) + (C)] (thousand yen)	73,533	89,911	139,312	54,128	72,678	
Capital expenditures (F) (thousand yen)	6,089	6,610	19,084	339	—	
NCF [(E) – (F)] (thousand yen)	67,443	83,301	120,227	53,789	72,678	
Reference information	Expense rate (%) [(B) ÷ (A)]	33.22	47.98	45.40	34.70	41.48
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	—	17,059	36,860	8,012	12,830
	Estimated long-term repair expenses (thousand yen) (Note 2)	133,611	228,260	331,160	54,915	63,700

Region		Greater Tokyo				Major Regional Cities
Property name		Integral Tower	Daiwa Meguro Square	Daiwa Ogikubo	CONCURRED Yokohama	Daiwa Meieki (Note 6)
Acquisition date		May 2014	May 2015	Jul. 2016	Jan. 2018	Feb. 2013
Price information	Acquisition price (million yen)	15,220	5,600	3,800	38,100	—
	Investment ratio (%)	3.5	1.3	0.9	8.7	—
	Carrying amount (million yen)	15,917	5,531	3,989	38,315	—
	Estimated price at end of period (million yen)	20,500	6,810	4,540	39,400	—
Leasing information	Total number of tenants (Note 1)	9	16	12	32	—
	Leasable floor area (m ²)	17,778.14	3,519.50	3,849.63	28,052.98	—
	Leased floor area (m ²)	17,778.14	3,519.50	3,849.63	26,167.53	—
	Occupancy rate (%)					
	End of May 2016	99.5	100.0	—	—	100.0
	End of Nov. 2016	100.0	96.1	100.0	—	100.0
	End of May 2017	100.0	100.0	100.0	—	100.0
	End of Nov. 2017	100.0	100.0	100.0	—	97.0
End of May 2018	100.0	100.0	100.0	93.2	—	
Income (loss) information	Number of days of asset management	182	182	182	141	20
	Total property leasing revenue (A) (thousand yen)	592,062	148,235	120,889	735,742	26,729
	Rent revenue – real estate	592,062	148,235	120,889	735,742	24,729
	Other lease business revenue	—	—	—	—	2,000
	Total property leasing expenses (B) (thousand yen)	343,767	56,598	38,954	204,186	33,414
	Consignment expenses	57,871	11,547	10,955	57,770	3,250
	Utilities expenses	71,746	7,948	5,752	47,026	3,531
	Taxes and dues	44,423	13,523	7,772	1	18,840
	Non-life insurance expenses	743	147	126	594	34
	Repair expenses	81,822	640	1,466	5,132	1,808
	Depreciation (C)	86,729	22,790	12,881	93,310	5,949
	Other lease business expenses	430	—	—	350	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	248,295	91,636	81,934	531,555	(6,685)
NOI (E) [(D) + (C)] (thousand yen)	335,025	114,427	94,816	624,866	(736)	
Capital expenditures (F) (thousand yen)	1,105,627	1,184	1,715	8,154	—	
NCF [(E) – (F)] (thousand yen)	(770,601)	113,242	93,100	616,711	(736)	
Reference information	Expense rate (%) [(B) ÷ (A)]	58.06	38.18	32.22	27.75	—
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	89,535	27,389	16,100	—	—
	Estimated long-term repair expenses (thousand yen) (Note 2)	834,324	110,053	161,340	718,980	—

Region		Major Regional Cities
Property name		Daiwa Kitahama
Acquisition date		Aug. 2014
Price information	Acquisition price (million yen)	9,481
	Investment ratio (%)	2.2
	Carrying amount (million yen)	9,276
	Estimated price at end of period (million yen)	11,700
Leasing information	Total number of tenants (Note 1)	8
	Leasable floor area (m ²)	13,517.62
	Leased floor area (m ²)	13,517.62
	Occupancy rate (%)	
	End of May 2016	100.0
	End of Nov. 2016	100.0
	End of May 2017	98.8
End of Nov. 2017	100.0	
End of May 2018	100.0	
Income (loss) information	Number of days of asset management	182
	Total property leasing revenue (A) (thousand yen)	310,496
	Rent revenue – real estate	310,496
	Other lease business revenue	—
	Total property leasing expenses (B) (thousand yen)	153,503
	Consignment expenses	33,019
	Utilities expenses	29,902
	Taxes and dues	32,770
	Non-life insurance expenses	492
	Repair expenses	3,340
	Depreciation (C)	53,881
Other lease business expenses	96	
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	156,993	
NOI (E) [(D) + (C)] (thousand yen)	210,874	
Capital expenditures (F) (thousand yen)	9,446	
NCF [(E) – (F)] (thousand yen)	201,428	
Reference information	Expense rate (%) [(B) ÷ (A)]	49.44
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	67,667
	Estimated long-term repair expenses (thousand yen) (Note 2)	264,054

- (Note 1) 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 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) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 4) The three-sevenths co-ownership out of the six-sevenths co-ownership of Shinjuku Maynds Tower was divested on February 28, 2018.
- (Note 5) 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 6) Daiwa Meieki Building was divested on December 20, 2017.