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REIT Financial Report for the 11th Fiscal Period

July 13, 2011

Name of REIT Issuer:	Daiwa Office Investment Corporation	Stock Exchange Listing:	TSE
Stock Code No.:	8976	URL:	http://www.daiwa-office.co.jp
Representative:	Kazuo Otaka, 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*): August 25, 2011

Scheduled date of start of distribution payments: August 15, 2011

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

1. Status of Management and Assets for the 11th Fiscal Period

11th Fiscal Period: Fiscal period ended May 2011 (from December 1, 2010 to May 31, 2011)

10th Fiscal Period: Fiscal period ended November 2010 (from June 1, 2010 to November 30, 2010)

(1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
11th Period	¥6,758 million	5.2%	¥2,823 million	13.8%	¥1,587 million	24.6%	¥1,453 million	13.3%
10th Period	¥6,424 million	(8.0%)	¥2,481 million	(16.1%)	¥1,273 million	(28.2%)	¥1,282 million	(38.2%)

	Net income per unit	Ratio of net income to unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
11th Period	¥3,671	0.7%	0.5%	23.5%
10th Period	¥3,239	0.6%	0.4%	19.8%

(2) Distributions

[Total distribution amounts are rounded down to the nearest million yen]

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Ratio of distribution amount to net assets
11th Period	¥3,671	¥1,452 million	¥0	¥- million	100.0%	0.7%
10th Period	¥3,240	¥1,282 million	¥0	¥- million	100.0%	0.6%

(Note) Dividend payout = Total distribution amount (excluding total distribution amount in excess of earnings) ÷ Net income × 100

(3) Financial Position

	Total assets	Net assets	Ratio of unitholders' equity to total assets	Net assets per unit
11th Period	¥298,626 million	¥200,234 million	67.1%	¥505,899
10th Period	¥294,562 million	¥200,063 million	67.9%	¥505,468

(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
11th Period	¥3,228 million	(¥9,387 million)	¥2,189 million	¥14,535 million
10th Period	¥2,852 million	(¥8,609 million)	¥8,257 million	¥18,503 million

2. Management Status Forecasts for the 12th Fiscal Period

12th Fiscal Period: Fiscal period ending November 2011 (from June 1, 2011 to November 30, 2011)

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

	Operating revenue		Operating income		Ordinary income		Net income	
12th Period	¥7,420 million	9.8%	¥3,182 million	12.7%	¥1,624 million	2.4%	¥1,622 million	11.7%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
12th Period	¥4,100	¥0

(Reference) Estimated net income per unit for 12th Fiscal Period: ¥4,100

3. Other

(1) Changes in Accounting Policies

- (i) Changes accompanying amendments to accounting standards, etc.: None
- (ii) Changes other than (i): None

(2) Number of Investment Units Issued and Outstanding

- (i) Number of investment units issued and outstanding at end of period (including own investment units):
 11th Fiscal Period: 395,798 units 10th Fiscal Period: 395,798 units
- (ii) Number of own investment units at end of period:
 11th Fiscal Period: – units 10th Fiscal Period: – units

(Note) Please refer to “Notes on Per Unit Information” on page 31 for the number of investment units used as the basis for calculating the net income per unit.

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

The forecast figures set forth herein are the current prospects based on information currently available to the Investment Corporation and contain elements of uncertainty. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts. For details on the assumptions underlying the forecast figures above, please refer to “2. Management Policy and Management Status; 2.2. Management Status; Assumptions for the Management Status Forecasts for the 12th Fiscal Period and 13th Fiscal Period .

1. Affiliated Juridical Persons of the Investment Corporation

Daiwa Office Investment Corporation (the “Investment Corporation”) changed the general administrator related to the operation of the administrative instruments from The Sumitomo Trust and Banking Co., Ltd. to Daiwa Real Estate Asset Management Co., Ltd. on July 11, 2011.

Please refer to page 52 later in this document in detail.

2. Management Policy and Management Status

2.1 Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 24, 2011).

2.2 Management Status

(1) Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

Daiwa Office Investment Corporation (former name DA Office Investment Corporation, hereinafter called “the Investment Corporation”) was established on July 11, 2005 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (the “Investment Trust Act”) with Daiwa Real Estate Asset Management Co., Ltd. (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 287,345 million yen as of the last day of May 2011.

The Investment Corporation strives to secure stable revenue and maximize returns for unitholders based on a clear portfolio development policy of specializing in investment in office buildings, with a particular focus on investment in A Class buildings (refers to buildings with a total floor area of 30,000m² or more) and B Class buildings (refers to buildings with a total floor area of 2,000m² or more, but less than 30,000m²) situated in downtown Tokyo, as well as through dedicated efforts to heighten tenant satisfaction levels.

B. Investment Environment and Management Performance

(a) Investment Environment

The Japanese economy during the fiscal period under review showed signs of a recovery against a backdrop of the recovery in the global economy. However, the Great East Japan Earthquake that occurred on March 11, 2011 wrought about great damages, and immediately after the earthquake, there were blows to the economy such as a decrease in production activities and slump in consumption. However, since then, along with the recovery of production facilities and the supply chain for parts and equipment, restrictions that were placed on production activities started to loosen and household and business sentiment is gradually improving. Under such circumstances, there are now signs that production activities and consumption is moving towards a recovery.

In terms of the office leasing market, there is a trend among tenants to relocate in order to consolidate or expand their offices. As a result, vacancy rates are seesawing. New advertised rents are on a downward trend, but the scale of decline is becoming smaller, and looks as though it is bottoming out.

In the office transaction market, easing of the lending attitude of financial institutions caused the purchase demand by real estate companies and funds (including REITs) to increase. Postponements and such of transactions, etc. were seen immediately following the Great East Japan Earthquake, but the market is gradually returning to a calm state and transactions have resumed.

(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 and long term, the Investment Corporation worked on “external growth,” which aims to boost revenue through acquiring and selling properties, and “internal growth,” which aims to maximize income generating from existing properties.

Concerning External growth, acquiring “Daiwa Kayabacho Building” (acquisition price: 5,600 million yen) in March 25, 2011 and “Jimbocho Place” (acquisition price: 3,550 million yen) in March 29, 2011 contributed to improving the long-term EPS.

As a result, the Investment Corporation’s assets under management as of the end of the 11th Fiscal Period (May 31, 2011) totaled 35 properties, the sum total of acquisition prices of which amounted to 287,345 million yen. Moreover, this results in investments in the five central wards of Tokyo, which the Investment Corporation positions as a top priority investment area, accounting for 91.6% of the entire portfolio (based on acquisition price).

Concerning Internal Growth, in spite of the severe office leasing market conditions, the occupancy rate at the end of the 11th Fiscal Period maintained to 95.4% through strengthening collaboration with leasing brokers and property managers. Moreover the Investment Corporation proactively pursues improvements of tenant satisfaction by strengthening relations with tenants.

C. Overview of Capital Procurement

a. Situation of Interest-bearing Liabilities

On March 18, 2011, the Investment Corporation borrowed 2,000 million yen in total from Risona Bank, Ltd. to refinance the borrowing 2,000 million yen on March 21, 2008. On March 25, 2011, the Investment Corporation also borrowed 4,000 million yen in total from Risona Bank, Ltd. and Sumitomo Mitsui Banking Corporation to purchase acquisition properties.

On May 25, 2011, the Investment Corporation repaid 1,400 million yen borrowed from Mizuho Bank, Ltd. on September 18, 2009 ahead of schedule by utilizing a new loan 1,000 million yen from Shinsei Bank and cash reserves.

Contractual repayments of 41.25 million yen in total were made to Development Bank of Japan Inc. and The Kagawa Bank, Ltd. on February 28, 2011. Moreover, contractual repayments of 84.375 million yen in total were made to Sumitomo Mitsui Banking Corporation, The Sumitomo Trust and Banking Co., Ltd., Development Bank of Japan Inc., The Chuo Mitsui Trust and Banking Company, Limited, Taiyo Life Insurance Company and The Gunma Bank, Ltd. on May 31, 2011.

As a result, the balance of interest-bearing liabilities outstanding as at the end of the 11th Fiscal Period stood at 86,250 million yen (long-term loans payable: 77,750 million yen; investment corporation bonds: 8,500 million yen). Furthermore, of long-term loans payable, the balance of the current portion of interest-bearing liabilities outstanding stood at 38,958.75 million yen (including 258.75 million yen in contractual repayments).

In addition, for the purpose of hedging the risks of rises in interest rates, of the loans with floating interest rates, the interest rate has been capped for the 7,100 million yen loan whose principal repayment is due on February 20, 2012.

Borrowing List in 11th Period

Lender	Amount (million yen)	Drawdown Date	Repayment Date	Borrowing Period
Risona Bank Ltd.	2,000	2011/3/18	2014/3/18	3 years
Risona Bank Ltd.	2,000	2011/3/25	2014/3/18	3 years
Sumitomo Mitsui Banking Corporation	2,000	2011/3/25	2014/3/25	3 years
Shinsei Bank Ltd.	1,000	2011/5/25	2013/11/29	2.5 years

Borrowing Amount by each financial institution as of May 31, 2011

Lender	Amount in the 11th Period (million yen)	Rate
Aozora Bank, Ltd.	23,100	29.71
Shinsei Bank, Ltd.	10,100	12.99
Risona Bank Ltd.	7,000	9.00
Sumitomo Mitsui Banking Corporation	6,925	8.91
Kansai Urban Banking Corporation	5,500	7.07
American Life Insurance Company	5,000	6.43
Mizuho Bank, Ltd.	3,500	4.50

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The Sumitomo Trust and Banking Co., Ltd.	3,447.5	4.43
Development Bank of Japan, Inc.	2,737.5	3.52
The Bank of Fukuoka, Ltd.	2,000	2.57
The Chuo Mitsui Trust and Banking Co., Ltd.	1,977.5	2.54
ORIX Trust and Banking Corporation	1,500	1.93
The Shizuoka Bank, Ltd.	1,000	1.29
The Kagawa Bank Ltd.	992.5	1.28
The 77 Bank, Ltd.	992.5	1.28
The Gunma Bank, Ltd.	988.75	1.27
Taiyo Life Insurance Co., Ltd.	988.75	1.27
Total	77,750	100.00

b. Collateral Situation

All properties excluding the following 12 properties owned by the Investment Corporation are collateralized. The total amount of the collateral properties is 177,296 million yen and the each appraisal value of unsecured properties is as indicated below.

Property Name	Appraisal Value (million yen)
Daiwa Sarugakucho	2,490
BPS Square	1,660
Daiwa Tsukiji 616	2,410
Benex S-3	3,410
Sunline Building No. 7	2,280
Shinjuku Maynds Tower (two-sevenths of all)	35,333
Daiwa Kodenmacho	1,920
Daiwa Jimbocho	3,820
Daiwa Nishi-Shimbashi	5,680
Daiwa Kudan (Note)	3,990
Daiwa Kayabacho Building	5,980
Jimbocho Place	3,660
Subtotal	72,633
Collateral Properties	177,296
Total	249,930

(Note) Daiwa Kudan was changed from Kyodo Building (Kudan Ichigo-kan) on July 1, 2011. In this report, property name is described as a new name "Daiwa Kudan".

c. Rating Information (as of May 31, 2011)

Credit Rating Agency	Rating	Outlook
R&I	A	Stable

d. Shelf Registration

The Investment Corporation filed the shelf registration on March 16, 2010 as the below.

Investment Corporation Bonds	
Planned Issue Amount	100 billion yen
Planned Issue Period	From March 24, 2010 to March 23, 2012
Use of funds	Funds for acquisition of specified assets, repayment of loans, redemption of investment corporation bonds, refund of leasehold and security deposits, and payment of repairs, etc.; funds for working capital; etc.

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 11th Fiscal Period of 6,758 million yen in operating revenue, 2,823 million yen in operating income,

1,587 million yen in ordinary income, 134 million yen in extraordinary expenses (70 million yen in Loss on disaster and 63 million yen in Provision for loss on disaster) by accounting for repair expenses to fix lightly-damaged cracks, etc. of some owned buildings by Great East Japan Earthquake and 1,453 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 3,671 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

Going forward, the Japanese economy is expected to grow due to an increase in demand that accompanies earthquake reconstruction efforts as recovery of productive facilities and the supply chain of parts and equipment that were damaged by the Great East Japan Earthquake progress and production and consumption moves toward a recovery. On the other hand, due to the progress in both the recovery of facilities of power companies and the state of progress made by households and companies in saving electricity, concerns over a shortage in electricity are starting to wane. However, caution is seen in the business confidence of companies, particularly among non-manufacturers. In addition, there are concerns about the impact on production activities of the power supply restrictions stemming from the cessation of operations of nuclear power plants. As a result, there is a possibility that the Japanese economy may experience downward pressure.

Under such prospects, the slow downward trend of the vacancy rates of the office leasing market is expected to continue. However, since the recent Great East Japan Earthquake a movement is seen among tenants to prefer buildings that have advanced disaster prevention performance, such as seismic performance and emergency power generating capabilities, when selecting buildings to move into. Due to this, it is thought that the market will divide into two extremes going forward. Moreover, although newly advertised rents are expected to gradually bottom out, it is anticipated that a considerable amount of time is needed for them to enter a recovery trend.

In the office transaction market, acquisition demand by real estate companies and funds (including REITs) is expected to stay solid due to the influence of the easing of lending attitudes of financial institutions. However, as mentioned before, the market is expected to divide into two extremes since office buildings as an investment target are being selected from the perspective of disaster prevention performance.

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

Under such office leasing market conditions, 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 in an aim to enhance the competitiveness of existing properties and thereby increase the long-term EPS over the medium and long term.

(i) Maintain and raise occupancy rates

Strive to maintain and raise occupancy rates through the provision of office environments of high tenant satisfaction levels by maintaining the quality of buildings and equipment and proactively implementing renovations, etc. of common-use areas and thereby lowering vacancy risks.

(ii) Maintain and raise profitability

Aim to secure stable revenue over the medium and long term through further strengthening of 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 through 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

Based on various growth strategies, the Investment Corporation will concentrate its investment in A Class and B Class buildings by maintaining a balance with the financing situation.

In principal, the Investment Corporation will invest in properties around Tokyo, but the Investment Corporation will look into the investments in the competitive properties in the areas 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 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.

During the 11th Fiscal Period, the Investment Corporation acquired Daiwa Kayabacho Building and Jimbocho Place, which are situated in the five central wards of Tokyo. Remarkably, Daiwa Kayabacho Building was a first property which the Investment Corporation acquired from the current sponsor. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio, and it will continue to strive to acquire properties that are 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 LTV ratio of 40% to 50% at maximum.
- (ii) Diversify repayment deadlines, targeting 20.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period.
- (iii) Aim to have long-term loans account for at least 60% to 70% of total loans.
- (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 distributions paid, separately from working capital.

C. Material Fact after the Announcement

a. Acquisition of Assets

The Investment Corporation purchased trust beneficial interest in real estate on July 8, 2011.

Overview of the Type of Asset

(i) Type of Asset	Trust beneficial interest in real estate
(ii) Property Name	E SPACE TOWER
(iii) Location	3-6 Maruyamacho Shibuya-ku, Tokyo
(iv) Acquisition Price	24,000 million yen (excluding acquisition costs, consumption tax, etc.)
(v) Date of Execution of Purchase Agreement	June 30, 2011
(vi) Date of Delivery	July 8, 2011
(vii) Seller	Endeavor Realty Fund Ltd.

b. Borrowing of Funds

The Investment Corporation borrowed loans on July 8, 2011

The funds were borrowed to provide for acquisition of the property and costs associated with its acquisition and the remaining amount was allocated to cash reserves.

Lender	Drawdown Date	Loan Amount	Interest Rate	Repayment Date	Borrowing / Repayment Method
Sumitomo Mitsui Banking Corporation	July 8, 2011	13,500	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2014	Unsecured Repayment in lump sum

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Mizuho Trust & Banking Co., Ltd.	July 8, 2011	3,000	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2014	Unsecured Repayment in lump sum
Aozora Bank, Ltd.	July 8, 2011	1,500	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2014	Unsecured Repayment in lump sum
Shinsei Bank, Ltd.	July 8, 2011	1,000	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2014	Unsecured Repayment in lump sum
The Sumitomo Trust & Banking Co., Ltd.	July 8, 2011	5,000	3month Japanese Yen TIBOR +0.50% (Note1, Note3)	July 8, 2013	Unsecured Repayment in lump sum
The Bank of Fukuoka, Ltd.	July 8, 2011	1,000	3month Japanese Yen TIBOR +0.50% (Note1, Note3)	July 8, 2013	Unsecured Repayment in lump sum
Orix Trust and Banking Corporation	July 8, 2011	1,000	3month Japanese Yen TIBOR +0.40% (Note1, Note4)	January 10, 2013	Unsecured Repayment in lump sum

(Note 1) Interest payment dates are last business day of February, May, August and November. Interest Rate is calculated based on 3 month Japanese Yen TIBOR which Japanese Bankers Association (“JBA”) releases two business days prior to interest payment date. (The applicable interest rate from July 8, 2011 to August 31, 2011 is calculated based on 2 month Japanese Yen TIBOR which JBA released on July 6, 2011.)

(Note 2) The applicable interest rate from June 1, 2014 to July 8, 2014 is calculated based on 1 month Japanese Yen TIBOR which JBA is going to release on May 28, 2014.

(Note 3) The applicable interest rate from June 1, 2013 to July 8, 2013 is calculated based on 1 month Japanese Yen TIBOR which JBA is going to release on May 29, 2013.

(Note 4) The applicable interest rate from December 1, 2012 to January 10, 2013 is calculated based on 1 month Japanese Yen TIBOR which JBA is going to release on November 28, 2012.

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 12th Fiscal Period (fiscal period ending November 2011 (from June 1, 2011 to November 30, 2011)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 12th Fiscal Period and 13th Fiscal Period.

Operating revenue	7,420 million yen
Operating income	3,182 million yen
Ordinary income	1,624 million yen
Net income	1,622 million yen
Distribution amount per unit	4,100 yen
Distribution amount in excess of earnings per unit	0 yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 12th Fiscal Period and 13th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 13th Fiscal Period (fiscal period ending May 2012 (from December 1, 2011 to May 31, 2012)).

Operating revenue	7,207 million yen
Operating income	3,069 million yen
Ordinary income	1,921 million yen
Net income	1,919 million yen
Distribution amount per unit	4,850 yen
Distribution amount in excess of earnings per unit	0 yen

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income,

distribution amount per unit and distribution amount in excess of earnings per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Assumptions for the Management Status Forecasts for the 12th Fiscal Period and 13th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 12th Fiscal Period: Assets under management are assumed to be the 36 properties. 35 properties as of May 31, 2011 and 1 property purchased on July 8, 2011. • 13th Fiscal Period: Assets under management are assumed to be the 36 properties. • It is assumed that there are no changes in the assets under management (new property acquisitions, sale of portfolio properties, etc.) through to the end of the 13th Fiscal Period. • The actual number of properties may vary due to changes in the assets under management.
Operating revenue	<ul style="list-style-type: none"> • Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. • It is assumed that there is no gain (loss) on sales of real estate properties.
Operating expenses	<ul style="list-style-type: none"> • Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. • Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium- and long-term repair plan established by the Asset Manager. • Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 4,041 million yen in the 12th Fiscal Period and 3,890 million yen in the 13th Fiscal Period. • Outsourcing expenses are expected to be 529 million yen in the 12th Fiscal Period and 600 million yen in the 13th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 605 million yen in the 12th Fiscal Period and 639 million yen in the 13th Fiscal Period. • Depreciation is expected to be 1,368 million yen in the 12th Fiscal Period and 1,384 million yen in the 13th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 12th Fiscal Period are expected to be 1,557 million yen, of which the interest expenses and borrowing related expenses are expected to be 1,546 million yen. • Non-operating expenses in the 13th Fiscal Period are expected to be 1,147 million yen, of which the interest expenses and borrowing related expenses are expected to be 1,139 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 111,616.875 million yen at the end of the 12th Fiscal Period and 111,491.25 million yen at the end of the 13th Fiscal Period. • In the 12th Fiscal Period, the Investment Corporation decided to borrow a total of 26.0 billion yen to provide for acquisition of the new property, etc. • During the 12th Fiscal Period, of 5,500 million yen (due by June 30, 2011) that is to become due for repayment, 5,000 million yen will be refinanced. The total of 6,500 million yen (3,000 million yen due by Aug 31, 2011 and 3,500 million yen due by Sep 30, 2011) will be refinanced in the entire amount. Some interest-bearing liabilities are assumed to be repaid ahead of schedule and refinanced in the entire amount in the 12th Fiscal Period. And 133.125 million yen that is to become due for contractual repayment (41.25 million yen due by August 31, 2011; 7.5 million yen due by September 16, 2011; 84.375 million yen due by November 30, 2011) will be repaid using cash reserves. • The total amount of interest-bearing liabilities in the 13th Fiscal Period is based on the assumption that, all loans that are to become due for repayment, will be refinanced in the entire amount. The total amount of interest-bearing liabilities in the 13th Fiscal Period is also based on the assumption that the 125.625 million yen that is to become due for

Item	Assumptions
	contractual repayment (41.25 million yen due by February 29, 2012; 84.375 million yen due by May 31, 2012) will be repaid using cash reserves.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> • The number of investment units issued and outstanding is assumed to be the 395,798 units issued and outstanding as of the date of submission of this document, and there is assumed to be no additional issuance of investment units through to May 31, 2012.
Distribution amount per unit	<ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.
Distribution amount in excess of earnings per unit	<ul style="list-style-type: none"> • At present, there is no plan to make any distribution in excess of earnings (distribution amount in excess of earnings per unit).
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 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 “Investment Risks” set out in the periodic securities report (*yuka shoken hokokusho*) submitted on February 24, 2011.

3. Financial Statements

3.1. Balance Sheets

(Unit: thousand yen)

	10th Fiscal Period [As of Nov 30, 2010]	11th Fiscal Period [As of May 31, 2011]
Assets		
Current assets		
Cash and deposits	13,191,204	9,164,744
Cash and deposits in trust	*1 5,312,762	*1 5,370,579
Operating accounts receivable	176,919	174,669
Consumption taxes receivable	119,735	—
Prepaid expenses	766,503	626,451
Deferred tax assets	18	21
Other	224,878	230,461
Total current assets	19,792,022	15,566,926
Noncurrent assets		
Property, plant and equipment		
Tools, furniture and fixtures	4,058	4,058
Accumulated depreciation	(1,854)	(2,109)
Tools, furniture and fixtures, net	2,204	1,949
Other	3,456	3,456
Accumulated depreciation	(3,456)	(3,456)
Other, net	—	—
Buildings in trust	58,527,997	61,891,282
Accumulated depreciation	(9,284,724)	(10,518,559)
Buildings in trust, net	*1 49,243,272	*1 51,372,722
Structures in trust	779,508	788,860
Accumulated depreciation	(69,839)	(80,205)
Structures in trust, net	*1 709,669	*1 708,654
Machinery and equipment in trust	743,396	755,291
Accumulated depreciation	(225,280)	(256,904)
Machinery and equipment in trust, net	*1 518,116	*1 498,386
Tools, furniture and fixtures in trust	64,513	69,972
Accumulated depreciation	(16,678)	(21,969)
Tools, furniture and fixtures in trust, net	*1 47,835	*1 48,003
Other in trust	6,302	6,302
Accumulated depreciation	(6,302)	(6,302)
Other in trust, net	*1 —	*1 —
Land in trust	*1 218,730,714	*1 225,160,517
Construction in progress in trust	*1 22,408	*1 27,738
Total property, plant and equipment	269,274,222	277,817,973
Intangible assets		
Right of trademark	1,383	1,250
Leasehold rights in trust	*1 4,970,290	*1 4,970,290
Other	7,047	6,268
Total intangible assets	4,978,722	4,977,809
Investments and other assets		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	334,655	92,644
Other	18,107	14,806
Total investments and other assets	466,448	221,135
Total noncurrent assets	274,719,392	283,016,919
Deferred assets		
Investment corporation bonds issuance costs	51,037	42,501
Total deferred assets	51,037	42,501
Total assets	294,562,452	298,626,347

Daiwa Office Investment Corporation (8976) Financial Report for the 11th Fiscal Period

(Unit: thousand yen)

	10th Fiscal Period [As of Nov 30, 2010]	11th Fiscal Period [As of May 31, 2011]
Liabilities		
Current liabilities		
Operating accounts payable	593,106	875,740
Current portion of long-term loans payable	*1 14,258,750	*1 38,958,750
Accounts payable – other	237,901	245,156
Income taxes payable	794	849
Accrued consumption taxes	28,537	43,826
Advances received	807,721	716,017
Provision for loss on disaster	–	63,721
Other	176,938	236,082
Total current liabilities	16,103,749	41,140,144
Noncurrent liabilities		
Investment corporation bonds	8,500,000	8,500,000
Long-term loans payable	*1 60,016,875	*1 38,791,250
Tenant leasehold and security deposits	5,375,088	5,339,027
Tenant leasehold and security deposits in trust	4,496,746	4,617,729
Other	6,527	4,074
Total noncurrent liabilities	78,395,236	57,252,081
Total liabilities	94,498,986	98,392,226
Net Assets		
Unitholders' equity		
Unitholders' capital	198,780,951	198,780,951
Surplus		
Unappropriated retained earnings (undisposed loss)	1,282,514	1,453,170
Total surplus	1,282,514	1,453,170
Total unitholders' equity	200,063,466	200,234,121
Total net assets	*2 200,063,466	*2 200,234,121
Total liabilities and net assets	294,562,452	298,626,347

3.2. Statements of Income

(Unit: thousand yen)

	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]		11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	
Operating revenue				
Rent revenue – real estate	*1	6,374,684	*1	6,715,058
Other lease business revenue	*1	49,803	*1	43,728
Total operating revenue		6,424,488		6,758,786
Operating expenses				
Expenses related to rent business	*1	3,194,661	*1	3,165,923
Asset management fees		516,632		542,152
Asset custody fees		14,575		14,809
Administrative service fees		83,794		82,612
Trust fees		27,773		36,222
Directors' compensation		4,880		5,400
Other operating expenses		100,667		87,886
Total operating expenses		3,942,984		3,935,007
Operating income		2,481,503		2,823,779
Non-operating income				
Interest income		1,788		1,464
Reversal of distribution payable		1,903		6,029
Miscellaneous income		1,142		1,685
Total non-operating income		4,834		9,179
Non-operating expenses				
Interest expenses		719,395		729,850
Interest expenses on investment corporation bonds		92,015		96,480
Borrowing expenses		391,405		410,557
Other		9,866		8,536
Total non-operating expenses		1,212,683		1,245,425
Ordinary income		1,273,655		1,587,534
Extraordinary income				
Gain on donation of noncurrent assets		9,713		610
Total extraordinary income		9,713		610
Extraordinary expenses				
Loss on disaster		–	*2	70,342
Provision for loss on disaster		–	*2	63,721
Total extraordinary expenses		–		134,063
Income before income taxes		1,283,368		1,454,080
Income taxes – current		986		1,042
Income taxes – deferred		4		(2)
Total income taxes		991		1,039
Net income		1,282,377		1,453,041
Retained earnings brought forward		137		129
Unappropriated retained earnings (undisposed loss)		1,282,514		1,453,170

3.3. Statements of Unitholders' Equity

(Unit: thousand yen)

	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
Unitholders' equity		
Unitholders' capital		
Balance at end of previous period	198,780,951	198,780,951
Changes of items during period		
Total changes of items during period	—	—
Balance at end of current period	*1 198,780,951	*1 198,780,951
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at end of previous period	2,076,493	1,282,514
Changes of items during period		
Dividends from surplus	(2,076,356)	(1,282,385)
Net income	1,282,377	1,453,041
Total changes of items during period	(793,978)	170,655
Balance at end of current period	1,282,514	1,453,170
Total Surplus		
Balance at end of previous period	2,076,493	1,282,514
Changes of items during period		
Dividends from surplus	(2,076,356)	(1,282,385)
Net income	1,282,377	1,453,041
Total changes of items during period	(793,978)	170,655
Balance at end of current period	1,282,514	1,453,170
Total unitholders' equity		
Balance at end of previous period	200,857,444	200,063,466
Changes of items during period		
Dividends from surplus	(2,076,356)	(1,282,385)
Net income	1,282,377	1,453,041
Total changes of items during period	(793,978)	170,655
Balance at end of current period	200,063,466	200,234,121
Total net assets		
Balance at end of previous period	200,857,444	200,063,466
Changes of items during period		
Dividends from surplus	(2,076,356)	(1,282,385)
Net income	1,282,377	1,453,041
Total changes of items during period	(793,978)	170,655
Balance at end of current period	200,063,466	200,234,121

3.4. Statements of Cash Distributions

Item	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	1,282,514,781	1,453,170,330
II. Distribution amount [Distribution amount per unit]	1,282,385,520 [3,240]	1,452,974,458 [3,671]
III. Retained earnings carried forward	129,261	195,872
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 1,282,385,520 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 1,452,974,458 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)

	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
Net cash provided by (used in) operating activities		
Income before income taxes	1,283,368	1,454,080
Depreciation and amortization	1,237,420	1,282,285
Amortization of investment corporation bonds issuance costs	7,866	8,536
Interest income	(1,788)	(1,464)
Interest expenses	811,411	826,331
Increase (decrease) in provision for loss on disaster	—	63,721
(Increase) Decrease in operating accounts receivable	(34,817)	2,250
(Increase) Decrease in consumption taxes refund receivable	(87,205)	119,735
(Increase) Decrease in prepaid expenses	(399)	140,052
Increase (decrease) in operating accounts payable	(10,418)	(69,732)
Increase (decrease) in accounts payable – other	(31,192)	7,255
Increase (decrease) in accrued consumption taxes	(12,213)	15,289
Increase (decrease) in advances received	155,002	(91,703)
(Increase) Decrease in long-term prepaid expenses	319,612	242,010
Increase (decrease) in long-term advances received	(2,452)	(2,452)
Other, net	(13,030)	55,953
Subtotal	3,621,162	4,052,148
Interest income received	1,788	1,464
Interest expenses paid	(770,028)	(823,838)
Income taxes paid	(544)	(987)
Net cash provided by (used in) operating activities	2,852,378	3,228,787
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,183)	—
Purchase of property, plant and equipment in trust	(9,504,225)	(9,472,147)
Proceeds from intangible assets	(7,374)	—
Proceeds from tenant security deposits	507,739	249,951
Proceeds from tenant security deposits in trust	933,943	402,361
Repayments of tenant security deposits	(415,956)	(338,036)
Repayments of tenant security deposits in trust	(121,372)	(229,353)
Net cash provided by (used in) investing activities	(8,609,428)	(9,387,225)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	5,500,000	7,000,000
Repayment of long-term loans payable	(133,125)	(3,525,625)
Proceeds from issuance of investment corporation bonds	4,965,833	—
Dividends paid	(2,075,329)	(1,284,580)
Net cash provided by (used in) financing activities	8,257,379	2,189,794
Net increase (decrease) in cash and cash equivalents	2,500,328	(3,968,643)
Cash and cash equivalents at beginning of period	16,003,638	18,503,967
Cash and cash equivalents at end of period	*1 18,503,967	*1 14,535,323

3.6. Notes on the Going Concern Assumption

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
Not applicable.	Not applicable.

3.7. Significant Accounting Policies

Item	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]																				
1. Accumulated depreciation method for noncurrent assets	<p>(1) Property, plant and equipment The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2~49 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">4~50 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td style="text-align: right;">2~22 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">3~18 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>	Tools, furniture and fixtures	5 years	Buildings in trust	2~49 years	Structures in trust	4~50 years	Machinery and equipment in trust	2~22 years	Tools, furniture and fixtures in trust	3~18 years	<p>(1) Property, plant and equipment The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2~49 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">4~50 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td style="text-align: right;">2~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">3~18 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>	Tools, furniture and fixtures	5 years	Buildings in trust	2~49 years	Structures in trust	4~50 years	Machinery and equipment in trust	2~23 years	Tools, furniture and fixtures in trust	3~18 years
Tools, furniture and fixtures	5 years																					
Buildings in trust	2~49 years																					
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Machinery and equipment in trust	2~22 years																					
Tools, furniture and fixtures in trust	3~18 years																					
Tools, furniture and fixtures	5 years																					
Buildings in trust	2~49 years																					
Structures in trust	4~50 years																					
Machinery and equipment in trust	2~23 years																					
Tools, furniture and fixtures in trust	3~18 years																					
2. Accounting for deferred assets	<p>(1) Investment corporation bond issuance costs Amortized using the straight-line method over the period up to redemption.</p>	<p>(1) Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p>																				
3. Criteria for provision	—	<p>(1) Provision for loss on disaster The provision for loss on disaster is estimated at the rational amount to pay out repair expenses etc. related to the Great East Japan Earthquake at the end of May, 2011.</p>																				
4. Standards for recording revenues and expenses	<p>Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted.</p>	<p>Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted.</p>																				

	<p>Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in a 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 fiscal period under review is 19,130 thousand yen.</p>	<p>Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in a correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property.</p>
5. Hedge accounting approaches	<p>(1) Hedge accounting approach</p> <p>Special accounting is adopted for interest rate caps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate cap transactions</p> <p>Hedged items: Interest on loans</p> <p>(3) Hedging policy</p> <p>The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging</p> <p>Assessment of the effectiveness is omitted because interest rate caps meet the requirements for special accounting.</p>	<p>(1) Hedge accounting approach</p> <p>Special accounting is adopted for interest rate caps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate cap transactions</p> <p>Hedged items: Interest on loans</p> <p>(3) Hedging policy</p> <p>The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging</p> <p>Assessment of the effectiveness is omitted because interest rate caps meet the requirements for special accounting.</p>
6. Scope of funds in the statements of cash flows	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>

Item	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
7. Other significant matters forming basis for preparation of financial statements	<p>(1) Accounting method for trust beneficial interest that have real estate properties as assets in trust 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 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 recorded as long-term prepaid expenses and amortized in equal installments over 5 years.</p>	<p>(1) Accounting method for trust beneficial interest that have real estate properties as assets in trust 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 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 recorded as long-term prepaid expenses and amortized in equal installments over 5 years.</p>

3.8. Change in Accounting Policy

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
<p>Adoption of Accounting Standard for Asset Retirement Obligations</p> <p>From the fiscal period ended November 30, 2010, the Investment Corporation adopted the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (hereinafter, “ASBJ”) Statement No. 18 issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). There was no effect on ‘the Investment Corporation’s revenues and expenses.</p>	

3.9. Change in Presentation

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
<p>In the statements of income, “Interest expense on investment corporation bonds”, which used to be included in “Interest expense” until the fiscal period ended May 31, 2010, have been presented as a separate account because of materiality.</p> <p>The amounts of “Interest expense” and “Interest expense on investment corporation bonds” were as follows if they were recorded as separate accounts at the fiscal period ended May 31, 2010.</p> <p>(1) Interest expense: ¥716,335 thousand</p> <p>(2) Interest expense on investment corporation bonds: ¥52,599 thousand</p>	

3.10 Notes to Financial Statements

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

[Notes to Balance Sheets]

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]																																																				
<p>*1. Pledged assets and secured liabilities</p> <p>The following are the assets that are pledged as collateral.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table> <tr><td>Cash and deposits in trust</td><td style="text-align: right;">4,693,237</td></tr> <tr><td>Buildings in trust</td><td style="text-align: right;">41,950,334</td></tr> <tr><td>Structures in trust</td><td style="text-align: right;">604,554</td></tr> <tr><td>Machinery and equipment in trust</td><td style="text-align: right;">459,648</td></tr> <tr><td>Tools, furniture and fixtures in trust</td><td style="text-align: right;">44,667</td></tr> <tr><td>Other in trust</td><td style="text-align: right;">—</td></tr> <tr><td>Land in trust</td><td style="text-align: right;">190,766,117</td></tr> <tr><td>Construction in progress in trust</td><td style="text-align: right;">22,373</td></tr> <tr><td>Leasehold rights in trust</td><td style="text-align: right;">4,970,290</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>243,511,225</u></td></tr> </table> <p>The following are the liabilities secured by pledged assets.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table> <tr><td>Current portion of long-term loans payable</td><td style="text-align: right;">14,258,750</td></tr> <tr><td>Long-term loans payable</td><td style="text-align: right;">54,516,875</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>68,775,625</u></td></tr> </table>	Cash and deposits in trust	4,693,237	Buildings in trust	41,950,334	Structures in trust	604,554	Machinery and equipment in trust	459,648	Tools, furniture and fixtures in trust	44,667	Other in trust	—	Land in trust	190,766,117	Construction in progress in trust	22,373	Leasehold rights in trust	4,970,290	<u>Total</u>	<u>243,511,225</u>	Current portion of long-term loans payable	14,258,750	Long-term loans payable	54,516,875	<u>Total</u>	<u>68,775,625</u>	<p>*1. Pledged assets and secured liabilities</p> <p>The following are the assets that are pledged as collateral.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table> <tr><td>Cash and deposits in trust</td><td style="text-align: right;">3,787,369</td></tr> <tr><td>Buildings in trust</td><td style="text-align: right;">32,837,142</td></tr> <tr><td>Structures in trust</td><td style="text-align: right;">484,297</td></tr> <tr><td>Machinery and equipment in trust</td><td style="text-align: right;">367,027</td></tr> <tr><td>Tools, furniture and fixtures in trust</td><td style="text-align: right;">35,124</td></tr> <tr><td>Other in trust</td><td style="text-align: right;">—</td></tr> <tr><td>Land in trust</td><td style="text-align: right;">163,817,609</td></tr> <tr><td>Construction in progress in trust</td><td style="text-align: right;">17,044</td></tr> <tr><td>Leasehold rights in trust</td><td style="text-align: right;">2,281,475</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>203,627,092</u></td></tr> </table> <p>The following are the liabilities secured by pledged assets.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table> <tr><td>Current portion of long-term loans payable</td><td style="text-align: right;">38,951,250</td></tr> <tr><td>Long-term loans payable</td><td style="text-align: right;">20,806,250</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>59,757,500</u></td></tr> </table>	Cash and deposits in trust	3,787,369	Buildings in trust	32,837,142	Structures in trust	484,297	Machinery and equipment in trust	367,027	Tools, furniture and fixtures in trust	35,124	Other in trust	—	Land in trust	163,817,609	Construction in progress in trust	17,044	Leasehold rights in trust	2,281,475	<u>Total</u>	<u>203,627,092</u>	Current portion of long-term loans payable	38,951,250	Long-term loans payable	20,806,250	<u>Total</u>	<u>59,757,500</u>
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<p>*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p>	<p>*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p>																																																				

[Notes to Statements of Income]

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
*1. Breakdown of operating income (loss) from property leasing (Unit: thousand yen)	*1. Breakdown of operating income (loss) from property leasing (Unit: thousand yen)
A. Property leasing revenue	A. Property leasing revenue
Rent revenue – real estate 6,374,684 Other lease business revenue 49,803 Total property leasing revenue 6,424,488	Rent revenue – real estate 6,715,058 Other lease business revenue 43,728 Total property leasing revenue 6,758,786
B. Property leasing expenses	B. Property leasing expenses
Consignment expenses 534,440 Utilities expenses 624,108 Taxes and dues 560,634 Non-life insurance expenses 13,106 Repair expenses 163,878 Depreciation 1,235,682 Other lease business expenses 62,810 Total property leasing expenses 3,194,661	Consignment expenses 463,342 Utilities expenses 565,645 Taxes and dues 594,935 Non-life insurance expenses 12,091 Repair expenses 187,178 Depreciation 1,281,117 Other lease business expenses 61,611 Total property leasing expenses 3,165,923
C. Operating income (loss) from property leasing [A – B] 3,229,827	C. Operating income (loss) from property leasing [A – B] 3,592,863
	*2 Breakdown of Extraordinary expenses The expenses are repair costs etc, by the Great East Japan Earthquake.

[Notes to Statements of Unitholders' Equity]

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
*1. Total number of investment units authorized and number of investment units issued and outstanding	*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 Number of investment units issued and outstanding 395,798 units	Total number of investment units authorized 2,000,000 units Number of investment units issued and outstanding 395,798 units

[Notes to Statements of Cash Flows]

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
*1. Relationship between cash and cash equivalents at end of period in the statements of cash flows and the amount stated in the balance sheets (As of November 30, 2010) (Unit: thousand yen)	*1. Relationship between cash and cash equivalents at end of period in the statements of cash flows and the amount stated in the balance sheets (As of May 31, 2011) (Unit: thousand yen)
Cash and deposits 13,191,204 Cash and deposits in trust 5,312,762 Cash and cash equivalents 18,503,967	Cash and deposits 9,164,744 Cash and deposits in trust 5,370,579 Cash and cash equivalents 14,535,323

[Notes on Financial Instruments]

10th Fiscal Period [from June 1, 2010 to November 30, 2010]

(1) Matters Concerning Status of Financial Instruments

(a) Policy for financial instruments

The Investment Corporation uses various financing methods (such as bank borrowings, issuance of investment corporation bonds, equity finance) 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.

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

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

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

The Investment Corporation uses proceeds from the financing of debts and investment corporation bonds for the acquisition of investment properties and the reimbursement of current debts and bonds. While these debts and bonds are exposed to liquidity risk, DOI 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 (IRS).

Security deposits from tenants are exposed to liquidity risk and DOI reduces the risk by pooling funds to a certain degree.

Surplus funds by deposits are exposed to credit risk of counterparties (financial institutions) and are managed by limiting the terms to short durations.

(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. Also, market risk involved in derivative financial instruments is not represented by the contract amounts of derivative financial instruments.

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

The carrying amounts and fair values as of November 30, 2010 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)).

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	13,191,204	13,191,204	—
(2) Cash and deposits in trust	5,312,762	5,312,762	—
Total assets	18,503,967	18,503,967	—
(1) Current portion of long-term loans payable	14,258,750	14,298,433	39,683
(2) Investment corporation bond	8,500,000	8,509,500	9,500
(3) Long-term loans payable	60,016,875	60,241,171	224,296
Total liabilities	82,775,625	83,049,104	273,479
(1) Derivative transactions	8,107	574	(7,533)

(Note 1) Method of calculation of 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

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

As those with floating interest rates reflect market interest rates 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. 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 rate reasonably estimated as being applicable in the event of a similar drawdown.

(2) Investment corporation bond

Concerning the fair value of investment corporation bonds issued by the Investment Corporation, as these are based on floating interest rates and reflect market interest rates within a short period of time, the fair value is approximately the same as the book value and thus is stated at that book value.

Derivative transactions

(1) Derivative transactions

(a) Transactions for which hedge accounting is not applied

Not applicable.

(b) 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		
Special accounting for interest rate caps	Interest rate cap transaction	Long-term loans payable	7,100,000	7,100,000	574	*

*Based on price quoted by partner financial institution.

(Note 2) Tenant leasehold and security deposits (carrying amount: 5,375,088 thousand yen) and tenant leasehold and security deposits in trust (carrying amount: 4,496,746 thousand yen) that are deposited by lessees of rental properties are not subject to disclosure of fair value because discerning of the fair value is recognized to be extremely difficult as future cash flows cannot be reasonably estimated due to there being no market price and difficulty of calculation of the actual deposit period from when lessees move in to when they move out.

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

(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
Cash and deposits	13,191,204	–	–	–	–
Cash and deposits in trust	5,312,762	–	–	–	–
Total	18,503,967	–	–	–	–

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	14,258,750	–	–	–	–	–
Investment corporation bond	–	–	5,000,000	–	–	3,500,000
Long-term loans payable	–	44,035,625	15,981,250	–	–	–
Total	14,258,750	44,035,625	20,981,250	–	–	3,500,000

11th Fiscal Period [from December 1, 2010 to May 31, 2011]

(1) Matters Concerning Status of Financial Instruments

(a) Policy for financial instruments

The Investment Corporation uses various financing methods (such as bank borrowings, issuance of investment corporation bonds, equity finance) 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.

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

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

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

The Investment Corporation uses proceeds from the financing of debts and investment corporation bonds for the acquisition of investment properties and the reimbursement of current debts and bonds. While these debts and bonds are exposed to liquidity risk, DOI 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 (IRS).

Security deposits from tenants are exposed to liquidity risk and DOI 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.

(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. Also, market risk involved in derivative financial instruments is not represented by the contract amounts of derivative financial instruments.

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

The carrying amounts and fair values as of May 31, 2011 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)).

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	9,164,744	9,164,744	—
(2) Cash and deposits in trust	5,370,579	5,370,579	—
Total assets	14,535,323	14,535,323	—
(1) Current portion of long-term loans payable	38,958,750	38,977,858	19,108
(2) Investment corporation bonds	8,500,000	8,508,500	8,500
(3) Long-term loans payable	38,791,250	38,989,518	198,268
Total liabilities	86,250,000	86,475,876	225,876
(1) Derivative transactions	4,806	9	(4,796)

(Note 1) Method of calculation of 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

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

As those with floating interest rates reflect market interest rates 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. 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 rate reasonably estimated as being applicable in the event of a similar drawdown.

(2) Investment corporation bonds

Concerning the fair value of investment corporation bonds issued by the Investment Corporation, as these are based on floating interest rates and reflect market interest rates within a short period of time, the fair value is approximately the same as the book value and thus is stated at that book value.

Derivative transactions

(1) Derivative transactions

(a) Transactions for which hedge accounting is not applied

Not applicable.

(b) 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		
Special accounting for interest rate caps	Interest rate cap transaction	Current portion of long-term loans payable	7,100,000	—	9	*

*Based on price quoted by partner financial institution.

(Note 2) Tenant leasehold and security deposits (carrying amount: 5,339,027 thousand yen) and tenant leasehold and security deposits in trust (carrying amount: 4,617,729 thousand yen) that are deposited by lessees of rental properties are not subject to disclosure of fair value because discerning of the fair value is recognized to be extremely difficult as future cash flows cannot be reasonably estimated due to there being no market price and difficulty of calculation of the actual deposit period from when lessees move in to when they move out.

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

(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
Cash and deposits	9,164,744	—	—	—	—
Cash and deposits in trust	5,370,579	—	—	—	—
Total	14,535,323	—	—	—	—

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	38,958,750	—	—	—	—	—
Investment corporation bonds	—	—	5,000,000	—	—	3,500,000
Long-term loans payable	—	21,291,250	17,500,000	—	—	—
Total	38,958,750	21,291,250	22,500,000	—	—	3,500,000

[Notes on Transactions with Related Parties]

10th Fiscal Period [from June 1, 2010 to November 30, 2011]

(1) Parent company, major unitholder, etc.

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	% of voting rights, etc. held by related party (held in the Investment Corporation)	Relation with Related Parties	Nature of transaction	Amount of transaction (thousand yen)	Account	Balance at end of period (thousand yen)
Other affiliated company	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3 billion yen	Holding company	(Held in the Investment Corporation) Directly: 13.11% Indirectly: 15.16%	Provision of capital	Payment of interest expense on investment corporation bonds (Note 1)	51,285	Investment corporation bond	3,500,000
									Other (current liabilities)	18,649

(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.

(2) Subsidiaries and related companies, etc.

Not applicable.

(3) Companies, etc. with same parent company and subsidiaries, etc. of other affiliated companies

Not applicable.

(4) Officers and major unitholders, etc.

Not applicable.

11th Fiscal Period [from December 1, 2010 to May 31, 2011]

(1) Parent company, major unitholder, etc.

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	% of voting rights, etc. held by related party (held in the Investment Corporation)	Relationship with related party	Nature of transaction	Amount of transaction (thousand yen)	Account	Balance at end of period (thousand yen)
Other affiliated company	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3 billion yen	Holding company	(Held in the Investment Corporation) Directly: 13.11% Indirectly: 15.16%	Provision of capital	Payment of interest expenses on investment corporation bonds (Note 1)	49,986	Investment corporation bond	3,500,000
									Other (current liabilities)	20,496

(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.

(2) Subsidiaries and related companies, etc.

Not applicable.

(3) Companies, etc. with same parent company and subsidiaries, etc. of other affiliated companies

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	% of voting rights, etc. held by related party (held in the Investment Corporation)	Relationship with related party	Nature of transaction	Amount of transaction (thousand yen)	Account	Balance at end of period (thousand yen)
Subsidiary of Other affiliated company	Daiwa Property Co.,Ltd.	Chuo-ku, Tokyo	100 million yen	Real Estate Rent Business	—	Purchase of Trust beneficial interest in real estate	Purchase of Trust beneficial interest in real estate	5,600,000	—	—

(Note 1) Purchase of Trust beneficial interest in real estate was determined based on the market. Terms and conditions with interested persons were determined according to the regulation concerning conflict of interest in the internal rule of the Asset Manager.

(Note 2) The above amount of transaction is excluding consumption tax.

(4) Officers and major unitholders, etc.
Not applicable.

[Notes on Investment and Rental Property]

10th Fiscal Period [from June 1, 2010 to November 30, 2010]

The Investment Corporation has rental office buildings, etc. (including land) in Tokyo and other regions. The carrying amount, amount of increase (decrease) during current period and fair value as of November 30, 2010 for these rental properties are as follows.

(Unit: thousand yen)

Carrying amount			Fair value at end of current period
Balance at end of previous period	Amount of increase (decrease) during current period	Balance at end of current period	
265,860,150	8,359,749	274,219,899	242,859,000

(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) during current period, the amount of increase is mainly attributable to acquisition of Daiwa Nishi-Shimbashi (5,000 million yen) and Daiwa Kudan (4,000 million yen), and the amount of decrease is mainly attributable to depreciation (1,235 million yen).

(Note 3) The fair value at end of current period shows the appraisal value as appraised by an outside real estate appraiser.

The income (loss) in the 10th Fiscal Period for investment and rental properties are described as presented in "Notes to Statements of Income".

11th Fiscal Period [from December 1, 2010 to May 31, 2011]

The Investment Corporation has rental office buildings, etc. (including land) in Tokyo and other regions. The carrying amount, amount of increase (decrease) during current period and fair value as of May 31, 2011 for these rental properties are as follows.

(Unit: thousand yen)

Carrying amount			Fair value at end of current period
Balance at end of previous period	Amount of increase (decrease) during current period	Balance at end of current period	
274,219,899	8,538,676	282,758,576	249,930,000

(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) during current period, the amount of increase is mainly attributable to acquisition of Daiwa Kayabacho (5,600 million yen) and Jimbocho Place (3,550 million yen), and the amount of decrease is mainly attributable to depreciation (1,281 million yen).

(Note 3) The fair value at end of current period shows the appraisal value as appraised by an outside real estate appraiser.

The income (loss) in the 11th Fiscal Period for investment and rental properties are described as presented in "Notes to Statements of Income".

[Segment Information etc.]

10th Fiscal Period [from June 1, 2010 to November 30, 2010]

[Additional Information]

Financial Accounting Standard for Segment Information Disclosure (Accounting Standards 17 March 27, 2009) and Accounting Standards on Disclosure of Segment Information (Application Guidance of Accounting Standards 20 March 27, 2008) are adopted in the 10th Period.

(1) Segment Information

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

(2) Related Information

(a) Information by product and service

Information by products and service has been omitted because sale from external customers for one segment is in excess of 90% of operating income.

(b) Information by geographical segment

A. Information of Revenue

Information of Revenue has been omitted because sale from external customers in Japan is in excess of 90% of operating income.

B. Information of Tangible Fixed Assets

Information of Tangible Fixed Assets has been omitted because the tangible fixed asset located in Japan exceeds 90% of total tangible fixed assets from the balance sheet.

(c) Information by principal customer

Information by principal customer has been omitted because each sale from a single external customer accounts for less than 10% of the operating income.

For your information, the prior segment information complied with this accounting rule has been omitted because the Investment Corporation has no segments except property leasing business.

11th Fiscal Period [from December 1, 2010 to May 31, 2011]

(1) Segment Information

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

(2) Related Information

(a) Information by product and service

Information by products and service has been omitted because sale from external customers for one segment is in excess of 90% of operating income.

(b) Information by geographical segment

A. Information of Revenue

Information of Revenue has been omitted because sale from external customers in Japan is in excess of 90% of operating income.

B. Information of Tangible Fixed Assets

Information of Tangible Fixed Assets has been omitted because the tangible fixed asset located in Japan exceeds 90% of total tangible fixed assets from the balance sheet.

(c) Information by principal customer

Information by principal customer has been omitted because each sale from a single external customer accounts for less than 10% of the operating income.

[Notes on Per Unit Information]

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]		11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	
Net assets per unit	505,468 yen	Net assets per unit	505,899 yen
Net income per unit	3,239.98 yen	Net income per unit	3,671.16 yen
<p>The net income per unit was calculated by dividing the net income by the daily weighted average number of investment units issued and outstanding.</p> <p>The diluted net income per unit is not stated as there are no diluted investment units.</p>		<p>The net income per unit was calculated by dividing the net income by the daily weighted average number of investment units issued and outstanding.</p> <p>The diluted net income per unit is not stated as there are no diluted investment units.</p>	

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

	10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]
Net income (thousand yen)	1,282,377	1,453,041
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	1,282,377	1,453,041
Average number of investment units during period (unit)	395,798	395,798

[Notes on Subsequent Material Events]

10th Fiscal Period [From: June 1, 2010 To: November 30, 2010]	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]																																																														
—	<p>1. Acquisition of Assets The Investment Corporation purchased trust beneficial interest in real estate on July 8, 2011 as below.</p> <p>Overview of the Type of Asset</p> <table border="1"> <tr> <td>(1) Type of Asset</td> <td>Trust beneficial interest in real estate</td> </tr> <tr> <td>(2) Property Name</td> <td>E SPACE TOWER</td> </tr> <tr> <td>(3) Location</td> <td>3-6 Maruyamacho Shibuya-ku, Tokyo</td> </tr> <tr> <td>(4) Acquisition Price</td> <td>24,000 million yen (excluding acquisition costs and consumption tax, etc.)</td> </tr> <tr> <td>(5) Date of Execution of Purchase Agreement</td> <td>June 30, 2011</td> </tr> <tr> <td>(6) Date of Delivery</td> <td>July 8, 2011</td> </tr> <tr> <td>(7) Seller</td> <td>Endeavor Realty Fund Ltd.</td> </tr> </table> <p>2. Borrowing of Funds The Investment Corporation borrowed loan on July 8, 2011. The funds will be borrowed to provide for acquisition of the property and costs associated with its acquisition. The remaining amount will be allocated to cash reserves.</p> <table border="1"> <thead> <tr> <th>Lender</th> <th>Loan Amount</th> <th>Interest Rate</th> <th>Drawdown Date</th> <th>Borrowing / Repayment Method</th> <th>Repayment Date</th> </tr> </thead> <tbody> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>13,500</td> <td>3month Japanese Yen TIBOR +0.60% (Note1, Note2)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>July 8, 2014</td> </tr> <tr> <td>Mizuho Trust & Banking Co., Ltd.</td> <td>3,000</td> <td>3month Japanese Yen TIBOR +0.60% (Note1, Note2)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>July 8, 2014</td> </tr> <tr> <td>Aozora Bank, Ltd.</td> <td>1,500</td> <td>3month Japanese Yen TIBOR +0.60% (Note1, Note2)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>July 8, 2014</td> </tr> <tr> <td>Shinsei Bank, Ltd.</td> <td>1,000</td> <td>3month Japanese Yen TIBOR +0.60% (Note1, Note2)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>July 8, 2014</td> </tr> <tr> <td>The Sumitomo Trust & Banking Co., Ltd.</td> <td>5,000</td> <td>3month Japanese Yen TIBOR +0.50% (Note1, Note3)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>July 8, 2013</td> </tr> <tr> <td>The Bank of Fukuoka, Ltd.</td> <td>1,000</td> <td>3month Japanese Yen TIBOR +0.50% (Note1, Note3)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>July 8, 2013</td> </tr> <tr> <td>Orix Trust and Banking Corporation</td> <td>1,000</td> <td>3month Japanese Yen TIBOR +0.40% (Note1, Note4)</td> <td>July 8, 2011</td> <td>Unsecured Repayment in lump sum</td> <td>January 10, 2013</td> </tr> </tbody> </table> <p>(Note 1) * Interest payment dates are last business day of February, May, August and November. Interest Rate is calculated based on 3 month Japanese Yen TIBOR which Japanese Bankers Association (“JBA”) releases two business days prior to interest payment date. (The applicable interest rate from July 8, 2011 to August 31, 2011 is calculated based on 2 month Japanese Yen TIBOR which JBA was release on July 6, 2011.)</p> <p>(Note 2) * The applicable interest rate from June 1, 2014 to July 8, 2014 is calculated based on 1 month Japanese Yen</p>	(1) Type of Asset	Trust beneficial interest in real estate	(2) Property Name	E SPACE TOWER	(3) Location	3-6 Maruyamacho Shibuya-ku, Tokyo	(4) Acquisition Price	24,000 million yen (excluding acquisition costs and consumption tax, etc.)	(5) Date of Execution of Purchase Agreement	June 30, 2011	(6) Date of Delivery	July 8, 2011	(7) Seller	Endeavor Realty Fund Ltd.	Lender	Loan Amount	Interest Rate	Drawdown Date	Borrowing / Repayment Method	Repayment Date	Sumitomo Mitsui Banking Corporation	13,500	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2011	Unsecured Repayment in lump sum	July 8, 2014	Mizuho Trust & Banking Co., Ltd.	3,000	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2011	Unsecured Repayment in lump sum	July 8, 2014	Aozora Bank, Ltd.	1,500	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2011	Unsecured Repayment in lump sum	July 8, 2014	Shinsei Bank, Ltd.	1,000	3month Japanese Yen TIBOR +0.60% (Note1, Note2)	July 8, 2011	Unsecured Repayment in lump sum	July 8, 2014	The Sumitomo Trust & Banking Co., Ltd.	5,000	3month Japanese Yen TIBOR +0.50% (Note1, Note3)	July 8, 2011	Unsecured Repayment in lump sum	July 8, 2013	The Bank of Fukuoka, Ltd.	1,000	3month Japanese Yen TIBOR +0.50% (Note1, Note3)	July 8, 2011	Unsecured Repayment in lump sum	July 8, 2013	Orix Trust and Banking Corporation	1,000	3month Japanese Yen TIBOR +0.40% (Note1, Note4)	July 8, 2011	Unsecured Repayment in lump sum	January 10, 2013
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	TIBOR which JBA is going to release on May 28, 2014. (Note 3) * The applicable interest rate from June 1, 2013 to July 8, 2013 is calculated based on 1 month Japanese Yen TIBOR which JBA is going to release on May 29, 2013. (Note 4) * The applicable interest rate from December 1, 2012 to January 10, 2013 is calculated based on 1 month Japanese Yen TIBOR which JBA is going to release on November 28, 2012.
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3.11. Increase (Decrease) in Number of Investment Units Issued and Outstanding

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

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

(Note 2) The Investment Corporation issued new investment units through public offering at an issue price of 515,000 yen per unit (issue amount: 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 (issue amount: 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 (issue amount: 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 (issue amount: 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 (issue amount: 192,705 yen) to fund repayment of loans, capital expenditure to enhance property value, acquisition of property, etc.

4. Change in Directors

4.1. Change in Directors at the Investment Corporation

Not applicable.

4.2. Change in Directors at the Asset Manager

Changes in directors took place at the Asset Manager, effective March 31, 2011 and July 22, 2011.

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

Title	Name	Career summary		Number of shares held
President and Representative Director	Akira Yamanouchi	Apr. 1986	Joined Marubeni Corporation	—
		Apr. 2002	Joined Pacific Management Corporation (currently, Pacific Holdings, Inc.)	
		May 2002	Temporarily transferred to Pacific Investment Advisors Corporation (currently, AD Investment Management Co., Ltd.)	
		Mar. 2003	President and Representative Director of Pacific Investment Advisors Corporation (with employment transfer)	
		Aug. 2004	Executive Director of Nippon Residential Investment Corporation (currently, Advance Residence Investment Corporation)	
		Aug. 2006	Resigned from office as Executive Director	
		Feb. 2008	Resigned from office as President and Representative Director of Pacific Investment Advisors Corporation	
		Feb. 2008	President and Representative Director of Pacific Investment Partners Inc. (currently, Cushman & Wakefield Asset Management K.K.)	
		Feb. 2009	Representative Director (part-time basis) of Pacific Holdings, Inc.	
		Mar. 2009	Resigned from Pacific Holdings, Inc.	
		July 2009	Executive Managing Director of Cushman & Wakefield Asset Management K.K.	
		Mar. 2010	Resigned from Cushman & Wakefield Asset Management K.K.	
		Apr. 2010	Advisor of Daiwa Real Estate Asset Management Co., Ltd.	
		May 2010	President and Representative Director (current position)	
Vice President and Representative Director	Yoshiki Nishigaki	Apr. 1992	Joined Cititrust & Banking Corporation	—
		May 1996	Joined K.K. DaVinci Advisors	
		Feb. 2006	Transferred to K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.)	
		Mar. 2007	Head of IR & Business Planning Department	
		Mar. 2008	President and Representative Director	
		Nov. 2008	Executive Director, DA Office Investment Corporation (currently, Daiwa Office Investment Corporation)	
		May 2010	Vice President and Representative Director, Daiwa Real Estate Asset Management Co., Ltd.	
		Aug. 2010	Resigned from Executive Director, Daiwa Office Investment Corporation	
		Feb. 2011	Vice-President and Representative Director (Head of Advisory Department) (current position)	

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Title	Name	Career summary		Number of shares held
Vice-President and Representative Director (Head of Corporate Planning and Finance Department)	Yuji Shinotsuka	Apr. 1989	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		June 2009	Head of Corporate Planning Department	
		July 2009	Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd.	
			Vice-President and Representative Director (Head of IR & Planning Department)	
		Nov. 2009	Vice-President and Representative Director (Head of Corporate Planning Department)	
		Apr. 2011	Vice-President and Representative Director (Head of Corporate Planning and Finance Department) (current position)	
Director (Head of Investment Management Department)	Atsuko Takahashi	Apr. 1991	Joined Recruit Co., Ltd.	—
		June 1992	Temporarily transferred to K.K. Recruit Building Management (currently, XYMAX corporation)	
		Apr. 2002	Concurrently temporarily transferred to XYMAX Alpha corporation (currently, XYMAX AXIS corporation)	
		Apr. 2005	Joined K.K. DaVinci Advisors Manager of Acquisition Team	
		Nov. 2008	K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.) (with employment transfer) Director (Head of Investment Management Department) (current position)	
Director (Head of Administration Department)	Naoyuki Owa	Apr. 1986	Joined Tokyo High Court as Court Administrative Official	—
		Apr. 1990	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	
		June 2006	Head of Corporate Planning Department and Treasury Department of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
		Oct. 2006	Head of Corporate Planning Department of Daiwa Securities Group Inc.	
		July 2009	Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Director (Head of Administration Department) (current position)	
Director (part-time basis)	Toshihiro Matsui	Apr. 1985	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		May 2004	Head of Corporate Institutions Department (V) of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
		Apr. 2005	Head of Corporate Institutions Department (IV)	
		Oct. 2005	Head of Corporate Finance Department	
		Oct. 2006	Head of Corporate Finance Department (I)	
		Apr. 2007	Head of Fixed Income, Currency and Commodities (FICC) Department	
		Oct. 2008	Head of Corporate Planning Department of Daiwa Securities Group Inc.	
		Apr. 2009	Executive Officer	
		July 2009	Director (part-time basis) of Daiwa Real Estate Asset Management Co., Ltd.	

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Title	Name	Career summary		Number of shares held
		Apr. 2011	Executive Managing Director of Daiwa Securities Group Inc. (current position)	
Director (part-time basis)	Hikari Sakagami	Apr. 1984	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		Apr. 2001	Head of Corporate Planning Department of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
		July 2004	Head of Accounting & Finance Department of Daiwa Securities Co. Ltd.	
		Oct. 2005	Head of Headquarters Relocation Department of Daiwa Securities Group Inc.	
		Oct. 2008	Head of Finance Department (current position)	
		July 2009	Director (part-time basis) of Daiwa Real Estate Asset Management Co., Ltd. (current position)	
Statutory Auditor (part-time basis)	Toshihiko Onishi	Apr. 1984	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		Apr. 2007	Managing Director, Assistant to Head of Planning of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
		Apr. 2008	Executive Managing Director of Daiwa Securities SMBC Principal Investments Co. Ltd. Executive Officers of Daiwa Securities SMBC Co. Ltd., and Representative Director and Deputy President of Daiwa Securities SMBC Principal Investments Co. Ltd.	
		Sept. 2009	Executive Officers of Daiwa Securities SMBC Co. Ltd.(Head of Principal Investments) Representative Director and Chairman of the Board of Daiwa Securities SMBC Principal Investments Co. Ltd.	
		Apr. 2010	Executive Officers of Daiwa Securities Capital Markets Co. Ltd.(Deputy Head of Corporate Finance and Co-Head of Global Investment Banking)	
		Apr. 2011	Corporate Executive Officers of Daiwa Securities Group Inc. (current position)	
		Apr. 2011	Auditor of Daiwa SB Investments Ltd. (current position)	
		Apr. 2011	Auditor of Daiwa Property Co., Ltd. (current position)	
		June 2011	Auditor of Daiwa Real Estate Asset Management Co., Ltd. (current position) Director of Daiwa Securities Group Inc.(current position)	

(Note 1) Toshihiko Onishi assumed office as Auditor (part-time basis) on June 22, 2011.

(Note 2) Yoji Ueda resigned from office as Director on March 31, 2011.

(Note 3) Shigeharu Tominaga resigned from office as Auditor (part-time basis) on June 22, 2011.

5. Reference Information

5.1. Investment Status

Type of asset	Use	Region	11th Fiscal Period (As of May 31, 2011)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	259,452	86.9
		Tokyo Metropolitan Area	18,398	6.2
		Major Regional Cities	4,907	1.6
		Total	282,758	94.7
Deposits and other assets			15,867	5.3
Total amount of assets (Note 2)			298,626	100.0
			[282,758]	[94.7]

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

(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.

5.2. Investment Real Estate Properties (As of May 31, 2011)**5.2.1. Price and Investment Ratio of Investment Real Estate Properties**

Region	Property name	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	14,100	13,625	13,900	4.9
	Daiwa Ginza Annex	3,050	2,935	2,900	1.1
	Daiwa Shibaura	8,265	8,148	7,290	2.9
	Daiwa Minami-Aoyama	4,550	4,503	3,980	1.6
	Daiwa Sarugakucho	3,000	2,964	2,490	1.0
	Daiwa A Hamamatsucho (Note 8)	2,865	2,822	2,910	1.0
	Daiwa Jingumae	2,800	2,759	2,020	1.0
	Daiwa Shibadaimon	2,578	2,466	2,820	0.9
	Daiwa Misakicho	2,346	2,247	2,410	0.8
	Daiwa Shimbashi 510	2,080	2,145	2,540	0.7
	BPS Square	1,560	1,401	1,660	0.5
	Daiwa Tsukiji	1,240	1,224	1,370	0.4
	Daiwa Tsukiji 616	2,440	2,340	2,410	0.8
	Daiwa Tsukishima	7,840	7,346	7,710	2.7
	Nihombashi MS Building	2,520	2,501	2,420	0.9
	Daiwa Azabudai	1,600	1,576	1,830	0.6
	Daiwa Shibuya SS	3,930	3,851	3,940	1.4
	Daiwa Nihombashi Honcho	7,420	7,218	6,980	2.6
	Daiwa Ginza 1-chome	4,620	4,545	4,190	1.6
	Daiwa Kyobashi	3,460	3,394	3,130	1.2
	Sunline Building No. 7 (Note 8)	2,680	2,651	2,280	0.9
	Daiwa Onarimon	13,860	13,707	14,400	4.8
	Shinjuku Maynds Tower (Note 8)	133,800	132,218	106,000	46.6
	SHIBUYA EDGE	5,900	5,851	4,060	2.1
	Daiwa Kodenmacho	2,460	2,454	1,920	0.9
	Daiwa Jimbocho	4,150	4,162	3,820	1.4
	Daiwa Nishi-Shimbashi	5,000	5,116	5,680	1.7
	Daiwa Kudan	4,000	4,015	3,990	1.4
	Daiwa Kayabacho Building	5,600	5,625	5,980	1.9
	Jimbocho Place	3,550	3,630	3,660	1.2
Total for Five Central Wards of Tokyo (30 properties)		263,264	259,452	230,690	91.6
Tokyo Metropolitan Area (Note 2)	Daiwa Kinshicho	3,653	3,495	3,570	1.3
	Daiwa Higashi-Ikebukuro	2,958	2,862	3,570	1.0
	Benex S-3	4,950	4,501	3,410	1.7
	Daiwa Shinagawa North	7,710	7,539	5,770	2.7
Total for Tokyo Metropolitan Area (4 properties)		19,271	18,398	16,320	6.7
Major Regional Cities (Note 3)	Daiwa Minami-Senba	4,810	4,907	2,920	1.7
Total for Major Regional Cities (1 property)		4,810	4,907	2,920	1.7
Total (35properties)		287,345	282,758	249,930	100.0

- (Note 1) “Five Central Wards of Tokyo” are the Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards.
- (Note 2) “Tokyo Metropolitan Area” is Tokyo (excluding the Five Central Wards of Tokyo), and the Kanagawa, Chiba and Saitama Prefectures.
- (Note 3) “Major Regional Cities” are the Osaka metropolitan area (Osaka, Kyoto and Hyogo Prefectures), Nagoya metropolitan area (Aichi and Mie Prefectures), ordinance-designated cities (Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Kitakyushu and Fukuoka Cities), and Hakodate, Asahikawa, Aomori, Morioka, Akita, Koriyama, Iwaki, Utsunomiya, Maebashi, Toyama, Kanazawa, Nagano, Gifu, Otsu, Nara, Wakayama, Kurashiki, Fukuyama, Shimonoseki, Takamatsu, Matsuyama, Kochi, Kurume, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima Cities.
- (Note 4) Acquisition price is the transaction value (excluding the amount equivalent to consumption taxes) of the applicable trust beneficial interest stated in the trust beneficial interest transaction contract.
- (Note 5) Carrying amount is the book value after depreciation amount as of May 31, 2011.
- (Note 6) Estimated price at end of period is the price that has May 31, 2011 as the date of the price opinion stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and Morii Appraisal & Investment Consulting, Inc. 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 the applicable trust beneficial interest expressed as a percentage of the total amount of acquisition prices, rounded to one decimal place.
- (Note 8) For Daiwa A Hamamatsucho, Sunline Building No. 7 and Shinjuku Maynds Tower, the figures are those pertaining to the Investment Corporation’s ownership interest.

5.2.2. Summary of Building and Leasing of Investment Real Estate

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (Note 3)	Leased floor area (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3 / 12F	July 1963	8,273.05	6,632.08	1 (24)	80.1	329,343
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.52	1,789.58	1 (6)	88.0	101,703
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,626.35	9,512.02	1 (54)	98.8	233,066
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,715.54	1 (6)	100.0	127,423
	Daiwa Sarugakucho (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	1 (1)	100.0	—
	Daiwa A Hamamatsucho	SRC B2 / 10F	July 1993	3,671.25	3,671.25	1 (12)	100.0	142,078
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	1,726.65	1 (3)	78.5	38,603
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,384.70	2,384.70	1 (5)	100.0	97,389
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1 (1)	100.0	—
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,803.80	2,803.80	1 (9)	100.0	91,194
	BPS Square (Note 8)	SRC 10F	Jan. 1996	2,852.97	2,852.97	1 (1)	100.0	—
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,487.82	1 (5)	100.0	47,742
	Daiwa Tsukiji 616	SRC B1 / 9F	Mar. 1994	2,932.65	2,932.65	1 (9)	100.0	80,591
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	1 (3)	100.0	284,270
	Nihombashi MS Building	SRC B2 / 7F	Apr. 1993	2,920.19	2,920.19	1 (9)	100.0	81,582
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,705.44	1,705.44	1 (9)	100.0	65,474
	Daiwa Shibuya SS	SRC / S B1 / 9F	July 1977	2,980.92	2,980.92	1 (11)	100.0	134,613
	Daiwa Nihombashi Honcho	SRC B1 / 10F	Jan. 1964	7,419.75	5,460.20	1 (10)	73.5	113,178
	Daiwa Ginza 1-chome	SRC B2 / 11F	Jan. 1962	3,757.77	3,682.57	1 (11)	97.9	118,811
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,220.47	1,356.37	1 (5)	42.1	72,107
	Sunline Building No. 7	SRC B2 / 9F	Oct. 1987	2,405.15	1,917.75	1 (7)	79.7	71,939
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,615.37	11,615.37	1 (9)	100.0	441,543
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,544.04	45,539.31	1 (37)	99.9	2,346,390
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	1 (7)	100.0	111,206
	Daiwa Kodenmacho	SRC 8F	Mar. 1985	2,379.31	2,379.31	1 (8)	100.0	62,618
	Daiwa Jimbocho	S B1 / 8F	Mar. 1997	3,166.84	3,166.84	1 (2)	100.0	160,377
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	3,810.89	1 (8)	79.1	163,664
Daiwa Kudan	SRC 9F	Mar. 1987	3,104.23	3,104.23	1 (4)	100.0	118,550	

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (Note 3)	Leased floor area (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
	Daiwa Kayabacho Building (Note 8)	S/SRC B1/8F	Apr.2010	5,899.11	5,899.11	1 (1)	100.0	—
	Jimbocho Place	S 9F	Feb.2010	2,889.34	2,889.34	1 (3)	100.0	29,614
Total for Five Central Wards of Tokyo (30 properties)				161,505.49	153,639.36	30(280)	95.1	5,998,588
Tokyo Metropolitan Area	Daiwa Kinshicho	S B1 / 5F	Jan. 1992	5,468.85	5,468.85	1 (6)	100.0	149,522
	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,630.94	4,537.71	1 (6)	97.9	143,306
	Benex S-3	S / SRC B1 / 12F	Feb. 1994	7,470.28	7,146.81	1 (23)	95.6	158,773
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,551.33	6,551.33	1 (13)	100.0	158,658
Total for Tokyo Metropolitan Area (4 properties)				24,121.40	23,704.70	4 (48)	98.2	610,261
Major Regional Cities	Daiwa Minami-Senba	SRC B1 / 8F	Sept. 1986	5,719.54	5,249.30	1 (6)	91.7	106,209
Total for Major Regional Cities (1 property)				5,719.54	5,249.30	1 (6)	91.7	106,209
Total (35 properties)				191,346.43	182,593.36	35(334)	95.4	6,715,058

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

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

(Note 3) “Leasable floor area” represents the floor area of the building of the applicable investment real estate property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the leasing contract, etc.

(Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease or sublease agreements executed with end-tenants as of May 31, 2010.

(Note 5) “Total number of tenants” when there is a master lease agreement is stated as “1” with the number of end-tenants given in parentheses []. 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 11th Fiscal Period, rounded down to the nearest thousand yen.

(Note 8) Not disclosed due to tenant’s request.

(Note 9) Leasable floor area and leased floor area are calculated for the common ownership interest in the real estate in trust pertaining to trust beneficial interest held by the Investment Corporation, which corresponds to six-sevenths of the entire Property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.

5.2.3. Capital Expenditures for Assets under Management**A Schedule of Capital Expenditures**

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

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Expected construction amount (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Daiwa Sarugakucho (Chiyoda-ku, Tokyo)	Renovation work for air conditioning, power and common area.	From: Sep. 2011 To: Nov. 2011	350	–	–
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for replacement of disaster prevention equipment.	From: Oct. 2011 To: Nov. 2011	42	–	–

B Capital Expenditures during Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 11th Fiscal Period. Capital expenditures for the 11th Fiscal Period amounted to 540 million yen and, when combined with the 187 million yen in repair expenses charged to 11th Fiscal Period expenses, totals 727 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for replacement of cold-water coil in air-conditioning system on each floor	From: Mar. 2011 To: May. 2011	249
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Updating security equipment.	From: Mar. 2011 To: May. 2011	105
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for replacement of gondola rope and Communications equipment .	From: Apr. 2011 To: May. 2011	13
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for air-condition equipment on 27 floors.	From: Jan. 2011 To: Feb. 2011	10
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for replacement of common area's floor and wall on 27,30 and 33 floors.	From: Jan. 2011 To: Apr. 2011	10
Other		From: Dec. 2010 To: May 2011	151
Total			540

C Monies Set Aside 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 to be allocated to payment of such funds as future major repairs.

(Unit: thousand yen)

Fiscal period	9th Fiscal Period	10th Fiscal Period	11th Fiscal Period
	[From: December 1, 2009 To: May 31, 2010]	[From: June 1, 2010 To: November 30, 2010]	[From: December 1, 2010 To: May 31, 2011]
Balance of reserve at end of previous period	–	643	803
Amount of reserve in current period	643	386	601
Reversal of reserve in current period	–	226	36
Amount carried forward to next period	643	803	1,369

5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2011)

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report					Price indicated by the cost approach (million yen) (Note 2)
		Direct capitalization method		DCF method			
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)	
Daiwa Ginza	13,900	15,200	4.6	13,400	4.3	4.9	11,100
Daiwa Ginza Annex	2,900	3,070	4.5	2,830	4.2	4.8	2,890
Daiwa Shibaura	7,290	7,320	5.2	7,280	5.0	5.4	5,750
Daiwa Minami-Aoyama	3,980	4,070	4.9	3,880	4.6	5.2	3,390
Daiwa Sarugakucho	2,490	2,650	5.3	2,420	5.0	5.6	1,370
Daiwa A Hamamatsucho (Note 5)	2,910	2,940	4.9	2,900	4.7	5.1	1,830
Daiwa Jingumae	2,020	2,100	4.7	1,990	4.4	5.0	2,120
Daiwa Shibadaiimon	2,820	2,880	4.8	2,800	4.6	5.0	1,660
Daiwa Misakicho	2,410	2,440	5.2	2,390	5.0	5.4	1,330
Daiwa Shimbashi 510	2,540	2,550	5.2	2,520	4.9	5.5	1,780
BPS Square	1,660	1,670	5.3	1,650	5.1 (Note 3) 5.3 (Note 4)	5.6	970
Daiwa Tsukiji	1,370	1,390	5.2	1,360	5.2	5.5	691
Daiwa Tsukiji 616	2,410	2,440	5.1	2,400	4.8	5.3	1,220
Daiwa Tsukishima	7,710	7,770	5.3	7,680	5.0	5.5	4,110
Nihombashi MS Building	2,420	2,460	5.0	2,370	4.7	5.3	1,600
Daiwa Azabudai	1,830	1,870	5.0	1,790	4.7	5.3	1,220
Daiwa Shibuya SS	3,940	4,110	5.0	3,870	4.7	5.3	2,880
Daiwa Nihombashi Honcho	6,980	7,680	5.1	6,680	4.7	5.4	4,150
Daiwa Ginza 1-chome	4,190	4,550	4.8	4,030	4.4	5.1	4,160
Daiwa Kyobashi	3,130	3,400	5.0	3,020	4.7	5.3	1,940
Sunline Building No. 7 (Note 5)	2,280	2,390	5.0	2,230	4.7	5.3	3,200
Daiwa Onarimon	14,400	15,500	4.9	13,900	4.6	5.2	10,100
Shinjuku Maynds Tower (Note 6)	106,000	132,000	4.0	121,000	3.8	4.1	102,000
SHIBUYA EDGE	4,060	4,140	4.6	3,970	4.3	4.9	3,190
Daiwa Kodemacho	1,920	2,030	5.3	1,870	5.0	5.6	991
Daiwa Jimbocho	3,820	3,920	5.2	3,780	5.2	5.5	2,640
Daiwa Nishi-Shimbashi	5,680	5,800	5.0	5,630	4.7	5.2	3,500
Daiwa Kudan	3,990	3,920	5.0	4,030	4.9 (Note 3) 5.0 (Note 4)	5.3	2,000
Daiwa Kayabacho Building	5,980	6,080	4.6	5,930	4.4	4.8	4,720
Jimbocho Place	3,660	3,710	4.6	3,640	4.4	4.8	3,290
Daiwa Kinshicho	3,570	3,620	5.5	3,550	5.3	5.7	2,160
Daiwa Higashi-Ikebukuro	3,570	3,580	5.3	3,560	5.1	5.5	2,150
Benex S-3	3,410	3,580	5.8	3,340	5.5	6.1	3,430
Daiwa Shinagawa North	5,770	6,350	5.2	5,520	4.9	5.5	4,690
Daiwa Minami-Senba	2,920	2,940	5.5	2,890	5.2	5.8	1,910
Total	249,930	282,120	-	262,100	-	-	206,132

(Note 1) “Estimated price at end of period” is the price that has May 31, 2011 as the date of the price opinion stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., and Morii Appraisal & Investment Consulting, Inc. in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 2) “Price indicated by the cost approach” is rounded down to the nearest million yen.

(Note 3) The discount rate for the 1st year

(Note 4) The discount rate for the 2rd or subsequent years.

(Note 5) For Daiwa A Hamamatsucho and Sunline Building No. 7, the prices are those pertaining to the Investment Corporation’s ownership interest.

(Note 6) 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, price indicated by the DCF method and price indicated by the cost approach are the prices pertaining to the entire Property.

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

The following table summarizes the status of income (loss), etc. for the 11th Fiscal Period (from December 1, 2010 to May 31, 2011) for each individual property as a list. Income (loss) information is presented in accordance with the “Significant Accounting Policies” outlined earlier in this document.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami-Aoyama	Daiwa Sarugakucho (Note 5)
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	3,000
	Investment ratio (%)	4.9	1.1	2.9	1.6	1.0
	Carrying amount (million yen)	13,625	2,935	8,148	4,503	2,964
	Estimated price at end of period (million yen)	13,900	2,900	7,290	3,980	2,490
Leasing information	Number of tenants (Note 1)	24	6	54	6	1
	Leasable floor area (m ²)	8,273.05	2,032.52	9,626.35	2,715.54	3,657.43
	Leased floor area (m ²)	6,632.08	1,789.58	9,512.02	2,715.54	3,657.43
	Occupancy rate (%)					
	End of May 2009	94.9	96.6	90.3	80.6	100.0
	End of Nov. 2009	85.4	86.4	88.5	100.0	100.0
	End of May 2010	89.2	86.5	99.1	100.0	100.0
End of Nov. 2010	91.1	86.5	97.1	100.0	100.0	
End of May 2011	80.1	88.0	98.8	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	329,343	101,703	235,866	127,423	—
	Rent revenue – real estate	329,343	101,703	233,066	127,423	—
	Other lease business revenue	—	—	2,799	—	—
	Total property leasing expenses (B) (thousand yen)	160,995	37,827	141,346	35,685	—
	Consignment expenses	22,372	5,745	20,356	5,305	—
	Utilities expenses	23,113	4,391	19,011	6,565	—
	Taxes and dues	24,913	8,206	20,293	11,388	—
	Non-life insurance expenses	522	125	507	184	—
	Repair expenses	10,222	1,668	57,390	1,161	—
	Depreciation (C)	67,459	17,673	23,788	11,077	—
	Other lease business expenses	12,391	17	—	2	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	168,348	63,875	94,519	91,737	—
NOI (E) [(D) + (C)] (thousand yen)	235,808	81,549	118,308	102,814	100,254	
Capital expenditures (F) (thousand yen)	4,371	1,140	17,379	—	—	
NCF [(E) – (F)] (thousand yen)	231,437	80,408	100,928	102,814	100,254	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.88	37.19	59.93	28.01	—
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	52,682	17,468	40,706	23,594	6,067
	Estimated long-term repair expenses (thousand yen) (Note 2)	128,190	34,770	218,640	111,190	162,170
	Status of pledge as collateral	Yes	Yes	Yes	Yes	None

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 5)	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 (%)	1.0	1.0	0.9	0.8	0.7
	Carrying amount (million yen)	2,822	2,759	2,466	2,247	2,145
	Estimated price at end of period (million yen)	2,910	2,020	2,820	2,410	2,540
Leasing information	Number of tenants (Note 1)	12	3	5	1	9
	Leasable floor area (m ²)	3,671.25	2,198.61	2,384.70	2,137.53	2,803.80
	Leased floor area (m ²)	3,671.25	1,726.65	2,384.70	2,137.53	2,803.80
	Occupancy rate (%)					
	End of May 2009	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2009	100.0	100.0	100.0	100.0	88.2
	End of May 2010	100.0	0.0	100.0	100.0	88.2
End of Nov. 2010	100.0	78.5	100.0	100.0	100.0	
End of May 2011	100.0	78.5	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	142,078	38,636	103,226	—	91,194
	Rent revenue – real estate	142,078	38,603	97,389	—	91,194
	Other lease business revenue	—	33	5,837	—	—
	Total property leasing expenses (B) (thousand yen)	70,441	25,553	40,491	—	23,102
	Consignment expenses	10,461	3,952	10,325	—	5,256
	Utilities expenses	8,634	4,450	6,178	—	4,969
	Taxes and dues	9,071	6,488	6,014	—	5,965
	Non-life insurance expenses	233	91	141	—	139
	Repair expenses	404	652	3,434	—	294
	Depreciation (C)	12,236	9,829	14,395	—	6,416
	Other lease business expenses	29,400	89	—	—	60
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	71,636	13,082	62,735	—	68,091
NOI (E) [(D) + (C)] (thousand yen)	83,873	22,911	77,131	69,283	74,508	
Capital expenditures (F) (thousand yen)	3,201	2,508	—	—	579	
NCF [(E) – (F)] (thousand yen)	80,671	20,403	77,131	68,673	73,929	
Reference information	Expense rate (%) [(B) ÷ (A)]	49.58	66.14	39.23	—	25.33
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	18,239	13,203	12,310	10,965	11,298
	Estimated long-term repair expenses (thousand yen) (Note 2)	115,840	84,980	98,390	129,500	117,390
	Status of pledge as collateral	Yes	Yes	Yes	Yes	Yes

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Region		Five Central Wards of Tokyo				
Property name		BPS Square (Note 5)	Daiwa Tsukiji	Daiwa Tsukiji 616	Daiwa Tsukishima	Nihombashi MS Building
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	Mar. 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	2,440	7,840	2,520
	Investment ratio (%)	0.5	0.4	0.8	2.7	0.9
	Carrying amount (million yen)	1,401	1,224	2,340	7,346	2,501
	Estimated price at end of period (million yen)	1,660	1,370	2,410	7,710	2,420
Leasing information	Number of tenants (Note 1)	1	5	9	3	9
	Leasable floor area (m ²)	2,852.97	1,487.82	2,932.65	8,426.85	2,920.19
	Leased floor area (m ²)	2,852.97	1,487.82	2,932.65	8,426.85	2,920.19
	Occupancy rate (%)					
	End of May 2009	100.0	100.0	100.0	100.0	85.9
	End of Nov. 2009	100.0	100.0	100.0	100.0	100.0
	End of May 2010	100.0	85.1	100.0	100.0	100.0
End of Nov. 2010	100.0	85.1	87.0	100.0	100.0	
End of May 2011	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	—	47,742	80,591	284,270	81,582
	Rent revenue – real estate	—	47,742	80,591	284,270	81,582
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	—	19,974	50,154	117,138	28,666
	Consignment expenses	—	4,937	6,663	12,433	5,024
	Utilities expenses	—	2,814	6,750	22,382	4,863
	Taxes and dues	—	4,182	7,453	13,378	7,189
	Non-life insurance expenses	—	69	155	374	157
	Repair expenses	—	948	359	1,044	188
	Depreciation (C)	—	7,022	28,772	67,526	11,241
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	—	27,768	30,436	167,131	52,916
NOI (E) [(D) + (C)] (thousand yen)	49,110	34,790	59,209	234,657	64,158	
Capital expenditures (F) (thousand yen)	—	1,045	2,979	9,896	2,898	
NCF [(E) – (F)] (thousand yen)	49,110	33,744	56,229	224,761	61,260	
Reference information	Expense rate (%) [(B) ÷ (A)]	—	41.84	62.23	41.21	35.14
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	10,789	8,257	14,263	27,604	13,900
	Estimated long-term repair expenses (thousand yen) (Note 2)	114,750	49,770	73,410	331,450	139,000
	Status of pledge as collateral	None	Yes	None	Yes	Yes

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabudai	Daiwa Shibuya SS	Daiwa Nihombashi Honcho	Daiwa Ginza 1-chome	Daiwa Kyobashi
Acquisition date		May 2006	May 2006	July 2006	July 2006	July 2006
Price information	Acquisition price (million yen)	1,600	3,930	7,420	4,620	3,460
	Investment ratio (%)	0.6	1.4	2.6	1.6	1.2
	Carrying amount (million yen)	1,576	3,851	7,218	4,545	3,394
	Estimated price at end of period (million yen)	1,830	3,940	6,980	4,190	3,130
Leasing information	Number of tenants (Note 1)	9	11	10	11	5
	Leasable floor area (m ²)	1,705.44	2,980.92	7,419.75	3,757.77	3,220.47
	Leased floor area (m ²)	1,705.44	2,980.92	5,460.20	3,682.57	1,356.37
	Occupancy rate (%)					
	End of May 2009	97.2	93.0	100.0	90.7	100.0
	End of Nov. 2009	87.9	91.3	84.9	78.9	100.0
	End of May 2010	100.0	100.0	38.2	78.9	88.1
End of Nov. 2010	100.0	100.0	65.2	97.4	100.0	
End of May 2011	100.0	100.0	73.5	97.9	42.1	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	65,474	134,613	113,178	118,811	72,107
	Rent revenue – real estate	65,474	134,613	113,178	118,811	72,107
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	19,715	41,957	65,345	46,502	37,530
	Consignment expenses	3,506	6,296	10,108	6,660	7,447
	Utilities expenses	2,964	8,453	11,816	6,777	5,452
	Taxes and dues	5,280	11,007	12,739	7,839	6,994
	Non-life insurance expenses	102	169	355	173	164
	Repair expenses	508	554	1,808	6,533	618
	Depreciation (C)	7,353	15,477	28,516	18,442	16,853
	Other lease business expenses	—	—	—	74	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	45,758	92,655	47,833	72,309	34,576
NOI (E) [(D) + (C)] (thousand yen)	53,112	108,133	76,350	90,752	51,430	
Capital expenditures (F) (thousand yen)	7,217	12,520	543	1,339	1,865	
NCF [(E) – (F)] (thousand yen)	45,894	95,612	75,806	89,412	49,565	
Reference information	Expense rate (%) [(B) ÷ (A)]	30.11	31.17	57.74	39.14	52.05
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	10,384	21,280	23,849	16,771	14,255
	Estimated long-term repair expenses (thousand yen) (Note 2)	67,880	113,840	116,900	191,730	61,450
	Status of pledge as collateral	Yes	Yes	Yes	Yes	Yes

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Region		Five Central Wards of Tokyo				
Property name		Sunline Building No. 7	Daiwa Onarimon	Shinjuku Maynds Tower (Note 4)	SHIBUYA EDGE	Daiwa Kodenmacho
Acquisition date		Oct. 2006	Dec. 2006	July and Nov. 2007	July 2007	Aug. 2007
Price information	Acquisition price (million yen)	2,680	13,860	133,800	5,900	2,460
	Investment ratio (%)	0.9	4.8	46.6	2.1	0.9
	Carrying amount (million yen)	2,651	13,707	132,218	5,851	2,454
	Estimated price at end of period (million yen)	2,280	14,400	106,000	4,060	1,920
Leasing information	Number of tenants (Note 1)	7	9	37	7	8
	Leasable floor area (m ²)	2,405.15	11,615.37	45,544.04	2,480.65	2,379.31
	Leased floor area (m ²)	1,917.75	11,615.37	45,539.31	2,480.65	2,379.31
	Occupancy rate (%)					
	End of May 2009	97.2	97.3	99.9	100.0	100.0
	End of Nov. 2009	76.9	86.6	99.1	100.0	100.0
	End of May 2010	79.7	100.0	78.1	100.0	86.8
End of Nov. 2010	80.5	100.0	99.9	100.0	100.0	
End of May 2011	79.7	100.0	99.9	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	72,998	441,543	2,348,714	121,564	62,618
	Rent revenue – real estate	71,939	441,543	2,346,390	111,206	62,618
	Other lease business revenue	1,059	–	2,323	10,357	–
	Total property leasing expenses (B) (thousand yen)	50,176	142,886	1,239,203	43,374	21,297
	Consignment expenses	5,787	16,679	152,000	9,559	4,024
	Utilities expenses	4,999	19,522	274,128	5,678	4,190
	Taxes and dues	14,643	36,722	265,758	7,210	3,848
	Non-life insurance expenses	158	527	4,544	132	95
	Repair expenses	15,223	40,062	19,221	4,149	165
	Depreciation (C)	9,363	29,371	515,729	16,642	8,150
	Other lease business expenses	–	–	7,820	–	822
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	22,822	298,657	1,109,510	78,190	41,320
NOI (E) [(D) + (C)] (thousand yen)	32,186	328,029	1,625,239	94,832	49,471	
Capital expenditures (F) (thousand yen)	4,364	904	440,230	–	559	
NCF [(E) – (F)] (thousand yen)	27,821	327,124	1,185,009	94,832	48,912	
Reference information	Expense rate (%) [(B) ÷ (A)]	68.74	32.36	52.76	35.68	34.01
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	28,437	73,313	527,097	14,889	7,649
	Estimated long-term repair expenses (thousand yen) (Note 2)	68,810	236,800	2,502,610	48,290	70,970
	Status of pledge as collateral	None	Yes	Yes (Note4)	Yes	None

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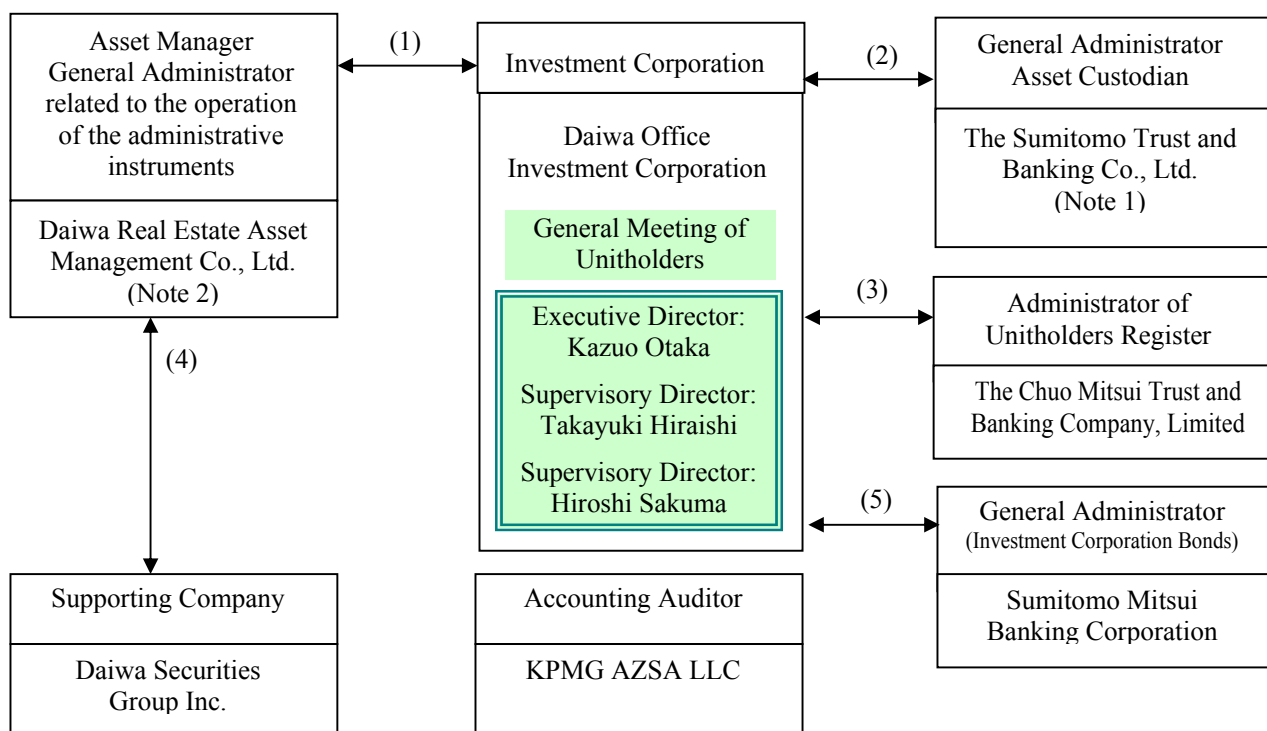
Region		Five Central Wards of Tokyo				
Property name		Daiwa Jimbocho	Daiwa Nishi-Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 5)	Jimbocho Place
Acquisition date		Mar. 2010	Aug. 2010	Sep. 2010	Mar. 2011	Mar. 2011
Price information	Acquisition price (million yen)	4,150	5,000	4,000	5,600	3,550
	Investment ratio (%)	1.4	1.7	1.4	1.9	1.2
	Carrying amount (million yen)	4,162	5,116	4,015	5,625	3,630
	Estimated price at end of period (million yen)	3,820	5,680	3,990	5,980	3,660
Leasing information	Number of tenants (Note 1)	2	8	4	1	3
	Leasable floor area (m ²)	3,166.84	4,815.84	3,104.23	5,899.11	2,889.34
	Leased floor area (m ²)	3,166.84	3,810.89	3,104.23	5,899.11	2,889.34
	Occupancy rate (%)					
	End of May 2008	—	—	—	—	—
	End of Nov. 2008	—	—	—	—	—
	End of May 2009	100.0	—	—	—	—
End of Nov. 2009	100.0	85.5	90.7	—	—	
End of May 2010	100.0	79.1	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	68	64
	Total property leasing revenue (A) (thousand yen)	160,377	184,982	118,550	—	29,614
	Rent revenue – real estate	160,377	163,664	118,550	—	29,614
	Other lease business revenue	—	21,317	—	—	—
	Total property leasing expenses (B) (thousand yen)	44,079	88,447	37,789	—	12,685
	Consignment expenses	7,636	19,229	6,550	—	2,246
	Utilities expenses	10,244	9,717	7,068	—	507
	Taxes and dues	—	77	8	—	1
	Non-life insurance expenses	185	308	156	—	55
	Repair expenses	2,774	12,444	80	—	40
	Depreciation (C)	22,999	46,667	23,926	—	9,808
	Other lease business expenses	238	3	0	—	27
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	116,298	96,534	80,760	—	16,929
NOI (E) [(D) + (C)] (thousand yen)	139,297	143,202	104,686	58,587	26,737	
Capital expenditures (F) (thousand yen)	239	11,446	100	—	—	
NCF [(E) – (F)] (thousand yen)	139,058	131,756	104,586	58,587	26,737	
Reference information	Expense rate (%) [(B) ÷ (A)]	27.48	47.81	31.88	—	42.84
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	22,425	33,597	17,928	—	—
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	126,090	187,140	141,450	38,440	26,390
	Status of pledge as collateral	None	None	None	None	None

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Region		Tokyo Metropolitan Area				Major Regional Cities
Property name		Daiwa Kinshicho	Daiwa Higashi-Ikebukuro	Benex S-3	Daiwa Shinagawa North	Daiwa Minami-Senba
Acquisition date		Oct. 2005	Oct. 2005	May 2006	July 2007	Aug. 2007
Price information	Acquisition price (million yen)	3,653	2,958	4,950	7,710	4,810
	Investment ratio (%)	1.3	1.0	1.7	2.7	1.7
	Carrying amount (million yen)	3,495	2,862	4,501	7,539	4,907
	Estimated price at end of period (million yen)	3,570	3,570	3,410	5,770	2,920
Leasing information	Number of tenants (Note 1)	6	6	23	13	6
	Leasable floor area (m ²)	5,468.85	4,630.94	7,470.28	6,551.33	5,719.54
	Leased floor area (m ²)	5,468.85	4,537.71	7,146.81	6,551.33	5,249.30
	Occupancy rate (%)					
	End of May 2008	100.0	100.0	100.0	91.8	100.0
	End of Nov. 2008	100.0	100.0	67.2	100.0	63.2
	End of May 2009	100.0	100.0	80.4	90.8	63.2
End of Nov. 2009	100.0	97.9	100.0	95.2	91.7	
End of May 2010	100.0	97.9	95.6	100.0	91.7	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	149,522	143,306	158,773	158,658	106,209
	Rent revenue – real estate	149,522	143,306	158,773	158,658	106,209
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	69,700	60,503	116,339	85,860	75,691
	Consignment expenses	15,090	11,742	17,483	16,796	14,464
	Utilities expenses	10,676	15,013	16,274	13,527	9,399
	Taxes and dues	13,046	9,678	24,493	19,365	17,430
	Non-life insurance expenses	308	297	463	416	278
	Repair expenses	2,179	247	1,151	879	129
	Depreciation (C)	28,400	23,524	56,473	34,866	33,990
	Other lease business expenses	—	—	—	9	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	79,821	82,802	42,434	72,797	30,517
NOI (E) [(D) + (C)] (thousand yen)	108,222	106,326	98,907	107,664	64,507	
Capital expenditures (F) (thousand yen)	651	658	5,207	3,686	1,985	
NCF [(E) – (F)] (thousand yen)	107,570	105,668	93,700	103,978	62,522	
Reference information	Expense rate (%) [(B) ÷ (A)]	46.62	42.22	73.27	54.12	71.27
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	25,551	19,213	32,638	38,361	23,245
	Estimated long-term repair expenses (thousand yen) (Note 2)	285,600	141,210	402,880	191,640	107,090
	Status of pledge as collateral	Yes	Yes	None	Yes	Yes

- (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 thought 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 thought 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) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is common ownership interest corresponding to six-sevenths of the entire Property. Of this, the common ownership interest corresponding to four-sevenths of the entire Property is pledged as collateral.
- (Note 5) Not disclosed due to tenant's request.

5.3. Affiliated Juridical Persons of the Investment Corporation



(Note 1) Daiwa Office Investment Corporation changed the general administrative contract on July 11, 2011. And the Investment Corporation has converted the general administrator related to the operation of the administrative instruments from The Sumitomo Trust and Banking Co., Ltd. to Daiwa Real Estate Asset Management Co., Ltd. In addition the Investment Corporation also changed partial asset custody agreement on the same day.

(Note 2) The Investment Corporation has contracted the general administrative agreement related to the operation of the administrative instruments with Daiwa Real Estate Asset Management Co., Ltd. on July 11, 2011. The Investment Corporation has changed the general administrator related to the operation of the administrative instruments to Daiwa Real Estate Asset Management Co., Ltd. on July 11, 2011.

- (1) Asset management contract / General administrative contract related
- (2) General administrative affairs contract / Asset custodian contract
- (3) Unitholder register, etc. management contract / Special account management contract
- (4) Sponsor support agreement
- (5) Fiscal agency agreement