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REIT Financial Report for the 16th Fiscal Period

January 17, 2014

| | | |
|------------------------|---|--|
| Name of REIT Issuer: | Daiwa Office Investment Corporation | Stock Exchange Listing: TSE |
| Stock Code No.: | 8976 | URL: http://www.daiwa-office.co.jp |
| Representative: | Nobuaki Omura, Executive Director | |
| Name of Asset Manager: | Daiwa Real Estate Asset Management Co., Ltd. | |
| Representative: | Akira Yamanouchi, President and Representative Director | |
| Inquiries to: | Yuji Shinotsuka, Vice President and Representative Director and Head of Finance Department | TEL: +81-3-6215-9649 |

Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): February 25, 2014

Scheduled date of start of distribution payments: February 14, 2014

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 16th Fiscal Period

16th Fiscal Period: Fiscal period ended November 2013 (from June 1, 2013 to November 30, 2013)

15th Fiscal Period: Fiscal period ended May 2013 (from December 1, 2012 to May 31, 2013)

(1) Management

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|-------|------------------|-------|-----------------|-------|----------------|-------|
| 16th Period | ¥8,432 million | 10.7% | ¥3,677 million | 11.1% | ¥2,955 million | 14.1% | ¥2,959 million | 14.3% |
| 15th Period | ¥7,615 million | 0.6% | ¥3,308 million | 5.1% | ¥2,590 million | 9.5% | ¥2,589 million | 9.3% |

| | Net income per unit | Net income to unitholders' equity | Ordinary income to total assets | Ordinary income to operating revenue |
|-------------|---------------------|-----------------------------------|---------------------------------|--------------------------------------|
| 16th Period | ¥7,478 | 1.5% | 0.8% | 35.1% |
| 15th Period | ¥6,541 | 1.3% | 0.8% | 34.0% |

(2) Distributions

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Total distribution amount | Distribution amount in excess of earnings per unit | Total distribution amount in excess of earnings | Dividend payout | Distribution amount to net assets |
|-------------|---|---------------------------|--|---|-----------------|-----------------------------------|
| 16th Period | ¥7,478 | ¥2,959 million | ¥0 | ¥- million | 100.0% | 1.5% |
| 15th Period | ¥6,542 | ¥2,589 million | ¥0 | ¥- million | 100.0% | 1.3% |

(3) Financial Position

| | Total assets | Net assets | Unitholders' equity to total assets | Net assets per unit |
|-------------|------------------|------------------|-------------------------------------|---------------------|
| 16th Period | ¥363,653 million | ¥201,683 million | 55.5% | ¥509,560 |
| 15th Period | ¥342,572 million | ¥201,345 million | 58.8% | ¥508,707 |

(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 |
|-------------|---|---|---|--|
| 16th Period | ¥4,581 million | (¥20,526 million) | ¥16,811 million | ¥16,924 million |
| 15th Period | ¥3,349 million | (¥17,187 million) | ¥13,848 million | ¥16,057 million |

2. Management Status Forecasts for the 17th Fiscal Period and 18th Fiscal Period**17th Fiscal Period: Fiscal period ended May 2014 (from December 1, 2013 to May 31, 2014)****18th Fiscal Period: Fiscal period ended November 2014 (from June 1, 2014 to November 30, 2014)**

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|------|------------------|------|-----------------|------|----------------|------|
| 17th Period | ¥8,441 million | 0.1% | ¥3,756 million | 2.2% | ¥2,986 million | 1.0% | ¥2,984 million | 0.8% |
| 18th Period | ¥8,607 million | 2.0% | ¥3,786 million | 0.8% | ¥2,998 million | 0.4% | ¥2,996 million | 0.4% |

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Distribution amount in excess of earnings per unit |
|-------------|--|--|
| 17th Period | ¥7,540 | ¥0 |
| 18th Period | ¥7,570 | ¥0 |

(Reference) Estimated net income per unit for the 17th Fiscal Period: ¥7,540; 18th Fiscal Period: ¥7,570

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) Number of Investment Units Issued and Outstanding

- (i) Number of investment units issued and outstanding at end of period (including treasury units):
16th Fiscal Period: 395,798 units 15th Fiscal Period: 395,798 units
- (ii) Number of treasury units at end of period:
16th Fiscal Period: – units 15th Fiscal Period: – units

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

***Explanation on the Appropriate Use of the Management Status Forecasts, and Other Matters of Special Note**

The forecast figures set forth herein are the current prospects based on information currently available to the Investment Corporation and contain elements of uncertainty. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount 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. For details on the assumptions underlying the forecast figures above, please refer to “2. Management Policy and Management Status; 2.2. Management Status; Assumptions for the Management Status Forecasts for the 17th Fiscal Period and 18th Fiscal Period” on page 10.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 26, 2013).

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 August 26, 2013) as at the date of this document.

2.2. Management Status

(1) Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

Daiwa Office Investment Corporation (former name DA Office Investment Corporation) (the “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 352,786 million yen as of the last day of November 2013.

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 2,000m² 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 June 2013 to November 2013)

Japanese economy during the fiscal period under review saw a recovery trend as business sentiment and corporate performances primarily in export-related companies improved in line with the depreciation of yen and rise in stock prices, against the backdrop of economic policies centering on the financial policies promoted by the Abe administration and a large-scale monetary easing policy implemented by the Bank of Japan. Furthermore, other trends such as the recovery in personal consumption and improvement of employment signaling economic expansion have been observed.

In the office building leasing market in central Tokyo, the vacancy rate peaked out in June 2013 as new supplies slowed down and dropped to as low as 7.52% at the end of November 2013. Led by improvement in the vacancy rate for large buildings, the overall vacancy rates including small to middle sized buildings are on an improving trend. On the other hand, the office rent for the market as a whole was on a slight downward trend although rent increases were seen for large buildings in some areas. For the office building transaction market, an appetite for property acquisitions continued to be strong among real estate companies and funds (including J-REITs) with the continuing favorable equity procurement environment and proactive lending attitude by financial institutions backed by the forecast of an increase in property prices in accordance with expectations for economic recovery.

b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Tosen Dogenzaka Daini Building” (acquisition price: 4,500 million yen) in July 2013, “Akasaka Business Place” (acquisition price: 9,200 million yen) in August 2013 and “Nisseki Shibuya Building” (acquisition price: 7,000 million yen) in

September 2013. As a result, the Investment Corporation's assets under management as of the end of the 16th Fiscal Period (November 30, 2013) totaled 44 properties, the sum total of acquisition prices of which amounted to 352,786 million yen.

Concerning internal growth, while the office leasing market weakened, the Investment Corporation conducted proactive leasing such as taking in the need for floor expansion through strengthening relationship with the existing tenants, reinforcing collaboration with leasing brokers and property managers. As a result, the occupancy rate as of the end of the 16th Fiscal Period (November 30, 2013) was 96.3%, up 1.3 points from the previous fiscal period.

C. Overview of Capital Procurement

a. Status of Interest-Bearing Liabilities

(i) Procurement of Capital for New Property Acquisitions

In the 16th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of Tosen Dogenzaka Daini Building, Akasaka Business Building and Nisseki Shibuya Building.

- A total amount of 4,600 million yen was borrowed from Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc., Shinsei Bank, Ltd. and Higashi-Nippon Bank, Ltd. on July 3, 2013 to fund the acquisition of a new property (Tosen Dogenzaka Daini Building; July 3, 2013 delivery portion).
- A total amount of 9,400 million yen was borrowed from The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, The Bank of Fukuoka, Ltd. and Tokio Marine & Nichido Fire Insurance Co., Ltd., on August 9, 2013 to fund the acquisition of a new property (Akasaka Business Place; August 9, 2013 delivery).
- A total amount of 7,400 million yen was borrowed from Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Sumitomo Mitsui Trust Bank, Limited on September 27, 2013 to fund the acquisition of a new property (Nisseki Shibuya Building; September 27, 2013 delivery).

(ii) Procurement of Capital for Redemption of Investment Corporation Bonds (Refinancing)

In the 16th Fiscal Period, the Investment Corporation made the following borrowings to fund the redemption of investment corporation bonds of which redemption date arrived.

- A total amount of 5,000 million yen was borrowed from Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited on June 21, 2013 to fund the redemption of 5,000 million yen of the 2nd unsecured investment corporation bonds of which redemption date arrived on June 24, 2013.

(iii) Procurement of Capital for Repayment of Borrowings (Refinancing)

In the 16th Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings that were due for repayment.

- A total amount of 5,000 million yen was borrowed from Kansai Urban Banking Corporation on June 28, 2013 to fund the repayment of the 5,000 million yen borrowed from said bank that was due for repayment on June 28, 2013.
- A total amount of 6,000 million yen was borrowed from Sumitomo Mitsui Trust Bank, Limited and The Bank of Fukuoka on July 8, 2013 to fund the repayment of the total amount of 6,000 million yen borrowed from said banks that was due for repayment on July 8, 2013.
- 2,000 million yen was borrowed from Shinsei Bank, Ltd. on July 31, 2013 to fund the repayment of the 2,000 million yen borrowed from said bank that was due for repayment on July 31, 2013.
- A total amount of 3,500 million yen was borrowed from The Bank of Fukuoka and ORIX Bank Corporation on September 30, 2013 to fund the repayment of the total amount of 3,500 million yen borrowed from said banks that was due for repayment on September 30, 2013.
- A total amount of 4,000 million yen was borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited and Shinsei Bank, Ltd. on November 29, 2013 to fund the repayment of the total amount of 6,000 million yen borrowed from said banks that was due for repayment on November 29, 2013.

(iv) 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 16th Fiscal Period (November 30, 2013) stood at 147,700 million yen (short-term loans payable: 3,000 million yen; long-term loans payable: 141,200 million yen; investment corporation bonds: 3,500 million yen). The

balance of the current portion of long-term loans payable stood at 33,900 million yen.

Concerning borrowing in the 16th Fiscal Period, the Investment Corporation made borrowings centering on periods of between 5 years and 7 years, extending the average remaining period from 2.49 years (during the 15th Fiscal Period) to 3.43 years (during 16th Fiscal Period). In addition, liabilities costs were lowered by reducing credit spread interest. Meanwhile, the Investment Corporation concluded the interest-rate swap agreement in the 16th fiscal Period to fixate future interest payment for the total borrowing of 32,500 million yen in order to offset the risks of the possible increase of the interest rate.

List of Borrowings in the 16th Fiscal Period

| Lender | Loan amount (million yen) | Drawdown date | Repayment date | Loan period |
|---|------------------------------|------------------|-------------------|----------------|
| Sumitomo Mitsui Banking Corporation | 3,000 | 2013/6/21 | 2013/11/29 | 0.4 years |
| Sumitomo Mitsui Trust Bank, Limited | 2,000 | 2013/6/21 | 2013/11/29 | 0.4 years |
| Kansai Urban Banking Corporation | 1,500 | 2013/6/28 | 2018/8/31 | 5.2 years |
| Kansai Urban Banking Corporation | 1,500 | 2013/6/28 | 2019/8/30 | 6.2 years |
| Kansai Urban Banking Corporation | 2,000 | 2013/6/28 | 2020/8/31 | 7.2 years |
| Development Bank of Japan Inc. | 1,000 | 2013/7/3 | 2018/8/31 | 5.2 years |
| Sumitomo Mitsui Banking Corporation | 1,600 | 2013/7/3 | 2020/8/31 | 7.2 years |
| Shinsei Bank, Ltd. | 1,000 | 2013/7/3 | 2020/11/30 | 7.4 years |
| The Higashi-Nippon Bank, Limited | 1,000 | 2013/7/3 | 2020/11/30 | 7.4 years |
| The Bank of Fukuoka | 1,000 | 2013/7/8 | 2018/8/31 | 5.2 years |
| Sumitomo Mitsui Trust Bank, Limited | 1,000 | 2013/7/8 | 2019/11/29 | 6.4 years |
| Sumitomo Mitsui Trust Bank, Limited | 4,000 | 2013/7/8 | 2020/5/29 | 6.9 years |
| Shinsei Bank, Ltd. | 1,000 | 2013/7/31 | 2021/5/31 | 7.8 years |
| Shinsei Bank, Ltd. | 1,000 | 2013/7/31 | 2021/8/31 | 8.1 years |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 1,000 | 2013/8/9 | 2018/7/31 | 5.0 years |
| The Bank of Fukuoka | 1,000 | 2013/8/9 | 2018/8/31 | 5.1 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 2,000 | 2013/8/9 | 2018/8/31 | 5.1 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 3,000 | 2013/8/9 | 2020/8/31 | 7.1 years |
| Sumitomo Mitsui Trust Bank, Limited | 1,000 | 2013/8/9 | 2021/2/26 | 7.6 years |
| Sumitomo Mitsui Banking Corporation | 1,400 | 2013/8/9 | 2021/5/31 | 7.8 years |
| Mitsubishi UFJ Trust and Banking Corporation | 2,000 | 2013/9/27 | 2018/11/30 | 5.2 years |
| Mizuho Bank, Ltd. | 4,000 | 2013/9/27 | 2021/3/31 | 7.5 years |
| Sumitomo Mitsui Banking Corporation | 1,400 | 2013/9/27 | 2021/3/31 | 7.5 years |
| ORIX Bank Corporation | 1,500 | 2013/9/30 | 2019/2/28 | 5.4 years |
| The Bank of Fukuoka | 2,000 | 2013/9/30 | 2019/3/29 | 5.5 years |
| Sumitomo Mitsui Banking Corporation | 2,000 | 2013/11/29 | 2014/9/17 | 0.8 years |
| Sumitomo Mitsui Trust Bank, Limited | 1,000 | 2013/11/29 | 2014/9/17 | 0.8 years |
| Shinsei Bank, Ltd. | 1,000 | 2013/11/29 | 2020/11/30 | 7.0 years |

Balance of Borrowings from Each Financial Institution (as of November 30, 2013)

| Lender | End of the 16th Fiscal Period (million yen) | Share |
|--|--|--------|
| Sumitomo Mitsui Banking Corporation | 29,900 | 20.74% |
| Sumitomo Mitsui Trust Bank, Limited | 18,350 | 12.73% |
| Development Bank of Japan Inc. | 17,750 | 12.31% |
| Mizuho Bank, Ltd. | 11,900 | 8.25% |
| Shinsei Bank, Ltd. | 11,000 | 7.63% |
| Resona Bank, Ltd. | 9,000 | 6.24% |
| Aozora Bank, Ltd. | 6,000 | 4.16% |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 5,000 | 3.47% |
| Mitsubishi UFJ Trust and Banking Corporation | 5,000 | 3.47% |

| | | |
|---|---------|---------|
| Kansai Urban Banking Corporation | 5,000 | 3.47% |
| Mizuho Trust and Banking Co., Ltd. | 4,500 | 3.12% |
| The Bank of Fukuoka, Ltd. | 4,000 | 2.77% |
| ORIX Bank Corporation | 2,500 | 1.73% |
| The Gunma Bank, Ltd. | 2,500 | 1.73% |
| The Shizuoka Bank, Ltd. | 2,000 | 1.39% |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 2,000 | 1.39% |
| The Musashino Bank, Ltd. | 1,500 | 1.04% |
| The Higashi-Nippon Bank, Limited | 1,500 | 1.04% |
| The Hiroshima Bank, Ltd. | 1,000 | 0.69% |
| The Kagawa Bank, Ltd. | 1,000 | 0.69% |
| The 77 Bank, Ltd. | 1,000 | 0.69% |
| The Bank of Yokohama, Ltd. | 500 | 0.35% |
| The Yamaguchi Bank, Ltd. | 500 | 0.35% |
| Taiyo Life Insurance Company | 300 | 0.21% |
| Nippon Life Insurance Company | 300 | 0.21% |
| Fukoku Mutual Life Insurance Company | 200 | 0.14% |
| Total | 144,200 | 100.00% |

(Note 1) Share is rounded to two decimal places.

b. Rating Information (as of November 30, 2013)

| Credit rating agency | Rating | Outlook |
|----------------------|--------|---------|
| R&I | A+ | Stable |

c. Shelf Registration

The Investment Corporation filed a shelf registration statement on April 3, 2012 as below.

| | |
|--|---|
| Investment corporation bonds (excluding short-term investment corporation bonds) | |
| Planned issue amount | 100 billion yen |
| Planned issue period | From April 11, 2012 to April 10, 2014 |
| Use of funds | Funds for acquisition of specified assets, repayment of loans, redemption of investment corporation bonds (including short-term investment corporation bonds), refund of leasehold and security deposits, and payment of repairs, etc.; funds for working capital; etc. |

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 16th Fiscal Period of 8,432 million yen in operating revenue, 3,677 million yen in operating income, 2,955 million yen in ordinary income and 2,959 million yen in net income.

Concerning distributions, to ensure 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”)), the Investment Corporation decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution amount per unit that are less than 1 yen. Accordingly, the Investment Corporation declared a distribution amount per unit of 7,478 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy ahead is expected to see the effects of various economic measures focused on financial policy promoted by the Abe administration and large-scale monetary easing measures by the Bank of Japan as well as pickup in overseas economies lead to moderate economic recovery through improvement in corporate earnings, centering on public-investment-and exports-related companies, and recover in personal spending. However, the rise in long-term interest rates, overseas economic / overseas financial market uncertainty, and the change in demand impacted by the consumption tax hike may likely serve as downward risks on the Japanese economy and are thus thought to require attention.

In the office building leasing market, decrease in supply of newly-built buildings, undervalued rent, improvement in employment and such stimulated demand resulting in lower vacancy rates. Moreover, amid the improving supply and demand balance, further demand for office space in line with improvement of corporate earnings is expected, expected to result in a moderate rise in rents. In the office building transaction market, the demand for property acquisitions by real estate companies and funds (including J-REITs) is thought to grow even stronger, backed by the favorable financing environment and expectations of rent bottoming out.

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

Under the office leasing market conditions described above, the tenant side is also expected to become more selective with properties. Consequently, the Investment Corporation will carry out operational management under the following policy with an aim to enhance the competitiveness of existing properties and thereby increase the long-term EPS over the medium to long term.

(i) Maintain and raise occupancy rates

Concerning existing tenants, strive to reduce vacancy risks by improving the quality of buildings, equipment and management system. In addition, concerning new tenants, strive to maintain and raise occupancy rates through the provision of services that are of higher satisfaction levels than competing properties 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 2,000m² 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.

In the 16th Fiscal Period, the Investment Corporation acquired "Tosen Dogenzaka Daini Building", "Akasaka Business Place" and "Nisseki Shibuya Building" which is 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 (LTV) to total assets within the range of 40% to 50% at maximum, taking into consideration also the real LTV, etc., as a principle.
- (ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.
- (iii) Aim to have long-term loans account for at least 70% of total loans as a principle.
- (iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.
- (v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

C. Significant Subsequent Events

Not applicable.

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 17th Fiscal Period (fiscal period ending May 2014 (from December 1, 2013 to May 31, 2014)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 17th Fiscal Period and 18th Fiscal Period” on page 10.

17th Fiscal Period (fiscal period ending May 2014 (from December 1, 2013 to May 31, 2014))

| | |
|--|-------------------|
| Operating revenue | 8,441 million yen |
| Operating income | 3,756 million yen |
| Ordinary income | 2,986 million yen |
| Net income | 2,984 million yen |
| Distribution amount per unit | 7,540 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 17th Fiscal Period and 18th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 18th Fiscal Period (fiscal period ending November 2014 (from June 1, 2014 to November 30, 2014)).

18th Fiscal Period (fiscal period ending November 2014 (from June 1, 2014 to November 30, 2014))

| | |
|--|-------------------|
| Operating revenue | 8,607 million yen |
| Operating income | 3,786 million yen |
| Ordinary income | 2,998 million yen |
| Net income | 2,996 million yen |
| Distribution amount per unit | 7,570 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 17th Fiscal Period and 18th Fiscal Period

| Item | Assumptions |
|--|---|
| Assets under management | <ul style="list-style-type: none"> • 17th Fiscal Period and 18th Fiscal Period: Assets under management are assumed to be the 44 properties held as of November 30, 2013. • The actual number of properties may vary due to changes in the assets under management. |
| 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 sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 4,656 million yen in the 17th Fiscal Period and 4,700 million yen in the 18th Fiscal Period. • Consignment expenses are expected to be 667 million yen in the 17th Fiscal Period and 640 million yen in the 18th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 698 million yen in the 17th Fiscal Period and 801 million yen in the 18th Fiscal Period. • Depreciation is expected to be 1,341 million yen in the 17th Fiscal Period and 1,350 million yen in the 18th Fiscal Period. |
| Non-operating expenses | <ul style="list-style-type: none"> • Non-operating expenses in the 17th Fiscal Period are expected to be 769 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 765 million yen. • Non-operating expenses in the 18th Fiscal Period are expected to be 787 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 782 million yen. |
| Interest-bearing liabilities | <ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 147,700 million yen at the end of the 17th Fiscal Period and 147,700 million yen at the end of the 18th Fiscal Period. • The assumption is that, in the 17th Fiscal Period, the 4,000 million yen in loans that is to become due for repayment on March 18, 2014, the 2,000 million yen in loans that is to become due for repayment on March 25, 2014 and the 8,900 million yen in loans that is to become due for repayment on March 31, 2014 will each be refinanced in the entire amount. • The assumption is that, in the 18th Fiscal Period, the 19,000 million yen in loans that is to become due for repayment on July 8, 2014, the 3,000 million yen in loans that is to become due for repayment on September 17, 2014 will each be refinanced in the entire amount. The assumption is that, early redemption is to be conducted for the 3,500 million yen of First Series Unsecured Investment Corporation Bonds with early redemption clause by refinancing in the entire amount on September 17, 2014 |
| Number of investment units issued and outstanding | <ul style="list-style-type: none"> • The number of investment units issued and outstanding is assumed to be the 395,798 units issued and outstanding as of the date of submission of this document, and there is assumed to be no additional issuance of investment units through to November 30, 2014. |
| 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. |
| 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). |

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

2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 26, 2013).

3. Financial Statements

3.1. Balance Sheets

(Unit: thousand yen)

| | 15th Fiscal Period [As of May 31, 2013] | 16th Fiscal Period [As of Nov. 30, 2013] |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,948,755 | 11,479,896 |
| Cash and deposits in trust | 5,109,017 | 5,445,075 |
| Operating accounts receivable | 230,151 | 299,238 |
| Consumption taxes receivable | 248,781 | — |
| Prepaid expenses | 262,955 | 289,694 |
| Deferred tax assets | 3,166 | 7,426 |
| Other | 119,179 | 108,600 |
| Total current assets | 16,922,006 | 17,629,931 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 3,107,374 | 3,073,746 |
| Accumulated depreciation | (1,279,598) | (1,367,157) |
| Buildings, net | 1,827,775 | 1,706,588 |
| Structures | 10,296 | 10,296 |
| Accumulated depreciation | (1,924) | (2,192) |
| Structures in trust, net | 8,372 | 8,103 |
| Tools, furniture and fixtures | 7,299 | 7,422 |
| Accumulated depreciation | (5,214) | (5,593) |
| Tools, furniture and fixtures, net | 2,085 | 1,828 |
| Other | 3,741 | — |
| Accumulated depreciation | (3,741) | — |
| Other, net | — | — |
| Land | 12,502,216 | 12,302,226 |
| Construction in progress | 4,031 | 2,457 |
| Buildings in trust | 72,858,509 | 75,848,965 |
| Accumulated depreciation | (14,356,490) | (15,550,718) |
| Buildings in trust, net | *1 58,502,018 | *1 60,298,247 |
| Structures in trust | 848,241 | 858,205 |
| Accumulated depreciation | (123,691) | (135,345) |
| Structures in trust, net | 724,550 | 722,860 |
| Machinery and equipment in trust | 822,579 | 861,301 |
| Accumulated depreciation | (370,945) | (399,705) |
| Machinery and equipment in trust, net | 451,634 | 461,596 |
| Tools, furniture and fixtures in trust | 86,066 | 94,734 |
| Accumulated depreciation | (44,192) | (50,484) |
| Tools, furniture and fixtures in trust, net | 41,874 | 44,249 |
| Other in trust | 6,017 | 6,017 |
| Accumulated depreciation | (6,017) | (6,017) |
| Other in trust, net | — | — |
| Land in trust | 248,202,878 | 266,787,276 |
| Construction in progress in trust | 35,796 | 39,544 |
| Total property, plant and equipment | 322,303,233 | 342,374,979 |

(Unit: thousand yen)

| | 15th Fiscal Period [As of May 31, 2013] | 16th Fiscal Period [As of Nov. 30, 2013] |
|--|--|---|
| Intangible assets | | |
| Right of trademark | 1,636 | 1,448 |
| Leasehold rights | 2,407,101 | 2,407,101 |
| Leasehold rights in trust | 306,884 | 306,884 |
| Other | 3,583 | 2,818 |
| Total intangible assets | 2,719,206 | 2,718,252 |
| Investments and other assets | | |
| Lease and guarantee deposits in trust | 113,684 | 113,684 |
| Long-term prepaid expenses | 483,942 | 778,748 |
| Deferred tax assets | 11,321 | 23,705 |
| Derivatives assets | 1,234 | — |
| Other | 10,020 | 10,020 |
| Total investments and other assets | 620,202 | 926,158 |
| Total noncurrent assets | 325,642,642 | 346,019,390 |
| Deferred assets | | |
| Investment corporation bonds issuance costs | 8,216 | 4,585 |
| Total deferred assets | 8,216 | 4,585 |
| Total assets | 342,572,865 | 363,653,907 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 571,325 | 772,417 |
| Short-term loans payable | — | 3,000,000 |
| Current portion of investment corporation bonds | 5,000,000 | — |
| Current portion of long-term loans payable | 32,400,000 | 33,900,000 |
| Accounts payable – other | 261,090 | 286,983 |
| Income taxes payable | 779 | 811 |
| Accrued consumption taxes | 32,427 | 96,308 |
| Advances received | 874,930 | 977,470 |
| Other | 120,598 | 164,118 |
| Total current liabilities | 39,261,151 | 39,198,109 |
| Noncurrent liabilities | | |
| Investment corporation bonds | 3,500,000 | 3,500,000 |
| Long-term loans payable | 87,400,000 | 107,300,000 |
| Tenant leasehold and security deposits | 6,659,828 | 7,306,108 |
| Tenant leasehold and security deposits in trust | 4,374,420 | 4,597,921 |
| Derivatives liabilities | 32,093 | 68,576 |
| Total noncurrent liabilities | 101,966,343 | 122,772,606 |
| Total liabilities | 141,227,494 | 161,970,715 |
| Net Assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 198,780,951 | 198,780,951 |
| Surplus | | |
| Unappropriated retained earnings (undisposed loss) | 2,589,422 | 2,959,947 |
| Total surplus | 2,589,422 | 2,959,947 |
| Total unitholders' equity | 201,370,373 | 201,740,899 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | (25,003) | (57,707) |
| Total valuation and translation adjustments | (25,003) | (57,707) |
| Total net assets | *2 201,345,370 | *2 201,683,191 |
| Total liabilities and net assets | 342,572,865 | 363,653,907 |

3.2. Statements of Income

(Unit: thousand yen)

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | |
|--|--|-----------|---|-----------|
| Operating revenue | | | | |
| Rent revenue – real estate | *1 | 7,519,690 | *1 | 8,367,068 |
| Other lease business revenue | *1 | 95,383 | *1 | 65,001 |
| Total operating revenue | | 7,615,074 | | 8,432,069 |
| Operating expenses | | | | |
| Expenses related to rent business | *1 | 3,499,437 | *1 | 3,870,374 |
| Asset management fees | | 634,585 | | 696,224 |
| Asset custody fees | | 16,654 | | 17,657 |
| Administrative service fees | | 61,078 | | 63,107 |
| Trust fees | | 20,657 | | 21,717 |
| Directors' compensation | | 5,400 | | 5,400 |
| Other operating expenses | | 68,525 | | 80,559 |
| Total operating expenses | | 4,306,339 | | 4,755,040 |
| Operating income | | 3,308,734 | | 3,677,029 |
| Non-operating income | | | | |
| Interest income | | 923 | | 1,423 |
| Reversal of distribution payable | | 1,023 | | 1,101 |
| Miscellaneous income | | 13,275 | | 2,464 |
| Total non-operating income | | 15,222 | | 4,989 |
| Non-operating expenses | | | | |
| Interest expenses | | 492,196 | | 522,251 |
| Interest expenses on investment corporation bonds | *2 | 95,533 | *2 | 53,609 |
| Borrowing expenses | | 135,545 | | 144,284 |
| Other | | 10,632 | | 5,935 |
| Total non-operating expenses | | 733,907 | | 726,080 |
| Ordinary income | | 2,590,049 | | 2,955,938 |
| Extraordinary income | | | | |
| Gain on donation of noncurrent assets | | — | | 4,884 |
| Total extraordinary income | | — | | 4,884 |
| Income before income taxes | | 2,590,049 | | 2,960,822 |
| Income taxes – current | | 869 | | 992 |
| Income taxes – deferred | | 5 | | (6) |
| Total income taxes | | 874 | | 986 |
| Net income | | 2,589,175 | | 2,959,835 |
| Retained earnings brought forward | | 247 | | 111 |
| Unappropriated retained earnings (undisposed loss) | | 2,589,422 | | 2,959,947 |

3.3. Statements of Unitholders' Equity

(Unit: thousand yen)

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|--|--|---|
| Unitholders' equity | | |
| Unitholders' capital | | |
| Balance at beginning of current period | 198,780,951 | 198,780,951 |
| Changes of items during the period | | |
| Total changes of items during the period | — | — |
| Balance at end of current period | *1 198,780,951 | *1 198,780,951 |
| Surplus | | |
| Unappropriated retained earnings (undisposed loss) | | |
| Balance at beginning of current period | 2,369,494 | 2,589,422 |
| Changes of items during the period | | |
| Dividends from surplus | (2,369,246) | (2,589,310) |
| Net income | 2,589,175 | 2,959,835 |
| Total changes of items during the period | 219,928 | 370,525 |
| Balance at end of current period | 2,589,422 | 2,959,947 |
| Total Surplus | | |
| Balance at beginning of current period | 2,369,494 | 2,589,422 |
| Changes of items during the period | | |
| Dividends from surplus | (2,369,246) | (2,589,310) |
| Net income | 2,589,175 | 2,959,835 |
| Total changes of items during the period | 219,928 | 370,525 |
| Balance at end of current period | 2,589,422 | 2,959,947 |
| Total unitholders' equity | | |
| Balance at beginning of current period | 201,150,445 | 201,370,373 |
| Changes of items during the period | | |
| Dividends from surplus | (2,369,246) | (2,589,310) |
| Net income | 2,589,175 | 2,959,835 |
| Total changes of items during the period | 219,928 | 370,525 |
| Balance at end of current period | 201,370,373 | 201,740,899 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | | |
| Balance at beginning of current period | (32,701) | (25,003) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 7,698 | (32,704) |
| Total changes of items during the period | 7,698 | (32,704) |
| Balance at end of current period | (25,003) | (57,707) |
| Total valuation and translation adjustments | | |
| Balance at beginning of current period | (32,701) | (25,003) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 7,698 | (32,704) |
| Total changes of items during the period | 7,698 | (32,704) |
| Balance at end of current period | (25,003) | (57,707) |
| Total net assets | | |
| Balance at beginning of current period | 201,117,743 | 201,345,370 |
| Changes of items during the period | | |
| Dividends from surplus | (2,369,246) | (2,589,310) |
| Net income | 2,589,175 | 2,959,835 |
| Net changes of items other than shareholders' equity | 7,698 | (32,704) |
| Total changes of items during the period | 227,626 | 337,821 |
| Balance at end of current period | 201,345,370 | 201,683,191 |

3.4. Statements of Cash Distributions

| Item | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|---|--|--|
| | Amount (yen) | Amount (yen) |
| I. Unappropriated retained earnings | 2,589,422,414 | 2,959,947,688 |
| II. Distribution amount [Distribution amount per unit] | 2,589,310,516 [6,542] | 2,959,777,444 [7,478] |
| III. Retained earnings carried forward | 111,898 | 170,244 |
| 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 number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 2,589,310,516 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 number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 2,959,777,444 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) | |
|---|--|---|
| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 2,590,049 | 2,960,822 |
| Depreciation and amortization | 1,281,373 | 1,330,093 |
| Amortization of investment corporation bonds issuance costs | 8,536 | 3,631 |
| Interest income | (923) | (1,423) |
| Interest expenses | 587,730 | 575,860 |
| (Increase) Decrease in operating accounts receivable | 31,498 | (69,086) |
| (Increase) Decrease in consumption taxes refund receivable | (248,781) | 248,781 |
| (Increase) Decrease in prepaid expenses | (16,382) | (26,739) |
| Increase (decrease) in operating accounts payable | (68,851) | 201,239 |
| Increase (decrease) in accounts payable – other | (884) | 29,441 |
| Increase (decrease) in accrued consumption taxes | (53,374) | 63,881 |
| Increase (decrease) in advances received | 42,962 | 102,540 |
| (Increase) Decrease in long-term prepaid expenses | (95,986) | (294,805) |
| Other, net | (103,539) | 72,548 |
| Subtotal | 3,953,427 | 5,196,784 |
| Interest income received | 923 | 1,423 |
| Interest expenses paid | (604,367) | (615,390) |
| Income taxes paid | (887) | (960) |
| Net cash provided by (used in) operating activities | 3,349,095 | 4,581,857 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (238,242) | (25,556) |
| Purchase of property, plant and equipment in trust | (17,500,043) | (21,370,401) |
| Purchase of intangible assets | (279) | – |
| Proceeds from tenant security deposits | 311,407 | 372,769 |
| Proceeds from tenant security deposits in trust | 759,494 | 835,362 |
| Repayments of tenant security deposits | (229,658) | (332,947) |
| Repayments of tenant security deposits in trust | (289,821) | (5,404) |
| Net cash provided by (used in) investing activities | (17,187,143) | (20,526,177) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from short-term loans payable | – | 8,000,000 |
| Repayment of short-term loans payable | – | (5,000,000) |
| Proceeds from long-term loans payable | 21,700,000 | 38,900,000 |
| Repayment of long-term loans payable | (5,481,250) | (17,500,000) |
| Redemption of investment corporation bonds redeemable | – | (5,000,000) |
| Dividends paid | (2,369,894) | (2,588,480) |
| Net cash provided by (used in) financing activities | 13,848,855 | 16,811,519 |
| Net increase (decrease) in cash and cash equivalents | 10,807 | 867,199 |
| Cash and cash equivalents at beginning of period | 16,046,965 | 16,057,772 |
| Cash and cash equivalents at end of period | *1 16,057,772 | *1 16,924,971 |

3.6. Notes to the Going Concern

Not applicable.

3.7. Notes to Significant Accounting Policies

| | | | | | | | | | |
|---|--|-----------|------------|------------|------------|-------------------------|------------|-------------------------------|------------|
| 1. Accumulated depreciation method for noncurrent assets | <p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0"> <tr> <td>Buildings</td> <td>2~64 years</td> </tr> <tr> <td>Structures</td> <td>4~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>2~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5~18 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p> | Buildings | 2~64 years | Structures | 4~56 years | Machinery and equipment | 2~23 years | Tools, furniture and fixtures | 5~18 years |
| Buildings | 2~64 years | | | | | | | | |
| Structures | 4~56 years | | | | | | | | |
| Machinery and equipment | 2~23 years | | | | | | | | |
| Tools, furniture and fixtures | 5~18 years | | | | | | | | |
| 2. Accounting policies for deferred assets | Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption. | | | | | | | | |
| 3. Accounting standards for recording revenues and expenses | <p>Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted.</p> <p>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.</p> <p>The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 15th Fiscal Period is 49,317 thousand yen and 16th Fiscal Period is 71,319 thousand yen.</p> | | | | | | | | |
| 4. Hedge accounting approaches | <p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate cap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p> | | | | | | | | |

| | |
|--|--|
| 5. Scope of funds in the statements of cash flows | The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation. |
| 6. Other significant matters forming basis for preparation of financial statements | <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, other tangible assets in trust, land in trust and construction in progress in trust (iii) Leasehold rights in trust (iv) Lease and guarantee deposits in trust (v) Tenant leasehold and security deposits in trust <p>(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> |

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.

| 15th Fiscal Period [As of May 31, 2013] | | 16th Fiscal Period [As of November 30, 2013] | |
|--|---------------------|---|---------------------|
| Buildings in trust | 32,898 thousand yen | Buildings in trust | 32,898 thousand yen |

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

| 15th Fiscal Period [As of May 31, 2013] | 16th Fiscal Period [As of November 30, 2013] |
|--|---|
| 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)

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|--|--|---|
| A. Property leasing revenue | | |
| Rent revenue – real estate | 7,519,690 | 8,367,068 |
| Other lease business revenue | 95,383 | 65,001 |
| Total property leasing revenue | 7,615,074 | 8,432,069 |
| B. Property leasing expenses | | |
| Consignment expenses | 591,513 | 654,832 |
| Utilities expenses | 678,874 | 877,331 |
| Taxes and dues | 671,598 | 692,430 |
| Non-life insurance expenses | 12,101 | 12,927 |
| Repair expenses | 215,111 | 251,073 |
| Depreciation | 1,280,206 | 1,328,912 |
| Other lease business expenses | 50,031 | 52,866 |
| Total property leasing expenses | 3,499,437 | 3,870,374 |
| C. Operating income (loss) from property leasing [A – B] | 4,115,636 | 4,561,695 |

***2. Transactions with major unitholders**

(Unit: thousand yen)

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|---|--|---|
| Transactions other than business transaction | | |
| Interest expenses on investment corporation bonds | 48,527 | 48,102 |

[Notes to Statements of Unitholders' Equity]

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|---|--|---|
| *1. 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 |
| Number of investment units issued and outstanding | 395,798 units | 395,798 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)

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|----------------------------|--|---|
| Cash and deposits | 10,948,755 | 11,479,896 |
| Cash and deposits in trust | 5,109,017 | 5,445,075 |
| Cash and cash equivalents | 16,057,772 | 16,924,971 |

[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 safe and highly liquid money claims and securities (in principle, deposits).

Derivative transactions are limited to hedge operations which hedge against interest rate risks.

(b) Contents and risk of financial instruments and policies 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 with floating interest rates are exposed to interest rate risk and the risk is controlled by using derivative instruments (interest swap transaction).

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.

Security deposits from tenants 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, 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)).

15th Fiscal Period [As of May 31, 2013]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|---|-----------------|-------------|------------|
| (1) Cash and deposits | 10,948,755 | 10,948,755 | — |
| (2) Cash and deposits in trust | 5,109,017 | 5,109,017 | — |
| Total assets | 16,057,772 | 16,057,772 | — |
| (1) Short-term loans payable | — | — | — |
| (2) Current portion of investment corporation bonds | 5,000,000 | 5,005,500 | 5,500 |
| (3) Current portion of long-term loans payable | 32,400,000 | 32,400,577 | 577 |
| (4) Investment corporation bonds | 3,500,000 | 3,500,000 | — |
| (5) Long-term loans payable | 87,400,000 | 87,010,905 | (389,094) |
| Total liabilities | 128,300,000 | 127,916,982 | (383,017) |
| Derivative transactions (*) | (39,478) | (39,478) | — |

16th Fiscal Period [As of November 30, 2013]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|---|-----------------|-------------|------------|
| (1) Cash and deposits | 11,479,896 | 11,479,896 | — |
| (2) Cash and deposits in trust | 5,445,075 | 5,445,075 | — |
| Total assets | 16,924,971 | 16,924,971 | — |
| (1) Short-term loans payable | 3,000,000 | 3,000,000 | — |
| (2) Current portion of investment corporation bonds | — | — | — |
| (3) Current portion of long-term loans payable | 33,900,000 | 33,902,829 | 2,829 |
| (4) Investment corporation bonds | 3,500,000 | 3,500,000 | — |
| (5) Long-term loans payable | 107,300,000 | 107,324,155 | 24,155 |
| Total liabilities | 147,700,000 | 147,726,984 | 26,984 |
| Derivative transactions (*) | (88,820) | (88,820) | — |

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

(Note 1) Method of calculation of fair value of financial instruments and matters concerning derivatives.

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

(1) Short-term loans payable; (3) Current portion of long-term loans payable; (5) Long-term loans payable

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

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

(2) Current portion of investment corporation bonds; (4) Investment corporation bonds

Concerning the fair value of investment corporation bonds issued by the Investment Corporation, as these are based on floating interest rates and 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.

Derivative transactions

Please refer to [Notes to Derivative transactions] below.

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

(Unit: thousand yen)

| | 15th Fiscal Period [As of May 31, 2013] | 16th Fiscal Period [As of Nov. 30, 2013] |
|---|--|---|
| Tenant leasehold and security deposits | 6,659,828 | 7,306,108 |
| Tenant leasehold and security deposits in trust | 4,374,420 | 4,597,921 |
| Total | 11,034,249 | 11,904,029 |

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 market price because discerning of the market price is recognized to be extremely difficult as future cash flows cannot be reasonably estimated due to there being no fair value and difficulty in calculation of the actual deposit period.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the settlement of accounts.

15th Fiscal Period [As of May 31, 2013]

(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 | 10,948,755 | — | — | — | — | — |
| Cash and deposits in trust | 5,109,017 | — | — | — | — | — |
| Total | 16,057,772 | — | — | — | — | — |

16th Fiscal Period [As of November 30, 2013]

(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 | 11,479,896 | — | — | — | — | — |
| Cash and deposits in trust | 5,445,075 | — | — | — | — | — |
| Total | 16,924,971 | — | — | — | — | — |

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

15th Fiscal Period [As of May 31, 2013]

(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 investment corporation bonds | 5,000,000 | — | — | — | — | — |
| Current portion of long-term loans payable | 32,400,000 | — | — | — | — | — |
| Investment corporation bonds | — | — | — | — | — | 3,500,000 |
| Long-term loans payable | — | 29,500,000 | 8,300,000 | 18,200,000 | 19,400,000 | 12,000,000 |
| Total | 37,400,000 | 29,500,000 | 8,300,000 | 18,200,000 | 19,400,000 | 15,500,000 |

16th Fiscal Period [As of November 30, 2013]

(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 investment corporation bonds | 3,000,000 | — | — | — | — | — |
| Current portion of long-term loans payable | 33,900,000 | — | — | — | — | — |
| Investment corporation bonds | — | — | — | — | — | 3,500,000 |
| Long-term loans payable | — | 16,600,000 | 3,700,000 | 28,250,000 | 17,350,000 | 41,400,000 |
| Total | 36,900,000 | 16,600,000 | 3,700,000 | 28,250,000 | 17,350,000 | 44,900,000 |

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

15th Fiscal Period [As of May 31, 2013]

Not applicable.

16th Fiscal Period [As of November 30, 2013]

Not applicable.

(2) Transactions for which hedge accounting is applied

15th Fiscal Period [As of May 31, 2013]

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 | 43,900,000 | 26,000,000 | (39,478) | 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 | 27,350,000 | 27,350,000 | (*) | |
| Total | | | 71,250,000 | 53,350,000 | (39,478) | |

16th Fiscal Period [As of November 30, 2013]

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 | 65,400,000 | 34,500,000 | (88,820) | 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 | 32,350,000 | 32,350,000 | (*) | |
| Total | | | 97,750,000 | 66,850,000 | (88,820) | |

(*) 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 (3) (5)”).

[Notes to Transactions with Related Parties]

(1) Transactions with related parties

15th Fiscal Period [From: December 1, 2012 To: May 31, 2013]

| Classification | Name of company, etc. | Location | Capital stock or investments in capital | Business description | Percentage of voting rights, etc. held by related party (held in the Investment Corporation) | Relationship with related party | Nature of transaction | Amount of transaction (thousand yen) | Accounting item | Balance at end of period (thousand yen) |
|----------------|-----------------------------|-------------------|---|----------------------|--|---------------------------------|--|--------------------------------------|------------------------------|---|
| Parent company | Daiwa Securities Group Inc. | Chiyoda-ku, Tokyo | 247.3 billion yen | Holding company | (Held in the Investment Corporation) Directly: 14.99% Indirectly: 32.57% | Provision of capital | Payment of interest expenses on investment corporation bonds (Notes 1 and 2) | 48,527 | Investment corporation bonds | 3,500,000 |
| | | | | | | | | | Other (current liabilities) | 20,304 |

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

(Note 1) Issuance terms, etc. for investment corporation bonds were determined by conducting a multifaceted analysis, including the disparity in the spread of investment corporation bonds of other similar investment corporation bonds and the spread of senior bonds and subordinated bonds in the market (bank bonds) and verification from the spread of subordinated investment corporation bonds issued in the past in Japan.

(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.

16th Fiscal Period [From: June 1, 2013 To: November 30, 2013]

| Classification | Name of company, etc. | Location | Capital stock or investments in capital | Business description | Percentage of voting rights, etc. held by related party (held in the Investment Corporation) | Relationship with related party | Nature of transaction | Amount of transaction (thousand yen) | Accounting item | Balance at end of period (thousand yen) |
|----------------|-----------------------------|-------------------|---|----------------------|--|---------------------------------|--|--------------------------------------|------------------------------|---|
| Parent company | Daiwa Securities Group Inc. | Chiyoda-ku, Tokyo | 247.3 billion yen | Holding company | (Held in the Investment Corporation) Directly: 14.99% Indirectly: 32.57% | Provision of capital | Payment of interest expenses on investment corporation bonds (Notes 1 and 2) | 48,102 | Investment corporation bonds | 3,500,000 |
| | | | | | | | | | Other (current liabilities) | 19,358 |

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

(Note 1) Issuance terms, etc. for investment corporation bonds were determined by conducting a multifaceted analysis, including the disparity in the spread of investment corporation bonds of other similar investment corporation bonds and the spread of senior bonds and subordinated bonds in the market (bank bonds) and verification from the spread of subordinated investment corporation bonds issued in the past in Japan.

(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.

(2) Notes to parent company and significant affiliated companies

15th Fiscal Period [From: December 1, 2012 To: May 31, 2013]

Parent company's information

Daiwa Securities Group Inc. (listed on the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange)

16th Fiscal Period [From: June 1, 2013 To: November 30, 2013]

Parent company's information

Daiwa Securities Group Inc. (listed on the Tokyo Stock Exchange and Nagoya Stock Exchange)

[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)

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|---|--|---|
| Carrying amount | | |
| Balance at beginning of period | 308,107,273 | 324,976,352 |
| Amount of increase (decrease) during period | 16,869,079 | 20,069,800 |
| Balance at end of period | 324,976,352 | 345,046,153 |
| Fair value at end of period | 302,510,000 | 328,290,000 |

(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 15th Fiscal Period, the amount of increase is mainly attributable to acquisition of shinyon curumu (9,650 million yen), Honshu Meieki (5,300 million yen), and Kamiooka Eye Mark (2,000 million yen), and the amount of decrease is mainly attributable to depreciation (1,280 million yen). Of the amount of increase (decrease) for rental properties during the 16th Fiscal Period, the amount of increase is mainly attributable to acquisition of Tosen Dogenzaka Daini (4,500 million yen), Akasaka Business Place (9,200 million yen) and Nisseki Shibuya (7,000 million yen), and the amount of decrease is mainly attributable to depreciation (1,328 million yen).

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

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

[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

15th Fiscal Period [From: December 1, 2012 To: May 31, 2013]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

16th Fiscal Period [From: June 1, 2013 To: November 30, 2013]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

[Notes to Per Unit Information]

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|---------------------|--|---|
| Net assets per unit | 508,707 yen | 509,560 yen |
| Net income per unit | 6,541.66 yen | 7,478.15 yen |

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

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

| | 15th Fiscal Period [From: Dec. 1, 2012 To: May 31, 2013] | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] |
|---|--|---|
| Net income (thousand yen) | 2,589,175 | 2,959,835 |
| Amounts not attributable to common unitholders (thousand yen) | — | — |
| Net income attributable to common investment units (thousand yen) | 2,589,175 | 2,959,835 |
| Average number of investment units during the period (unit) | 395,798 | 395,798 |

[Notes to Significant Subsequent Events]

Not applicable.

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

| Payment date | Description | Number of investment units issued and outstanding (units) | | Unitholders' capital (million yen) | | Notes |
|------------------|--|---|---------|------------------------------------|---------|----------|
| | | Increase (Decrease) | Balance | Increase (Decrease) | Balance | |
| July 11, 2005 | Incorporation through private placement | 400 | 400 | 200 | 200 | (Note 1) |
| October 18, 2005 | Capital increase through public offering | 99,600 | 100,000 | 49,498 | 49,698 | (Note 2) |
| July 10, 2007 | Capital increase through public offering | 100,000 | 200,000 | 75,316 | 125,015 | (Note 3) |
| August 7, 2007 | Capital increase by way of a third-party allotment | 5,000 | 205,000 | 3,765 | 128,781 | (Note 4) |
| June 4, 2008 | Capital increase by way of a third-party allotment | 138,905 | 343,905 | 59,999 | 188,780 | (Note 5) |
| July 1, 2009 | Capital increase by way of a third-party allotment | 51,893 | 395,798 | 10,000 | 198,780 | (Note 6) |

(Note 1) The Investment Corporation was incorporated at an issue price of 500,000 yen per unit.

(Note 2) The Investment Corporation issued new investment units through public offering at an issue price of 515,000 yen per unit (amount to be paid in: 496,975 yen) to procure funds for acquisition of properties to be acquired upon listing, etc.

(Note 3) The Investment Corporation issued new investment units through public offering at an issue price of 781,060 yen per unit (amount to be paid in: 753,165 yen) to procure funds for acquisition of acquisition properties, etc.

(Note 4) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 753,165 yen per unit (amount to be paid in: 753,165 yen) to fund part of acquisition of acquisition properties, etc.

(Note 5) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 431,949 yen per unit (amount to be paid in: 431,949 yen) to fund repayment of loans and redemption of investment corporation bonds.

(Note 6) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 192,705 yen per unit (amount to be paid in: 192,705 yen) to fund repayment of loans, capital expenditure to enhance property value, acquisition of property, etc.

4. Changes in Directors

4.1. Changes in Directors at the Investment Corporation

Not applicable.

4.2. Changes in Directors at the Asset Manager

Not applicable.

5. Reference Information

5.1. Investment Status

| Type of asset | Use | Region | 16th Fiscal Period (As of November 30, 2013) | |
|---|--------|-----------------------------|---|---|
| | | | Total amount owned (million yen) (Note 1) | As a percentage of total assets (%) |
| Real estate (Note 2) | Office | Five Central Wards of Tokyo | 16,425 | 4.5 |
| Trust beneficial interest in real estate (Note 2) | Office | Five Central Wards of Tokyo | 296,702 | 81.6 |
| | | Greater Tokyo | 21,657 | 6.0 |
| | | Major Regional Cities | 10,261 | 2.8 |
| Total | | | 345,046 | 94.9 |
| Deposits and other assets | | | 18,607 | 5.1 |
| Total amount of assets (Note 3) | | | 363,653 | 100.0 |
| | | | [345,046] | [94.9] |

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

(Note 2) Additional acquisition of the compartmentalized ownership interest, etc. of “Sunline Building No. 7” was made in March 2013 and May 2013. For the additionally-acquired compartmentalized ownership, etc., it was categorized and counted as real estate in the 15th Fiscal Period, but is categorized and counted as trust beneficial interest in real estate in the 16th Fiscal Period in accordance with the additional trust conducted as of September 2013. Hereafter, all are treated accordingly.

(Note 3) 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 November 30, 2013)

5.2.1. Price and Investment Ratio of Investment Real Estate Properties

| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 4) | Carrying amount (million yen) (Note 5) | Estimated price at end of period (million yen) (Note 6) | Investment ratio (%) (Note 7) |
|---|--------------------------------|--|--|--|---|-------------------------------|
| Five Central Wards of Tokyo (Note 1) | Daiwa Ginza | Real estate | 14,100 | 13,538 | 14,900 | 4.0 |
| | Daiwa Ginza Annex | | 3,050 | 2,886 | 3,140 | 0.9 |
| | Daiwa Shibaura | Trust beneficial interest in real estate | 8,265 | 8,081 | 7,470 | 2.3 |
| | Daiwa Minami-Aoyama | | 4,550 | 4,469 | 4,100 | 1.3 |
| | Daiwa Sarugakucho | | 3,190 | 3,260 | 3,160 | 0.9 |
| | Daiwa A Hamamatsucho (Note 8) | | 2,865 | 2,798 | 2,850 | 0.8 |
| | Daiwa Jingumae | | 2,800 | 2,720 | 2,100 | 0.8 |
| | Daiwa Shibadaimon | | 2,578 | 2,414 | 2,640 | 0.7 |
| | Daiwa Misakicho | | 2,346 | 2,191 | 2,450 | 0.7 |
| | Daiwa Shimbashi 510 | | 2,080 | 2,123 | 2,400 | 0.6 |
| | Daiwa Tsukijiekimae | | 1,560 | 1,407 | 1,400 | 0.4 |
| | Daiwa Tsukiji | | 1,240 | 1,196 | 1,460 | 0.4 |
| | Daiwa Tsukiji 616 | | 2,440 | 2,257 | 2,410 | 0.7 |
| | Daiwa Tsukishima | | 7,840 | 7,030 | 8,010 | 2.2 |
| | Nihombashi MS | | 2,520 | 2,470 | 2,480 | 0.7 |
| | Daiwa Azabudai | | 1,600 | 1,548 | 1,740 | 0.5 |
| | Daiwa Shibuya SS | | 3,930 | 3,783 | 3,840 | 1.1 |
| | Daiwa Nihombashi Honcho | | 7,420 | 7,101 | 7,130 | 2.1 |
| | Daiwa Ginza 1-chome | | 4,620 | 4,509 | 4,590 | 1.3 |
| | Daiwa Kyobashi | | 3,460 | 3,344 | 3,100 | 1.0 |
| | Sunline Building No. 7 | | 2,910 | 2,881 | 2,640 | 0.8 |
| | Daiwa Onarimon | | 13,860 | 13,571 | 13,600 | 3.9 |
| | Shinjuku Maynds Tower (Note 8) | | 133,800 | 130,627 | 113,000 | 37.9 |
| | SHIBUYA EDGE | | 5,900 | 5,777 | 4,260 | 1.7 |
| | Daiwa Kodenmacho | | 2,460 | 2,425 | 1,980 | 0.7 |
| | Daiwa Jimbocho | | 4,150 | 4,103 | 2,860 | 1.2 |
| | Daiwa Nishi-Shimbashi | | 5,000 | 4,997 | 4,710 | 1.4 |
| | Daiwa Kudan | | 4,000 | 3,913 | 2,920 | 1.1 |
| | Daiwa Kayabacho | | 5,600 | 5,507 | 6,460 | 1.6 |
| | Jimbocho Place | | 3,550 | 3,547 | 3,760 | 1.0 |
| | E SPACE TOWER | | 24,000 | 23,923 | 27,100 | 6.8 |
| | Nihonbashi Hongokucho Tosei | | 1,721 | 1,706 | 1,850 | 0.5 |
| | shinyon curumu | | 9,650 | 9,969 | 10,300 | 2.7 |
| | Tosen Dogenzaka Daini | | 4,500 | 4,539 | 4,750 | 1.3 |
| | Akasaka Business Place | | 9,200 | 9,290 | 10,400 | 2.6 |
| | Nisseki Shibuya | 7,000 | 7,211 | 7,280 | 2.0 | |
| Total for Five Central Wards of Tokyo (36 properties) | | | 319,755 | 313,127 | 299,240 | 90.6 |

| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 4) | Carrying amount (million yen) (Note 5) | Estimated price at end of period (million yen) (Note 6) | Investment ratio (%) (Note 7) |
|--|-------------------------|--|--|--|---|-------------------------------|
| Greater Tokyo (Note 2) | Daiwa Kinshicho | Trust beneficial interest in real estate | 3,653 | 3,396 | 3,340 | 1.0 |
| | Daiwa Higashi-Ikebukuro | | 2,958 | 2,773 | 3,330 | 0.8 |
| | Benex S-3 | | 4,950 | 4,344 | 3,290 | 1.4 |
| | Daiwa Shinagawa North | | 7,710 | 7,389 | 5,890 | 2.2 |
| | West Park Osaki | | 1,650 | 1,695 | 1,980 | 0.5 |
| | Kamiooka Eye Mark | | 2,000 | 2,057 | 2,070 | 0.6 |
| Total for Greater Tokyo (6 properties) | | | 22,921 | 21,657 | 19,900 | 6.5 |
| Major Regional Cities (Note 3) | Daiwa Minami-Senba | Trust beneficial interest in real estate | 4,810 | 4,777 | 2,780 | 1.4 |
| | Honshu Meieki | | 5,300 | 5,484 | 6,370 | 1.5 |
| Total for Major Regional Cities (2 properties) | | | 10,110 | 10,261 | 9,150 | 2.9 |
| Total (44 properties) | | | 352,786 | 345,046 | 328,290 | 100.0 |

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

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

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

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

(Note 5) Carrying amount is the book value after deducting depreciation as of November 30, 2013.

(Note 6) Estimated price at end of period is the price as of November 30, 2013 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

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

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 (Note 3) | Leased floor area (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 | 8,246.64 | 7,166.43 | 23 | 86.9 | 350,622 |
| | Daiwa Ginza Annex | SRC B3 / 8F | Aug. 1972 | 2,032.99 | 2,032.99 | 7 | 100.0 | 92,652 |
| | Daiwa Shibaura | SRC B1 / 12F | Oct. 1987 | 9,626.38 | 8,688.07 | 55 | 90.2 | 227,321 |
| | Daiwa Minami-Aoyama | S / SRC B2 / 5F | Sept. 1990 | 2,715.54 | 2,556.80 | 5 | 94.1 | 119,339 |
| | Daiwa Sarugakuchō (Note 8) | SRC 8F | June 1985 | 3,657.43 | 3,657.43 | 1 | 100.0 | - |
| | Daiwa A Hamamatsuchō | SRC B2 / 10F | July 1993 | 3,663.38 | 3,663.38 | 13 | 100.0 | 136,723 |
| | Daiwa Jingumae | RC B1 / 4F | Dec. 1997 | 2,198.61 | 2,198.61 | 4 | 100.0 | 69,449 |
| | Daiwa Shibadaimon | SRC / RC B1 / 7F | Nov. 1996 | 2,386.02 | 2,386.02 | 7 | 100.0 | 88,007 |
| | Daiwa Misakicho (Note 8) | S 8F | July 1996 | 2,137.53 | 2,137.53 | 1 | 100.0 | - |
| | Daiwa Shimbashi 510 | SRC B1 / 8F | Apr. 1974 | 2,676.14 | 2,660.92 | 6 | 99.4 | 80,103 |
| | Daiwa Tsukijiekimae | SRC 10F | Jan. 1996 | 2,659.59 | 2,659.59 | 6 | 100.0 | 12,679 |
| | Daiwa Tsukiji | SRC B1 / 7F | Jan. 1990 | 1,487.82 | 1,487.82 | 5 | 100.0 | 47,883 |
| | Daiwa Tsukiji 616 | SRC B1 / 9F | Mar. 1994 | 2,931.93 | 2,931.93 | 9 | 100.0 | 75,837 |
| | Daiwa Tsukishima | S 5F | July 1996 | 8,426.85 | 8,426.85 | 3 | 100.0 | 287,031 |
| | Nihombashi MS | SRC B2 / 7F | Apr. 1993 | 2,850.81 | 2,850.81 | 9 | 100.0 | 81,598 |
| | Daiwa Azabudai | SRC B2 / 9F | Apr. 1984 | 1,697.38 | 1,697.38 | 10 | 100.0 | 51,580 |
| | Daiwa Shibuya SS | SRC / S B1 / 9F | July 1977 | 2,969.11 | 2,969.11 | 12 | 100.0 | 115,203 |
| | Daiwa Nihombashi Honcho | SRC B1 / 10F | Jan. 1964 | 7,418.61 | 7,224.43 | 13 | 97.3 | 181,904 |
| | Daiwa Ginza 1-chome | SRC B2 / 11F | Jan. 1962 | 3,758.43 | 3,694.84 | 12 | 98.3 | 121,299 |
| | Daiwa Kyobashi | SRC B1 / 8F | Oct. 1974 | 3,265.83 | 3,265.83 | 9 | 100.0 | 91,359 |
| | Sunline Building No. 7 | SRC B2 / 9F | Oct. 1987 | 2,690.90 | 2,690.90 | 8 | 100.0 | 90,675 |
| | Daiwa Onarimon | SRC 9F | Apr. 1973 | 11,615.37 | 11,615.37 | 9 | 100.0 | 355,233 |
| | Shinjuku Maynds Tower (Note 9) | S / SRC B3 / 34F | Sept. 1995 | 45,544.00 | 43,615.82 | 36 | 95.7 | 2,337,660 |
| | SHIBUYA EDGE | RC B1 / 9F | Aug. 2006 | 2,480.65 | 2,480.65 | 5 | 100.0 | 76,295 |
| | Daiwa Kodenmachi | SRC 8F | Mar. 1985 | 2,379.31 | 2,379.31 | 8 | 100.0 | 62,410 |
| | Daiwa Jimbocho | S B1 / 8F | Mar. 1997 | 3,164.26 | 3,164.26 | 7 | 100.0 | 89,838 |
| | Daiwa Nishi-Shimbashi | SRC B1 / 10F | July 1993 | 4,815.84 | 4,815.84 | 12 | 100.0 | 143,984 |
| | Daiwa Kudan | SRC 9F | Mar. 1987 | 2,882.61 | 2,882.61 | 7 | 100.0 | 76,008 |
| | Daiwa Kayabacho (Note 8) | S / SRC B1 / 8F | Apr. 2010 | 5,899.11 | 5,899.11 | 1 | 100.0 | - |

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| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (Note 3) | Leased floor area (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|---|-----------------------------|---|----------------------------------|------------------------------|----------------------------|----------------------------------|-----------------------------|--|
| | Jimbocho Place | S 9F | Feb. 2010 | 2,889.34 | 2,889.34 | 7 | 100.0 | 107,665 |
| | E SPACE TOWER | S / SRC B1 / 15F | Oct. 2002 | 13,960.87 | 13,960.87 | 7 | 100.0 | 770,024 |
| | Nihonbashi Hongokucho Tosei | S 8F | May 2010 | 2,143.08 | 2,143.08 | 6 | 100.0 | 61,352 |
| | shinyon curumu | S / RC B2 / 11F | Jan. 2012 | 6,756.45 | 4,564.64 | 13 | 67.5 | 123,800 |
| | Tosen Dogenzaka Daini | SRC B1/11F | Mar. 1988 | 4,144.90 | 4,144.90 | 5 | 100.0 | 121,418 |
| | Akasaka Business Place | SRC B2/7F | Sept. 1990 | 8,789.84 | 8,408.13 | 14 | 95.6 | 196,995 |
| | Nisseki Shibuya (Note 8) | S B1/12F | Dec. 1988 | 6,327.95 | 6,327.95 | 1 | 100.0 | - |
| Total for Five Central Wards of Tokyo (36 properties) | | | | 203,291.50 | 196,339.55 | 356 | 96.5 | 7,287,192 |
| Greater Tokyo | Daiwa Kinshicho | S B1 / 5F | Jan. 1992 | 5,378.02 | 5,378.02 | 6 | 100.0 | 134,187 |
| | Daiwa Higashi-Ikebukuro | SRC / S B1 / 9F | June 1993 | 4,589.17 | 4,589.17 | 6 | 100.0 | 137,934 |
| | Benex S-3 | S / SRC B1 / 12F | Feb. 1994 | 7,470.18 | 6,994.39 | 24 | 93.6 | 149,189 |
| | Daiwa Shinagawa North | SRC B1 / 11F | July 1991 | 6,549.98 | 6,549.98 | 13 | 100.0 | 191,275 |
| | West Park Osaki | S / RC B1 / 6F | Sept. 2007 | 1,786.58 | 1,786.58 | 5 | 100.0 | 58,814 |
| | Kamiooka Eye Mark | S / SRC B3 / 7F | May 2011 | 2,630.30 | 2,427.21 | 8 | 92.2 | 80,566 |
| Total for Greater Tokyo (6 properties) | | | | 28,404.23 | 27,725.35 | 62 | 97.6 | 751,968 |
| Major Regional Cities | Daiwa Minami-Senba | SRC B1 / 8F | Sept. 1986 | 5,719.54 | 5,719.54 | 6 | 100.0 | 120,915 |
| | Honshu Meieki | S 12F | Dec. 1997 | 7,461.90 | 6,073.02 | 18 | 81.3 | 206,991 |
| Total for Major Regional Cities (2 properties) | | | | 13,181.44 | 11,792.56 | 24 | 89.4 | 327,907 |
| Total (41 properties) | | | | 244,877.17 | 235,857.46 | 442 | 96.3 | 8,367,068 |

- (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 investment real estate property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the leasing contract, etc.
- (Note 4) "Leased floor area" is the sum total of the floor area that is actually leased based on lease agreements and such executed with end-tenants as of November 30, 2013. For Nisseki Shibuya, a fixed amount of rent is being paid based on a master lease agreement, the concerned tenant is regarded as the end-tenant and indicated as so. Hereafter, all are treated accordingly.
- (Note 5) "Total number of tenants" is the number of end-tenants (Properties excluding Daiwa Ginza and Daiwa Ginza Annex have a master lease agreement). 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 during the 16th 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) Leasable floor area and leased floor area are calculated for the common ownership interest in the real estate in trust pertaining to trust beneficial interest held by the Investment Corporation, which corresponds to six-sevenths of the entire Property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.

5.2.3. Capital Expenditures for Assets under Management

A. Capital Expenditures for 16th 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 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Upgrading of CVCF and renovation work for disaster-prevention equipment | From: Oct. 2013 To: Mar. 2015 | 406 | 1 | 5 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Renovation work for central supervisory system | From: Oct. 2013 To: Sept. 2015 | 297 | 1 | 3 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Coating work for steel parts of atrium | From: Sept. 2013 To: Mar. 2014 | 134 | — | — |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Upgrading of main central supervisory system VAV and controller | From: Oct. 2013 To: Sept. 2015 | 110 | 0 | 1 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Renewal work for common area for shops on B1F | From: Dec. 2013 To: Apr. 2014 | 85 | — | — |

B. Capital Expenditures during 15th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 16th Fiscal Period. Capital expenditures for the 16th Fiscal Period amounted to 293 million yen and, when combined with the 251 million yen in repair expenses charged to 16th Fiscal Period expenses, totals 544 million yen in construction work implemented.

| Name of real estate properties (Location) | Purpose | Period | Construction amount paid (million yen) |
|---|---|-----------------------------------|---|
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Renovation work for common area | From: Aug. 2013 To: Nov. 2013 | 39 |
| Daiwa Kinishicho Building (Koto-ku, Tokyo) | Maintenance work for multistory parking lot equipment | From: Oct. 2013 To: Nov. 2013 | 14 |
| Sunline Building No. 7 (Chiyoda-ku, Tokyo) | Renovating 9F floor to office space | From: Jul. 2013 To: Sept. 2013 | 13 |
| Other | | From: Jun. 2013 To: Nov. 2013 | 226 |
| Total | | | 293 |

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 | 12th Fiscal Period | 13th Fiscal Period | 14th Fiscal Period | 15th Fiscal Period | 16th Fiscal Period |
|--|---|--|---|--|---|
| | [From: June 1, 2011 To: Nov. 30, 2011] | [From: Dec. 1, 2011 To: May 31, 2012] | [From: June 1, 2012 To: Nov. 30, 2012] | [From: Dec. 1, 2012 To: May 31, 2013] | [From: June 1, 2013 To: Nov. 30, 2013] |
| Balance of reserve at end of previous period | 1,369 | 1,239 | 1,058 | 611 | 806 |
| Amount of reserve in current period | — | 306 | 89 | 619 | 181 |
| Reversal of reserve in current period | 130 | 487 | 536 | 424 | 156 |
| Amount carried forward to next period | 1,239 | 1,058 | 611 | 806 | 830 |

5.2.4. Summary of Estimated Price at End of Period (As of November 30, 2013)

| 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 | 14,900 | 15,900 | 4.2 | 14,400 | 4.0 | 4.4 |
| Daiwa Ginza Annex | 3,140 | 3,200 | 4.1 | 3,080 | 3.9 | 4.3 |
| Daiwa Shibaura | 7,470 | 7,540 | 4.9 | 7,440 | 4.7 | 5.1 |
| Daiwa Minami-Aoyama | 4,100 | 4,180 | 4.5 | 4,010 | 4.3 | 4.7 |
| Daiwa Sarugakucho | 3,160 | 3,200 | 5.0 | 3,110 | 4.8 | 5.2 |
| Daiwa A Hamamatsucho (Note 2) | 2,850 | 2,880 | 4.6 | 2,840 | 4.4 | 4.8 |
| Daiwa Jingumae | 2,100 | 2,110 | 4.4 | 2,090 | 4.2 | 4.6 |
| Daiwa Shibadaimon | 2,640 | 2,710 | 4.5 | 2,610 | 4.3 | 4.7 |
| Daiwa Misakicho | 2,450 | 2,470 | 4.8 | 2,440 | 4.6 | 5.0 |
| Daiwa Shimbashi 510 | 2,400 | 2,450 | 4.7 | 2,340 | 4.5 | 4.9 |
| Daiwa Tsukijiekimae (Note 3) | 1,400 | 1,460 | 5.0 | 1,370 | 5.0 | 5.2 |
| Daiwa Tsukiji | 1,460 | 1,470 | 4.9 | 1,460 | 4.9 | 5.1 |
| Daiwa Tsukiji 616 | 2,410 | 2,420 | 4.9 | 2,400 | 4.6 | 5.1 |
| Daiwa Tsukishima | 8,010 | 8,050 | 5.0 | 7,990 | 4.7 | 5.2 |
| Nihombashi MS | 2,480 | 2,520 | 4.7 | 2,430 | 4.5 | 4.9 |
| Daiwa Azabudai | 1,740 | 1,780 | 4.5 | 1,700 | 4.3 | 4.7 |
| Daiwa Shibuya SS | 3,840 | 4,000 | 4.6 | 3,770 | 4.4 | 4.8 |
| Daiwa Nihombashi Honcho | 7,130 | 7,490 | 4.6 | 6,980 | 4.3 | 4.8 |
| Daiwa Ginza 1-chome | 4,590 | 4,840 | 4.4 | 4,480 | 4.1 | 4.6 |
| Daiwa Kyobashi | 3,100 | 3,160 | 4.6 | 3,040 | 4.4 | 4.8 |
| Sunline Building No. 7 | 2,640 | 2,790 | 4.3 | 2,580 | 4.1 | 4.5 |
| Daiwa Onarimon | 13,600 | 13,700 | 4.4 | 13,500 | 4.2 | 4.6 |
| Shinjuku Maynds Tower (Note 4) | 113,000 | 139,000 | 3.8 | 129,000 | 3.6 | 4.0 |
| SHIBUYA EDGE | 4,260 | 4,430 | 4.3 | 4,180 | 4.1 | 4.5 |
| Daiwa Kodenmacho | 1,980 | 2,020 | 4.9 | 1,940 | 4.7 | 5.1 |
| Daiwa Jimbocho | 2,860 | 3,030 | 4.9 | 2,790 | 4.9 | 5.1 |
| Daiwa Nishi-Shimbashi | 4,710 | 4,840 | 4.7 | 4,650 | 4.5 | 4.9 |
| Daiwa Kudan | 2,920 | 3,120 | 4.7 | 2,850 | 4.7 | 4.9 |
| Daiwa Kayabacho | 6,460 | 6,560 | 4.3 | 6,420 | 4.1 | 4.5 |
| Jimbocho Place | 3,760 | 3,850 | 4.3 | 3,720 | 4.1 | 4.5 |
| E SPACE TOWER | 27,100 | 27,500 | 4.1 | 26,600 | 3.9 | 4.3 |
| Nihonbashi Hongokucho Tosei | 1,850 | 1,880 | 4.9 | 1,830 | 4.7 | 5.1 |
| shinyon curumu | 10,300 | 10,600 | 4.2 | 10,200 | 4.0 | 4.4 |
| Tosen Dogenzaka Daini | 4,750 | 4,900 | 4.4 | 4,680 | 4.2 | 4.6 |
| Akasaka Business Place | 10,400 | 10,600 | 4.2 | 10,300 | 4.0 | 4.4 |
| Nisseki Shibuya | 7,280 | 7,320 | 4.3 | 7,230 | 4.0 | 4.4 |
| Daiwa Kinshicho | 3,340 | 3,380 | 5.2 | 3,320 | 5.0 | 5.4 |
| Daiwa Higashi-Ikebukuro | 3,330 | 3,400 | 5.1 | 3,300 | 4.9 | 5.3 |
| Benex S-3 | 3,290 | 3,350 | 5.5 | 3,230 | 5.3 | 5.7 |
| Daiwa Shinagawa North | 5,890 | 6,020 | 4.9 | 5,750 | 4.7 | 5.1 |
| West Park Osaki | 1,980 | 2,000 | 4.7 | 1,970 | 4.5 | 4.9 |
| Kamiooka Eye Mark | 2,070 | 2,070 | 5.5 | 2,070 | 5.3 | 5.7 |

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| | | | | | | |
|--------------------|---------|---------|-----|---------|-----|-----|
| Daiwa Minami-Senba | 2,780 | 2,840 | 5.4 | 2,720 | 5.2 | 5.6 |
| Honshu Meieki | 6,370 | 6,510 | 5.1 | 6,310 | 5.1 | 5.3 |
| Total | 328,290 | 359,540 | - | 341,120 | - | - |

(Note 1) “Estimated price at end of period” is the price as of November 30, 2013 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 6th fiscal year. (4.8% in and before the 3rd fiscal year, 4.9% in 4th and 5th fiscal years.)

(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.

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 16th Fiscal Period (from June 1, 2013 to November 30, 2013). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-------------------|----------------|---------------------|----------------------------|
| Property name | | Daiwa Ginza | Daiwa Ginza Annex | Daiwa Shibaura | Daiwa Minami-Aoyama | Daiwa Sarugakucho (Note 4) |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 14,100 | 3,050 | 8,265 | 4,550 | 3,190 |
| | Investment ratio (%) | 4.0 | 0.9 | 2.3 | 1.3 | 0.9 |
| | Carrying amount (million yen) | 13,538 | 2,886 | 8,081 | 4,469 | 3,260 |
| | Estimated price at end of period (million yen) | 14,900 | 3,140 | 7,470 | 4,100 | 3,160 |
| Leasing information | Number of tenants (Note 1) | 23 | 7 | 55 | 5 | 1 |
| | Leasable floor area (m ²) | 8,246.64 | 2,032.99 | 9,626.38 | 2,715.54 | 3,657.43 |
| | Leased floor area (m ²) | 7,166.43 | 2,032.99 | 8,688.07 | 2,556.80 | 3,657.43 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 84.9 | 100.0 | 99.1 | 100.0 | 0.0 |
| | End of May 2012 | 86.9 | 100.0 | 98.3 | 100.0 | 100.0 |
| | End of Nov. 2012 | 94.3 | 100.0 | 98.8 | 100.0 | 100.0 |
| End of May 2013 | 96.4 | 100.0 | 87.4 | 94.1 | 100.0 | |
| End of Nov. 2013 | 86.9 | 100.0 | 90.2 | 94.1 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 364,216 | 92,652 | 229,030 | 119,339 | — |
| | Rent revenue – real estate | 350,622 | 92,652 | 227,321 | 119,339 | — |
| | Other lease business revenue | 13,594 | — | 1,709 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 169,723 | 42,961 | 91,396 | 39,906 | — |
| | Consignment expenses | 19,354 | 6,753 | 17,828 | 5,499 | — |
| | Utilities expenses | 34,160 | 6,989 | 21,774 | 10,056 | — |
| | Taxes and dues | 27,615 | 9,100 | 19,208 | 11,692 | — |
| | Non-life insurance expenses | 455 | 108 | 429 | 155 | — |
| | Repair expenses | 6,348 | 1,730 | 7,035 | 888 | — |
| | Depreciation (C) | 69,946 | 18,278 | 25,120 | 11,614 | — |
| | Other lease business expenses | 11,841 | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 194,492 | 49,691 | 137,634 | 79,432 | — |
| NOI (E) [(D) + (C)] (thousand yen) | 264,439 | 67,969 | 162,754 | 91,046 | 85,568 | |
| Capital expenditures (F) (thousand yen) | 8,357 | 1,849 | 12,510 | 9,728 | — | |
| NCF [(E) – (F)] (thousand yen) | 256,081 | 66,120 | 150,244 | 81,318 | 85,568 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 46.60 | 46.37 | 39.91 | 33.44 | — |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 55,191 | 18,053 | 37,885 | 22,923 | 13,299 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 128,190 | 34,770 | 218,640 | 111,190 | 162,170 |

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| Region | | Five Central Wards of Tokyo | | | | |
|---|---|-----------------------------|-------------------|----------------------|--------------------------------|------------------------|
| Property name | | Daiwa A Hamamatsucho | Daiwa Jingumae | Daiwa Shibadaimon | Daiwa Misakicho (Note 4) | Daiwa Shimbashi 510 |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 2,865 | 2,800 | 2,578 | 2,346 | 2,080 |
| | Investment ratio (%) | 0.8 | 0.8 | 0.7 | 0.7 | 0.6 |
| | Carrying amount (million yen) | 2,798 | 2,720 | 2,414 | 2,191 | 2,123 |
| | Estimated price at end of period (million yen) | 2,850 | 2,100 | 2,640 | 2,450 | 2,400 |
| Leasing information | Number of tenants (Note 1) | 13 | 4 | 7 | 1 | 6 |
| | Leasable floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.02 | 2,137.53 | 2,676.14 |
| | Leased floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.02 | 2,137.53 | 2,660.92 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 100.0 | 78.5 | 100.0 | 100.0 | 97.4 |
| | End of May 2012 | 100.0 | 100.0 | 78.0 | 100.0 | 99.7 |
| | End of Nov. 2012 | 100.0 | 100.0 | 100.0 | 100.0 | 99.7 |
| End of May 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 99.7 | |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 99.4 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 136,723 | 69,449 | 88,007 | — | 81,903 |
| | Rent revenue – real estate | 136,723 | 69,449 | 88,007 | — | 80,103 |
| | Other lease business revenue | — | — | — | — | 1,800 |
| | Total property leasing expenses (B) (thousand yen) | 74,421 | 28,108 | 32,673 | — | 26,717 |
| | Consignment expenses | 10,648 | 4,222 | 6,884 | — | 5,611 |
| | Utilities expenses | 11,226 | 6,465 | 9,081 | — | 7,638 |
| | Taxes and dues | 8,640 | 6,302 | 6,249 | — | 5,562 |
| | Non-life insurance expenses | 197 | 85 | 118 | — | 117 |
| | Repair expenses | 1,897 | 774 | 832 | — | 1,172 |
| | Depreciation (C) | 12,410 | 10,251 | 9,507 | — | 6,615 |
| | Other lease business expenses | 29,400 | 7 | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 62,302 | 41,341 | 55,334 | — | 55,186 |
| NOI (E) [(D) + (C)] (thousand yen) | 74,713 | 51,593 | 64,842 | 68,814 | 61,802 | |
| Capital expenditures (F) (thousand yen) | 1,742 | 3,317 | 1,273 | 5,372 | 3,947 | |
| NCF [(E) – (F)] (thousand yen) | 72,970 | 48,275 | 63,568 | 63,442 | 57,854 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 54.43 | 40.47 | 37.13 | — | 32.62 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 17,037 | 12,604 | 12,162 | 10,293 | 11,087 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 115,840 | 84,980 | 98,390 | 129,500 | 117,390 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|---------------|-------------------|------------------|---------------|
| Property name | | Daiwa Tsukijiekimae | Daiwa Tsukiji | Daiwa Tsukiji 616 | Daiwa Tsukishima | Nihombashi MS |
| Acquisition date | | Jan. 2006 | Jan. 2006 | Mar. 2006 | Mar. 2006 | May 2006 |
| Price information | Acquisition price (million yen) | 1,560 | 1,240 | 2,440 | 7,840 | 2,520 |
| | Investment ratio (%) | 0.4 | 0.4 | 0.7 | 2.2 | 0.7 |
| | Carrying amount (million yen) | 1,407 | 1,196 | 2,257 | 7,030 | 2,470 |
| | Estimated price at end of period (million yen) | 1,400 | 1,460 | 2,410 | 8,010 | 2,480 |
| Leasing information | Number of tenants (Note 1) | 6 | 5 | 9 | 3 | 9 |
| | Leasable floor area (m ²) | 2,659.59 | 1,487.82 | 2,931.93 | 8,426.85 | 2,850.81 |
| | Leased floor area (m ²) | 2,659.59 | 1,487.82 | 2,931.93 | 8,426.85 | 2,850.81 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2012 | 0.0 | 100.0 | 89.7 | 100.0 | 100.0 |
| | End of Nov. 2012 | 0.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of May 2013 | 10.3 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 12,709 | 47,883 | 75,837 | 287,031 | 81,598 |
| | Rent revenue – real estate | 12,679 | 47,883 | 75,837 | 287,031 | 81,598 |
| | Other lease business revenue | 30 | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 51,444 | 19,411 | 43,161 | 132,781 | 46,768 |
| | Consignment expenses | 19,384 | 3,734 | 5,164 | 12,761 | 5,336 |
| | Utilities expenses | 4,030 | 3,533 | 8,003 | 31,403 | 7,224 |
| | Taxes and dues | 5,033 | 3,824 | 6,680 | 13,213 | 6,556 |
| | Non-life insurance expenses | 96 | 59 | 130 | 319 | 135 |
| | Repair expenses | 8,724 | 1,158 | 2,904 | 20,576 | 15,819 |
| | Depreciation (C) | 14,175 | 7,100 | 20,277 | 54,506 | 11,696 |
| | Other lease business expenses | — | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | (38,735) | 28,472 | 32,676 | 154,250 | 34,830 |
| NOI (E) [(D) + (C)] (thousand yen) | (24,560) | 35,573 | 52,953 | 208,756 | 46,526 | |
| Capital expenditures (F) (thousand yen) | 23,236 | 2,775 | 2,006 | 4,171 | 1,653 | |
| NCF [(E) – (F)] (thousand yen) | (47,796) | 32,797 | 50,947 | 204,585 | 44,873 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | — | 40.54 | 56.91 | 46.26 | 57.32 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 10,007 | 7,589 | 13,194 | 26,427 | 12,941 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 114,750 | 49,770 | 73,410 | 331,450 | 139,000 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|------------------|-------------------------|---------------------|----------------|
| Property name | | Daiwa Azabudai | Daiwa Shibuya SS | Daiwa Nihombashi Honcho | Daiwa Ginza 1-chome | Daiwa Kyobashi |
| Acquisition date | | May 2006 | May 2006 | July 2006 | July 2006 | July 2006 |
| Price information | Acquisition price (million yen) | 1,600 | 3,930 | 7,420 | 4,620 | 3,460 |
| | Investment ratio (%) | 0.5 | 1.1 | 2.1 | 1.3 | 1.0 |
| | Carrying amount (million yen) | 1,548 | 3,783 | 7,101 | 4,509 | 3,344 |
| | Estimated price at end of period (million yen) | 1,740 | 3,840 | 7,130 | 4,590 | 3,100 |
| Leasing information | Number of tenants (Note 1) | 10 | 12 | 13 | 12 | 9 |
| | Leasable floor area (m ²) | 1,697.38 | 2,969.11 | 7,418.61 | 3,758.43 | 3,265.83 |
| | Leased floor area (m ²) | 1,697.38 | 2,969.11 | 7,224.43 | 3,694.84 | 3,265.83 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 100.0 | 100.0 | 73.5 | 88.1 | 53.7 |
| | End of May 2012 | 100.0 | 87.0 | 85.2 | 96.9 | 88.6 |
| | End of Nov. 2012 | 80.2 | 100.0 | 97.6 | 98.8 | 100.0 |
| End of May 2013 | 100.0 | 100.0 | 97.6 | 89.0 | 99.5 | |
| End of Nov. 2013 | 100.0 | 100.0 | 97.3 | 98.3 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 55,414 | 115,203 | 189,986 | 130,696 | 91,359 |
| | Rent revenue – real estate | 51,580 | 115,203 | 181,904 | 121,299 | 91,359 |
| | Other lease business revenue | 3,833 | – | 8,082 | 9,396 | – |
| | Total property leasing expenses (B) (thousand yen) | 25,487 | 50,484 | 71,637 | 46,694 | 48,244 |
| | Consignment expenses | 4,990 | 5,489 | 10,160 | 8,237 | 6,331 |
| | Utilities expenses | 4,459 | 11,534 | 16,657 | 8,158 | 9,955 |
| | Taxes and dues | 4,812 | 9,276 | 11,692 | 7,784 | 6,948 |
| | Non-life insurance expenses | 87 | 140 | 297 | 147 | 140 |
| | Repair expenses | 3,170 | 7,465 | 3,171 | 2,338 | 7,046 |
| | Depreciation (C) | 7,967 | 16,299 | 29,657 | 20,028 | 17,821 |
| | Other lease business expenses | – | 279 | – | – | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 29,926 | 64,718 | 118,349 | 84,001 | 43,114 |
| NOI (E) [(D) + (C)] (thousand yen) | 37,894 | 81,017 | 148,006 | 104,029 | 60,936 | |
| Capital expenditures (F) (thousand yen) | 4,399 | 457 | 283 | 1,091 | 13,248 | |
| NCF [(E) – (F)] (thousand yen) | 33,494 | 80,560 | 147,723 | 102,938 | 47,688 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 45.99 | 43.82 | 37.71 | 35.73 | 52.81 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 9,605 | 18,517 | 22,961 | 15,567 | 13,798 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 67,880 | 113,840 | 116,900 | 191,730 | 61,450 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|---------------------------------|----------------|-----------------------|--------------|------------------|
| Property name | | Sunline Building No. 7 (Note 5) | Daiwa Onarimon | Shinjuku Maynds Tower | SHIBUYA EDGE | Daiwa Kodenmacho |
| Acquisition date | | Oct. 2006 | Dec. 2006 | July and Nov. 2007 | July 2007 | Aug. 2007 |
| Price information | Acquisition price (million yen) | 2,910 | 13,860 | 133,800 | 5,900 | 2,460 |
| | Investment ratio (%) | 0.8 | 3.9 | 37.9 | 1.7 | 0.7 |
| | Carrying amount (million yen) | 2,881 | 13,571 | 130,627 | 5,777 | 2,425 |
| | Estimated price at end of period (million yen) | 2,640 | 13,600 | 113,000 | 4,260 | 1,980 |
| Leasing information | Number of tenants (Note 1) | 8 | 9 | 36 | 5 | 8 |
| | Leasable floor area (m ²) | 2,690.90 | 11,615.37 | 45,544.00 | 2,480.65 | 2,379.31 |
| | Leased floor area (m ²) | 2,690.90 | 11,615.37 | 43,615.82 | 2,480.65 | 2,379.31 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 68.1 | 87.1 | 99.9 | 100.0 | 100.0 |
| | End of May 2012 | 88.4 | 100.0 | 99.9 | 100.0 | 100.0 |
| | End of Nov. 2012 | 100.0 | 100.0 | 98.3 | 100.0 | 100.0 |
| End of May 2013 | 96.0 | 100.0 | 94.9 | 100.0 | 100.0 | |
| End of Nov. 2013 | 100.0 | 100.0 | 95.7 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 90,675 | 355,233 | 2,337,670 | 76,545 | 62,410 |
| | Rent revenue – real estate | 90,675 | 355,233 | 2,337,660 | 76,295 | 62,410 |
| | Other lease business revenue | – | – | 10 | 250 | – |
| | Total property leasing expenses (B) (thousand yen) | 45,465 | 123,606 | 1,126,254 | 43,262 | 30,325 |
| | Consignment expenses | 6,395 | 16,158 | 161,656 | 11,204 | 4,038 |
| | Utilities expenses | 8,809 | 29,892 | 308,690 | 7,448 | 5,583 |
| | Taxes and dues | 13,467 | 33,659 | 247,226 | 7,272 | 3,595 |
| | Non-life insurance expenses | 124 | 433 | 3,947 | 110 | 86 |
| | Repair expenses | 5,732 | 13,789 | 29,057 | 684 | 7,733 |
| | Depreciation (C) | 10,935 | 29,672 | 367,976 | 16,541 | 8,465 |
| | Other lease business expenses | – | – | 7,700 | – | 822 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 45,210 | 231,627 | 1,211,416 | 33,283 | 32,085 |
| NOI (E) [(D) + (C)] (thousand yen) | 56,145 | 261,299 | 1,579,392 | 49,825 | 40,550 | |
| Capital expenditures (F) (thousand yen) | 16,684 | 3,242 | 87,537 | 1,100 | 4,070 | |
| NCF [(E) – (F)] (thousand yen) | 39,461 | 258,056 | 1,491,855 | 48,725 | 36,480 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 50.14 | 34.80 | 48.18 | 56.52 | 48.59 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 26,673 | 67,268 | 494,001 | 14,538 | 7,190 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 68,810 | 236,800 | 2,502,610 | 48,290 | 70,970 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-----------------------|-------------|--------------------------|----------------|
| Property name | | Daiwa Jimbocho | Daiwa Nishi-Shimbashi | Daiwa Kudan | Daiwa Kayabacho (Note 4) | Jimbocho Place |
| Acquisition date | | Mar. 2010 | Aug. 2010 | Sept. 2010 | Mar. 2011 | Mar. 2011 |
| Price information | Acquisition price (million yen) | 4,150 | 5,000 | 4,000 | 5,600 | 3,550 |
| | Investment ratio (%) | 1.2 | 1.4 | 1.1 | 1.6 | 1.0 |
| | Carrying amount (million yen) | 4,103 | 4,997 | 3,913 | 5,507 | 3,547 |
| | Estimated price at end of period (million yen) | 2,860 | 4,710 | 2,920 | 6,460 | 3,760 |
| Leasing information | Number of tenants (Note 1) | 7 | 12 | 7 | 1 | 7 |
| | Leasable floor area (m ²) | 3,164.26 | 4,815.84 | 2,882.61 | 5,899.11 | 2,889.34 |
| | Leased floor area (m ²) | 3,164.26 | 4,815.84 | 2,882.61 | 5,899.11 | 2,889.34 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 100.0 | 55.0 | 88.1 | 100.0 | 100.0 |
| | End of May 2012 | 20.6 | 79.6 | 88.0 | 100.0 | 100.0 |
| | End of Nov. 2012 | 86.7 | 80.7 | 100.0 | 100.0 | 100.0 |
| End of May 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 89,838 | 143,984 | 76,008 | — | 107,665 |
| | Rent revenue – real estate | 89,838 | 143,984 | 76,008 | — | 107,665 |
| | Other lease business revenue | — | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 78,936 | 85,757 | 48,126 | — | 46,698 |
| | Consignment expenses | 6,688 | 15,345 | 5,350 | — | 7,368 |
| | Utilities expenses | 9,979 | 13,701 | 9,297 | — | 9,186 |
| | Taxes and dues | 10,647 | 15,650 | 8,464 | — | 9,348 |
| | Non-life insurance expenses | 141 | 255 | 120 | — | 133 |
| | Repair expenses | 26,873 | 730 | 565 | — | 953 |
| | Depreciation (C) | 24,604 | 40,071 | 24,328 | — | 19,708 |
| | Other lease business expenses | 0 | 3 | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 10,902 | 58,227 | 27,881 | — | 60,967 |
| NOI (E) [(D) + (C)] (thousand yen) | 35,507 | 98,298 | 52,209 | 148,331 | 80,675 | |
| Capital expenditures (F) (thousand yen) | 6,955 | — | 748 | — | — | |
| NCF [(E) – (F)] (thousand yen) | 28,552 | 98,298 | 51,461 | 148,331 | 80,675 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 87.86 | 59.56 | 63.32 | — | 43.37 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 20,912 | 30,996 | 16,875 | 25,185 | 18,663 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3) | 126,090 | 187,140 | 141,450 | 38,440 | 26,390 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-----------------------------|-------------------------|-----------------------|------------------------|
| Property name | | E-SPACE TOWER | Nihonbashi Hongokuchō Tosei | shinyon curumu (Note 6) | Tosen Dogenzaka Daini | Akasaka Business Place |
| Acquisition date | | July 2011 | May 2012 | Dec. 2012 and Apr. 2013 | Jul. 2013 | Aug. 2013 |
| Price information | Acquisition price (million yen) | 24,000 | 1,721 | 9,650 | 4,500 | 9,200 |
| | Investment ratio (%) | 6.8 | 0.5 | 2.7 | 1.3 | 2.6 |
| | Carrying amount (million yen) | 23,923 | 1,706 | 9,969 | 4,539 | 9,290 |
| | Estimated price at end of period (million yen) | 27,100 | 1,850 | 10,300 | 4,750 | 10,400 |
| Leasing information | Number of tenants (Note 1) | 7 | 6 | 13 | 5 | 14 |
| | Leasable floor area (m ²) | 13,960.87 | 2,143.08 | 6,756.45 | 4,144.90 | 8,789.84 |
| | Leased floor area (m ²) | 13,960.87 | 2,143.08 | 4,564.64 | 4,144.90 | 8,408.13 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | 100.0 | — | — | — | — |
| | End of May 2012 | 100.0 | 100.0 | — | — | — |
| | End of Nov. 2012 | 100.0 | 100.0 | — | — | — |
| End of May 2013 | 100.0 | 100.0 | 55.9 | — | — | |
| End of Nov. 2013 | 100.0 | 100.0 | 67.5 | 100.0 | 95.6 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 151 | 114 |
| | Total property leasing revenue (A) (thousand yen) | 770,024 | 61,352 | 149,999 | 121,418 | 197,006 |
| | Rent revenue – real estate | 770,024 | 61,352 | 123,800 | 121,418 | 196,995 |
| | Other lease business revenue | — | — | 26,199 | — | 11 |
| | Total property leasing expenses (B) (thousand yen) | 243,793 | 25,590 | 107,559 | 36,912 | 63,548 |
| | Consignment expenses | 48,436 | 4,059 | 39,507 | 9,840 | 21,495 |
| | Utilities expenses | 63,924 | 3,853 | 14,675 | 10,942 | 25,553 |
| | Taxes and dues | 56,479 | 4,433 | 17,765 | 8 | 13 |
| | Non-life insurance expenses | 698 | 83 | 349 | 189 | 288 |
| | Repair expenses | 10,172 | — | 100 | 1,073 | 1,560 |
| | Depreciation (C) | 63,720 | 13,160 | 35,149 | 14,857 | 14,637 |
| | Other lease business expenses | 361 | — | 12 | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 526,230 | 35,761 | 42,439 | 84,506 | 133,458 |
| NOI (E) [(D) + (C)] (thousand yen) | 589,951 | 48,921 | 77,589 | 99,363 | 148,095 | |
| Capital expenditures (F) (thousand yen) | 6,228 | — | — | 1,671 | 3,242 | |
| NCF [(E) – (F)] (thousand yen) | 583,723 | 48,921 | 77,589 | 97,692 | 144,853 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 31.66 | 41.71 | 71.71 | 30.40 | 32.26 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 112,922 | 8,856 | 35,420 | — | — |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 317,590 | 22,401 | 65,855 | 230,176 | 430,612 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Five Central Wards of Tokyo | Greater Tokyo | | | |
|---|--|-----------------------------|-----------------|-------------------------|------------|-----------------------|
| Property name | | Nisseki Shibuya (Note 4) | Daiwa Kinshicho | Daiwa Higashi-Ikebukuro | Bennex S-3 | Daiwa Shinagawa North |
| Acquisition date | | Sept. 2013 | Oct. 2005 | Oct. 2005 | May 2006 | July 2007 |
| Price information | Acquisition price (million yen) | 7,000 | 3,653 | 2,958 | 4,950 | 7,710 |
| | Investment ratio (%) | 2.0 | 1.0 | 0.8 | 1.4 | 2.2 |
| | Carrying amount (million yen) | 7,211 | 3,396 | 2,773 | 4,344 | 7,389 |
| | Estimated price at end of period (million yen) | 7,280 | 3,340 | 3,330 | 3,290 | 5,890 |
| Leasing information | Number of tenants (Note 1) | 1 | 6 | 6 | 24 | 13 |
| | Leasable floor area (m ²) | 6,327.95 | 5,378.02 | 4,589.17 | 7,470.18 | 6,549.98 |
| | Leased floor area (m ²) | 6,327.95 | 5,378.02 | 4,589.17 | 6,994.39 | 6,549.98 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2011 | — | 100.0 | 97.9 | 89.5 | 100.0 |
| | End of May 2012 | — | 100.0 | 90.1 | 96.6 | 100.0 |
| | End of Nov. 2012 | — | 100.0 | 100.0 | 88.0 | 100.0 |
| End of May 2013 | — | 100.0 | 100.0 | 98.2 | 100.0 | |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 93.6 | 100.0 | |
| Income (loss) information | Number of days of asset management | 65 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | — | 134,187 | 137,934 | 149,189 | 191,275 |
| | Rent revenue – real estate | — | 134,187 | 137,934 | 149,189 | 191,275 |
| | Other lease business revenue | — | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | — | 86,742 | 66,238 | 98,051 | 122,052 |
| | Consignment expenses | — | 13,561 | 14,768 | 18,875 | 15,075 |
| | Utilities expenses | — | 15,936 | 19,891 | 21,504 | 19,172 |
| | Taxes and dues | — | 11,970 | 8,773 | 15,242 | 18,628 |
| | Non-life insurance expenses | — | 265 | 253 | 394 | 376 |
| | Repair expenses | — | 15,977 | 412 | 2,489 | 36,000 |
| | Depreciation (C) | — | 29,031 | 22,138 | 39,544 | 32,789 |
| | Other lease business expenses | — | — | — | — | 9 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | — | 47,445 | 71,695 | 51,137 | 69,222 |
| | NOI (E) [(D) + (C)] (thousand yen) | 59,141 | 76,476 | 93,834 | 90,682 | 102,012 |
| Capital expenditures (F) (thousand yen) | — | 30,365 | 11,497 | 8,310 | 910 | |
| NCF [(E) – (F)] (thousand yen) | 59,141 | 46,110 | 82,337 | 82,371 | 101,102 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | — | 64.64 | 48.02 | 65.72 | 63.81 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | — | 23,356 | 17,468 | 30,484 | 36,155 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 416,816 | 285,600 | 141,210 | 402,880 | 191,640 |

Daiwa Office Investment Corporation (8976) Financial Report for the 16th Fiscal Period

| Region | | Greater Tokyo | | Major Regional Cities | |
|---|--|-----------------|-------------------|-----------------------|---------------|
| Property name | | West Park Osaki | Kamiooka Eye Mark | Daiwa Minami-Senba | Honshu Meieki |
| Acquisition date | | Sept. 2012 | Mar. 2013 | Aug. 2007 | Feb. 2013 |
| Price information | Acquisition price (million yen) | 1,650 | 2,000 | 4,810 | 5,300 |
| | Investment ratio (%) | 0.5 | 0.6 | 1.4 | 1.5 |
| | Carrying amount (million yen) | 1,695 | 2,057 | 4,777 | 5,484 |
| | Estimated price at end of period (million yen) | 1,980 | 2,070 | 2,780 | 6,370 |
| Leasing information | Number of tenants (Note 1) | 5 | 8 | 6 | 18 |
| | Leasable floor area (m ²) | 1,786.58 | 2,630.30 | 5,719.54 | 7,461.90 |
| | Leased floor area (m ²) | 1,786.58 | 2,427.21 | 5,719.54 | 6,073.02 |
| | Occupancy rate (%) | | | | |
| | End of Nov. 2011 | — | — | 91.7 | — |
| | End of May 2012 | — | — | 100.0 | — |
| | End of Nov. 2012 | 100.0 | — | 92.7 | — |
| End of May 2013 | 100.0 | 100.0 | 100.0 | 85.4 | |
| End of Nov. 2013 | 100.0 | 92.2 | 100.0 | 81.3 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 58,814 | 80,651 | 120,915 | 206,991 |
| | Rent revenue – real estate | 58,814 | 80,566 | 120,915 | 206,991 |
| | Other lease business revenue | — | 85 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 25,540 | 29,551 | 69,992 | 77,223 |
| | Consignment expenses | 3,697 | 5,762 | 13,342 | 26,310 |
| | Utilities expenses | 4,530 | 5,603 | 13,557 | 15,428 |
| | Taxes and dues | 3,949 | 4 | 10,603 | 0 |
| | Non-life insurance expenses | 74 | 139 | 252 | 440 |
| | Repair expenses | 2,331 | 336 | 696 | 320 |
| | Depreciation (C) | 10,957 | 17,705 | 31,541 | 34,721 |
| | Other lease business expenses | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 33,274 | 51,100 | 50,922 | 129,768 |
| NOI (E) [(D) + (C)] (thousand yen) | 44,232 | 68,805 | 82,464 | 164,490 | |
| Capital expenditures (F) (thousand yen) | 1,717 | — | 7,848 | 348 | |
| NCF [(E) – (F)] (thousand yen) | 42,514 | 68,805 | 74,615 | 164,142 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 43.43 | 36.64 | 57.89 | 37.31 |
| | Annual amount of fixed property tax, etc. for fiscal 2013 (thousand yen) | 7,890 | — | 21,206 | — |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 37,912 | 24,782 | 107,090 | 170,803 |

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

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

- (Note 3) Estimated long-term repair expenses of “Daiwa Kayabacho Building” are the total amount of repair expenses and renewal expenses estimated to arise over the 10-year period from the 1st year to the 10th year as stated in the building investigation diagnosis report.
- (Note 4) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 5) Additional acquisition of compartmentalized ownership interest of “Sunline Building No. 7” was made in March 2013 and May 2013. Annual amount of fixed property tax, etc. for fiscal 2013 and estimated long-term repair expenses are shown without taking into consideration the additionally-acquired compartmentalized ownership interest portion.
- (Note 6) “shinyon curumu Building” was acquired in December 2012 and April 2013. Annual amount of fixed property tax, etc. for fiscal 2013 is shown for the December 2012 acquisition portion only.