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REIT Financial Report for the 20th Fiscal Period

January 20, 2016

Name of REIT Issuer: Daiwa Office Investment Corporation
 Stock Code No.: 8976
 Representative: Nobuaki Omura, Executive Director
 Name of Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
 Representative: Akira Yamanouchi, President and Representative Director
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Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): February 23, 2016
 Scheduled date of start of distribution payments: February 16, 2016

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 20th Fiscal Period

20th Fiscal Period: Fiscal period ended November 2015 (from June 1, 2015 to November 30, 2015)

19th Fiscal Period: Fiscal period ended May 2015 (from December 1, 2014 to May 31, 2015)

(1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
20th Period	¥11,837 million	14.0%	¥5,614 million	17.7%	¥4,689 million	16.3%	¥4,688 million	16.3%
19th Period	¥10,387 million	6.4%	¥4,770 million	7.5%	¥4,032 million	10.7%	¥4,031 million	10.7%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
20th Period	¥9,692	2.0%	1.1%	39.6%
19th Period	¥9,141	1.8%	1.0%	38.8%

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

20th Period: 483,754 units; 19th Period: 441,000 units

(2) Distributions

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Distribution amount to net assets
20th Period	¥9,688	¥4,688 million	¥0	¥- million	100.0%	1.9%
19th Period	¥9,142	¥4,031 million	¥0	¥- million	100.0%	1.8%

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
20th Period	¥460,705 million	¥247,700 million	53.8%	¥511,777
19th Period	¥432,232 million	¥222,954 million	51.6%	¥505,566

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(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
20th Period	¥6,530 million	(¥31,677 million)	¥21,056 million	¥18,700 million
19th Period	¥27,578 million	(¥49,414 million)	¥26,859 million	¥22,790 million

2. Management Status Forecasts for the 21st Fiscal Period and 22nd Fiscal Period

21st Fiscal Period: Fiscal period ending May 2016 (from December 1, 2015 to May 31, 2016)

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

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

	Operating revenue		Operating income		Ordinary income		Net income	
21st Period	¥11,922 million	0.7%	¥5,567 million	(0.8%)	¥4,769 million	1.7%	¥4,767 million	1.7%
22nd Period	¥12,132 million	1.8%	¥5,601 million	0.6%	¥4,793 million	0.5%	¥4,791 million	0.5%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
21st Period	¥9,850	¥0
22nd Period	¥9,900	¥0

(Reference) Estimated net income per unit for the 21st Fiscal Period: ¥9,850; 22nd Fiscal Period: ¥9,900

3. Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding at end of period (including treasury units):
20th Fiscal Period: 484,000 units 19th Fiscal Period: 441,000 units
- (ii) Total number of treasury units at end of period:
20th Fiscal Period: – units 19th Fiscal Period: – units

(Note) Please refer to “Notes to Per Unit Information” on page 27 for the number of investment units used as the basis for calculating the net income per unit.

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

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

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

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. In addition, the forecast is not a guarantee of the distribution amount. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 21st Fiscal Period and 22nd Fiscal Period” on page 9.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 25, 2015).

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 25, 2015) as of date of this document.

2.2. Management Status

(1) Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 445,777 million yen as of the last day of November 2015.

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 2015 to November 2015)

The Japanese economy during the fiscal period under review saw a modest recovery against the backdrop of the improving employment and income environments, the improvement in corporate performance and increase in capital investment boosted by the continuous yen depreciation from the Bank of Japan’s monetary easing measures as well as the depression of prices due to low crude oil prices.

In the office building leasing market in central Tokyo, with new supply having settled down, the vacancy rate took a turn after peaking in June 2013, dropping to 4.19% at the end of November 2015. Led by improvement in the vacancy rate for large buildings, the overall vacancy rate that includes small- to medium-sized buildings also continues to be on an improving trend. The drop in the vacancy rate has led to an increase in office rent in some areas, and the market as a whole continues to see increase in rent, albeit slight.

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

b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “River Gate” (acquisition price: 28,000 million yen) in June 2015, “Daiwa Hatchobori ekimae” (acquisition price: 2,871 million yen) and “Daiwa Hatchobori ekimae West” (acquisition price: 1,647 million yen) in September 2015. As a result, the Investment Corporation’s assets under management as of the end of the 20th Fiscal Period (November 30, 2015) totaled 50 properties, the sum total of acquisition prices of which amounted to 445,777 million yen.

Concerning internal growth, while the office leasing market weakened, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. As a result, the occupancy rate as of the end of the 20th Fiscal Period (November 30, 2015) was 98.3%.

C. Overview of Capital Procurement**a. Procurement of Capital for New Property Acquisitions**

In the 20th Fiscal Period, the Investment Corporation issued the following investment units to fund the acquisition of new properties.

- A public offering with the payment date on June 1, 2015 (41,045 issued units, paid-in price of 563,914 per unit, a total paid-in price of 23,145,850,130 yen) and a third-party allotment with the payment date on June 24, 2015 (1,955 issued units, paid in price of 563,914 per unit, a total paid-in price of 1,102,451,870 yen) were implemented to fund the acquisition of a new property (River Gate) acquired on June 2, 2015 and to procure part of repayment funds for the borrowings made to acquire new properties (Glass City Shibuya and Meguro Place Tower) acquired on May 1, 2015.

In the 20th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties.

- A total of 5,000 million yen was borrowed from the Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd. and Nippon Life Insurance Company on September 11, 2015 to fund the acquisition of new properties (Daiwa Hatchobori ekimae and Daiwa Hatchobori ekimae West) acquired on the same day.

A commitment-type term loan agreement with a 20,500 million yen maximum available borrowing amount was concluded with Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Ltd. and Shinsei Bank, Ltd. on April 27, 2015, but the agreement ended with the expiration of the borrowing period on June 17, 2015.

b. Procurement of Capital for Repayment of Borrowings

In the 20th Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings that were due for repayment.

- A total amount of 5,500 million yen was borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited and Mizuho Bank, Ltd. on July 31, 2015 to fund part of the repayment of a total of 9,500 million yen borrowed from Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Limited that was due for repayment on the same day. The remaining 4,000 million yen was allocated from cash on hand.
- A total amount of 4,500 million yen was borrowed from Sumitomo Mitsui Banking Corporation, The Nishi-Nippon City Bank, Ltd., The 77 Bank, Ltd. and The Musashino Bank, Ltd. on August 31, 2015 to fund the repayment of a total of 4,500 million yen borrowed from The Shizuoka Bank, Ltd., The 77 Bank, Ltd., The Musashino Bank, Ltd. and Sumitomo Mitsui Banking Corporation that was due for repayment on the same day.
- A total amount of 1,600 million yen was borrowed from The Gunma Bank, Ltd., Nippon Life Insurance Company and Taiyo Life Insurance Company on November 30, 2015 to fund the repayment of a total of 1,600 million yen borrowed from The Gunma Bank, Ltd., Nippon Life Insurance Company and Taiyo Life Insurance Company that was due for repayment on the same day.

c. 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 20th Fiscal Period (November 30, 2015) stood at 192,300 million yen (short-term loans payable: 5,500 million yen; long-term loans payable: 181,700 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 3,700 million yen.

During the 20th Fiscal Period, the Investment Corporation made borrowings centering on periods of between 7 years and 8.5 years with the maximum being 9 years, and the average remaining period of interest-bearing liabilities as of the end of the 20th Fiscal Period stands at 4.59 years.

Furthermore, the Investment Corporation concluded the interest-rate swap agreement to fixate future interest payment for the total borrowing of 19,400 million yen in order to offset the risks of the possible increase of the interest rate.

List of Borrowings in the 20th Fiscal Period

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
Sumitomo Mitsui Banking Corporation	2,500	2015/7/31	2016/7/29	1.0 year
Sumitomo Mitsui Trust Bank, Limited	2,000	2015/7/31	2016/7/29	1.0 year
Mizuho Bank, Ltd.	1,000	2015/7/31	2016/7/29	1.0 year
The Musashino Bank, Ltd.	1,000	2015/8/31	2020/8/31	5.0 years
The Nishi-Nippon City Bank Limited	2,000	2015/8/31	2022/8/31	7.0 years
The 77 Bank, Ltd.	1,000	2015/8/31	2022/8/31	7.0 years
Sumitomo Mitsui Banking Corporation	500	2015/8/31	2024/8/30	9.0 years

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The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2015/9/11	2019/8/30	4.0 years
Nippon Life Insurance Company	1,000	2015/9/11	2022/8/31	7.0 years
Sumitomo Mitsui Trust Bank, Limited	1,000	2015/9/11	2024/2/29	8.5 years
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2015/9/11	2024/2/29	8.5 years
Sumitomo Mitsui Banking Corporation	1,000	2015/9/11	2024/8/30	9.0 years
The Gunma Bank, Ltd.	1,000	2015/11/30	2022/2/28	6.3 years
Nippon Life Insurance Company	300	2015/11/30	2022/8/31	6.8 years
Taiyo Life Insurance Company	300	2015/11/30	2022/11/30	7.0 years

Balance of Borrowings from Each Financial Institution (as of November 30, 2015)

Lender	End of the 20th Fiscal Period (million yen)	Share
Sumitomo Mitsui Banking Corporation	39,900	21.31
Sumitomo Mitsui Trust Bank, Limited	24,850	13.27
Development Bank of Japan Inc.	20,250	10.82
Mizuho Bank, Ltd.	18,400	9.83
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,500	7.75
Shinsei Bank, Ltd.	13,000	6.94
Resona Bank, Ltd.	11,500	6.14
Mitsubishi UFJ Trust and Banking Corporation	6,000	3.21
The Bank of Fukuoka, Ltd.	5,500	2.94
Kansai Urban Banking Corporation	5,000	2.67
Mizuho Trust and Banking Co., Ltd.	5,000	2.67
Aozora Bank, Ltd.	4,500	2.40
ORIX Bank Corporation	2,500	1.34
The Gunma Bank, Ltd.	2,500	1.34
The 77 Bank, Ltd.	2,000	1.07
The Musashino Bank, Ltd.	2,000	1.07
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.07
The Nishi-Nippon City Bank Limited	2,000	1.07
The Higashi-Nippon Bank, Limited	1,500	0.80
Nippon Life Insurance Company	1,300	0.69
The Kagawa Bank, Ltd.	1,000	0.53
The Hiroshima Bank, Ltd.	1,000	0.53
The Yamaguchi Bank, Ltd.	500	0.27
Taiyo Life Insurance Company	300	0.16
Fukoku Mutual Life Insurance Company	200	0.11
Total	187,200	100.00

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

d. Rating Information (as of November 30, 2015)

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

e. Shelf Registration

The Investment Corporation filed a shelf registration statement on July 17, 2014 as below. The total issuable amount as of the date of this document is 94.9 billion yen.

Investment corporation bonds (excluding short-term investment corporation bonds)	
Planned issue amount	100 billion yen
Planned issue period	From July 25, 2014 to July 24, 2016

Use of funds	Funds for acquisition of specified assets, repayment of borrowings, redemption of investment corporation bonds (including short-term investment corporation bonds), refund of leasehold and security deposits, payment of repairs, and funds for working capital, etc.
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D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 20th Fiscal Period of 11,837 million yen in operating revenue, 5,614 million yen in operating income, 4,689 million yen in ordinary income and 4,688 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 9,688 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward is expected to see a moderate economic recovery through recovery in personal spending against the backdrop of favorable employment environment and the improved income environment while various economic measures, centering on the public works projects and financial policies promoted by the Abe administration and the monetary easing policy implemented by Bank of Japan continue. However, factors, such as downward swing of the Chinese economy, upset in emerging markets accompanying the U.S. exit strategy, drop in stock prices around the world due to geopolitical risks, downturn of the Eurozone economy and future development of the “triple fall (in bonds, yen and stocks)” against the backdrop of concerns over losing fiscal discipline, pose potential risks of disrupting the Japanese real economy and financial environment, and are thus thought to require attention.

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

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 20th Fiscal Period, the Investment Corporation acquired “River Gate,” “Daiwa Hatchobori ekimae,” and “Daiwa Hatchobori ekimae West” 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 21st Fiscal Period (fiscal period ending May 2016 (from December 1, 2015 to May 31, 2016)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 21st Fiscal Period and 22nd Fiscal Period” on page 9.

21st Fiscal Period (fiscal period ending May 2016 (from December 1, 2015 to May 31, 2016))

Operating revenue	11,922 million yen
Operating income	5,567 million yen
Ordinary income	4,769 million yen
Net income	4,767 million yen
Distribution amount per unit	9,850 yen
Distribution amount in excess of earnings per unit	- yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 21st Fiscal Period and 22nd Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 22nd Fiscal Period (fiscal period ending November 2016 (from June 1, 2016 to November 30, 2016)).

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

Operating revenue	12,132 million yen
Operating income	5,601 million yen
Ordinary income	4,793 million yen
Net income	4,791 million yen
Distribution amount per unit	9,900 yen
Distribution amount in excess of earnings per unit	- 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 21st Fiscal Period and 22nd Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 21st Fiscal Period: Assets under management are assumed to be the 50 properties owned as of November 30, 2015. • 22nd Fiscal Period Assets under management are assumed to be the 50 properties described above. • The actual number of properties may vary due to changes in the assets under management other than above.
Operating revenue	<ul style="list-style-type: none"> • Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. • It is assumed that there is no gain (loss) on sales of real estate properties.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. • Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager. • Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 6,771 million yen in the 21st Fiscal Period and 6,822 million yen in the 22nd Fiscal Period. • Consignment expenses are expected to be 845 million yen in the 21st Fiscal Period and 877 million yen in the 22nd Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 887 million yen in the 21st Fiscal Period and 1,059 million yen in the 22nd Fiscal Period. • While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. As such, fixed property tax, city planning tax, etc. of fiscal 2016 for properties acquired in 2015 shall be recorded as expenses starting from the fiscal period ending November 2016. • Depreciation is expected to be 1,727 million yen in the 21st Fiscal Period and 1,753 million yen in the 22nd Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 21st Fiscal Period are expected to be 798 million yen, of which the interest expenses, interest expenses on investment corporation bonds and borrowing related expenses are expected to be 793 million yen. • Non-operating expenses in the 22nd Fiscal Period are expected to be 808 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 803 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 192,300 million yen at the end of the 21st Fiscal Period and 192,300 million yen at the end of the 22nd Fiscal Period. • In the 21st Fiscal Period, it is assumed that all of the 2,200 million yen of borrowings due for repayment on May 31, 2016 will be refinanced. • In the 22nd Fiscal Period, it is assumed that all of the 5,500 million yen of borrowings due for repayment on July 29, 2016 and the 1,500 million yen of borrowing due for repayment on August 31, 2016 will be refinanced.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • The total number of investment units is assumed to be 484,000 units as of November 30, 2015. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 22nd Fiscal Period such as through the issuance of new investment units, etc.
Distribution amount per unit	<ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.

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

2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 25, 2015).

3. Financial Statements

3.1. Balance Sheets

(Unit: thousand yen)

	19th Fiscal Period [As of May 31, 2015]	20th Fiscal Period [As of Nov. 30, 2015]
Assets		
Current assets		
Cash and deposits	16,703,952	16,618,092
Cash and deposits in trust	6,086,861	2,082,177
Operating accounts receivable	275,792	238,836
Consumption taxes receivable	—	515,291
Prepaid expenses	403,224	386,624
Deferred tax assets	185	550
Other	72,378	157,031
Total current assets	23,542,394	19,998,604
Noncurrent assets		
Property, plant and equipment		
Buildings	3,119,987	3,124,851
Accumulated depreciation	(1,629,652)	(1,716,825)
Buildings, net	1,490,335	1,408,025
Structures	10,296	14,344
Accumulated depreciation	(2,999)	(3,335)
Structures in trust, net	7,297	11,008
Tools, furniture and fixtures	18,958	18,958
Accumulated depreciation	(7,645)	(8,507)
Tools, furniture and fixtures, net	11,312	10,450
Land	12,302,226	12,302,226
Construction in progress	3,448	3,572
Buildings in trust	90,901,721	101,181,076
Accumulated depreciation	(16,661,537)	(18,232,206)
Buildings in trust, net	*1 74,240,183	*1 82,948,869
Structures in trust	902,042	963,538
Accumulated depreciation	(160,128)	(173,574)
Structures in trust, net	741,913	789,963
Machinery and equipment in trust	707,599	777,674
Accumulated depreciation	(367,021)	(388,194)
Machinery and equipment in trust, net	340,577	389,479
Tools, furniture and fixtures in trust	150,964	175,565
Accumulated depreciation	(66,677)	(76,822)
Tools, furniture and fixtures in trust, net	84,287	98,742
Other in trust	4,336	4,336
Accumulated depreciation	(4,336)	(4,336)
Other in trust, net	—	—
Land in trust	314,767,115	338,450,955
Construction in progress in trust	408,642	27,451
Total property, plant and equipment	404,397,340	436,440,746

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(Unit: thousand yen)

	19th Fiscal Period [As of May 31, 2015]	20th Fiscal Period [As of Nov. 30, 2015]
Intangible assets		
Right of trademark	883	695
Leasehold rights	2,407,101	2,407,101
Leasehold rights in trust	306,884	306,884
Other	3,518	2,741
Total intangible assets	2,718,387	2,717,422
Investments and other assets		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,304,601	1,206,053
Deferred tax assets	110,867	186,815
Other	10,020	10,020
Total investments and other assets	1,539,174	1,516,573
Total noncurrent assets	408,654,902	440,674,743
Deferred assets		
Investment corporation bonds issuance costs	35,344	32,390
Total deferred assets	35,344	32,390
Total assets	432,232,640	460,705,737
Liabilities		
Current liabilities		
Operating accounts payable	889,756	844,892
Short-term loans payable	9,500,000	5,500,000
Current portion of long-term loans payable	8,300,000	3,700,000
Accounts payable – other	632,431	541,568
Income taxes payable	824	775
Accrued consumption taxes	342,585	57,157
Advances received	1,298,771	1,941,023
Other	357,535	204,480
Total current liabilities	21,321,905	12,789,897
Noncurrent liabilities		
Investment corporation bonds	5,100,000	5,100,000
Long-term loans payable	168,400,000	178,000,000
Tenant leasehold and security deposits	8,960,270	15,531,882
Tenant leasehold and security deposits in trust	5,152,526	1,005,375
Derivatives liabilities	343,138	578,197
Total noncurrent liabilities	187,955,935	200,215,456
Total liabilities	209,277,840	213,005,354
Net Assets		
Unitholders' equity		
Unitholders' capital	219,155,572	243,403,874
Surplus		
Unappropriated retained earnings (undisposed loss)	4,031,830	4,689,024
Total surplus	4,031,830	4,689,024
Total unitholders' equity	223,187,402	248,092,898
Valuation and translation adjustments		
Deferred gains or losses on hedges	(232,601)	(392,515)
Total valuation and translation adjustments	(232,601)	(392,515)
Total net assets	*3 222,954,800	*3 247,700,383
Total liabilities and net assets	432,232,640	460,705,737

3.2. Statements of Income

(Unit: thousand yen)

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]		20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	
Operating revenue				
Rent revenue – real estate	*1	10,112,468	*1	11,777,301
Other lease business revenue	*1	34,234	*1	60,694
Gain on sales of real estate properties	*2	240,546		—
Total operating revenue		10,387,249		11,837,995
Operating expenses				
Expenses related to rent business	*1	4,486,646	*1	5,026,334
Asset management fees		838,943		968,318
Asset custody fees		20,432		22,616
Administrative service fees		67,738		72,790
Trust fees		21,278		21,820
Directors' compensation		5,400		5,400
Other operating expenses		176,787		106,128
Total operating expenses		5,617,225		6,223,408
Operating income		4,770,023		5,614,587
Non-operating income				
Interest income		798		771
Reversal of distribution payable		867		804
Miscellaneous income		11,652		11,998
Total non-operating income		13,318		13,574
Non-operating expenses				
Interest expenses		566,001		591,939
Interest expenses on investment corporation bonds		16,892		16,707
Borrowing expenses		159,621		162,632
Investment unit issuance expenses		—		160,735
Other		8,365		6,521
Total non-operating expenses		750,879		938,537
Ordinary income		4,032,462		4,689,624
Income before income taxes		4,032,462		4,689,624
Income taxes – current		886		805
Income taxes – deferred		5		3
Total income taxes		892		809
Net income		4,031,570		4,688,815
Retained earnings brought forward		260		208
Unappropriated retained earnings (undisposed loss)		4,031,830		4,689,024

3.3. Statements of Unitholders' Equity

19th Fiscal Period (from December 1, 2014 to May 31, 2015]

(Unit: thousand yen)

	Unitholders' equity				Total valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total Surplus				
Balance at beginning of current period	219,155,572	3,641,156	3,641,156	222,796,728	(203,635)	(203,635)	222,593,092
Changes of items during the period							
Dividends from surplus		(3,640,896)	(3,640,896)	(3,640,896)			(3,640,896)
Net income		4,031,570	4,031,570	4,031,570			4,031,570
Net changes of items other than shareholders' equity					(28,966)	(28,966)	(28,966)
Net changes of items other than shareholders' equity	—	390,674	390,674	390,674	(28,966)	(28,966)	361,708
Balance at end of current period	219,155,572	4,031,830	4,031,830	223,187,402	(232,601)	(232,601)	222,954,800

20th Fiscal Period (from June 1, 2015 to November 30, 2015]

(Unit: thousand yen)

	Unitholders' equity				Total valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total Surplus				
Balance at beginning of current period	219,155,572	4,031,830	4,031,830	223,187,402	(232,601)	(232,601)	222,954,800
Changes of items during the period							
Issuance of investment units	24,248,302			24,248,302			24,248,302
Dividends from surplus		(4,031,622)	(4,031,622)	(4,031,622)			(4,031,622)
Net income		4,688,815	4,688,815	4,688,815			4,688,815
Net changes of items other than shareholders' equity					(159,913)	(159,913)	(159,913)
Net changes of items other than shareholders' equity	24,248,302	657,193	657,193	24,905,495	(159,913)	(159,913)	24,745,582
Balance at end of current period	243,403,874	4,689,024	4,689,024	248,092,898	(392,515)	(392,515)	247,700,383

3.4. Statements of Cash Distributions

Item	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	4,031,830,382	4,689,024,142
II. Distribution amount [Distribution amount per unit]	4,031,622,000 [9,142]	4,688,992,000 [9,688]
III. Retained earnings carried forward	208,382	32,142
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (441,000 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 4,031,622,000 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (484,000 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 4,688,992,000 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)

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
Net cash provided by (used in) operating activities		
Income before income taxes	4,032,462	4,689,624
Depreciation and amortization	1,555,388	1,704,769
Amortization of investment corporation bonds issuance costs	2,938	2,954
Investment unit issuance expenses	—	160,735
Interest income	(798)	(771)
Interest expenses	582,893	608,647
(Increase) Decrease in operating accounts receivable	28,202	36,956
(Increase) Decrease in consumption taxes refund receivable	243,388	(515,291)
(Increase) Decrease in prepaid expenses	(80,704)	16,599
Increase (decrease) in operating accounts payable	(118,588)	95,226
Increase (decrease) in accounts payable – other	80,444	123,956
Increase (decrease) in accrued consumption taxes	342,585	(285,428)
Increase (decrease) in advances received	142,070	642,252
(Increase) Decrease in long-term prepaid expenses	(210,252)	98,548
Decrease from sales of property, plant and equipment in trust	21,334,754	—
Other, net	222,262	(230,111)
Subtotal	28,157,048	7,148,669
Interest income received	798	771
Interest expenses paid	(578,393)	(617,859)
Income taxes paid	(1,037)	(854)
Net cash provided by (used in) operating activities	27,578,415	6,530,727
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(22,916)	(13,262)
Purchase of property, plant and equipment in trust	(50,177,798)	(34,088,858)
Purchase of intangible assets	(780)	—
Proceeds from tenant security deposits	214,501	1,281,904
Proceeds from tenant security deposits in trust	1,591,294	1,407,399
Repayments of tenant security deposits	(1,013,048)	(264,439)
Repayments of tenant security deposits in trust	(5,849)	(402)
Net cash provided by (used in) investing activities	(49,414,596)	(31,677,660)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	9,500,000	5,500,000
Repayment of short-term loans payable	(2,500,000)	(9,500,000)
Proceeds from long-term loans payable	34,000,000	11,100,000
Repayment of long-term loans payable	(10,500,000)	(6,100,000)
Proceeds from issuance of investment units	—	24,087,566
Dividends paid	(3,640,869)	(4,031,177)
Net cash provided by (used in) financing activities	26,859,130	21,056,388
Net increase (decrease) in cash and cash equivalents	5,022,949	(4,090,543)
Cash and cash equivalents at beginning of period	17,767,863	22,790,813
Cash and cash equivalents at end of period	*1 22,790,813	*1 18,700,269

3.6. Notes to the Going Concern

Not applicable.

3.7. Notes to Significant Accounting Policies

1. Accumulated depreciation method for noncurrent assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0" data-bbox="675 443 1177 555"> <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>4~23 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	4~23 years	Tools, furniture and fixtures	5~18 years
Buildings	2~64 years								
Structures	4~56 years								
Machinery and equipment	4~23 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. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 19th Fiscal Period is 92,107 thousand yen and 20th Fiscal Period is 125,633 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. Method for assessing the effectiveness of hedging</p> <p>(4) 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>
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3.8. Notes to Financial Statements

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

[Notes to Balance Sheets]

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

19th Fiscal Period [As of May 31, 2015]		20th Fiscal Period [As of November 30, 2015]	
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

2. Commitment-type term loan agreement

The Investment Corporation concluded a commitment-type term loan agreements with five transacting banks during the fiscal period under review. As of the end of the fiscal period under review, there is no balance of borrowings based on this agreement.

	19th Fiscal Period [As of May 31, 2015]	20th Fiscal Period [As of November 30, 2015]
Total amount of commitment-type term loans	20,500,000 thousand yen	— thousand yen
Balance of borrowings	— thousand yen	— thousand yen
Difference	20,500,000 thousand yen	— thousand yen

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

	19th Fiscal Period [As of May 31, 2015]	20th Fiscal Period [As of November 30, 2015]
	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)

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
A. Property leasing revenue		
Rent revenue – real estate	10,112,468	11,777,301
Other lease business revenue	34,234	60,694
Total property leasing revenue	10,146,702	11,837,995
B. Property leasing expenses		
Consignment expenses	791,273	889,597
Utilities expenses	1,024,278	1,159,084
Taxes and dues	811,787	883,293
Non-life insurance expenses	14,355	16,633
Repair expenses	227,519	320,996
Depreciation	1,553,853	1,703,685
Other lease business expenses	63,578	53,042
Total property leasing expenses	4,486,646	5,026,334
C. Operating income (loss) from property leasing [A – B]	5,660,056	6,811,661

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

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]

Proceeds from sales of real estate properties	21,846,254
Cost of sales of real estate properties	21,325,541
Other expenses on sales	280,166
Gain on sales of real estate properties	240,546

Individual sales prices are not disclosed as the consent of buyers was not obtained. The 685,892 thousand yen of gain on sales of real estate properties and 445,345 thousand yen of loss on sale of real estate properties are offset in the above gain on sales of real estate properties.

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]

Not applicable.

[Notes to Statements of Unitholders' Equity]

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
*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	441,000 units	484,000 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)

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
Cash and deposits	16,703,952	16,618,092
Cash and deposits in trust	6,086,861	2,082,177
Cash and cash equivalents	22,790,813	18,700,269

[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 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). Moreover, a commitment-type term loan is used in order to reduce fund procurement risk when acquiring properties using forward commitments, etc.

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)).

19th Fiscal Period [As of May 31, 2015]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	16,703,952	16,703,952	—
(2) Cash and deposits in trust	6,086,861	6,086,861	—
Total assets	22,790,813	22,790,813	—
(3) Short-term loans payable	9,500,000	9,500,000	—
(4) Current portion of long-term loans payable	8,300,000	8,303,752	3,752
(5) Investment corporation bonds	5,100,000	5,081,325	(18,674)
(6) Long-term loans payable	168,400,000	168,552,647	152,647
Total liabilities	191,300,000	191,437,725	137,725
Derivative transactions (*)	(343,641)	(343,641)	—

20th Fiscal Period [As of November 30, 2015]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	16,618,092	16,618,092	—
(2) Cash and deposits in trust	2,082,177	2,082,177	—
Total assets	18,700,269	18,700,269	—
(3) Short-term loans payable	5,500,000	5,500,000	—
(4) Current portion of long-term loans payable	3,700,000	3,702,739	2,739
(5) Investment corporation bonds	5,100,000	5,149,380	49,380
(6) Long-term loans payable	178,000,000	178,318,164	318,164
Total liabilities	192,300,000	192,670,284	370,284
Derivative transactions (*)	(579,871)	(579,871)	—

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

Assets

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

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

Liabilities

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

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

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

(5) Investment corporation bonds

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

Derivative transactions

Please refer to [Notes to Derivative transactions] below.

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

(Unit: thousand yen)

	19th Fiscal Period [As of May 31, 2015]	20th Fiscal Period [As of November 30, 2015]
Tenant leasehold and security deposits	8,960,270	15,531,882
Tenant leasehold and security deposits in trust	5,152,526	1,005,375
Total	14,112,797	16,537,258

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

19th Fiscal Period [As of May 31, 2015]

(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	16,703,952	—	—	—	—	—
Cash and deposits in trust	6,086,861	—	—	—	—	—
Total	22,790,813	—	—	—	—	—

20th Fiscal Period [As of November 30, 2015]

(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	16,618,092	—	—	—	—	—
Cash and deposits in trust	2,082,177	—	—	—	—	—
Total	18,700,269	—	—	—	—	—

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

19th Fiscal Period [As of May 31, 2015]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Short-term loans payable	9,500,000	—	—	—	—	—
Current portion of long-term loans payable	8,300,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	3,000,000	2,100,000
Long-term loans payable	—	18,200,000	19,400,000	21,500,000	24,000,000	85,300,000
Total	17,800,000	18,200,000	19,400,000	21,500,000	27,000,000	87,400,000

20th Fiscal Period [As of November 30, 2015]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Short-term loans payable	5,500,000	—	—	—	—	—
Current portion of long-term loans payable	3,700,000	—	—	—	—	—
Investment corporation bonds	—	—	—	3,000,000	—	2,100,000
Long-term loans payable	—	28,250,000	17,350,000	22,000,000	31,600,000	78,800,000
Total	9,200,000	28,250,000	17,350,000	25,000,000	31,600,000	80,900,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

19th Fiscal Period [As of May 31, 2015]
Not applicable.20th Fiscal Period [As of November 30, 2015]
Not applicable.

(2) Transactions for which hedge accounting is applied

19th Fiscal Period [As of May 31, 2015]

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	66,400,000	64,400,000	(343,641)	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	32,850,000	27,350,000	(*)	—
Total			99,250,000	91,750,000	(343,641)	—

20th Fiscal Period [As of November 30, 2015]

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	82,800,000	81,300,000	(579,871)	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	30,350,000	28,350,000	(*)	—
Total			113,150,000	109,650,000	(579,871)	—

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

[Notes to Transactions with Related Parties]

(1) Transactions with related parties

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]
Not applicable.

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]
Not applicable.

(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

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]
Parent company's information
Daiwa Securities Group Inc. (listed on the Tokyo Stock Exchange and Nagoya Stock Exchange)

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]
Not applicable.

[Notes to Investment and Rental Properties]

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

(Unit: thousand yen)

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
Carrying amount		
Balance at beginning of period	378,935,080	406,699,107
Amount of increase (decrease) during period	27,764,026	32,424,591
Balance at end of period	406,699,107	439,123,698
Fair value at end of period	410,990,000	459,820,000

(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 19th Fiscal Period, the amount of increase is mainly attributable to acquisition of 6 properties (48,785 million yen), and the amount of decrease is mainly attributable to sales of 5 properties (21,325 million yen) and depreciation (1,553 million yen). Of the amount of increase (decrease) for rental properties during the 20th Fiscal Period, the amount of increase is mainly attributable to acquisition of 3 properties (32,518 million yen) and the amount of decrease is mainly attributable to depreciation (1,703 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

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]

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.

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]

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]

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
Net assets per unit	505,566 yen	511,777 yen
Net income per unit	9,141.88 yen	9,692.56 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.

	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]
Net income (thousand yen)	4,031,570	4,688,815
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	4,031,570	4,688,815
Average number of investment units during the period (unit)	441,000	483,754

[Notes to Significant Subsequent Events]

Not applicable.

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

The Investment Corporation resolved to issue new investment units at its Board of Directors meeting held on April 27, 2015 and May 20, 2015. Payments were completed for the public offering and third-party allotment on June 1, 2015 and June 24, 2015, respectively. The overview of capital increase up to the end of the 20th Fiscal Period is as follows.

Payment date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
July 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)
July 2, 2014	Capital increase through public offering	41,092	436,890	18,522	217,303	(Note 7)
July 30, 2014	Capital increase by way of a third-party allotment	4,110	441,000	1,852	219,155	(Note 8)
June 1, 2015	Capital increase through public offering	41,045	482,045	23,145	242,301	(Note 9)
June 24, 2015	Capital increase by way of a third-party allotment	1,955	484,000	1,102	243,403	(Note 10)

(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 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 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 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 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 paid in: 192,705 yen) to fund repayment of loans, capital expenditure to enhance property value, acquisition of property, etc.
- (Note 7) The Investment Corporation issued new investment units through public offering at an issue price of 466,537 yen per unit (amount paid in: 450,746 yen) to procure funds for acquisition of acquisition properties, etc.
- (Note 8) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 450,746 yen per unit (amount paid in: 450,746 yen) to procure funds for acquisition of acquisition properties, etc.
- (Note 9) The Investment Corporation issued new investment units through public offering at an issue price of 583,050 yen per unit (amount paid in: 563,914 yen) to procure funds for acquisition of acquisition properties, repayment of borrowings, etc.
- (Note 10) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 563,914 yen per unit (amount paid in: 563,914 yen) to procure funds for acquisition of acquisition properties, repayment of borrowings, etc.

4. Changes in Directors**4.1. Changes in Directors at the Investment Corporation**

Not applicable.

4.2. Changes in Directors at the Asset Manager

Not applicable.

5. Reference Information**5.1. Investment Status**

Type of asset	Use	Region	20th Fiscal Period (As of November 30, 2015)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo	16,138	3.5
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	368,918	80.1
		Greater Tokyo	34,514	7.5
		Major Regional Cities	19,551	4.2
Total			439,123	95.3
Deposits and other assets			21,582	4.7
Total amount of assets (Note 2)			460,705	100.0
			[439,123]	[95.3]

(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) 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, 2015)

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	13,308	15,800	3.2
	Daiwa Ginza Annex		3,050	2,830	3,260	0.7
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,022	7,350	1.9
	Daiwa Minami-Aoyama		4,550	4,465	4,250	1.0
	Daiwa Sarugakucho		3,190	3,226	3,270	0.7
	Daiwa A Hamamatsucho (Note 8)		2,865	2,827	3,220	0.6
	Daiwa Jingumae		2,800	2,698	2,230	0.6
	Daiwa Shibadaimon		2,578	2,398	2,860	0.6
	Daiwa Misakicho		2,346	2,196	2,680	0.5
	Daiwa Shimbashi 510		2,080	2,131	2,420	0.5
	Daiwa Tsukijiekimae		1,560	1,354	1,550	0.3
	Daiwa Tsukiji		1,240	1,172	1,360	0.3
	Daiwa Tsukishima		7,840	7,006	9,080	1.8
	Daiwa Nihonbashi Horidomecho		2,520	2,496	2,450	0.6
	Daiwa Azabudai		1,600	1,543	1,750	0.4
	Daiwa Kyobashi		3,460	3,313	3,180	0.8
	Daiwa Kojimachi 4-chome		2,910	2,851	2,670	0.7
	Daiwa Onarimon		13,860	13,478	12,800	3.1
	Shinjuku Maynds Tower (Note 8)		133,800	130,383	116,000	30.0
	SHIBUYA EDGE		5,900	5,724	4,650	1.3
	Daiwa Kodenmachi		2,460	2,409	2,060	0.6
	Daiwa Jimbocho		4,150	4,101	3,230	0.9
	Daiwa Nishi-Shimbashi		5,000	4,877	5,330	1.1
	Daiwa Kudan		4,000	3,828	3,270	0.9
	Daiwa Kayabacho Building		5,600	5,395	7,460	1.3
	Daiwa Jimbocho 3-chome		3,550	3,469	4,420	0.8
	E SPACE TOWER		24,000	23,703	32,300	5.4
	Daiwa Nihonbashi Hongokucho		1,721	1,653	2,110	0.4
	shinyon curumu		9,650	9,847	12,000	2.2
	Daiwa Shibuya Dougenzaka		4,500	4,484	6,380	1.0
	Daiwa Akasaka		9,200	9,411	12,100	2.1
	Daiwa Shibuya Miyamasuzaka		7,000	7,207	8,040	1.6
	Azabu Green Terrace		14,000	14,286	15,700	3.1
	Daiwa Ebisu 4-chome		4,135	4,288	5,120	0.9
	LAQUAS Higashi Shinjuku		8,450	8,642	9,830	1.9
	Concept Aoyama	9,800	10,056	11,200	2.2	
	Shinsen Place	4,800	4,922	6,020	1.1	
	Glass City Shibuya	16,000	16,124	17,500	3.6	
	River Gate	28,000	28,218	29,800	6.3	
	Daiwa Hatchobori ekimae	2,871	2,984	3,060	0.6	
	Daiwa Hatchobori ekimae West	1,647	1,713	1,700	0.4	
Total for Five Central Wards of Tokyo (41 properties)			391,048	385,057	401,460	87.7

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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 Higashi-Ikebukuro	Trust beneficial interest in real estate	2,958	2,745	3,490	0.7
	Daiwa Shinagawa North		7,710	7,293	5,790	1.7
	Daiwa Osaki 3-chome		1,650	1,660	2,240	0.4
	Daiwa Kamiooka		2,000	1,993	2,420	0.4
	Integral Tower		15,220	15,183	17,500	3.4
	Meguro Place Tower		5,600	5,639	6,110	1.3
Total for Greater Tokyo (6 properties)			35,138	34,514	37,550	7.9
Major Regional Cities (Note 3)	Daiwa Minami-Senba	Trust beneficial interest in real estate	4,810	4,679	2,660	1.1
	Daiwa Meieki		5,300	5,350	7,150	1.2
	Kitahama Grand Building		9,481	9,521	11,000	2.1
Total for Major Regional Cities (3 properties)			19,591	19,551	20,810	4.4
Total (50 properties)			445,777	439,123	459,820	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, 2015.

(Note 6) Estimated price at end of period is the price as of November 30, 2015 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 (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3 / 12F	July 1963	8,175.26	7,680.00	27	93.9	382,686
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	92,412
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	9,497.22	53	98.7	238,616
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,715.54	6	100.0	123,977
	Daiwa Sarugakuchō (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	1	100.0	-
	Daiwa A Hamamatsuchō	SRC B2 / 10F	July 1993	3,663.38	3,663.38	12	100.0	132,499
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	4	100.0	71,016
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	85,670
	Daiwa Misakichō (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,676.52	2,668.12	7	99.6	85,074
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	56,471
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,328.52	4	89.2	45,660
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	3	100.0	283,096
	Daiwa Nihonbashi Horidomechō	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	8	100.0	81,633
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.88	1,697.88	10	100.0	53,479
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	3,265.83	9	100.0	98,503
	Daiwa Kojimachi 4-chōme	SRC B2 / 9F	Oct. 1987	2,690.90	2,690.90	7	100.0	91,419
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,614.92	7	100.0	331,178
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,543.97	43,791.03	35	96.1	2,537,759
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	115,426
	Daiwa Kodenmachō	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	64,340
	Daiwa Jimbochō	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	103,301
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,815.84	11	100.0	147,221
Daiwa Kudan	SRC 9F	Mar. 1987	2,882.61	2,882.61	6	100.0	78,796	
Daiwa Kayabachō Building (Note 8)	S / SRC B1 / 8F	Apr. 2010	5,899.11	5,899.11	1	100.0	-	

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
	Daiwa Jimbocho 3-chome	S 9F	Feb. 2010	2,889.34	2,889.34	8	100.0	111,538
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,960.87	6	100.0	777,230
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	55,918
	shinyon curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,751.31	18	100.0	309,245
	Daiwa Shibuya Dougenzaka	SRC B1/11F	Mar. 1988	4,144.90	3,812.47	5	91.9	147,462
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,739.17	7,731.93	19	88.4	296,961
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,327.95	6,327.95	8	100.0	227,895
	Azabu Green Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	13,234.39	10	100.0	452,934
	Daiwa Ebisu 4-chome (Note 8)	SRC B1/9	Dec. 1997	2,885.64	2,885.64	1	100.0	-
	LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	227,234
	Concept Aoyama	S/RC B1/7F	Nov. 2001	4,421.79	4,421.79	5	100.0	209,064
	Shinsen Place (Note 8)	RC B1/9F	Sept. 2001	2,811.35	2,811.35	1	100.0	-
	Glass City Shibuya	S/SRC B1/11F	Feb. 2004	8,566.73	8,566.73	11	100.0	384,989
	River Gate	S/SRC/RC B2/20F	Feb. 1994	32,062.96	30,563.43	88	95.3	869,586
	Daiwa Hatchobori ekimae	S/RC B1/10F	Feb. 2006	2,622.42	2,622.42	9	100.0	34,026
	Daiwa Hatchobori ekimae West	SRC B1/9F	Feb. 1996	1,723.24	1,723.24	9	100.0	19,070
Total for Five Central Wards of Tokyo (41 properties)				261,906.35	256,528.80	459	97.9	9,946,780
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	7	100.0	117,523
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,548.17	6,548.17	13	100.0	178,507
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,786.06	5	100.0	54,847
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,630.30	9	100.0	83,882
	Integral Tower (Note 10)	S/SRC B2/18F	June 1993	17,778.14	17,697.94	9	99.5	581,096
	Meguro Place Tower	S/SRC B2/14F	July 2009	3,519.50	3,519.50	14	100.0	146,812
Total for Greater Tokyo (6 properties)				36,723.64	36,643.44	57	99.7	1,162,669
Major Regional Cities	Daiwa Minami-Senba	SRC B1 / 8F	Sept. 1986	5,703.50	5,703.50	13	100.0	90,643
	Daiwa Meieki	S 12F	Dec. 2007	7,461.90	7,461.90	23	100.0	250,848
	Kitahama Grand Building	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,517.62	6	100.0	326,358
Total for Major Regional Cities (3 properties)				26,683.02	26,683.02	42	100.0	667,850
Total (52 properties)				325,313.01	319,855.26	558	98.3	11,777,301

(Note 1) "Structure and number of floors" are the entries in the real estate registry of the building of the applicable investment real estate property. "S" refers to steel-framed structure, "RC" refers to reinforced concrete structure, "SRC" refers to steel-framed reinforced concrete structure, "B" refers to floors below ground and "F" refers to floors above ground.

(Note 2) "Construction completion" is the entry in the real estate registry of the building of the applicable investment real estate property.

- (Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of November 30, 2015.
- (Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of November 30, 2015.
- (Note 5) “Total number of tenants” is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property during the 19th Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the common ownership interest corresponding to six-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.
- (Note 10) The buildings consist of three registrations. Of these, the details of the major building are shown here.

5.2.3. Capital Expenditures for Assets under Management

A. Capital Expenditures for the 21st 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)	Replacement of hot-water coil	From: Jan. 2016 To: May 2016	132	—	—
Integral Tower (Suginami-ku, Tokyo)	Repair work of exterior walls	From: Dec. 2015 To: May 2016	123	—	—
River Gate (Chuo-ku, Tokyo)	Additional installment of special high voltage electric substation bank and MCB board	From: Jan. 2016 To: May 2016	120	—	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Reinforcement of security system	From: Jan. 2016 To: May 2016	92	—	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Additional installment of security cameras	From: Jan. 2016 To: May 2016	76	—	—

B. Capital Expenditures during the 20th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 20th Fiscal Period. Capital expenditures for the 20th Fiscal Period amounted to 1,087 million yen and, when combined with the 320 million yen in repair expenses charged to the 20th Fiscal Period expenses, totals 1,408 million yen in construction work were implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Renovation work for central supervisory system	From: Oct. 2013 To: Sep. 2015	392
Daiwa Ebisu 4-chome (Shibuya-ku, Tokyo)	Renovation work for air-conditioning system	From: Jun. 2015 To: Aug. 2015	111
Daiwa Akasaka (Minato-ku, Tokyo)	Establishment of entrance on the public open space side	From: Jan. 2015 To: Sep. 2015	106
Other		From: Jun. 2015 To: Nov. 2015	476
Total			1,087

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	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period	19th Fiscal Period	20th Fiscal Period
	[From: June 1, 2013 To: Nov. 30, 2013]	[From: Dec. 1, 2013 To: May 31, 2014]	[From: June 1, 2014 To: Nov. 30, 2014]	[From: Dec. 1, 2014 To: May 31, 2015]	[From: June 1, 2015 To: Nov. 30, 2015]
Balance of reserve at beginning of previous period	806	830	1,021	1,199	2,742
Amount of reserve in current period	181	794	764	1,678	—
Reversal of reserve in current period	156	603	586	135	1,682
Amount carried forward to next period	830	1,021	1,199	2,742	1,060

5.2.4. Summary of Estimated Price at End of Period (As of November 30, 2015)

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	15,800	16,100	3.9	15,500	3.7	4.1
Daiwa Ginza Annex	3,260	3,300	3.8	3,210	3.6	4.0
Daiwa Shibaura	7,350	7,460	4.3	7,300	4.1	4.5
Daiwa Minami-Aoyama	4,250	4,290	4.2	4,210	4.0	4.4
Daiwa Sarugakuchō	3,270	3,310	4.8	3,220	4.6	5.0
Daiwa A Hamamatsucho (Note 2)	3,220	3,280	4.1	3,190	3.9	4.3
Daiwa Jingumae	2,230	2,250	4.1	2,210	3.9	4.3
Daiwa Shibadaimon	2,860	2,940	3.9	2,830	3.7	4.1
Daiwa Misakicho	2,680	2,710	4.2	2,660	4.0	4.4
Daiwa Shimbashi 510	2,420	2,500	4.4	2,380	4.2	4.6
Daiwa Tsukijiekimae (Note 3)	1,550	1,570	4.6	1,540	4.6	4.8
Daiwa Tsukiji	1,360	1,350	4.5	1,370	4.5	4.7
Daiwa Tsukishima	9,080	9,130	4.4	9,060	4.1	4.6
Daiwa Nihonbashi Horidomecho	2,450	2,490	4.4	2,410	4.2	4.6
Daiwa Azabudai	1,750	1,760	4.3	1,740	4.1	4.5
Daiwa Kyobashi	3,180	3,220	4.3	3,140	4.1	4.5
Daiwa Kojimachi 4-chome	2,670	2,820	4.0	2,600	3.8	4.2
Daiwa Onarimon	12,800	13,100	4.1	12,500	3.9	4.3
Shinjuku Maynds Tower (Note 4)	116,000	142,000	3.6	132,000	3.4	3.8
SHIBUYA EDGE	4,650	4,730	4.0	4,560	3.8	4.2
Daiwa Kodenmachi	2,060	2,080	4.6	2,030	4.4	4.8
Daiwa Jimbocho	3,230	3,320	4.4	3,190	4.4	4.6
Daiwa Nishi-Shimbashi	5,330	5,460	4.1	5,280	3.9	4.3
Daiwa Kudan	3,270	3,360	4.2	3,250	4.2	4.4
Daiwa Kayabacho Building	7,460	7,590	3.7	7,410	3.5	3.9
Daiwa Jimbocho 3-chome	4,420	4,520	3.7	4,370	3.5	3.9
E SPACE TOWER	32,300	32,900	3.6	31,600	3.4	3.8
Daiwa Nihonbashi Hongokuchō	2,110	2,140	4.3	2,090	4.1	4.5
shinyon curumu	12,000	12,100	3.6	11,900	3.4	3.8
Daiwa Shibuya Dougenzaka	6,380	6,690	3.8	6,240	3.6	4.0
Daiwa Akasaka	12,100	12,400	3.6	12,000	3.4	3.8
Daiwa Shibuya Miyamasuzaka	8,040	8,080	3.9	8,000	3.6	4.0
Azabu Green Terrace	15,700	15,800	4.1	15,500	3.8	4.2
Daiwa Ebisu 4-chome	5,120	5,140	4.0	5,110	3.8	4.2
LAQUAS Higashi Shinjuku	9,830	10,200	3.6	9,670	3.4	3.8
Concept Aoyama	11,200	11,500	3.6	11,000	3.4	3.8
Shinsen Place	6,020	6,080	3.7	5,990	3.6	3.9
Glass City Shibuya	17,500	17,600	3.7	17,300	3.4	3.8
River Gate	29,800	30,000	4.3	29,600	4.0	4.4
Daiwa Hatchobori ekimae	3,060	3,210	3.8	3,000	3.6	4.0
Daiwa Hatchobori ekimae West	1,700	1,780	3.9	1,670	3.7	4.1
Daiwa Higashi-Ikebukuro	3,490	3,550	4.5	3,460	4.3	4.7
Daiwa Shinagawa North	5,790	5,830	4.6	5,740	4.4	4.8

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Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Osaki 3-chome	2,240	2,260	4.1	2,230	3.9	4.3
Daiwa Kamiooka	2,420	2,410	4.9	2,430	4.7	5.1
Integral Tower	17,500	17,900	4.1	17,300	3.9	4.3
Meguro Place Tower	6,110	6,340	3.9	6,010	3.7	4.1
Daiwa Minami-Senba	2,660	2,700	5.1	2,620	4.9	5.3
Daiwa Meieki	7,150	7,310	4.5	7,080	4.5	4.7
Kitahama Grand Building	11,000	11,300	4.1	10,900	3.9	4.3
Total	459,820	491,860	-	471,600	-	-

(Note 1) "Estimated price at end of period" is the price as of November 30, 2015 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 4th fiscal year (4.4% in 1st year and 4.5% in 2nd and 3rd 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 20th Fiscal Period (from June 1, 2015 to November 30, 2015). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami- Aoyama	Daiwa Sarugakucho (Note 4)
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	14,100	3,050	8,265	4,550	3,190
	Investment ratio (%)	3.2	0.7	1.9	1.0	0.7
	Carrying amount (million yen)	13,308	2,830	8,022	4,465	3,226
	Estimated price at end of period (million yen)	15,800	3,260	7,350	4,250	3,270
Leasing information	Number of tenants (Note 1)	27	7	53	6	1
	Leasable floor area (m ²)	8,175.26	2,032.11	9,619.67	2,715.54	3,657.43
	Leased floor area (m ²)	7,680.00	2,032.11	9,497.22	2,715.54	3,657.43
	Occupancy rate (%)					
	End of Nov. 2013	86.9	100.0	90.2	94.1	100.0
	End of May 2014	92.6	100.0	98.7	100.0	100.0
	End of Nov. 2014	92.1	100.0	98.3	100.0	100.0
End of May 2015	91.8	100.0	99.5	100.0	100.0	
End of Nov. 2015	93.9	100.0	98.7	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	382,686	92,412	240,003	127,439	—
	Rent revenue – real estate	382,686	92,412	238,616	123,977	—
	Other lease business revenue	—	—	1,386	3,462	—
	Total property leasing expenses (B) (thousand yen)	166,219	41,754	94,116	41,468	—
	Consignment expenses	20,429	5,378	16,085	6,862	—
	Utilities expenses	28,900	6,889	22,626	8,757	—
	Taxes and dues	28,007	9,106	19,626	11,874	—
	Non-life insurance expenses	439	101	407	151	—
	Repair expenses	6,213	2,414	9,884	763	—
	Depreciation (C)	70,389	17,863	25,485	13,059	—
	Other lease business expenses	11,841	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	216,466	50,658	145,886	85,970	—
NOI (E) [(D) + (C)] (thousand yen)	286,855	68,522	171,372	99,030	83,213	
Capital expenditures (F) (thousand yen)	6,702	2,208	7,078	11,223	20,219	
NCF [(E) – (F)] (thousand yen)	280,152	66,313	164,293	87,806	62,994	
Reference information	Expense rate (%) [(B) ÷ (A)]	43.44	45.18	39.21	32.54	—
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	55,966	18,053	38,668	23,240	13,349
	Estimated long-term repair expenses (thousand yen) (Note 2)	346,060	86,510	347,210	185,215	171,199

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 4)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.6	0.6	0.6	0.5	0.5
	Carrying amount (million yen)	2,827	2,698	2,398	2,196	2,131
	Estimated price at end of period (million yen)	3,220	2,230	2,860	2,680	2,420
Leasing information	Number of tenants (Note 1)	12	4	6	1	7
	Leasable floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,676.52
	Leased floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,668.12
	Occupancy rate (%)					
	End of Nov. 2013	100.0	100.0	100.0	100.0	99.4
	End of May 2014	100.0	100.0	100.0	100.0	99.4
	End of Nov. 2014	100.0	100.0	100.0	100.0	99.6
End of May 2015	100.0	100.0	100.0	100.0	99.6	
End of Nov. 2015	100.0	100.0	100.0	100.0	99.6	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	132,499	71,016	85,670	—	85,074
	Rent revenue – real estate	132,499	71,016	85,670	—	85,074
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	74,732	25,824	33,688	—	26,849
	Consignment expenses	10,321	4,229	7,059	—	5,219
	Utilities expenses	9,884	6,330	7,877	—	7,403
	Taxes and dues	8,785	6,365	6,257	—	5,706
	Non-life insurance expenses	186	83	116	—	116
	Repair expenses	1,583	1,347	2,799	—	807
	Depreciation (C)	14,571	7,462	9,576	—	7,594
	Other lease business expenses	29,400	7	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	57,766	45,191	51,982	—	58,225
NOI (E) [(D) + (C)] (thousand yen)	72,337	52,653	61,559	63,294	65,819	
Capital expenditures (F) (thousand yen)	21,051	6,941	1,941	3,042	633	
NCF [(E) – (F)] (thousand yen)	51,286	45,711	59,618	60,251	65,185	
Reference information	Expense rate (%) [(B) ÷ (A)]	56.40	36.36	39.32	—	31.56
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	17,302	12,730	12,144	10,325	11,344
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,430	117,930	150,927	182,856	169,555

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukijiekimae	Daiwa Tsukiji	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	May 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	7,840	2,520	1,600
	Investment ratio (%)	0.3	0.3	1.8	0.6	0.4
	Carrying amount (million yen)	1,354	1,172	7,006	2,496	1,543
	Estimated price at end of period (million yen)	1,550	1,360	9,080	2,450	1,750
Leasing information	Number of tenants (Note 1)	6	4	3	8	10
	Leasable floor area (m ²)	2,659.59	1,487.82	8,426.85	2,850.81	1,697.88
	Leased floor area (m ²)	2,659.59	1,328.52	8,426.85	2,850.81	1,697.88
	Occupancy rate (%)					
	End of Nov. 2013	100.0	100.0	100.0	100.0	100.0
	End of May 2014	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2014	100.0	100.0	100.0	87.8	100.0
End of May 2015	100.0	89.2	100.0	100.0	100.0	
End of Nov. 2015	100.0	89.2	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	56,471	45,660	283,096	81,633	53,479
	Rent revenue – real estate	56,471	45,660	283,096	81,633	53,479
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	29,881	22,219	108,192	33,167	21,090
	Consignment expenses	4,198	3,574	12,406	5,188	3,617
	Utilities expenses	6,604	3,208	27,062	5,748	3,745
	Taxes and dues	5,074	3,869	13,639	6,720	4,912
	Non-life insurance expenses	98	58	305	129	81
	Repair expenses	427	4,277	793	1,187	138
	Depreciation (C)	13,460	7,230	53,984	14,193	8,594
	Other lease business expenses	18	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	26,589	23,441	174,904	48,465	32,388
NOI (E) [(D) + (C)] (thousand yen)	40,049	30,672	228,889	62,658	40,983	
Capital expenditures (F) (thousand yen)	1,040	2,290	420	5,584	1,838	
NCF [(E) – (F)] (thousand yen)	39,009	28,382	228,469	57,073	39,145	
Reference information	Expense rate (%) [(B) ÷ (A)]	52.92	48.66	38.22	40.63	39.44
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	10,113	7,673	27,278	13,167	9,804
	Estimated long-term repair expenses (thousand yen) (Note 2)	120,530	109,848	102,930	234,846	108,280

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kyobashi	Daiwa Kojimachi 4-chome	Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE
Acquisition date		July 2006	Oct. 2006	Dec. 2006	July 2007 and Nov. 2007	July 2007
Price information	Acquisition price (million yen)	3,460	2,910	13,860	133,800	5,900
	Investment ratio (%)	0.8	0.7	3.1	30.0	1.3
	Carrying amount (million yen)	3,313	2,851	13,478	130,383	5,724
	Estimated price at end of period (million yen)	3,180	2,670	12,800	116,000	4,650
Leasing information	Number of tenants (Note 1)	9	7	7	35	5
	Leasable floor area (m ²)	3,265.83	2,690.90	11,614.92	45,543.97	2,480.65
	Leased floor area (m ²)	3,265.83	2,690.90	11,614.92	43,791.03	2,480.65
	Occupancy rate (%)					
	End of Nov. 2013	100.0	100.0	100.0	95.7	100.0
	End of May 2014	100.0	100.0	100.0	94.7	100.0
	End of Nov. 2014	100.0	100.0	100.0	94.0	100.0
End of May 2015	100.0	100.0	100.0	98.8	100.0	
End of Nov. 2015	100.0	100.0	100.0	96.1	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	98,503	91,419	331,178	2,557,822	115,426
	Rent revenue – real estate	98,503	91,419	331,178	2,537,759	115,426
	Other lease business revenue	–	–	–	20,063	–
	Total property leasing expenses (B) (thousand yen)	43,500	44,847	112,904	1,180,124	41,109
	Consignment expenses	5,945	5,884	16,127	152,168	8,031
	Utilities expenses	8,877	8,126	27,353	293,383	8,119
	Taxes and dues	7,120	14,948	34,931	247,173	7,250
	Non-life insurance expenses	135	136	420	3,705	109
	Repair expenses	1,885	4,239	3,450	92,547	1,416
	Depreciation (C)	19,536	11,510	30,620	383,315	16,182
	Other lease business expenses	–	–	–	7,831	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	55,003	46,572	218,273	1,377,698	74,316
NOI (E) [(D) + (C)] (thousand yen)	74,539	58,083	248,894	1,761,013	90,499	
Capital expenditures (F) (thousand yen)	5,149	3,420	10,745	512,116	1,773	
NCF [(E) – (F)] (thousand yen)	69,389	54,663	238,149	1,248,897	88,726	
Reference information	Expense rate (%) [(B) ÷ (A)]	44.16	49.06	34.09	46.14	35.62
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	14,098	29,627	69,806	494,235	14,493
	Estimated long-term repair expenses (thousand yen) (Note 2)	140,200	169,753	459,880	4,460,870	62,460

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kodenmacho	Daiwa Jimbocho	Daiwa Nishi- Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 4)
Acquisition date		Aug. 2007	Mar. 2010	Aug. 2010	Sept. 2010	Mar. 2011
Price information	Acquisition price (million yen)	2,460	4,150	5,000	4,000	5,600
	Investment ratio (%)	0.6	0.9	1.1	0.9	1.3
	Carrying amount (million yen)	2,409	4,101	4,877	3,828	5,395
	Estimated price at end of period (million yen)	2,060	3,230	5,330	3,270	7,460
Leasing information	Number of tenants (Note 1)	8	7	11	6	1
	Leasable floor area (m ²)	2,379.31	3,164.26	4,815.84	2,882.61	5,899.11
	Leased floor area (m ²)	2,379.31	3,164.26	4,815.84	2,882.61	5,899.11
	Occupancy rate (%)					
	End of Nov. 2013	100.0	100.0	100.0	100.0	100.0
	End of May 2014	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2014	100.0	100.0	100.0	100.0	100.0
End of May 2015	100.0	100.0	96.3	100.0	100.0	
End of Nov. 2015	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	64,340	103,301	147,221	88,308	—
	Rent revenue – real estate	64,340	103,301	147,221	78,796	—
	Other lease business revenue	—	—	—	9,512	—
	Total property leasing expenses (B) (thousand yen)	23,780	48,497	80,293	58,440	—
	Consignment expenses	4,052	6,814	15,600	9,999	—
	Utilities expenses	5,302	8,108	12,062	8,339	—
	Taxes and dues	3,637	10,910	15,751	8,750	—
	Non-life insurance expenses	86	141	240	119	—
	Repair expenses	548	1,019	2,694	6,706	—
	Depreciation (C)	9,331	21,462	33,944	24,524	—
	Other lease business expenses	822	40	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	40,560	54,803	66,927	29,868	—
NOI (E) [(D) + (C)] (thousand yen)	49,891	76,266	100,872	54,393	148,234	
Capital expenditures (F) (thousand yen)	1,252	2,560	2,513	3,869	—	
NCF [(E) – (F)] (thousand yen)	48,639	73,706	98,358	50,523	148,234	
Reference information	Expense rate (%) [(B) ÷ (A)]	36.96	46.95	54.54	66.18	—
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	7,274	21,498	31,167	17,441	25,060
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	100,234	128,200	187,580	181,610	38,440

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Jimbocho 3-chome	E-SPACE TOWER	Daiwa Nihonbashi Hongokucho	shinyon curumu	Daiwa Shibuya Dougenzaka
Acquisition date		Mar. 2011	July 2011	May 2012	Dec. 2012 and Apr. 2013	July 2013
Price information	Acquisition price (million yen)	3,550	24,000	1,721	9,650	4,500
	Investment ratio (%)	0.8	5.4	0.4	2.2	1.0
	Carrying amount (million yen)	3,469	23,703	1,653	9,847	4,484
	Estimated price at end of period (million yen)	4,420	32,300	2,110	12,000	6,380
Leasing information	Number of tenants (Note 1)	8	6	6	18	5
	Leasable floor area (m ²)	2,889.34	13,960.87	2,143.08	6,751.31	4,144.90
	Leased floor area (m ²)	2,889.34	13,960.87	2,143.08	6,751.31	3,812.47
	Occupancy rate (%)					
	End of Nov. 2013	100.0	100.0	100.0	67.5	100.0
	End of May 2014	88.1	89.1	100.0	96.3	100.0
	End of Nov. 2014	100.0	100.0	100.0	100.0	100.0
End of May 2015	100.0	96.4	100.0	100.0	100.0	
End of Nov. 2015	100.0	100.0	100.0	100.0	91.9	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	111,538	777,230	55,918	309,245	151,462
	Rent revenue – real estate	111,538	777,230	55,918	309,245	147,462
	Other lease business revenue	–	–	–	–	4,000
	Total property leasing expenses (B) (thousand yen)	46,269	234,366	27,288	118,844	67,900
	Consignment expenses	7,702	47,249	4,780	23,193	12,374
	Utilities expenses	8,249	57,723	3,576	25,474	14,609
	Taxes and dues	9,397	56,895	4,421	33,625	13,589
	Non-life insurance expenses	124	655	76	330	212
	Repair expenses	1,070	7,305	1,274	390	9,251
	Depreciation (C)	19,724	64,464	13,160	35,830	17,864
	Other lease business expenses	–	72	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	65,268	542,863	28,630	190,400	83,562
NOI (E) [(D) + (C)] (thousand yen)	84,993	607,328	41,790	226,231	101,426	
Capital expenditures (F) (thousand yen)	554	14,534	–	155	12,848	
NCF [(E) – (F)] (thousand yen)	84,439	592,794	41,790	226,076	88,577	
Reference information	Expense rate (%) [(B) ÷ (A)]	41.48	30.15	48.80	38.43	44.83
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	18,757	113,750	8,829	67,174	27,167
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	26,390	317,590	22,401	65,855	230,176

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka	Azabu Green Terrace	Daiwa Ebisu 4-chome (Note 4)	LAQUAS Higashi Shinjuku
Acquisition date		Aug. 2013	Sept. 2013	Jul. 2014	Dec. 2014	Dec. 2014
Price information	Acquisition price (million yen)	9,200	7,000	14,000	4,135	8,450
	Investment ratio (%)	2.1	1.6	3.1	0.9	1.9
	Carrying amount (million yen)	9,411	7,207	14,286	4,288	8,642
	Estimated price at end of period (million yen)	12,100	8,040	15,700	5,120	9,830
Leasing information	Number of tenants (Note 1)	19	8	10	1	4
	Leasable floor area (m ²)	8,739.17	6,327.95	13,234.39	2,885.64	7,498.33
	Leased floor area (m ²)	7,731.93	6,327.95	13,234.39	2,885.64	7,498.33
	Occupancy rate (%)					
	End of Nov. 2013	95.6	100.0	—	—	—
	End of May 2014	100.0	100.0	—	—	—
	End of Nov. 2014	85.8	100.0	100.0	—	—
End of May 2015	85.8	100.0	100.0	0.0	100.0	
End of Nov. 2015	88.4	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)	296,961	227,895	452,934	—	227,234
	Rent revenue – real estate	296,961	227,895	452,934	—	227,234
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	173,615	90,777	174,806	—	83,448
	Consignment expenses	36,349	24,241	32,486	—	11,996
	Utilities expenses	43,530	18,026	51,783	—	17,802
	Taxes and dues	33,109	19,980	31,865	—	20,227
	Non-life insurance expenses	429	300	615	—	316
	Repair expenses	34,579	5,797	7,769	—	654
	Depreciation (C)	25,617	22,406	50,286	—	32,290
	Other lease business expenses	—	24	—	—	158
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	123,345	137,117	278,127	—	143,786
NOI (E) [(D) + (C)] (thousand yen)	148,962	159,524	328,414	(39,117)	176,076	
Capital expenditures (F) (thousand yen)	131,525	29,508	2,052	132,557	—	
NCF [(E) – (F)] (thousand yen)	17,437	130,015	326,362	(171,675)	176,076	
Reference information	Expense rate (%) [(B) ÷ (A)]	58.46	39.83	38.59	—	36.72
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	65,963	39,906	63,232	17,842	40,367
	Estimated long-term repair expenses (thousand yen) (Note 2)	430,612	416,816	325,054	115,410	125,440

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Region		Five Central Wards of Tokyo				
Property name		Concept Aoyama	Shinsen Place (Note 4)	Glass City Shibuya	River Gate	Daiwa Hatchobori ekimae
Acquisition date		Mar. 2015	Mar. 2015	May 2015	Jun. 2015	Sep. 2015
Price information	Acquisition price (million yen)	9,800	4,800	16,000	28,000	2,871
	Investment ratio (%)	2.2	1.1	3.6	6.3	0.6
	Carrying amount (million yen)	10,056	4,922	16,124	28,218	2,984
	Estimated price at end of period (million yen)	11,200	6,020	17,500	29,800	3,060
Leasing information	Number of tenants (Note 1)	5	1	11	88	9
	Leasable floor area (m ²)	4,421.79	2,811.35	8,566.73	32,062.96	2,622.42
	Leased floor area (m ²)	4,421.79	2,811.35	8,566.73	30,563.43	2,622.42
	Occupancy rate (%)					
	End of Nov. 2013	—	—	—	—	—
	End of May 2014	—	—	—	—	—
	End of Nov. 2014	—	—	—	—	—
	End of May 2015	85.9	100.0	100.0	—	—
End of Nov. 2015	100.0	100.0	100.0	95.3	100.0	
Income (loss) information	Number of days of asset management	183	183	183	182	81
	Total property leasing revenue (A) (thousand yen)	209,064	—	394,788	881,914	34,026
	Rent revenue – real estate	209,064	—	384,989	869,586	34,026
	Other lease business revenue	—	—	9,798	12,328	—
	Total property leasing expenses (B) (thousand yen)	46,548	—	86,632	381,494	11,097
	Consignment expenses	17,975	—	18,546	114,836	3,874
	Utilities expenses	9,390	—	34,451	105,942	1,851
	Taxes and dues	0	—	229	18	8
	Non-life insurance expenses	159	—	377	1,813	58
	Repair expenses	1,873	—	856	10,715	300
	Depreciation (C)	17,148	—	32,170	148,099	4,969
	Other lease business expenses	—	—	—	69	34
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	162,516	—	308,155	500,420	22,928
NOI (E) [(D) + (C)] (thousand yen)	179,665	125,645	340,326	648,519	27,898	
Capital expenditures (F) (thousand yen)	7,064	—	301	31,653	450	
NCF [(E) – (F)] (thousand yen)	172,601	125,645	340,024	616,865	27,448	
Reference information	Expense rate (%) [(B) ÷ (A)]	22.26	—	21.94	43.26	32.61
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	—	—	—	—	—
	Estimated long-term repair expenses (thousand yen) (Note 2)	97,530	112,510	202,340	1,970,900	114,190

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Region		Five Central Wards of Tokyo	Greater Tokyo			
Property name		Daiwa Hatchobori ekimae West	Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North	Daiwa Osaki 3-chome	Daiwa Kamiooka
Acquisition date		Sep. 2015	Oct. 2005	July 2007	Sept. 2012	Mar. 2013
Price information	Acquisition price (million yen)	1,647	2,958	7,710	1,650	2,000
	Investment ratio (%)	0.4	0.7	1.7	0.4	0.4
	Carrying amount (million yen)	1,713	2,745	7,293	1,660	1,993
	Estimated price at end of period (million yen)	1,700	3,490	5,790	2,240	2,420
Leasing information	Number of tenants (Note 1)	9	7	13	5	9
	Leasable floor area (m ²)	1,723.24	4,461.47	6,548.17	1,786.06	2,630.30
	Leased floor area (m ²)	1,723.24	4,461.47	6,548.17	1,786.06	2,630.30
	Occupancy rate (%)					
	End of Nov. 2013	—	100.0	100.0	100.0	92.2
	End of May 2014	—	92.2	100.0	88.4	85.4
	End of Nov. 2014	—	100.0	100.0	100.0	85.4
End of May 2015	—	100.0	90.0	100.0	100.0	
End of Nov. 2015	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	81	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	19,070	117,523	178,507	54,847	83,882
	Rent revenue – real estate	19,070	117,523	178,507	54,847	83,882
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	6,633	58,654	93,233	23,515	37,084
	Consignment expenses	2,913	10,851	18,763	3,630	5,634
	Utilities expenses	953	13,068	17,965	3,833	6,751
	Taxes and dues	8	8,658	18,520	3,903	6,358
	Non-life insurance expenses	30	233	354	69	118
	Repair expenses	625	2,585	3,939	845	366
	Depreciation (C)	2,067	23,257	33,681	11,232	17,854
	Other lease business expenses	34	—	9	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	12,436	58,868	85,273	31,332	46,798
NOI (E) [(D) + (C)] (thousand yen)	14,504	82,126	118,955	42,565	64,653	
Capital expenditures (F) (thousand yen)	300	1,091	9,026	7,796	4,243	
NCF [(E) – (F)] (thousand yen)	14,204	81,035	109,928	34,768	60,409	
Reference information	Expense rate (%) [(B) ÷ (A)]	34.79	49.91	52.23	42.87	44.21
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	—	17,118	35,791	7,807	12,715
	Estimated long-term repair expenses (thousand yen) (Note 2)	84,620	228,260	331,160	37,912	24,782

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Region		Greater Tokyo		Major Regional Cities		
Property name		Integral Tower	Meguro Place Tower	Daiwa Minami-Senba	Daiwa Meieki	Kitahama Grand Building
Acquisition date		May 2014	May 2015	Aug. 2007	Feb. 2013	Aug. 2014
Price information	Acquisition price (million yen)	15,220	5,600	4,810	5,300	9,481
	Investment ratio (%)	3.4	1.3	1.1	1.2	2.1
	Carrying amount (million yen)	15,183	5,639	4,679	5,350	9,521
	Estimated price at end of period (million yen)	17,500	6,110	2,660	7,150	11,000
Leasing information	Number of tenants (Note 1)	9	14	13	23	6
	Leasable floor area (m ²)	17,778.14	3,519.50	5,703.50	7,461.90	13,517.62
	Leased floor area (m ²)	17,697.94	3,519.50	5,703.50	7,461.90	13,517.62
	Occupancy rate (%)					
	End of Nov. 2013	—	—	100.0	81.3	—
	End of May 2014	96.7	—	75.7	98.4	—
	End of Nov. 2014	99.5	—	95.7	100.0	100.0
End of May 2015	99.5	100.0	100.0	98.5	100.0	
End of Nov. 2015	99.5	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)	581,096	146,812	90,643	250,848	326,358
	Rent revenue – real estate	581,096	146,812	90,643	250,848	326,358
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	318,764	43,092	73,647	96,511	152,493
	Consignment expenses	53,078	9,437	15,857	21,384	25,151
	Utilities expenses	84,585	10,771	12,684	18,576	40,070
	Taxes and dues	44,231	36	10,508	20,153	32,935
	Non-life insurance expenses	894	177	237	390	595
	Repair expenses	43,434	132	2,033	999	465
	Depreciation (C)	92,359	22,536	32,326	35,008	53,179
	Other lease business expenses	180	—	—	—	96
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	262,331	103,719	16,996	154,336	173,864
NOI (E) [(D) + (C)] (thousand yen)	354,690	126,256	49,322	189,344	227,043	
Capital expenditures (F) (thousand yen)	57,580	1,146	5,984	180	1,197	
NCF [(E) – (F)] (thousand yen)	297,109	125,110	43,338	189,164	225,846	
Reference information	Expense rate (%) [(B) ÷ (A)]	54.86	29.35	81.25	38.47	46.73
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	88,050	—	21,015	40,303	65,871
	Estimated long-term repair expenses (thousand yen) (Note 2)	834,324	110,053	184,360	170,803	264,054

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

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

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

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