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REIT Financial Report for the 27th Fiscal Period

July 18, 2019

| | | |
|------------------------|--|--|
| Name of REIT Issuer: | Daiwa Office Investment Corporation | Stock Exchange Listing: TSE |
| Stock Code No.: | 8976 | URL: http://www.daiwa-office.co.jp |
| Representative: | Motoi Takahashi, Executive Director | |
| Name of Asset Manager: | Daiwa Real Estate Asset Management Co., Ltd. | |
| Representative: | Toshio Fukushima., President and Representative Director | |
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| | |
|--|-----------------|
| Scheduled date of submission of periodic securities report (<i>yuka shoken hokokusho</i>): | August 22, 2019 |
| Scheduled date of start of distribution payments: | August 13, 2019 |

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

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

1. Status of Management and Assets for the 27th Fiscal Period

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

(1) Management

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|--------|------------------|--------|-----------------|------|----------------|------|
| 27th Period | ¥13,833 million | 4.8% | ¥6,979 million | 6.8% | ¥6,320 million | 7.1% | ¥6,320 million | 7.1% |
| 26th Period | ¥13,193 million | (1.8%) | ¥6,535 million | (2.1%) | ¥5,902 million | 0.2% | ¥5,901 million | 0.2% |

| | Net income per unit | Net income to unitholders' equity | Ordinary income to total assets | Ordinary income to operating revenue |
|-------------|---------------------|-----------------------------------|---------------------------------|--------------------------------------|
| 27th Period | ¥12,848 | 2.5% | 1.3% | 45.7% |
| 26th Period | ¥11,997 | 2.3% | 1.2% | 44.7% |

(2) Distributions

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Total distribution amount (excluding distribution amount in excess of earnings) | Distribution amount in excess of earnings per unit | Total distribution amount in excess of earnings | Dividend payout | Distribution amount to net assets |
|-------------|---|--|--|---|-----------------|-----------------------------------|
| 27th Period | ¥12,559 | ¥6,177 million | ¥0 | ¥- million | 97.8% | 2.4% |
| 26th Period | ¥11,997 | ¥5,901 million | ¥0 | ¥- million | 100.0% | 2.3% |

(Note) Distribution amount per unit for the 27th Fiscal Period is calculated by dividing the amount obtained by deducting provision of reserve for reduction entry (¥142 million) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distribution amount per unit and net income per unit is due to the calculation.

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(3) Financial Position

| | Total assets | Net assets | Unitholders' equity to total assets | Net assets per unit |
|-------------|------------------|------------------|-------------------------------------|---------------------|
| 27th Period | ¥485,636 million | ¥254,460 million | 52.4% | ¥517,324 |
| 26th Period | ¥479,212 million | ¥254,124 million | 53.0% | ¥516,641 |

(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 |
|-------------|---|---|---|--|
| 27th Period | ¥22,979 million | (¥15,746 million) | (¥400 million) | ¥30,143 million |
| 26th Period | ¥7,612 million | (¥20,888 million) | ¥4,515 million | ¥23,310 million |

2. Management Status Forecasts for the 28th Fiscal Period and 29th Fiscal Period

28th Fiscal Period: Fiscal period ending November 2019 (from June 1, 2019 to November 30, 2019)

29th Fiscal Period: Fiscal period ending May 2020 (from December 1, 2019 to May 31, 2020)

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|--------|------------------|------|-----------------|------|----------------|------|
| 28th Period | ¥14,024 million | 1.4% | ¥7,058 million | 1.1% | ¥6,396 million | 1.2% | ¥6,394 million | 1.2% |
| 29th Period | ¥13,979 million | (0.3%) | ¥7,138 million | 1.1% | ¥6,495 million | 1.5% | ¥6,493 million | 1.5% |

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Distribution amount in excess of earnings per unit |
|-------------|--|--|
| 28th Period | ¥13,000 | ¥0 |
| 29th Period | ¥13,200 | ¥0 |

(Reference) Estimated net income per unit for the 28th Fiscal Period: ¥13,000; 29th Fiscal Period: ¥13,200

3. Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding at end of period (including treasury units):
27th Fiscal Period: 491,877 units 26th Fiscal Period: 491,877 units
- (ii) Total number of treasury units at end of period:
27th Fiscal Period: – units 26th Fiscal Period: – units

(Note) Please refer to “Notes to Per Unit Information” on page 26 for the number of investment units used as the basis for calculating the net income per unit.

* This financial report (*kessan tanshin*) is exempt from the audit by a certified public accountant or an auditing company.

* Special note

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. In addition, the forecast is not a guarantee of the distribution amount. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 28th Fiscal Period and 29th Fiscal Period” on page 10.

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1. Management Status

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 17, 2018).

1.1. Management Status

1.1.1. Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 460,076 million yen as of the last day of May 2019.

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

B. Investment Environment and Management Performance

a. Investment Environment

The Japanese economy during the fiscal period under review saw real GDP growth rate (Second Preliminary Estimates) for January to March 2019 at an annual rate of 2.2%, falling after a temporary standstill in the recovery trend that had continued for eight consecutive quarters under the ongoing quantitative/qualitative monetary easing policy by the Bank of Japan.

In the office building leasing market in central Tokyo, the vacancy rate took a turn after peaking in June 2013, dropping to 1.64% at the end of May 2019. Led by improvement in the vacancy rate for existing large buildings, the overall vacancy rate that includes small- to medium-sized buildings also continues to be on an improving trend. The drop in the vacancy rate has led to an increase in office rent in some areas, and the market as a whole continues to see increase in rent, albeit slight.

For the office building transaction market, a strong appetite for property acquisitions continued among real estate companies, funds (including J-REITs) and overseas investors with the continuing proactive lending attitude by financial institutions.

b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Sasazuka South Building” (acquisition price: 3,000 million yen in total) in December 2018 and “Glass City Harumi” (acquisition price: 11,200 million yen in total) in February 2019, while divesting “Daiwa Onarimon Building” (sale price: 13,700 million yen) in February 2019. As a result, the Investment Corporation’s assets under management as of the end of the 27th Fiscal Period (May 31, 2019) totaled 59 properties, the sum total of acquisition prices of which amounted to 460,076 million yen.

Concerning internal growth, while the office leasing market remained strong, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. Consequently, the occupancy rate as of the end of the 27th Fiscal Period (May 31, 2019) was 97.1%.

C. Overview of Capital Procurement

a. Procurement of Capital for the Acquisition of New Properties Repayment of Borrowings

In the 27th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties and the repayment of borrowings.

- (i) The Investment Corporation took out loans of 3,000 million yen in total from Sumitomo Mitsui Banking Corporation on December 27, 2018 to fund the acquisition of a new property (Sasazuka South Building) acquired on the same day.
- (ii) The Investment Corporation took out loans of 11,000 million yen in total from Sumitomo Mitsui Trust Bank, Ltd., MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation on February 27, 2019 to fund the acquisition of a new property (Glass City Harumi) acquired on the same day.
- (iii) The Investment Corporation took out loans of 6,000 million yen in total from The Bank of Fukuoka, Ltd., MUFG Bank, Ltd. and The Gunma Bank, Ltd. on March 29, 2019 to fund the repayment of 6,000 million yen in total borrowed from the same banks for the same amount that was due for repayment on the same day.

(iv) The Investment Corporation took out loans of 4,500 million yen in total from The Musashino Bank, Ltd., The Norinchukin Bank, The Hyakugo Bank, Ltd. and The Yamanashi Chuo Bank, Ltd. on May 31, 2019 to allocate the fund to the following.

- The Investment Corporation allocated the funds to cash on hand which was used to repay 2,500 million yen in total borrowed from ORIX Bank Corporation and The Kagawa Bank, Ltd. that was due for repayment on February 28, 2019.
- The Investment Corporation allocated the funds to the repayment of 1,500 million yen in total borrowed from Aozora Bank, Ltd. and The Musashino Bank, Ltd. that was due for repayment on May 31, 2019.

On May 31, 2019, the Investment Corporation conducted early repayment for 9,000 million yen out of 14,000 million yen in total borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd., MUFG Bank, Ltd. and Mizuho Bank, Ltd. to acquire “Sasazuka South Building” and “Glass City Harumi,” using part of proceeds from divestment of “Daiwa Onarimon Building.”

The Investment Corporation concluded interest-rate swap agreements in the 27th Fiscal Period for 40,500 million yen of loans with floating interest rates to hedge against interest rate risks in the future.

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

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 27th Fiscal Period (May 31, 2019) stood at 204,450 million yen in total (short-term loans payable: 5,000 million yen, long-term loans payable: 194,350 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 19,500 million yen, while that of investment corporation bonds stood at 3,000 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 27th Fiscal Period stands at 4.0 years.

List of Borrowings in the 27th Fiscal Period

| Lender | Loan amount (million yen) | Drawdown date | Repayment date | Loan period |
|-------------------------------------|------------------------------|------------------|-------------------|----------------|
| Sumitomo Mitsui Banking Corporation | 3,000 | 2018/12/27 | 2019/12/27 | 1.0 year |
| Sumitomo Mitsui Trust Bank, Ltd. | 3,000 | 2019/2/27 | 2020/1/31 | 0.9 year |
| MUFG Bank, Ltd. | 3,000 | 2019/2/27 | 2020/1/31 | 0.9 year |
| Mizuho Bank, Ltd. | 3,000 | 2019/2/27 | 2020/1/31 | 0.9 year |
| Sumitomo Mitsui Banking Corporation | 2,000 | 2019/2/27 | 2020/1/31 | 0.9 year |
| The Bank of Fukuoka, Ltd. | 3,000 | 2019/3/29 | 2028/3/31 | 9.0 years |
| MUFG Bank, Ltd. | 2,000 | 2019/3/29 | 2028/3/31 | 9.0 years |
| The Gunma Bank, Ltd. | 1,000 | 2019/3/29 | 2026/3/31 | 7.0 years |
| The Norinchukin Bank | 2,000 | 2019/5/31 | 2026/5/29 | 7.0 years |
| The Yamanashi Chuo Bank, Ltd. | 1,000 | 2019/5/31 | 2029/5/31 | 10.0 years |
| The Hyakugo Bank, Ltd. | 1,000 | 2019/5/31 | 2026/5/29 | 7.0 years |
| The Musashino Bank, Ltd. | 500 | 2019/5/31 | 2027/5/31 | 8.0 years |

Balance of Borrowings from Each Financial Institution (as of May 31, 2019)

| Lender | End of the 27th Fiscal Period (million yen) | Share (%) (Note) |
|---|--|---------------------|
| Sumitomo Mitsui Banking Corporation | 41,400 | 20.77 |
| Sumitomo Mitsui Trust Bank, Limited | 24,500 | 12.29 |
| Development Bank of Japan Inc. | 21,750 | 10.91 |
| MUFG Bank, Ltd. | 21,500 | 10.79 |
| Mizuho Bank, Ltd. | 20,400 | 10.23 |
| Shinsei Bank, Ltd. | 14,000 | 7.02 |
| Resona Bank, Ltd. | 12,500 | 6.27 |
| Mizuho Trust and Banking Co., Ltd. | 9,500 | 4.77 |
| The Bank of Fukuoka, Ltd. | 6,500 | 3.26 |
| Kansai Mirai Bank, Limited | 5,000 | 2.51 |
| The Nishi-Nippon City Bank Limited | 3,000 | 1.50 |
| The Gunma Bank, Ltd. | 2,500 | 1.25 |
| Aozora Bank, Ltd. | 2,000 | 1.00 |
| The 77 Bank, Ltd. | 2,000 | 1.00 |
| The Musashino Bank, Ltd. | 2,000 | 1.00 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 2,000 | 1.00 |
| The Yamaguchi Bank, Ltd. | 2,000 | 1.00 |
| The Norinchukin Bank | 2,000 | 1.00 |
| Nippon Life Insurance Company | 1,300 | 0.65 |
| The Higashi-Nippon Bank, Limited | 1,000 | 0.50 |
| The Hyakugo Bank, Ltd. | 1,000 | 0.50 |
| The Yamanashi Chuo Bank, Ltd. | 1,000 | 0.50 |
| Taiyo Life Insurance Company | 300 | 0.15 |
| Fukoku Mutual Life Insurance Company | 200 | 0.10 |
| Total | 199,350 | 100.00 |

(Note) Share is rounded to two decimal places.

c. Rating Information (as of May 31, 2019)

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

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 27th Fiscal Period of 13,833 million yen in operating revenue, 6,979 million yen in operating income, 6,320 million yen in ordinary income and 6,320 million yen in net income.

Concerning distributions, 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”)) is planned. In addition, by retaining 142,474,820 yen from application of “Special Provisions for Taxation in Cases of Repurchase of Specified Assets” (Article 65-7 of the Special Taxation Measures Act) and 311,960 yen of correction amount (due to the change in effective statutory tax rate) for deferred tax liabilities as reserve for reduction entry, the Investment Corporation decided to distribute almost the entire amount remaining after deducting provision of reserve for reduction entry from unappropriated retained earnings (excluding fractions of the distribution amount per unit that are less than 1 yen), and declared a per unit distribution amount of 12,559 yen.

1.2.2. Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward was expected to continue to expand backed by solid trends in personal spending against the backdrop of a favorable employment environment and the improved income environment while the monetary easing policy implemented by Bank of Japan continued. However, it is more likely that the economy will remain sluggish, falling below the potential growth rate. In addition, factors such as policies set out by the U.S. President Donald Trump, the downward swing of the Chinese economy, deterioration of European economy, rise of crude oil price, increased regulation on overtime work, and consumption tax hike scheduled for October 2019 may slow down the Japanese economy, and are thus thought to require attention.

In the Tokyo office building leasing market, the vacancy rate has dropped backed by strong corporate performance. With demand for office floor space projected to continue increasing, rent is expected to continue rising moderately mainly in central Tokyo. In the office building transaction market, backed by the favorable financing environment, among other factors, the property acquisition appetite among overseas investors, real estate companies and funds (including J-REITs) is thought to remain strong.

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

Although some have become cautious towards overall economic trends and the office market, office leasing market conditions remain stable and strong centering on central Tokyo. Under such environment, the Investment Corporation intends to improve its skill in building management by constantly attempting to grasp the latest tenant needs and market conditions, regularly reviewing management systems and such. Consequently, the Investment Corporation will carry out operational management under the following policy with an aim to enhance the competitiveness of existing properties and thereby increase the long-term EPS over the medium to long term.

(i) Maintain and raise occupancy rates

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

(ii) Maintain and raise profitability

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

(iii) Lower operational management costs

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

b. Strategy for New Property Investments

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

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

Furthermore, in the 27th Fiscal Period, the Investment Corporation acquired "Sasazuka South Building" and "Glass City Harumi" located in Tokyo. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio. The Investment Corporation will continue to strive to acquire properties in line with the investment strategy described above.

c. Financial Strategy

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

(i) Control leverage by keeping the ratio of interest-bearing liabilities to total assets (LTV) within the range of 40% to 50% at maximum, taking into consideration also the LTV, etc. based on appraisal value, as a principle.

(ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.

(iii) Aim to have long-term loans account for at least 70% of balance of loans as a principle.

(iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.

(v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

C. Significant Subsequent Events

a. Acquisition and Divestment of Assets through Exchange

The Investment Corporation acquired and divested trust beneficial interest in real estate through exchange on July 1, 2019 as follows.

Summary of Exchange

| | |
|--|---|
| Date of Conclusion of Exchange Agreement | July 1, 2019 |
| Date of Exchange | July 1, 2019 |
| The Counterparty of the Exchange | Sumitomo Realty & Development Co., Ltd. |
| Reduction Entry | The Investment Corporation is scheduled to make a reduction entry for the land and building of the property to be acquired (provisions of “Inclusion in Deductible Expenses of the Amount of Advanced Depreciation of Assets Acquired by Exchange” in Article 50 of the Corporation Tax Act will be applied). |
| Difference from Exchange of Property | The difference from exchange of property (50 million yen), which is the difference between the sale price of Daiwa Osaki 3-chome Building and the acquisition price of Sumitomo Fudosan Mita 2-chome Building, will be paid to the Investment Corporation by Sumitomo Realty & Development Co., Ltd., the counterparty of the exchange, on the delivery date. |

Summary of Asset Acquired

| | |
|-------------------|--|
| Property name | Sumitomo Fudosan Mita 2-Chome Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 2-10-4 Mita, Minato-ku, Tokyo |
| Acquisition Price | 2,635 million yen (excluding associated acquisition costs, consumption tax, etc.) |

Summary of Asset Divested

| | |
|---------------|---|
| Property name | Daiwa Osaki 3-chome Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Sale Price | 2,685 million yen (excluding settlement amounts of fixed asset tax and city planning tax, consumption tax, etc.) |

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 28th Fiscal Period (fiscal period ending November 2019 (from June 1, 2019 to November 30, 2019)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 28th Fiscal Period and 29th Fiscal Period” on page 10.

28th Fiscal Period (fiscal period ending November 2019 (from June 1, 2019 to November 30, 2019))

| | |
|--|--------------------|
| Operating revenue | 14,024 million yen |
| Operating income | 7,058 million yen |
| Ordinary income | 6,396 million yen |
| Net income | 6,394 million yen |
| Distribution amount per unit | 13,000 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 28th Fiscal Period and 29th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 29th Fiscal Period (fiscal period ending May 2020 (from December 1, 2019 to May 31, 2020)).

29th Fiscal Period (fiscal period ending May 2020 (from December 1, 2019 to May 31, 2020))

| | |
|--|--------------------|
| Operating revenue | 13,979 million yen |
| Operating income | 7,138 million yen |
| Ordinary income | 6,495 million yen |
| Net income | 6,493 million yen |
| Distribution amount per unit | 13,200 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 28th Fiscal Period and 29th Fiscal Period

| Item | Assumptions |
|---|---|
| Assets under management | <ul style="list-style-type: none"> • 28th Fiscal Period: While 59 properties were under management as of May 31, 2019, assets under management are assumed to be the 59 properties after the exchange (the “Exchange”) of Sumitomo Fudosan Mita 2-chome Building (property acquired) and Daiwa Osaki 3-chome Building (property divested) on July 1, 2019. • 29th Fiscal Period: Assets under management are assumed to be the properties mentioned above. • The actual number of properties may vary due to changes in the assets under management other than above. |
| Operating revenue | <ul style="list-style-type: none"> • Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. • As a result of the Exchange, the Investment Corporation is scheduled to make a reduction entry for the gain on sale from the divestment of a portfolio property expected for the 28th Fiscal Period by applying the provisions of the “Inclusion in Deductible Expenses of the Amount of Advanced Depreciation of Assets Acquired by Exchange” (Article 50 of the Corporation Tax Act) and deduct advanced depreciation amount of 1,067 million yen among the gain on sale of the divested property from the book value of the acquired property in the Exchange. As a result, 20 million yen calculated by deducting the above advanced depreciation amount (1,067 million yen) from of gain on sale of 1,087 million yen, which is calculated by deducting divestment costs, etc. (estimated amount) from the sale price of the divested property, is assumed to be recorded as gain on sale of real estate in the fiscal period ending November 2019 (28th fiscal period). |
| Operating expenses | <ul style="list-style-type: none"> • Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. • Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager. • Operating income from property leasing (excluding gain on sale from real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 8,450 million yen in the 28th Fiscal Period and 8,535 million yen in the 29th Fiscal Period. • Consignment expenses are expected to be 980 million yen in the 28th Fiscal Period and 910 million yen in the 29th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,122 million yen in the 28th Fiscal Period and 1,118 million yen in the 29th Fiscal Period. • While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. As such, fixed property tax, city planning tax, etc. for properties acquired will be recorded as expenses starting from the fiscal year following the acquisition year. • Depreciation is expected to be 1,811 million yen in the 28th Fiscal Period and 1,836 million yen in the 29th Fiscal Period. |
| Non-operating expenses | <ul style="list-style-type: none"> • Non-operating expenses in the 28th Fiscal Period are expected to be 661 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 656 million yen. • Non-operating expenses in the 29th Fiscal Period are expected to be 643 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 638 million yen. |
| Interest-bearing liabilities | <ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 204,450 million yen at the end of the 28th Fiscal Period and 204,450 million yen at the end of the 29th Fiscal Period • In the 28th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on August 30, 2019 (2,500 million yen), September 30, 2019 (2,000 million yen) and November 29, 2019 (3,500 million yen); and of No. 3 Unsecured Investment Corporation Bond maturing on September 12, 2019 (3,000 million yen) is refinanced. • In the 29th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on January 31, 2020 (5,000 million yen), February 28, 2020 (5,500 million yen) and May 29, 2020 (6,000 million yen) is refinanced. |
| Total number of investment units issued and outstanding | <ul style="list-style-type: none"> • The total number of investment units issued and outstanding is assumed to be 491,877 units as of May 31, 219. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 29th Fiscal Period through the issuance of new investment units, etc. |
| Distribution amount per unit | <ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, |

| Item | Assumptions |
|--|---|
| | 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 Tokyo Stock Exchange, Inc. and The Investment Trusts Association, Japan, etc. that will affect the abovementioned forecast figures. • It is assumed that there will be no major unforeseen changes in general economic trends, real estate market conditions, etc. |

1.2. Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 20, 2019).

2. Financial Statements

2.1. Balance Sheets

| | (Unit: thousand yen) | |
|---|---|--|
| | 26th Fiscal Period [As of Nov. 30, 2018] | 27th Fiscal Period [As of May 31, 2019] |
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,008,711 | 26,663,769 |
| Cash and deposits in trust | 4,301,854 | 3,479,870 |
| Operating accounts receivable | 201,341 | 173,823 |
| Consumption taxes receivable | 314,284 | — |
| Prepaid expenses | 336,925 | 333,048 |
| Other | 40,287 | 65,520 |
| Total current assets | 24,203,404 | 30,716,033 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 3,261,447 | 3,267,838 |
| Accumulated depreciation | (2,231,615) | (2,315,252) |
| Buildings, net | 1,029,832 | 952,585 |
| Structures | 14,344 | 14,344 |
| Accumulated depreciation | (6,152) | (6,593) |
| Structures, net | 8,191 | 7,750 |
| Tools, furniture and fixtures | 19,917 | 19,917 |
| Accumulated depreciation | (9,943) | (11,031) |
| Tools, furniture and fixtures, net | 9,974 | 8,885 |
| Land | 12,302,226 | 12,302,226 |
| Construction in progress | 2,997 | 2,846 |
| Buildings in trust | 105,205,800 | 106,908,695 |
| Accumulated depreciation | (22,206,438) | (23,140,985) |
| Buildings in trust, net | *1 82,999,361 | *1 83,767,710 |
| Structures in trust | 743,077 | 767,841 |
| Accumulated depreciation | (170,150) | (180,115) |
| Structures in trust, net | 572,927 | 587,725 |
| Machinery and equipment in trust | 859,534 | 858,858 |
| Accumulated depreciation | (408,262) | (439,084) |
| Machinery and equipment in trust, net | 451,272 | 419,773 |
| Tools, furniture and fixtures in trust | 259,118 | 266,040 |
| Accumulated depreciation | (131,315) | (145,403) |
| Tools, furniture and fixtures in trust, net | 127,803 | 120,637 |
| Land in trust | 353,252,550 | 352,187,043 |
| Construction in progress in trust | 422,487 | 828,644 |
| Total property, plant and equipment | 451,179,623 | 451,185,830 |
| Intangible assets | | |
| Right of trademark | 324 | 270 |
| Leasehold rights | 2,398,275 | 2,398,275 |
| Leasehold rights in trust | 306,884 | 306,884 |
| Other | 23,464 | 19,859 |
| Total intangible assets | 2,728,949 | 2,725,289 |

(Unit: thousand yen)

| | 26th Fiscal Period [As of Nov. 30, 2018] | 27th Fiscal Period [As of May 31, 2019] |
|--|---|--|
| Investments and other assets | | |
| Investment securities | 113,684 | 113,684 |
| Long-term prepaid expenses | 884,452 | 791,008 |
| Deferred tax assets | 26,088 | 63,978 |
| Derivatives | 51,628 | 7,486 |
| Other | 10,040 | 21,075 |
| Total investments and other assets | 1,085,894 | 997,232 |
| Total noncurrent assets | 454,994,467 | 454,908,352 |
| Deferred assets | | |
| Investment corporation bonds issuance costs | 14,696 | 11,758 |
| Total deferred assets | 14,696 | 11,758 |
| Total assets | 479,212,568 | 485,636,144 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 1,255,722 | 981,467 |
| Short-term loans payable | — | 5,000,000 |
| Current portion of investment corporation bonds | 3,000,000 | 3,000,000 |
| Current portion of long-term loans payable | 18,000,000 | 19,500,000 |
| Accounts payable – other | 583,518 | 567,015 |
| Income taxes payable | 990 | 803 |
| Accrued consumption taxes | 122,292 | 364,984 |
| Advances received | 2,177,690 | 2,323,112 |
| Other | 656,351 | 895,324 |
| Total current liabilities | 25,796,564 | 32,632,707 |
| Noncurrent liabilities | | |
| Investment corporation bonds | 2,100,000 | 2,100,000 |
| Long-term loans payable | 175,850,000 | 174,850,000 |
| Tenant leasehold and security deposits | 18,145,584 | 19,145,369 |
| Tenant leasehold and security deposits in trust | 2,647,046 | 1,844,488 |
| Derivatives liabilities | 349,866 | 409,112 |
| Other | 199,227 | 194,297 |
| Total noncurrent liabilities | 199,291,724 | 198,543,268 |
| Total liabilities | 225,088,289 | 231,175,975 |
| Net Assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 251,551,759 | 251,551,759 |
| Deduction from unitholders' capital | (3,675,523) | (3,675,523) |
| Unitholders' capital, net | 247,876,236 | 247,876,236 |
| Surplus | | |
| Voluntary retained earnings | | |
| Reserve for reduction entry | 567,422 | 567,422 |
| Total voluntary retained earnings | 567,422 | 567,422 |
| Unappropriated retained earnings (undisposed loss) | 5,901,266 | 6,320,338 |
| Total surplus | 6,468,688 | 6,887,760 |
| Total unitholders' equity | 254,344,924 | 254,763,996 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | (220,645) | (303,827) |
| Total valuation and translation adjustments | (220,645) | (303,827) |
| Total net assets | *2 254,124,279 | *2 254,460,169 |
| Total liabilities and net assets | 479,212,568 | 485,636,144 |

2.2. Statements of Income

(Unit: thousand yen)

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] | |
|--|---|------------|--|------------|
| Operating revenue | | | | |
| Rent revenue – real estate | *1 | 13,164,114 | *1 | 13,628,608 |
| Other lease business revenue | *1 | 29,733 | *1 | 62,035 |
| Gain on sales of real estate properties | | - | *2 | 142,474 |
| Total operating revenue | | 13,193,848 | | 13,833,118 |
| Operating expenses | | | | |
| Expenses related to rent business | *1 | 5,344,992 | *1 | 5,479,166 |
| Asset management fees | | 1,068,779 | | 1,116,953 |
| Asset custody fees | | 23,424 | | 24,287 |
| Administrative service fees | | 79,327 | | 74,132 |
| Trust fees | | 18,307 | | 19,671 |
| Directors' compensation | | 7,200 | | 7,200 |
| Other operating expenses | | 116,304 | | 132,496 |
| Total operating expenses | | 6,658,336 | | 6,853,907 |
| Operating income | | 6,535,512 | | 6,979,210 |
| Non-operating income | | | | |
| Interest income | | 28 | | 17 |
| Reversal of distribution payable | | 721 | | 538 |
| Insurance income | | 2,323 | | 2,728 |
| Miscellaneous income | | 86 | | 1,076 |
| Total non-operating income | | 3,160 | | 4,360 |
| Non-operating expenses | | | | |
| Interest expenses | | 482,148 | | 503,464 |
| Interest expenses on investment corporation bonds | | 16,707 | | 16,892 |
| Borrowing expenses | | 133,108 | | 137,389 |
| Other | | 4,458 | | 5,203 |
| Total non-operating expenses | | 636,423 | | 662,948 |
| Ordinary income | | 5,902,249 | | 6,320,622 |
| Income before income taxes | | 5,902,249 | | 6,320,622 |
| Income taxes – current | | 993 | | 804 |
| Income taxes – deferred | | (10) | | (302) |
| Total income taxes | | 982 | | 502 |
| Net income | | 5,901,266 | | 6,320,120 |
| Retained earnings brought forward | | - | | 217 |
| Unappropriated retained earnings (undisposed loss) | | 5,901,266 | *1 | 6,320,338 |

2.3. Statements of Unitholders' Equity

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

(Unit: thousand yen)

| | Unitholders' equity | | | | | | |
|--|----------------------|-------------------------------------|---------------------------|-----------------------------|-----------------------------------|--|---------------|
| | Unitholders' capital | | | Surplus | | | |
| | Unitholders' capital | Deduction from unitholders' capital | Unitholders' capital, net | Voluntary retained earnings | | Unappropriated retained earnings (undisposed loss) | Total Surplus |
| | | | | Reserve for reduction entry | Total voluntary retained earnings | | |
| Balance at beginning of current fiscal period | 251,551,759 | (3,675,523) | 247,876,236 | 164,162 | 164,162 | 5,887,688 | 6,051,850 |
| Changes of items during the period | | | | | | | |
| Provision of reserve for reduction entry | | | | 403,259 | 403,259 | (403,259) | - |
| Dividends from surplus | | | | | | (5,484,428) | (5,484,428) |
| Net income | | | | | | 5,901,266 | 5,901,266 |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the period | - | - | - | 403,259 | 403,259 | 13,578 | 416,837 |
| Balance at end of current fiscal period | 251,551,759 | (3,675,523) | 247,876,236 | 567,422 | 567,422 | 5,901,266 | 6,468,688 |

| | Unitholders' equity | Total valuation and translation adjustments | | Total net assets |
|--|---------------------------|---|---|------------------|
| | Total unitholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at beginning of current fiscal period | 253,928,086 | (251,915) | (251,915) | 253,676,171 |
| Changes of items during the period | | | | |
| Provision of reserve for reduction entry | - | | | - |
| Dividends from surplus | (5,484,428) | | | (5,484,428) |
| Net income | 5,901,266 | | | 5,901,266 |
| Net changes of items other than shareholders' equity | | 31,270 | 31,270 | 31,270 |
| Total changes of items during the period | 416,837 | 31,270 | 31,270 | 448,107 |
| Balance at end of current fiscal period | 254,344,924 | (220,645) | (220,645) | 254,124,279 |

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

(Unit: thousand yen)

| | Unitholders' equity | | | | | | |
|--|----------------------|-------------------------------------|---------------------------|-----------------------------|-----------------------------------|--|---------------|
| | Unitholders' capital | | | Surplus | | | |
| | Unitholders' capital | Deduction from unitholders' capital | Unitholders' capital, net | Voluntary retained earnings | | Unappropriated retained earnings (undisposed loss) | Total Surplus |
| | | | | Reserve for reduction entry | Total voluntary retained earnings | | |
| Balance at beginning of current fiscal period | 251,551,759 | (3,675,523) | 247,876,236 | 567,422 | 567,422 | 5,901,266 | 6,468,688 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | (5,901,048) | (5,901,048) |
| Net income | | | | | | 6,320,120 | 6,320,120 |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the period | — | — | — | — | — | 419,072 | 419,072 |
| Balance at end of current fiscal period | 251,551,759 | (3,675,523) | 247,876,236 | 567,422 | 567,422 | 6,320,338 | 6,887,760 |

| | Unitholders' equity | Total valuation and translation adjustments | | Total net assets |
|--|---------------------------|---|---|------------------|
| | Total unitholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at beginning of current fiscal period | 254,344,924 | (220,645) | (220,645) | 254,124,279 |
| Changes of items during the period | | | | |
| Dividends from surplus | (5,901,048) | | | (5,901,048) |
| Net income | 6,320,120 | | | 6,320,120 |
| Net changes of items other than shareholders' equity | | (83,182) | (83,182) | (83,182) |
| Total changes of items during the period | 419,072 | (83,182) | (83,182) | 335,889 |
| Balance at end of current fiscal period | 254,763,996 | (303,827) | (303,827) | 254,460,169 |

2.4. Statements of Cash Distributions

| Item | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|--|---|---|
| | Amount (yen) | Amount (yen) |
| I. Unappropriated retained earnings | 5,901,266,172 | 6,320,338,406 |
| II. Distribution amount [Distribution amount per unit] | 5,901,048,369 (11,997) | 6,177,483,243 (12,559) |
| III. Voluntary retained earnings Provision of reserve for reduction entry | - | 142,786,780 |
| IV. Retained earnings carried forward | 217,803 | 68,383 |
| Method for calculating distribution amount | <p>Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (491,877 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,901,048,369 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.</p> | <p>Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (491,877 units) in an amount that is not in excess of the amount remained after deducting (i) provision of reserve for reduction entry defined in Article 65-7 of the Act on Special Measures Concerning Taxation and (ii) reserve for reduction entry, which is the correction amount (due to the change in effective statutory tax rate) for deferred tax liabilities, from unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 6,177,483,243 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.</p> |

2.5. Statements of Cash Flows

(Unit: thousand yen)

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|---|---|--|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 5,902,249 | 6,320,622 |
| Depreciation and amortization | 1,738,044 | 1,816,695 |
| Amortization of investment corporation bonds issuance costs | 2,954 | 2,938 |
| Interest income | (28) | (17) |
| Interest expenses | 498,856 | 520,356 |
| (Increase) Decrease in operating accounts receivable | (20,393) | 27,517 |
| Decrease (increase) in accounts receivable - other | 2,214 | — |
| (Increase) Decrease in consumption taxes refund receivable | (314,284) | 314,284 |
| (Increase) Decrease in prepaid expenses | 1,609 | 3,876 |
| Increase (decrease) in operating accounts payable | 158,324 | 95,903 |
| Increase (decrease) in accounts payable – other | 14,386 | 109,696 |
| Increase (decrease) in accrued consumption taxes | (174,068) | 242,692 |
| Increase (decrease) in advances received | 103,890 | 145,422 |
| (Increase) Decrease in long-term prepaid expenses | 19,354 | 93,444 |
| Decrease from sales of property, plant and equipment in trust | — | 13,486,543 |
| Other, net | 162,814 | 321,158 |
| Subtotal | 8,095,920 | 23,501,134 |
| Interest income received | 28 | 17 |
| Interest expenses paid | (498,948) | (520,264) |
| Income taxes paid | 15,608 | (991) |
| Net cash provided by (used in) operating activities | 7,612,610 | 22,979,896 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (801) | (18,363) |
| Purchase of property, plant and equipment in trust | (22,175,382) | (15,925,167) |
| Purchase of intangible assets | (2,500) | — |
| Proceeds from tenant security deposits | 1,013,828 | 1,135,935 |
| Proceeds from tenant security deposits in trust | 924,173 | 439,482 |
| Repayments of tenant security deposits | (639,121) | (1,309,333) |
| Repayments of tenant security deposits in trust | (8,759) | (68,856) |
| Net cash provided by (used in) investing activities | (20,888,563) | (15,746,304) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from short-term loans payable | — | 14,000,000 |
| Repayment of short-term loans payable | — | (9,000,000) |
| Proceeds from long-term loans payable | 15,500,000 | 10,500,000 |
| Repayment of long-term loans payable | (5,500,000) | (10,000,000) |
| Dividends paid | (5,484,393) | (5,900,516) |
| Net cash provided by (used in) financing activities | 4,515,606 | (400,516) |
| Net increase (decrease) in cash and cash equivalents | (8,760,346) | 6,833,074 |
| Cash and cash equivalents at beginning of period | 32,070,911 | 23,310,565 |
| Cash and cash equivalents at end of period | *1 23,310,565 | *1 30,143,640 |

2.6. Notes to the Going Concern
Not applicable.

2.7. Notes to Significant Accounting Policies

| | |
|--|---|
| <p>1. Accumulated depreciation method for noncurrent assets</p> | <p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows: Buildings 2~64 years Structures 10~56 years Machinery and equipment 6~23 years Tools, furniture and fixtures 5~15 years</p> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p> |
| <p>2. Accounting policies for deferred assets</p> | <p>Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p> |
| <p>3. Accounting standards for recording revenues and expenses</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. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties is 27,275 thousand yen in the 26th Fiscal Period and 3,316 thousand yen in the 27th Fiscal Period.</p> |
| <p>4. Hedge accounting approaches</p> | <p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p> |
| <p>5. Scope of funds in the statements of cash flows</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> |

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

2.8. Notes to Financial Statements

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

[Notes to Balance Sheets]

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

| 26th Fiscal Period [As of November 30, 2018] | | 27th Fiscal Period [As of May 31, 2019] | |
|---|---------------------|--|---------------------|
| Buildings in trust | 32,898 thousand yen | Buildings in trust | 32,898 thousand yen |

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

| 26th Fiscal Period [As of November 30, 2018] | | 27th Fiscal Period [As of May 31, 2019] | |
|---|---------------------|--|---------------------|
| | 50,000 thousand yen | | 50,000 thousand yen |

[Notes to Statements of Income]

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

| | (Unit: thousand yen) | |
|--|---|--|
| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
| A. Property leasing revenue | | |
| Rent revenue – real estate | 13,164,114 | 13,628,608 |
| Other lease business revenue | 29,733 | 62,035 |
| Total property leasing revenue | 13,193,848 | 13,690,644 |
| B. Property leasing expenses | | |
| Consignment expenses | 928,207 | 1,062,834 |
| Utilities expenses | 1,093,880 | 1,099,123 |
| Taxes and dues | 1,041,948 | 1,041,049 |
| Non-life insurance expenses | 14,085 | 15,289 |
| Repair expenses | 472,933 | 395,024 |
| Depreciation | 1,734,275 | 1,813,035 |
| Other lease business expenses | 59,662 | 52,809 |
| Total property leasing expenses | 5,344,992 | 5,479,166 |
| C. Operating income (loss) from property leasing [A – B] | 7,848,856 | 8,211,477 |

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

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

Not applicable.

27th Fiscal Period [From: December 1, 2018 To: May 31, 2019]

Daiwa Onarimon Building

| | | |
|---|------------|---------|
| Proceeds from sales of real estate properties | 13,700,000 | |
| Cost of sales of real estate properties | 13,486,543 | |
| Other expenses on sales | 70,981 | |
| Gain on sales of real estate properties | | 142,474 |

[Notes to Statements of Unitholders' Equity]

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|---|---|--|
| Total number of investment units authorized and number of investment units issued and outstanding | | |
| Total number of investment units authorized | 2,000,000 units | 2,000,000 units |
| Total number of investment units issued and outstanding | 491,877 units | 491,877 units |

[Notes to Statements of Cash Flows]

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

(Unit: thousand yen)

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|----------------------------|---|--|
| Cash and deposits | 19,008,711 | 26,663,769 |
| Cash and deposits in trust | 4,301,854 | 3,479,870 |
| Cash and cash equivalents | 23,310,565 | 30,143,640 |

[Notes to Financial Instruments]

(1) Matters Concerning Status of Financial Instruments

(a) Policy for financial instruments

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

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

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

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

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

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

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

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

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

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

(c) Supplementary explanation for fair value of financial instruments

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

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

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

26th Fiscal Period [As of November 30, 2018]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|---|-----------------|-------------|------------|
| (1) Cash and deposits | 19,008,711 | 19,008,711 | — |
| (2) Cash and deposits in trust | 4,301,854 | 4,301,854 | — |
| Total assets | 23,310,565 | 23,310,565 | — |
| (3) Short-term loans payable | | | |
| (4) Current portion of investment corporation bonds | 3,000,000 | 3,004,200 | 4,200 |
| (5) Current portion of long-term loans payable | 18,000,000 | 18,008,126 | 8,126 |
| (6) Investment corporation bonds | 2,100,000 | 2,158,380 | 58,380 |
| (7) Long-term loans payable | 175,850,000 | 175,820,891 | (29,108) |
| Total liabilities | 198,950,000 | 198,991,597 | 41,597 |
| Derivative transactions (*) | (322,520) | (322,520) | — |

27th Fiscal Period [As of May 31, 2019]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|---|-----------------|-------------|------------|
| (1) Cash and deposits | 26,663,769 | 26,663,769 | — |
| (2) Cash and deposits in trust | 3,479,870 | 3,479,870 | — |
| Total assets | 30,143,640 | 30,143,640 | — |
| (3) Short-term loans payable | 5,000,000 | 5,000,000 | — |
| (4) Current portion of investment corporation bonds | 3,000,000 | 3,001,500 | 1,500 |
| (5) Current portion of long-term loans payable | 19,500,000 | 19,502,614 | 2,614 |
| (6) Investment corporation bonds | 2,100,000 | 2,166,780 | 66,780 |
| (7) Long-term loans payable | 174,850,000 | 174,967,636 | 117,636 |
| Total liabilities | 204,450,000 | 204,638,530 | 188,530 |
| Derivative transactions (*) | (443,290) | (443,290) | — |

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

Assets

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

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

Liabilities

(3) Short-term loans payable; (5) Current portion of long-term loans payable; (7) Long-term loans payable

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

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

(4) Current portion of investment corporation bonds; (6) Investment corporation bonds

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

Derivative transactions

Please refer to [Notes to Derivative Transactions] below.

(Note 2) Carrying amount of financial products for which it is extremely difficult to estimate fair value

(Unit: thousand yen)

| | 26th Fiscal Period [As of November 30, 2018] | 27th Fiscal Period [As of May 31, 2019] |
|--|---|--|
| Tenant leasehold and security deposits* | 18,145,584 | 19,145,369 |
| Tenant leasehold and security deposits in trust* | 2,647,046 | 1,844,488 |
| Total | 20,792,630 | 20,989,857 |

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

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

26th Fiscal Period [As of November 30, 2018]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|----------------------------|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Cash and deposits | 19,008,711 | — | — | — | — | — |
| Cash and deposits in trust | 4,301,854 | — | — | — | — | — |
| Total | 23,310,565 | — | — | — | — | — |

27th Fiscal Period [As of May 31, 2019]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|----------------------------|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Cash and deposits | 26,663,769 | — | — | — | — | — |
| Cash and deposits in trust | 3,479,870 | — | — | — | — | — |
| Total | 30,143,640 | — | — | — | — | — |

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

26th Fiscal Period [As of November 30, 2018]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|---|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Current portion of investment corporation bonds | 3,000,000 | — | — | — | — | — |
| Current portion of long-term loans payable | 18,000,000 | — | — | — | — | — |
| Investment corporation bonds | — | — | — | — | — | 2,100,000 |
| Long-term loans payable | — | 28,100,000 | 24,200,000 | 31,600,000 | 26,200,000 | 65,750,000 |
| Total | 21,000,000 | 28,100,000 | 24,200,000 | 31,600,000 | 26,200,000 | 67,850,000 |

27th Fiscal Period [As of May 31, 2019]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|---|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Short-term loans payable | 5,000,000 | — | — | — | — | — |
| Current portion of investment corporation bonds | 3,000,000 | — | — | — | — | — |
| Current portion of long-term loans payable | 19,500,000 | — | — | — | — | — |
| Investment corporation bonds | — | — | — | — | — | 2,100,000 |
| Long-term loans payable | — | 33,300,000 | 21,500,000 | 30,600,000 | 23,700,000 | 65,750,000 |
| Total | 27,500,000 | 33,300,000 | 21,500,000 | 30,600,000 | 23,700,000 | 67,850,000 |

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

26th Fiscal Period [As of November 30, 2018]
Not applicable.

27th Fiscal Period [As of May 31, 2019]
Not applicable.

(2) Transactions for which hedge accounting is applied

26th Fiscal Period [As of November 30, 2018]

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

(Unit: thousand yen)

| Hedge accounting approach | Type, etc. of derivative transaction | Main hedged item | Contract amount, etc. | | Fair value | Method of calculation of that fair value |
|--|--|-------------------------|-----------------------|-----------------------|------------|--|
| | | | | Of which, over 1 year | | |
| Principle accounting method | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 102,100,000 | 90,100,000 | (322,520) | Based on price quoted by partner financial institution |
| Special accounting for interest rate swaps | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 4,500,000 | 2,000,000 | (*) | — |
| Total | | | 106,600,000 | 92,100,000 | (322,520) | — |

27th Fiscal Period [As of May 31, 2019]

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

(Unit: thousand yen)

| Hedge accounting approach | Type, etc. of derivative transaction | Main hedged item | Contract amount, etc. | | Fair value | Method of calculation of that fair value |
|--|--|-------------------------|-----------------------|-----------------------|------------|--|
| | | | | Of which, over 1 year | | |
| Principle accounting method | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 135,600,000 | 118,100,000 | (443,290) | Based on price quoted by partner financial institution |
| Special accounting for interest rate swaps | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 3,000,000 | 3,000,000 | (*) | — |
| Total | | | 138,600,000 | 121,100,000 | (443,290) | — |

(*) Since the derivative financial instruments qualifying for the special accounting for interest rate swaps are accounted for as one transaction together with their hedged item, long-term loans payable, the fair value of these derivatives is included in that of related long-term loans payable. (Please refer to “Notes to Financial Instruments (2) Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) Liabilities (5) (7)”).

[Notes to Transactions with Related Parties]

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

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]
Not applicable.

27th Fiscal Period [From: December 1, 2018 To: May 31, 2019]
Not applicable.

(2) Affiliated companies, etc.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]
Not applicable.

27th Fiscal Period [From: December 1, 2018 To: May 31, 2019]

(3) Sister companies, etc.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]
Not applicable.

27th Fiscal Period [From: December 1, 2018 To: May 31, 2019]

| Category | Name of company, etc. | Location | Capital stock or investments in capital | Business description | Rate of voting rights, etc. held by related party (held in the Investment Corporation) | Relation with Related Parties | Nature of transaction | Transaction amount (thousand yen) | Account | Balance at end of period (thousand yen) |
|--|--------------------------|----------------|---|----------------------|--|--|--|-----------------------------------|---------|---|
| Subsidiary of Other affiliated company | Daiwa Property Co., Ltd. | Chuo-ku, Tokyo | 100 million yen | Real estate business | — | Divestment of trust beneficial interest in real estate | Divestment of trust beneficial interest in real estate (Note 1, 2) | 13,700,000 | — | — |

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

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

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

(4) Officers and major individual unitholders, etc.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]
Not applicable.

27th Fiscal Period [From: December 1, 2018 To: May 31, 2019]
Not applicable.

[Notes to Investment and Rental Properties]

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

(Unit: thousand yen)

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|---|---|--|
| Carrying amount | | |
| Balance at beginning of period | 432,377,563 | 453,459,299 |
| Amount of increase (decrease) during period | 21,081,736 | (399,799) |
| Balance at end of period | 453,459,299 | 453,059,500 |
| Fair value at end of period | 537,030,000 | 548,130,000 |

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

(Note 2) Of the amount of increase (decrease) for rental properties during the 26th Fiscal Period, the amount of increase is mainly attributable to acquisition of three properties (Prime Kanda Building, Kita-Shinagawa Gotenyama Building and Sasazuka NA Building) (20,295 million yen) and the amount of decrease is mainly attributable to depreciation (1,734 million yen). For the 27th Fiscal Period, the amount of increase is mainly attributable to acquisition of two properties (Sasazuka South Building and Glass City Harumi) (14,200 million yen) and the amount of decrease is mainly attributable to divestment of Daiwa Onarimon Building (13,486 million yen) and depreciation (1,813 million yen).

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

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

[Notes to Segment Information, etc.]

(1) Segment Information

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

(2) Related Information

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

27th Fiscal Period [From: December 1, 2018 To: May 31, 2019]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

[Notes to Per Unit Information]

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|---------------------|---|--|
| Net assets per unit | 516,641 yen | 517,324 yen |
| Net income per unit | 11,997 yen | 12,848 yen |

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period. The diluted net income per unit is not stated as there are no diluted investment units.

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

| | 26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018] | 27th Fiscal Period [From: Dec. 1, 2018 To: May 31, 2019] |
|---|---|--|
| Net income (thousand yen) | 5,901,266 | 6,320,120 |
| Amounts not attributable to common unitholders (thousand yen) | — | — |
| Net income attributable to common investment units (thousand yen) | 5,901,266 | 6,320,120 |
| Average number of investment units during the period (unit) | 491,877 | 491,877 |

[Notes to Significant Subsequent Events]

a. Acquisition and Divestment of Assets through Exchange

The Investment Corporation acquired and divested trust beneficial interest in real estate through exchange on July 1, 2019, as follows.

Summary of Exchange

| | |
|--|---|
| Date of Conclusion of Exchange Agreement | July 1, 2019 |
| Date of Exchange | July 1, 2019 |
| The Counterparty of the Exchange | Sumitomo Realty & Development Co., Ltd. |
| Reduction Entry | The Investment Corporation is scheduled to make a reduction entry for the land and building of the property to be acquired (provisions of “Inclusion in Deductible Expenses of the Amount of Advanced Depreciation of Assets Acquired by Exchange” in Article 50 of the Corporation Tax Act will be applied). |
| Difference from Exchange of Property | The difference from exchange of property (50 million yen), which is the difference between the sale price of Daiwa Osaki 3-chome Building and the acquisition price of Sumitomo Fudosan Mita 2-chome Building, will be paid to the Investment Corporation by Sumitomo Realty & Development Co., Ltd., the counterparty of the exchange, on the delivery date. |

Summary of Asset Acquired

| | |
|-------------------|--|
| Property name | Sumitomo Fudosan Mita 2-Chome Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 2-10-4 Mita, Minato-ku, Tokyo |
| Acquisition Price | 2,635 million yen (excluding associated acquisition costs, consumption tax, etc.) |

Summary of Asset Divested

| | |
|---------------|---|
| Property name | Daiwa Osaki 3-chome Building |
| Property name | Daiwa Osaki 3-chome Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Sale Price | 2,685 million yen (excluding settlement amounts of fixed asset tax and city planning tax, consumption tax, etc.) |

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

Since no capital increase, etc. were conducted in the 27th Fiscal Period, there is no change to unitholders' capital, etc.

The overview of capital increase in the most recent 5 years up to the end of the 27th Fiscal Period is as follows.

| Payment date | Description | Number of investment units issued and outstanding (units) | | Unitholders' capital (million yen) | | Notes |
|-----------------|--|---|---------|------------------------------------|---------|----------|
| | | Increase (Decrease) | Balance | Increase (Decrease) | Balance | |
| July 2, 2014 | Capital increase through public offering | 41,092 | 436,890 | 18,522 | 217,303 | (Note 1) |
| July 30, 2014 | Capital increase by way of a third-party allotment | 4,110 | 441,000 | 1,852 | 219,155 | (Note 2) |
| June 1, 2015 | Capital increase through public offering | 41,045 | 482,045 | 23,145 | 242,301 | (Note 3) |
| June 24, 2015 | Capital increase by way of a third-party allotment | 1,955 | 484,000 | 1,102 | 243,403 | (Note 4) |
| August 2, 2016 | Capital increase through public offering | 12,700 | 496,700 | 7,461 | 250,864 | (Note 5) |
| August 31, 2016 | Capital increase by way of a third-party allotment | 1,169 | 497,869 | 686 | 251,551 | (Note 6) |
| May 31, 2018 | Cancellation | (5,992) | 491,877 | (3,675) | 247,876 | (Note 7) |

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

- (Note 2) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 450,746 yen per unit (paid-in price: 450,746 yen) to procure funds for acquisition of properties, etc.
- (Note 3) The Investment Corporation issued new investment units through public offering at an issue price of 583,050 yen per unit (paid-in price: 563,914 yen) to procure funds for acquisition of properties, repayment of borrowings, etc.
- (Note 4) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 563,914 yen per unit (paid-in price: 563,914 yen) to procure funds for acquisition of properties, repayment of borrowings, etc.
- (Note 5) The Investment Corporation issued new investment units through public offering at an issue price of 607,425 yen per unit (paid-in price: 587,489 yen) to procure funds for repayment of borrowings, etc.
- (Note 6) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 587,489 yen per unit (paid-in price: 587,489 yen) to procure funds for repayment of borrowings, etc.
- (Note 7) In the period from March 1, 2018 to May 18, 2018, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (5,992 units) on May 31, 2018 based on the resolution at its Board of Directors meeting held on May 28, 2018.

This translation of the original Japanese financial report (*kessan tanshin*) is provided solely for information purposes. Should there be any discrepancy between this translation and the Japanese original, the latter shall prevail.

3. Reference Information

3.1. Investment Status

| Type of asset | Use | Region | 27th Fiscal Period (As of May 31, 2019) | |
|---|--------|---|--|--|
| | | | Total amount owned (million yen) (Note 1) | As a percentage of total assets (%) |
| Real estate | Office | Five Central Wards of Tokyo (Note 2) | 15,669 | 3.2 |
| Trust beneficial interest in real estate | Office | Five Central Wards of Tokyo (Note 2) | 349,068 | 71.9 |
| | | Greater Tokyo (Note 3) | 79,148 | 16.3 |
| | | Major Regional Cities (Note 4) | 9,173 | 1.9 |
| Total | | | 453,059 | 93.3 |
| Deposits and other assets | | | 32,576 | 6.7 |
| Total amount of assets (Note 5) | | | 485,636 | 100.0 |
| | | | [453,059] | [93.3] |

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

(Note 2) “Five Central Wards of Tokyo” are Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards.

(Note 3) “Greater Tokyo” is Tokyo, Kanagawa, Chiba and Saitama Prefectures (excluding the Five Central Wards of Tokyo).

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

(Note 5) The figures in parentheses [] under “Total amount of assets” shows the portion of the applicable asset that, in effect, corresponds to the holding of real estate properties. The amount of construction in progress (including construction in progress in trust) is not included in the amount of real estate and trust beneficial interest in real estate.

3.2. Investment Real Estate Properties (As of May 31, 2019)

3.2.1. Price and Investment Ratio of Investment Real Estate Properties

| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 1) | Carrying amount (million yen) (Note 2) | Estimated price at end of period (million yen) (Note 3) | Investment ratio (%) (Note 4) |
|---|---------------------------------|--|--|--|---|-------------------------------|
| Five Central Wards of Tokyo | Daiwa Ginza | Real estate | 14,100 | 12,920 | 17,400 | 3.1 |
| | Daiwa Ginza Annex | | 3,050 | 2,749 | 3,860 | 0.7 |
| | Daiwa Shibaura | Trust beneficial interest in real estate | 8,265 | 7,980 | 8,080 | 1.8 |
| | Daiwa Minami-Aoyama | | 4,550 | 4,413 | 4,660 | 1.0 |
| | Daiwa Sarugakucho | | 3,190 | 3,161 | 3,970 | 0.7 |
| | Daiwa A Hamamatsucho (Note 5) | | 2,865 | 2,747 | 3,810 | 0.6 |
| | Daiwa Jingumae | | 2,800 | 2,693 | 2,880 | 0.6 |
| | Daiwa Shibadaimon | | 2,578 | 2,376 | 3,290 | 0.6 |
| | Daiwa Misakicho | | 2,346 | 2,128 | 2,870 | 0.5 |
| | Daiwa Shimbashi 510 | | 2,080 | 2,127 | 2,530 | 0.5 |
| | Daiwa Tsukijiekimae | | 1,560 | 1,273 | 2,150 | 0.3 |
| | Daiwa Tsukiji | | 1,240 | 1,127 | 1,640 | 0.3 |
| | Daiwa Tsukishima | | 7,840 | 6,775 | 10,500 | 1.7 |
| | Daiwa Nihonbashi Horidomecho | | 2,520 | 2,436 | 2,780 | 0.5 |
| | Daiwa Azabudai | | 1,600 | 1,503 | 1,940 | 0.3 |
| | Daiwa Kyobashi | | 3,460 | 3,188 | 3,450 | 0.8 |
| | Daiwa Kojimachi 4-chome | | 2,910 | 2,822 | 2,890 | 0.6 |
| | Shinjuku Maynds Tower (Note 5) | | 66,900 | 64,158 | 63,000 | 14.5 |
| | Daiwa SHIBUYA EDGE | | 5,900 | 5,628 | 5,250 | 1.3 |
| | Daiwa Kodenmacho | | 2,460 | 2,354 | 2,230 | 0.5 |
| | Daiwa Jimbocho | | 4,150 | 3,964 | 3,890 | 0.9 |
| | Daiwa Nishi-Shimbashi | | 5,000 | 4,678 | 7,050 | 1.1 |
| | Daiwa Kayabacho Building | | 5,600 | 5,208 | 8,190 | 1.2 |
| | Daiwa Jimbocho 3-chome | | 3,550 | 3,334 | 5,240 | 0.8 |
| | E SPACE TOWER | | 24,000 | 23,541 | 35,900 | 5.2 |
| | Daiwa Nihonbashi Hongokucho | | 1,721 | 1,567 | 2,580 | 0.4 |
| | shinyon curumu | | 9,650 | 9,614 | 16,200 | 2.1 |
| | Daiwa Akasaka | | 9,200 | 10,239 | 15,000 | 2.0 |
| | Daiwa Shibuya Miyamasuzaka | | 7,000 | 7,360 | 11,400 | 1.5 |
| | Daiwa Azabu Terrace | | 14,000 | 13,981 | 17,400 | 3.0 |
| | Daiwa Ebisu 4-chome | | 4,135 | 4,228 | 6,100 | 0.9 |
| | LAQUAS Higashi Shinjuku | | 8,450 | 8,441 | 10,900 | 1.8 |
| | Daiwa Aoyama | | 9,800 | 9,994 | 12,400 | 2.1 |
| | Shinsen Place | | 4,800 | 4,864 | 6,720 | 1.0 |
| | Glass City Shibuya | | 16,000 | 15,919 | 21,300 | 3.5 |
| | Daiwa River Gate | | 28,000 | 27,837 | 32,600 | 6.1 |
| | Daiwa Hatchobori ekimae | | 2,871 | 2,923 | 3,360 | 0.6 |
| | Daiwa Hatchobori ekimae West | | 1,647 | 1,717 | 1,860 | 0.4 |
| | Daiwa Nishi-Shinjuku | | 13,710 | 13,991 | 16,000 | 3.0 |
| | Kirin Nihonbashi Building | | 8,180 | 8,390 | 8,290 | 1.8 |
| | Daiwa Higashi-nihonbashi | | 6,370 | 6,290 | 6,860 | 1.4 |
| | Daiwa Daikanyama | | 2,280 | 2,380 | 3,510 | 0.5 |
| | Shinjuku West Building | | 942 | 979 | 1,210 | 0.2 |
| | Daiwa Kanda Mikura-cho Building | | 1,592 | 1,592 | 1,770 | 0.3 |
| | Daiwa Kanda East | | 4,200 | 4,285 | 5,470 | 0.9 |
| | Prime Kanda Building | | 2,295 | 2,377 | 2,760 | 0.5 |
| | Sasazuka NA Building | | 15,500 | 16,072 | 16,100 | 3.4 |
| | Sasazuka South Building | 3,000 | 3,110 | 3,340 | 0.7 | |
| | Glass City Harumi | 11,200 | 11,281 | 12,000 | 2.4 | |
| Total for Five Central Wards of Tokyo (49 Properties) | | | 371,057 | 364,738 | 444,580 | 80.7 |

| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 1) | Carrying amount (million yen) (Note 2) | Estimated price at end of period (million yen) (Note 3) | Investment ratio (%) (Note 4) |
|--|-----------------------------------|--|--|--|---|-------------------------------|
| Greater Tokyo | Daiwa Higashi-Ikebukuro | Trust beneficial interest in real estate | 2,958 | 2,633 | 4,250 | 0.6 |
| | Daiwa Shinagawa North | | 7,710 | 7,116 | 6,210 | 1.7 |
| | Daiwa Osaki 3-chome | | 1,650 | 1,584 | 2,480 | 0.4 |
| | Daiwa Kamiooka | | 2,000 | 1,875 | 2,840 | 0.4 |
| | Integral Tower | | 15,220 | 15,738 | 22,000 | 3.3 |
| | Daiwa Meguro Square | | 5,600 | 5,494 | 6,910 | 1.2 |
| | Daiwa Ogikubo | | 3,800 | 3,983 | 4,610 | 0.8 |
| | CONCURRED Yokohama (Note 5) | | 38,100 | 38,136 | 39,900 | 8.3 |
| | Kita-Shinagawa Gotenyama Building | | 2,500 | 2,583 | 2,650 | 0.5 |
| Total for Greater Tokyo (9 properties) | | | 79,538 | 79,148 | 91,850 | 17.3 |
| Major Regional Cities | Daiwa Kitahama | Trust beneficial interest in real estate | 9,481 | 9,173 | 11,700 | 2.1 |
| Total for Major Regional Cities (1 property) | | | 9,481 | 9,173 | 11,700 | 2.1 |
| Total (59 properties) | | | 460,076 | 453,059 | 548,130 | 100.0 |

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

(Note 2) "Carrying amount" is the book value after depreciation as of May 31, 2019.

(Note 3) "Estimated price at end of period" is the price as of May 31, 2019 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 4) "Investment ratio" is the acquisition price of each property expressed as a percentage of the total amount of acquisition prices, rounded to one decimal place.

(Note 5) For Daiwa A Hamamatsucho Building, Shinjuku Maynds Tower and CONCURRED Yokohama, the figures are those pertaining to the Investment Corporation's ownership interest.

3.2.2. Summary of Building and Leasing of Investment Real Estate

| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (m ²) (Note 3) | Leased floor area (m ²) (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|-----------------------------|-----------------------------------|---|----------------------------------|--|--|----------------------------------|-----------------------------|--|
| Five Central Wards of Tokyo | Daiwa Ginza | SRC B3 / 12F | July 1963 | 8,114.93 | 8,082.76 | 26 | 99.6 | 411,787 |
| | Daiwa Ginza Annex | SRC B3 / 8F | Aug. 1972 | 2,032.11 | 2,032.11 | 7 | 100.0 | 98,515 |
| | Daiwa Shibaura | SRC B1 / 12F | Oct. 1987 | 9,619.67 | 9,541.50 | 54 | 99.1 | 260,480 |
| | Daiwa Minami-Aoyama | S / SRC B2 / 5F | Sept. 1990 | 2,715.54 | 2,715.54 | 5 | 100.0 | 130,737 |
| | Daiwa Sarugakuchō (Note 8) | SRC 8F | June 1985 | 3,657.43 | 3,657.43 | 2 | 100.0 | (Not disclosed) |
| | Daiwa A Hamamatsucho | SRC B2 / 10F | July 1993 | 3,663.38 | 3,663.38 | 12 | 100.0 | 135,884 |
| | Daiwa Jingumae | RC B1 / 4F | Dec. 1997 | 2,198.61 | 2,198.61 | 5 | 100.0 | 78,751 |
| | Daiwa Shibadaimon | SRC / RC B1 / 7F | Nov. 1996 | 2,386.48 | 2,386.48 | 6 | 100.0 | 87,259 |
| | Daiwa Misakicho (Note 8) | S 8F | July 1996 | 2,137.53 | 2,137.53 | 1 | 100.0 | (Not disclosed) |
| | Daiwa Shimbashi 510 | SRC B1 / 8F | Apr. 1974 | 2,595.76 | 2,595.76 | 7 | 100.0 | 76,380 |
| | Daiwa Tsukijiekimae | SRC 10F | Jan. 1996 | 2,659.59 | 2,659.59 | 6 | 100.0 | 67,187 |
| | Daiwa Tsukiji | SRC B1 / 7F | Jan. 1990 | 1,487.44 | 1,487.44 | 5 | 100.0 | 51,535 |
| | Daiwa Tsukishima | S 5F | July 1996 | 8,425.69 | 8,425.69 | 4 | 100.0 | 280,562 |
| | Daiwa Nihonbashi Horidomecho | SRC B2 / 7F | Apr. 1993 | 2,850.81 | 2,850.81 | 8 | 100.0 | 84,699 |
| | Daiwa Azabudai | SRC B2 / 9F | Apr. 1984 | 1,697.88 | 1,697.88 | 11 | 100.0 | 55,446 |
| | Daiwa Kyobashi | SRC B1 / 8F | Oct. 1974 | 3,265.83 | 3,265.83 | 10 | 100.0 | 103,915 |
| | Daiwa Kojimachi 4-chome | SRC B2 / 9F | Oct. 1987 | 2,695.31 | 2,695.31 | 7 | 100.0 | 88,824 |
| | Daiwa Onarimon (Note 9) | SRC 9F | Apr. 1973 | - | - | - | - | 149,714 |
| | Shinjuku Maynds Tower (Note 10) | S / SRC B3 / 34F | Sept. 1995 | 22,746.12 | 22,592.19 | 38 | 99.3 | 1,334,628 |
| | Daiwa SHIBUYA EDGE | RC B1 / 9F | Aug. 2006 | 2,480.65 | 2,480.65 | 5 | 100.0 | 128,157 |
| | Daiwa Kodenmachi | SRC 8F | Mar. 1985 | 2,379.31 | 2,379.31 | 8 | 100.0 | 66,202 |
| | Daiwa Jimbocho | S B1 / 8F | Mar. 1997 | 3,164.26 | 3,164.26 | 6 | 100.0 | 103,021 |
| | Daiwa Nishi-Shimbashi | SRC B1 / 10F | July 1993 | 4,815.84 | 4,815.84 | 11 | 100.0 | 167,803 |
| | Daiwa Kayabacho Building (Note 8) | S / SRC B1 / 8F | Apr. 2010 | 5,899.11 | 5,899.11 | 1 | 100.0 | (Not disclosed) |
| | Daiwa Jimbocho 3-chome | S 9F | Feb. 2010 | 2,889.34 | 2,545.95 | 7 | 88.1 | 115,308 |
| | E SPACE TOWER | S / SRC B1 / 15F | Oct. 2002 | 13,960.87 | 12,519.21 | 11 | 89.6 | 765,141 |
| | Daiwa Nihonbashi Hongokuchō | S 8F | May 2010 | 2,143.08 | 2,143.08 | 5 | 100.0 | 71,732 |
| | shinyon curumu | S / RC B2 / 11F | Jan. 2012 | 6,751.31 | 6,751.31 | 17 | 100.0 | 391,383 |
| | Daiwa Akasaka | SRC B2 / 7F | Sept. 1990 | 8,747.39 | 8,747.39 | 17 | 100.0 | 357,743 |
| | Daiwa Shibuya Miyamasuzaka | S B1 / 12F | Dec. 1988 | 6,328.94 | 6,328.94 | 9 | 100.0 | 301,868 |
| | Daiwa Azabu Terrace | S / RC B1 / 6F | Sept. 2009 | 13,234.39 | 13,234.39 | 12 | 100.0 | 471,657 |
| | Daiwa Ebisu 4-chome (Note 8) | SRC B1 / 9F | Dec. 1997 | 2,951.70 | 2,951.70 | 1 | 100.0 | (Not disclosed) |
| LAQUAS Higashi Shinjuku | S 10F | Aug. 2010 | 7,498.33 | 7,498.33 | 4 | 100.0 | 230,454 | |

| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (m ²) (Note 3) | Leased floor area (m ²) (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|---|------------------------------------|---|----------------------------------|--|--|----------------------------------|-----------------------------|--|
| Five Central Wards of Tokyo | Daiwa Aoyama | S / RC B1 / 7F | Nov. 2001 | 4,426.10 | 4,426.10 | 7 | 100.0 | 227,404 |
| | Shinsen Place (Note 8) | RC B1 / 9F | Sept. 2001 | 2,811.35 | 2,811.35 | 1 | 100.0 | (Not disclosed) |
| | Glass City Shibuya | S / SRC B1 / 11F | Feb. 2004 | 8,566.73 | 8,566.73 | 12 | 100.0 | 397,162 |
| | Daiwa River Gate | S / SRC / RC B2 / 20F | Feb. 1994 | 32,055.85 | 31,963.52 | 93 | 99.7 | 1,062,880 |
| | Daiwa Hatchobori ekimae | S / SRC B1 / 10F | Feb. 2006 | 2,622.42 | 2,622.42 | 9 | 100.0 | 83,293 |
| | Daiwa Hatchobori ekimae West | SRC B1 / 9F | Feb. 1996 | 1,723.15 | 1,723.15 | 8 | 100.0 | 47,491 |
| | Daiwa Nishi-Shinjuku | SRC / RC / S B2 / 11F | Aug. 1991 | 6,967.61 | 6,967.61 | 7 | 100.0 | 338,420 |
| | Kirin Nihonbashi Building (Note 8) | S / SRC 7F | Feb. 1999 | 5,630.17 | 5,630.17 | 1 | 100.0 | (Not disclosed) |
| | Daiwa Higashi-nihonbashi Building | S 7F | Mar. 2008 | 5,015.88 | 5,015.88 | 5 | 100.0 | 173,721 |
| | Daiwa Daikanyama (Note 8) | S 6F | Mar. 2001 | 1,642.83 | 1,642.83 | 1 | 100.0 | (Not disclosed) |
| | Shinjuku West Building | RC 4F | Mar. 1989 | 1,120.58 | 1,120.58 | 8 | 100.0 | 38,316 |
| | Daiwa Kanda Mikura-cho Building | SRC / S B1 / 7F | Jan. 1991 | 1,719.51 | 1,719.51 | 7 | 100.0 | 50,754 |
| | Daiwa Kanda East | S 9F | Feb. 2005 | 3,980.56 | 3,980.56 | 5 | 100.0 | 138,966 |
| | Prime Kanda Building | S / RC B1 / 10F | Aug. 1990 | 2,211.64 | 2,211.64 | 9 | 100.0 | 63,981 |
| | Sasazuka NA Building | SRC / RC / S B2 / 18F | Feb. 1993 | 16,160.25 | 16,160.25 | 5 | 100.0 | 464,516 |
| | Sasazuka South Building | SRC / S B1 / 8F | Dec. 1992 | 3,758.00 | 3,611.08 | 8 | 96.0 | 77,109 |
| Glass City Harumi | S B1 / 12F | Jan. 2008 | 11,227.10 | 5,320.58 | 6 | 47.3 | 72,935 | |
| Total for Five Central Wards of Tokyo (50 properties) | | | | 279,834.36 | 271,639.27 | 520 | 97.0 | 10,807,914 |
| Greater Tokyo | Daiwa Higashi-Ikebukuro | SRC / S B1 / 9F | June 1993 | 4,461.47 | 4,461.47 | 8 | 100.0 | 122,856 |
| | Daiwa Shinagawa North | SRC B1 / 11F | July 1991 | 6,548.17 | 6,548.17 | 11 | 100.0 | 196,306 |
| | Daiwa Osaki 3-chome | S / RC B1 / 6F | Sept. 2007 | 1,786.06 | 1,786.06 | 5 | 100.0 | 65,496 |
| | Daiwa Kamiooka | S / SRC B3 / 7F | May 2011 | 2,630.30 | 2,630.30 | 9 | 100.0 | 93,212 |
| | Integral Tower (Note 11) | S / SRC B2 / 18F | June 1993 | 17,778.14 | 17,710.63 | 9 | 99.6 | 659,394 |
| | Daiwa Meguro Square | S / SRC B2 / 14F | July 2009 | 3,519.50 | 3,519.50 | 16 | 100.0 | 162,712 |
| | Daiwa Ogikubo | SRC B1 / 7F | Nov. 1990 | 3,849.63 | 3,849.63 | 12 | 100.0 | 127,276 |
| | CONCURRED Yokohama (Note 12) | S / SRC B1 / 20F | Feb. 2008 | 28,052.98 | 27,714.30 | 36 | 98.7 | 989,706 |
| | Kita-Shinagawa Gotenyama Building | SRC / S 8F | July 1992 | 2,396.96 | 2,396.96 | 6 | 100.0 | 61,048 |
| Total for Greater Tokyo (9 properties) | | | | 71,023.21 | 70,617.02 | 112 | 99.4 | 2,478,010 |
| Major Regional Cities | Daiwa Kitahama | S / SRC B1 / 16F | Feb. 2008 | 13,517.62 | 11,749.06 | 7 | 86.9 | 342,683 |
| Total for Major Regional Cities (1 property) | | | | 13,517.62 | 11,749.06 | 7 | 86.9 | 342,683 |
| Total (60 properties) | | | | 364,375.19 | 354,005.35 | 639 | 97.1 | 13,628,608 |

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

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

- (Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of May 31, 2019.
- (Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of May 31, 2019.
- (Note 5) “Total number of tenants” is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property (excluding other lease business revenue) during the 27th Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The property was divested on February 28, 2019. This is reflected in the totals for the number of properties and the rent revenue during current period.
- (Note 10) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the co-ownership interest corresponding to three-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to three-sevenths of the entire building.
- (Note 11) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 12) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the quasi co-ownership interest corresponding to 75% of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to 75% of the entire building.

3.2.3. Capital Expenditures for Assets under Management

A. Scheduled Capital Expenditures for the 27th Fiscal Period

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

| Name of real estate properties (Location) | Purpose | Scheduled implementation period | Expected construction amount (million yen) | | |
|--|--|----------------------------------|--|-----------------------------------|---------------------------|
| | | | Total amount | Amount paid during current period | Total amount already paid |
| Integral Tower (Suginami-ku, Tokyo) | Upgrading of air-conditioning system (West side) | From: June 2018 To: July 2019 | 962 | 430 | 277 |
| Daiwa Kitahama (Osaka-shi, Osaka) | Renovation of exclusive areas on 2nd and 3rd floors | From: Feb. 2019 To: June 2019 | 111 | - | - |
| Sasazuka South Building (Shibuya-ku, Tokyo) | Renovation of exclusive areas on 8th floor | From: June 2019 To: Nov. 2019 | 82 | - | - |
| Daiwa Kojimachi 4-chome (Chiyoda-ku, Tokyo) | Upgrading of air-conditioning facilities on 3rd to 8th floors | From: June 2019 To: Nov. 2019 | 75 | - | - |
| Daiwa Tsukishima (Chuo-ku, Tokyo) | Repair of exterior walls | From: Jan. 2019 To: June 2019 | 37 | - | - |

B. Capital Expenditures during the 27th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 27th Fiscal Period. Capital expenditures for the 27th Fiscal Period amounted to 471 million yen and, when combined with the 395 million yen in repair expenses charged to the 27th Fiscal Period expenses, totals 866 million yen in construction work were implemented.

| Name of real estate properties (Location) | Purpose | Period | Construction amount paid (million yen) |
|---|---|----------------------------------|---|
| Daiwa Shibuya Miyamasuzaka (Shibuya-ku, Tokyo) | Repair of exterior walls | From: Mar. 2018 To: Feb. 2019 | 197 |
| CONCURRED Yokohama (Yokohama-shi, Kanagawa) | Changing lighting in common-use areas to LED | From: Feb 2019 To: Mar. 2019 | 20 |
| Sasazuka NA Building (Shibuya-ku, Tokyo) | Renovation of power receiving and transforming facility | From: Feb. 2019 To: Feb. 2019 | 16 |
| Other | | | 237 |
| Total | | | 471 |

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

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

(Unit: million yen)

| Fiscal period | 23rd Fiscal Period | 24th Fiscal Period | 25th Fiscal Period | 26th Fiscal Period | 27th Fiscal Period |
|---|--|---|--|---|--|
| | [From: Dec. 1, 2016 To: May 31, 2017] | [From: June 1, 2017 To: Nov. 30, 2017] | [From: Dec. 1, 2017 To: May 31, 2018] | [From: June 1, 2018 To: Nov. 30, 2018] | [From: Dec. 1, 2018 To: May 31, 2019] |
| Balance of reserve at beginning of current period | 2,043 | 1,900 | 1,839 | 1,576 | 1,629 |
| Amount of reserve in current period | 84 | 1,417 | — | 476 | 460 |
| Reversal of reserve in current period | 227 | 1,478 | 263 | 423 | — |
| Amount carried forward to next period | 1,900 | 1,839 | 1,576 | 1,629 | 2,089 |

3.2.4. Summary of Estimated Price at End of Period (As of May 31, 2019)

| Property name | Estimated price at end of period (million yen) (Note 1) | Summary of Appraisal Report | | | | |
|-----------------------------------|---|------------------------------|--------------|---------------------|-------------------|-----------------------|
| | | Direct capitalization method | | DCF method | | |
| | | Price (million yen) | Cap rate (%) | Price (million yen) | Discount rate (%) | Terminal cap rate (%) |
| Daiwa Ginza | 17,400 | 17,600 | 3.5 | 17,100 | 3.3 | 3.7 |
| Daiwa Ginza Annex | 3,860 | 3,830 | 3.5 | 3,880 | 3.3 | 3.7 |
| Daiwa Shibaura | 8,080 | 8,060 | 4.0 | 8,090 | 3.8 | 4.2 |
| Daiwa Minami-Aoyama | 4,660 | 4,720 | 3.8 | 4,600 | 3.6 | 4.0 |
| Daiwa Sarugakucho | 3,970 | 4,030 | 4.4 | 3,910 | 4.2 | 4.6 |
| Daiwa A Hamamatsucho (Note 2) | 3,810 | 3,890 | 3.7 | 3,780 | 3.5 | 3.9 |
| Daiwa Jingumae | 2,880 | 2,930 | 3.8 | 2,820 | 3.6 | 4.0 |
| Daiwa Shibadaimon | 3,290 | 3,350 | 3.6 | 3,270 | 3.4 | 3.8 |
| Daiwa Misakicho | 2,870 | 2,910 | 3.9 | 2,850 | 3.7 | 4.1 |
| Daiwa Shimbashi 510 | 2,530 | 2,560 | 4.0 | 2,500 | 3.8 | 4.2 |
| Daiwa Tsukijiekimae (Note 3) | 2,150 | 2,150 | 4.1 | 2,150 | 4.1 | 4.3 |
| Daiwa Tsukiji | 1,640 | 1,650 | 4.0 | 1,640 | 4.0 | 4.2 |
| Daiwa Tsukishima | 10,500 | 10,600 | 4.1 | 10,400 | 3.8 | 4.3 |
| Daiwa Nihonbashi Horidomecho | 2,780 | 2,840 | 4.0 | 2,710 | 3.8 | 4.2 |
| Daiwa Azabudai | 1,940 | 1,970 | 3.9 | 1,900 | 3.7 | 4.1 |
| Daiwa Kyobashi | 3,450 | 3,500 | 4.0 | 3,400 | 3.8 | 4.2 |
| Daiwa Kojimachi 4-chome | 2,890 | 2,910 | 3.7 | 2,870 | 3.5 | 3.9 |
| Shinjuku Maynds Tower (Note 4) | 63,000 | 150,000 | 3.2 | 144,000 | 3.0 | 3.4 |
| Daiwa SHIBUYA EDGE | 5,250 | 5,340 | 3.7 | 5,150 | 3.5 | 3.9 |
| Daiwa Kodenmacho | 2,230 | 2,250 | 4.2 | 2,200 | 4.0 | 4.4 |
| Daiwa Jimbocho | 3,890 | 3,900 | 3.8 | 3,890 | 3.8 | 4.0 |
| Daiwa Nishi-Shimbashi | 7,050 | 7,180 | 3.5 | 6,990 | 3.3 | 3.7 |
| Daiwa Kayabacho Building | 8,190 | 8,340 | 3.3 | 8,120 | 3.1 | 3.5 |
| Daiwa Jimbocho 3-chome | 5,240 | 5,360 | 3.3 | 5,190 | 3.1 | 3.5 |
| E SPACE TOWER | 35,900 | 36,700 | 3.1 | 35,100 | 2.9 | 3.3 |
| Daiwa Nihonbashi Hongokucho | 2,580 | 2,610 | 3.9 | 2,570 | 3.7 | 4.1 |
| shinyon curumu | 16,200 | 16,500 | 3.2 | 16,100 | 3.0 | 3.4 |
| Daiwa Akasaka | 15,000 | 15,300 | 3.2 | 14,900 | 3.0 | 3.4 |
| Daiwa Shibuya Miyamasuzaka | 11,400 | 11,600 | 3.4 | 11,200 | 3.2 | 3.6 |
| Daiwa Azabu Terrace | 17,400 | 17,700 | 3.6 | 17,100 | 3.4 | 3.8 |
| Daiwa Ebisu 4-chome | 6,100 | 6,020 | 3.7 | 6,130 | 3.8 | 3.9 |
| LAQUAS Higashi Shinjuku | 10,900 | 11,200 | 3.4 | 10,700 | 3.2 | 3.6 |
| Daiwa Aoyama | 12,400 | 12,700 | 3.2 | 12,200 | 3.0 | 3.4 |
| Shinsen Place | 6,720 | 6,820 | 3.3 | 6,670 | 3.2 | 3.5 |
| Glass City Shibuya | 21,300 | 21,500 | 3.4 | 21,000 | 3.2 | 3.6 |
| Daiwa River Gate | 32,600 | 32,700 | 3.8 | 32,500 | 3.5 | 3.9 |
| Daiwa Hatchobori ekimae | 3,360 | 3,490 | 3.5 | 3,310 | 3.3 | 3.7 |
| Daiwa Hatchobori ekimae West | 1,860 | 1,920 | 3.6 | 1,830 | 3.4 | 3.8 |
| Daiwa Nishi-Shinjuku | 16,000 | 16,500 | 3.3 | 15,800 | 3.1 | 3.5 |
| Kirin Nihonbashi Building | 8,290 | 8,440 | 3.9 | 8,130 | 3.6 | 4.0 |
| Daiwa Higashi-nihonbashi Building | 6,860 | 7,020 | 3.9 | 6,790 | 3.7 | 4.1 |
| Daiwa Daikanyama (Note 5) | 3,510 | 3,570 | 3.3 | 3,490 | 3.3 | 3.5 |
| Shinjuku West Building | 1,210 | 1,220 | 3.8 | 1,200 | 3.6 | 4.0 |
| Daiwa Kanda Mikura-cho Building | 1,770 | 1,800 | 3.9 | 1,760 | 3.9 | 4.1 |

| Property name | Estimated price at end of period (million yen) (Note 1) | Summary of Appraisal Report | | | | |
|-----------------------------------|---|------------------------------|--------------|---------------------|-------------------|-----------------------|
| | | Direct capitalization method | | DCF method | | |
| | | Price (million yen) | Cap rate (%) | Price (million yen) | Discount rate (%) | Terminal cap rate (%) |
| Daiwa Kanda East | 5,470 | 5,500 | 3.6 | 5,430 | 3.3 | 3.7 |
| Prime Kanda Building | 2,760 | 2,840 | 3.7 | 2,720 | 3.7 | 3.9 |
| Sasazuka NA Building | 16,100 | 16,800 | 3.9 | 15,800 | 3.7 | 4.1 |
| Sasazuka South Building | 3,340 | 3,480 | 4.0 | 3,280 | 3.8 | 4.2 |
| Glass City Harumi | 12,000 | 12,700 | 3.8 | 11,700 | 3.8 | 4.0 |
| Daiwa Higashi-Ikebukuro | 4,250 | 4,310 | 4.1 | 4,230 | 3.9 | 4.3 |
| Daiwa Shinagawa North | 6,210 | 6,300 | 4.2 | 6,120 | 4.0 | 4.4 |
| Daiwa Osaki 3-chome | 2,480 | 2,520 | 3.8 | 2,460 | 3.6 | 4.0 |
| Daiwa Kamiooka | 2,840 | 2,850 | 4.5 | 2,830 | 4.3 | 4.7 |
| Integral Tower | 22,000 | 22,200 | 3.7 | 21,900 | 3.5 | 3.9 |
| Daiwa Meguro Square | 6,910 | 7,080 | 3.6 | 6,840 | 3.4 | 3.8 |
| Daiwa Ogikubo | 4,610 | 4,680 | 3.9 | 4,580 | 3.7 | 4.1 |
| CONCURRED Yokohama (Note 6) | 39,900 | 41,200 | 4.3 | 39,400 | 4.1 | 4.5 |
| Kita-Shinagawa Gotenyama Building | 2,650 | 2,710 | 4.0 | 2,630 | 3.8 | 4.2 |
| Daiwa Kitahama | 11,700 | 12,000 | 3.8 | 11,600 | 3.6 | 4.0 |
| Total | 548,130 | 644,350 | - | 623,410 | - | - |

(Note 1) "Estimated price at end of period" is the price as of May 31, 2019 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 2nd fiscal year (4.0% for the 1st fiscal year).

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

(Note 5) Discount rate for Daiwa Daikanyama is the figure after the 11th fiscal year (3.4% up to the 10th fiscal year).

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

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

The following table lists the status of income (loss), etc. of each property for the 27th Fiscal Period (from December 1, 2018 to May 31, 2019). Income (loss) information is presented in accordance with “2. Financial Statements; 2.7. Notes to Significant Accounting Policies” outlined earlier.

| Region | | Five Central Wards of Tokyo | | | | |
|--|---|-----------------------------|----------------------|-------------------|----------------------------|----------------------------------|
| Property name | | Daiwa Ginza | Daiwa Ginza Annex | Daiwa Shibaura | Daiwa Minami- Aoyama | Daiwa Sarugakucho (Note 3) |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 14,100 | 3,050 | 8,265 | 4,550 | 3,190 |
| | Investment ratio (%) | 3.1 | 0.7 | 1.8 | 1.0 | 0.7 |
| | Carrying amount (million yen) | 12,920 | 2,749 | 7,980 | 4,413 | 3,161 |
| | Estimated price at end of period (million yen) | 17,400 | 3,860 | 8,080 | 4,660 | 3,970 |
| Leasing information | Total number of tenants (Note 1) | 26 | 7 | 54 | 5 | 2 |
| | Leasable floor area (m ²) | 8,114.93 | 2,032.11 | 9,619.67 | 2,715.54 | 3,657.43 |
| | Leased floor area (m ²) | 8,082.76 | 2,032.11 | 9,541.50 | 2,715.54 | 3,657.43 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 96.9 | 100.0 | 90.3 | 100.0 | 100.0 |
| | End of Nov. 2017 | 89.3 | 100.0 | 99.1 | 100.0 | 100.0 |
| | End of May 2018 | 95.0 | 100.0 | 99.1 | 84.8 | 100.0 |
| End of Nov. 2018 | 100.0 | 100.0 | 98.3 | 100.0 | 100.0 | |
| End of May 2019 | 99.6 | 100.0 | 99.1 | 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) | 425,575 | 98,515 | 263,820 | 130,737 | (Not disclosed) |
| | Rent revenue – real estate | 411,787 | 98,515 | 260,480 | 130,737 | (Not disclosed) |
| | Other lease business revenue | 13,787 | — | 3,340 | — | (Not disclosed) |
| | Total property leasing expenses (B) (thousand yen) | 179,098 | 32,957 | 96,733 | 41,671 | (Not disclosed) |
| | Consignment expenses | 23,374 | 5,503 | 17,420 | 5,737 | (Not disclosed) |
| | Utilities expenses | 26,865 | 6,997 | 20,082 | 7,136 | (Not disclosed) |
| | Taxes and dues | 29,740 | 9,751 | 20,496 | 12,479 | (Not disclosed) |
| | Non-life insurance expenses | 389 | 90 | 355 | 140 | (Not disclosed) |
| | Repair expenses | 10,703 | 330 | 7,289 | 1,484 | (Not disclosed) |
| | Depreciation (C) | 74,881 | 10,284 | 31,069 | 14,693 | (Not disclosed) |
| | Other lease business expenses | 13,144 | — | 20 | — | (Not disclosed) |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 246,477 | 65,557 | 167,087 | 89,065 | (Not disclosed) |
| NOI (E) [(D) + (C)] (thousand yen) | 321,358 | 75,842 | 198,156 | 103,758 | 92,155 | |
| Capital expenditures (F) (thousand yen) | 4,861 | 1,529 | 5,930 | 5,624 | 140 | |
| NCF [(E) – (F)] (thousand yen) | 316,497 | 74,312 | 192,226 | 98,134 | 92,015 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 42.08 | 33.45 | 36.67 | 31.87 | (Not disclosed) |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 63,419 | 20,813 | 41,169 | 25,575 | 14,118 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 346,060 | 86,510 | 347,210 | 185,215 | 171,199 |

| Region | | Five Central Wards of Tokyo | | | | |
|--|---|-----------------------------|-------------------|----------------------|--------------------------------|------------------------|
| Property name | | Daiwa A Hamamatsucho | Daiwa Jingumae | Daiwa Shibadaimon | Daiwa Misakicho (Note 3) | Daiwa Shimbashi 510 |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 2,865 | 2,800 | 2,578 | 2,346 | 2,080 |
| | Investment ratio (%) | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| | Carrying amount (million yen) | 2,747 | 2,693 | 2,376 | 2,128 | 2,127 |
| | Estimated price at end of period (million yen) | 3,810 | 2,880 | 3,290 | 2,870 | 2,530 |
| Leasing information | Total number of tenants (Note 1) | 12 | 5 | 6 | 1 | 7 |
| | Leasable floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.48 | 2,137.53 | 2,595.76 |
| | Leased floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.48 | 2,137.53 | 2,595.76 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 99.6 |
| | End of Nov. 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 89.4 |
| | End of May 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of Nov. 2018 | 100.0 | 78.5 | 100.0 | 100.0 | 100.0 | |
| End of May 2019 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 135,884 | 92,088 | 87,259 | (Not disclosed) | 76,380 |
| | Rent revenue – real estate | 135,884 | 78,751 | 87,259 | (Not disclosed) | 76,380 |
| | Other lease business revenue | – | 13,336 | – | (Not disclosed) | – |
| | Total property leasing expenses (B) (thousand yen) | 105,932 | 29,082 | 31,316 | (Not disclosed) | 28,335 |
| | Consignment expenses | 9,817 | 8,152 | 6,595 | (Not disclosed) | 7,161 |
| | Utilities expenses | 9,249 | 4,411 | 6,460 | (Not disclosed) | 5,399 |
| | Taxes and dues | 9,047 | 6,737 | 6,566 | (Not disclosed) | 6,049 |
| | Non-life insurance expenses | 164 | 76 | 111 | (Not disclosed) | 114 |
| | Repair expenses | 33,142 | 485 | 745 | (Not disclosed) | 317 |
| | Depreciation (C) | 15,111 | 9,212 | 10,837 | (Not disclosed) | 9,293 |
| | Other lease business expenses | 29,400 | 7 | – | (Not disclosed) | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 29,951 | 63,005 | 55,943 | (Not disclosed) | 48,044 |
| NOI (E) [(D) + (C)] (thousand yen) | 45,062 | 72,218 | 66,780 | 63,227 | 57,338 | |
| Capital expenditures (F) (thousand yen) | – | – | – | 320 | 2,080 | |
| NCF [(E) – (F)] (thousand yen) | 45,062 | 72,218 | 66,780 | 62,907 | 55,257 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 77.96 | 31.58 | 35.89 | (Not disclosed) | 37.10 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 17,977 | 13,789 | 12,967 | 10,744 | 12,286 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 100,430 | 117,930 | 150,927 | 182,856 | 169,555 |

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|---------------|------------------|------------------------------|----------------|
| Property name | | Daiwa Tsukijiekimae | Daiwa Tsukiji | Daiwa Tsukishima | Daiwa Nihonbashi Horidomecho | Daiwa Azabudai |
| Acquisition date | | Jan. 2006 | Jan. 2006 | Mar. 2006 | May 2006 | May 2006 |
| Price information | Acquisition price (million yen) | 1,560 | 1,240 | 7,840 | 2,520 | 1,600 |
| | Investment ratio (%) | 0.3 | 0.3 | 1.7 | 0.5 | 0.3 |
| | Carrying amount (million yen) | 1,273 | 1,127 | 6,775 | 2,436 | 1,503 |
| | Estimated price at end of period (million yen) | 2,150 | 1,640 | 10,500 | 2,780 | 1,940 |
| Leasing information | Total number of tenants (Note 1) | 6 | 5 | 4 | 8 | 11 |
| | Leasable floor area (m ²) | 2,659.59 | 1,487.44 | 8,425.69 | 2,850.81 | 1,697.88 |
| | Leased floor area (m ²) | 2,659.59 | 1,487.44 | 8,425.69 | 2,850.81 | 1,697.88 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of May 2019 | 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) | 67,187 | 51,535 | 280,562 | 84,699 | 55,446 |
| | Rent revenue – real estate | 67,187 | 51,535 | 280,562 | 84,699 | 55,446 |
| | Other lease business revenue | – | – | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 28,707 | 19,161 | 98,365 | 34,444 | 21,739 |
| | Consignment expenses | 3,913 | 3,814 | 11,675 | 4,745 | 3,855 |
| | Utilities expenses | 5,542 | 2,869 | 15,241 | 5,198 | 3,440 |
| | Taxes and dues | 5,230 | 4,056 | 14,264 | 6,992 | 5,080 |
| | Non-life insurance expenses | 89 | 57 | 269 | 121 | 68 |
| | Repair expenses | 376 | 740 | 900 | 2,060 | 120 |
| | Depreciation (C) | 13,537 | 7,622 | 56,012 | 15,326 | 9,174 |
| | Other lease business expenses | 18 | – | – | – | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 38,480 | 32,373 | 182,197 | 50,254 | 33,707 |
| | NOI (E) [(D) + (C)] (thousand yen) | 52,017 | 39,996 | 238,209 | 65,580 | 42,882 |
| Capital expenditures (F) (thousand yen) | – | – | 270 | 1,294 | 1,698 | |
| NCF [(E) – (F)] (thousand yen) | 52,017 | 39,996 | 237,939 | 64,286 | 41,183 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 42.73 | 37.18 | 35.06 | 40.67 | 39.21 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 10,511 | 8,145 | 29,984 | 13,848 | 10,121 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 120,530 | 109,848 | 102,930 | 234,846 | 108,280 |

| Region | | Five Central Wards of Tokyo | | | | |
|--|--|-----------------------------|-------------------------|-------------------------|-------------------------|--------------------|
| Property name | | Daiwa Kyobashi | Daiwa Kojimachi 4-chome | Daiwa Onarimon (Note 4) | Shinjuku Maynds Tower | Daiwa SHIBUYA EDGE |
| Acquisition date | | July 2006 | Oct. 2006 | Dec. 2006 | July 2007 and Nov. 2007 | July 2007 |
| Price information | Acquisition price (million yen) | 3,460 | 2,910 | — | 66,900 | 5,900 |
| | Investment ratio (%) | 0.8 | 0.6 | — | 14.5 | 1.3 |
| | Carrying amount (million yen) | 3,188 | 2,822 | — | 64,158 | 5,628 |
| | Estimated price at end of period (million yen) | 3,450 | 2,890 | — | 63,000 | 5,250 |
| Leasing information | Total number of tenants (Note 1) | 10 | 7 | — | 38 | 5 |
| | Leasable floor area (m ²) | 3,265.83 | 2,695.31 | — | 22,746.12 | 2,480.65 |
| | Leased floor area (m ²) | 3,265.83 | 2,695.31 | — | 22,592.19 | 2,480.65 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 87.9 | 100.0 | 100.0 | 96.6 | 100.0 |
| | End of Nov. 2017 | 87.9 | 100.0 | 100.0 | 96.6 | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 100.0 | 99.8 | 100.0 |
| End of Nov. 2018 | 100.0 | 100.0 | 96.3 | 99.9 | 100.0 | |
| End of May 2019 | 100.0 | 100.0 | — | 99.3 | 100.0 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 89 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 103,915 | 88,824 | 155,684 | 1,334,628 | 128,157 |
| | Rent revenue – real estate | 103,915 | 88,824 | 149,714 | 1,334,628 | 128,157 |
| | Other lease business revenue | — | — | 5,969 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 47,563 | 82,134 | 95,193 | 560,491 | 38,971 |
| | Consignment expenses | 5,864 | 4,900 | 11,274 | 85,555 | 6,657 |
| | Utilities expenses | 8,794 | 6,893 | 13,699 | 135,616 | 7,630 |
| | Taxes and dues | 7,476 | 16,055 | 50,166 | 130,392 | 7,587 |
| | Non-life insurance expenses | 119 | 131 | 183 | 1,669 | 96 |
| | Repair expenses | 5,486 | 40,312 | 803 | 3,914 | 136 |
| | Depreciation (C) | 19,821 | 13,840 | 19,066 | 201,093 | 16,862 |
| Other lease business expenses | — | — | — | 2,248 | — | |
| Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 56,351 | 6,690 | 60,491 | 774,136 | 89,186 | |
| NOI (E) [(D) + (C)] (thousand yen) | 76,173 | 20,530 | 79,558 | 975,230 | 106,049 | |
| Capital expenditures (F) (thousand yen) | 1,975 | 485 | — | 5,172 | 2,114 | |
| NCF [(E) – (F)] (thousand yen) | 74,197 | 20,045 | 79,558 | 970,057 | 103,934 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 45.77 | 92.47 | 61.14 | 42.00 | 30.41 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 14,978 | 32,593 | — | 268,526 | 15,967 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 140,200 | 169,753 | — | 4,460,870 | 62,460 |

| Region | | Five Central Wards of Tokyo | | | | |
|--|---|-----------------------------|-------------------|------------------------------|--|------------------------------|
| Property name | | Daiwa Kodenmacho | Daiwa Jimbocho | Daiwa Nishi- Shimbashi | Daiwa Kayabacho Building (Note 3) | Daiwa Jimbocho 3-chome |
| Acquisition date | | Aug. 2007 | Mar. 2010 | Aug. 2010 | Mar. 2011 | Mar. 2011 |
| Price information | Acquisition price (million yen) | 2,460 | 4,150 | 5,000 | 5,600 | 3,550 |
| | Investment ratio (%) | 0.5 | 0.9 | 1.1 | 1.2 | 0.8 |
| | Carrying amount (million yen) | 2,354 | 3,964 | 4,678 | 5,208 | 3,334 |
| | Estimated price at end of period (million yen) | 2,230 | 3,890 | 7,050 | 8,190 | 5,240 |
| Leasing information | Total number of tenants (Note 1) | 8 | 6 | 11 | 1 | 7 |
| | Leasable floor area (m ²) | 2,379.31 | 3,164.26 | 4,815.84 | 5,899.11 | 2,889.34 |
| | Leased floor area (m ²) | 2,379.31 | 3,164.26 | 4,815.84 | 5,899.11 | 2,545.95 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of May 2019 | 100.0 | 100.0 | 100.0 | 100.0 | 88.1 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 66,202 | 103,021 | 167,803 | (Not disclosed) | 124,000 |
| | Rent revenue – real estate | 66,202 | 103,021 | 167,803 | (Not disclosed) | 115,308 |
| | Other lease business revenue | – | – | – | (Not disclosed) | 8,692 |
| | Total property leasing expenses (B) (thousand yen) | 42,977 | 50,162 | 86,351 | (Not disclosed) | 45,702 |
| | Consignment expenses | 5,156 | 9,073 | 20,733 | (Not disclosed) | 7,501 |
| | Utilities expenses | 5,067 | 7,133 | 10,336 | (Not disclosed) | 7,439 |
| | Taxes and dues | 3,792 | 11,534 | 16,253 | (Not disclosed) | 9,843 |
| | Non-life insurance expenses | 86 | 124 | 223 | (Not disclosed) | 115 |
| | Repair expenses | 18,327 | 877 | 3,396 | (Not disclosed) | 947 |
| | Depreciation (C) | 9,724 | 21,159 | 35,408 | (Not disclosed) | 19,854 |
| | Other lease business expenses | 822 | 260 | – | (Not disclosed) | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 23,224 | 52,858 | 81,451 | (Not disclosed) | 78,298 |
| NOI (E) [(D) + (C)] (thousand yen) | 32,948 | 74,017 | 116,860 | 146,990 | 98,153 | |
| Capital expenditures (F) (thousand yen) | – | 2,828 | 5,535 | 4,955 | 651 | |
| NCF [(E) – (F)] (thousand yen) | 32,948 | 71,189 | 111,325 | 142,035 | 97,501 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 64.92 | 48.69 | 51.46 | (Not disclosed) | 36.86 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 7,682 | 23,208 | 32,228 | 25,663 | 19,847 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 100,234 | 128,200 | 187,580 | 125,988 (Note 5) | 82,470 |

| Region | | Five Central Wards of Tokyo | | | | |
|--|--|-----------------------------|-----------------------------|-------------------------|---------------|----------------------------|
| Property name | | E-SPACE TOWER | Daiwa Nihonbashi Hongokuchō | shinyon curumu | Daiwa Akasaka | Daiwa Shibuya Miyamasuzaka |
| Acquisition date | | July 2011 | May 2012 | Dec. 2012 and Apr. 2013 | Aug. 2013 | Sept. 2013 |
| Price information | Acquisition price (million yen) | 24,000 | 1,721 | 9,650 | 9,200 | 7,000 |
| | Investment ratio (%) | 5.2 | 0.4 | 2.1 | 2.0 | 1.5 |
| | Carrying amount (million yen) | 23,541 | 1,567 | 9,614 | 10,239 | 7,360 |
| | Estimated price at end of period (million yen) | 35,900 | 2,580 | 16,200 | 15,000 | 11,400 |
| Leasing information | Total number of tenants (Note 1) | 11 | 5 | 17 | 17 | 9 |
| | Leasable floor area (m ²) | 13,960.87 | 2,143.08 | 6,751.31 | 8,747.39 | 6,328.94 |
| | Leased floor area (m ²) | 12,519.21 | 2,143.08 | 6,751.31 | 8,747.39 | 6,328.94 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | 99.5 | 100.0 | 100.0 |
| | End of Nov. 2017 | 92.8 | 100.0 | 99.5 | 91.4 | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 99.5 | 100.0 | 100.0 |
| End of Nov. 2018 | 93.3 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of May 2019 | 89.6 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 765,141 | 71,732 | 394,138 | 357,743 | 301,868 |
| | Rent revenue – real estate | 765,141 | 71,732 | 391,383 | 357,743 | 301,868 |
| | Other lease business revenue | – | – | 2,754 | – | – |
| | Total property leasing expenses (B) (thousand yen) | 239,752 | 24,719 | 120,722 | 160,690 | 165,252 |
| | Consignment expenses | 49,100 | 3,354 | 24,142 | 24,634 | 24,159 |
| | Utilities expenses | 48,208 | 3,459 | 24,076 | 30,215 | 16,275 |
| | Taxes and dues | 59,644 | 4,533 | 35,211 | 34,399 | 21,137 |
| | Non-life insurance expenses | 598 | 71 | 305 | 375 | 267 |
| | Repair expenses | 6,321 | – | 487 | 11,993 | 78,032 |
| | Depreciation (C) | 75,037 | 13,300 | 36,500 | 58,871 | 25,343 |
| | Other lease business expenses | 841 | – | – | 200 | 36 |
| Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 525,388 | 47,013 | 273,416 | 197,053 | 136,615 | |
| NOI (E) [(D) + (C)] (thousand yen) | 600,426 | 60,313 | 309,916 | 255,924 | 161,959 | |
| Capital expenditures (F) (thousand yen) | 22,111 | 1,236 | 960 | 1,714 | 197,816 | |
| NCF [(E) – (F)] (thousand yen) | 578,314 | 59,077 | 308,956 | 254,209 | (35,856) | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 31.33 | 34.46 | 30.63 | 44.92 | 54.74 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 124,697 | 9,099 | 74,517 | 71,460 | 45,251 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 574,150 | 50,940 | 166,089 | 327,392 | 457,625 |

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|------------------------------|-------------------------|--------------|------------------------|
| Property name | | Daiwa Azabu Terrace | Daiwa Ebisu 4-chome (Note 3) | LAQUAS Higashi Shinjuku | Daiwa Aoyama | Shinsen Place (Note 3) |
| Acquisition date | | July 2014 | Dec. 2014 | Dec. 2014 | Mar. 2015 | Mar. 2015 |
| Price information | Acquisition price (million yen) | 14,000 | 4,135 | 8,450 | 9,800 | 4,800 |
| | Investment ratio (%) | 3.0 | 0.9 | 1.8 | 2.1 | 1.0 |
| | Carrying amount (million yen) | 13,981 | 4,228 | 8,441 | 9,994 | 4,864 |
| | Estimated price at end of period (million yen) | 17,400 | 6,100 | 10,900 | 12,400 | 6,720 |
| Leasing information | Total number of tenants (Note 1) | 12 | 1 | 4 | 7 | 1 |
| | Leasable floor area (m ²) | 13,234.39 | 2,951.70 | 7,498.33 | 4,426.10 | 2,811.35 |
| | Leased floor area (m ²) | 13,234.39 | 2,951.70 | 7,498.33 | 4,426.10 | 2,811.35 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 99.6 | 100.0 | 100.0 | 85.9 | 100.0 |
| | End of Nov. 2017 | 99.6 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2018 | 99.6 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2018 | 99.6 | 100.0 | 100.0 | 91.5 | 100.0 |
| End of May 2019 | 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) | 475,286 | (Not disclosed) | 230,454 | 227,404 | (Not disclosed) |
| | Rent revenue – real estate | 471,657 | (Not disclosed) | 230,454 | 227,404 | (Not disclosed) |
| | Other lease business revenue | 3,629 | (Not disclosed) | – | – | (Not disclosed) |
| | Total property leasing expenses (B) (thousand yen) | 175,592 | (Not disclosed) | 79,349 | 56,361 | (Not disclosed) |
| | Consignment expenses | 35,152 | (Not disclosed) | 9,939 | 16,081 | (Not disclosed) |
| | Utilities expenses | 48,266 | (Not disclosed) | 13,602 | 7,674 | (Not disclosed) |
| | Taxes and dues | 33,089 | (Not disclosed) | 21,095 | 13,446 | (Not disclosed) |
| | Non-life insurance expenses | 531 | (Not disclosed) | 276 | 139 | (Not disclosed) |
| | Repair expenses | 6,567 | (Not disclosed) | 1,109 | 370 | (Not disclosed) |
| | Depreciation (C) | 51,902 | (Not disclosed) | 33,168 | 18,649 | (Not disclosed) |
| | Other lease business expenses | 82 | (Not disclosed) | 158 | – | (Not disclosed) |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 299,694 | (Not disclosed) | 151,104 | 171,043 | (Not disclosed) |
| NOI (E) [(D) + (C)] (thousand yen) | 351,596 | 140,076 | 184,273 | 189,692 | 125,481 | |
| Capital expenditures (F) (thousand yen) | 120 | 5,584 | 7,114 | 802 | 292 | |
| NCF [(E) – (F)] (thousand yen) | 351,476 | 134,492 | 177,158 | 188,890 | 125,189 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 36.94 | (Not disclosed) | 34.43 | 24.78 | (Not disclosed) |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 67,248 | 19,942 | 42,084 | 28,639 | 17,262 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 491,112 | 115,410 | 125,440 | 97,530 | 112,510 |

| Region | | Five Central Wards of Tokyo | | | | |
|--|---|-----------------------------|---------------------|-------------------------------|------------------------------------|-------------------------|
| Property name | | Glass City Shibuya | Daiwa River Gate | Daiwa Hatchobori ekimae | Daiwa Hatchobori ekimae West | Daiwa Nishi-Shinjuku |
| Acquisition date | | May 2015 | June 2015 | Sept. 2015 | Sept. 2015 | Mar. 2016 |
| Price information | Acquisition price (million yen) | 16,000 | 28,000 | 2,871 | 1,647 | 13,710 |
| | Investment ratio (%) | 3.5 | 6.1 | 0.6 | 0.4 | 3.0 |
| | Carrying amount (million yen) | 15,919 | 27,837 | 2,923 | 1,717 | 13,991 |
| | Estimated price at end of period (million yen) | 21,300 | 32,600 | 3,360 | 1,860 | 16,000 |
| Leasing information | Total number of tenants (Note 1) | 12 | 93 | 9 | 8 | 7 |
| | Leasable floor area (m ²) | 8,566.73 | 32,055.85 | 2,622.42 | 1,723.15 | 6,967.61 |
| | Leased floor area (m ²) | 8,566.73 | 31,963.52 | 2,622.42 | 1,723.15 | 6,967.61 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 90.3 | 100.0 | 100.0 | 99.3 |
| | End of Nov. 2017 | 100.0 | 98.1 | 100.0 | 100.0 | 100.0 |
| | End of May 2018 | 100.0 | 99.4 | 100.0 | 100.0 | 100.0 |
| End of Nov. 2018 | 100.0 | 99.3 | 100.0 | 100.0 | 100.0 | |
| End of May 2019 | 100.0 | 99.7 | 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) | 397,162 | 1,069,611 | 83,293 | 47,491 | 338,420 |
| | Rent revenue – real estate | 397,162 | 1,062,880 | 83,293 | 47,491 | 338,420 |
| | Other lease business revenue | – | 6,730 | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 144,600 | 454,361 | 61,168 | 17,166 | 92,640 |
| | Consignment expenses | 59,029 | 82,346 | 6,929 | 4,822 | 14,666 |
| | Utilities expenses | 22,751 | 124,667 | 6,154 | 3,148 | 17,230 |
| | Taxes and dues | 28,550 | 103,435 | 9,263 | 4,220 | 37,612 |
| | Non-life insurance expenses | 330 | 1,596 | 116 | 59 | 280 |
| | Repair expenses | 745 | 11,303 | 28,394 | 110 | 1,490 |
| | Depreciation (C) | 33,193 | 130,891 | 10,310 | 4,806 | 21,167 |
| | Other lease business expenses | – | 120 | – | – | 193 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 252,562 | 615,250 | 22,124 | 30,324 | 245,779 |
| NOI (E) [(D) + (C)] (thousand yen) | 285,755 | 746,142 | 32,435 | 35,130 | 266,946 | |
| Capital expenditures (F) (thousand yen) | 2,121 | 35,707 | – | – | 8,837 | |
| NCF [(E) – (F)] (thousand yen) | 283,634 | 710,434 | 32,435 | 35,130 | 258,109 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 36.41 | 42.48 | 73.44 | 36.15 | 27.37 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 57,711 | 204,884 | 18,446 | 8,457 | 78,363 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 202,340 | 1,970,900 | 114,190 | 84,620 | 284,170 |

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|------------------------------------|-----------------------------------|---------------------------|------------------------|---------------------------------|
| Property name | | Kirin Nihonbashi Building (Note 3) | Daiwa Higashi-nihonbashi Building | Daiwa Daikanyama (Note 3) | Shinjuku West Building | Daiwa Kanda Mikura-cho Building |
| Acquisition date | | May 2016 | June 2016 | June 2016 | July 2016 | Dec. 2016 |
| Price information | Acquisition price (million yen) | 8,180 | 6,370 | 2,280 | 942 | 1,592 |
| | Investment ratio (%) | 1.8 | 1.4 | 0.5 | 0.2 | 0.3 |
| | Carrying amount (million yen) | 8,390 | 6,290 | 2,380 | 979 | 1,592 |
| | Estimated price at end of period (million yen) | 8,290 | 6,860 | 3,510 | 1,210 | 1,770 |
| Leasing information | Total number of tenants (Note 1) | 1 | 5 | 1 | 8 | 7 |
| | Leasable floor area (m ²) | 5,630.17 | 5,015.88 | 1,642.83 | 1,120.58 | 1,719.51 |
| | Leased floor area (m ²) | 5,630.17 | 5,015.88 | 1,642.83 | 1,120.58 | 1,719.51 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 69.5 |
| | End of Nov. 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2018 | 100.0 | 100.0 | 100.0 | 99.0 | 100.0 |
| End of May 2019 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | (Not disclosed) | 173,721 | (Not disclosed) | 38,316 | 50,754 |
| | Rent revenue – real estate | (Not disclosed) | 173,721 | (Not disclosed) | 38,316 | 50,754 |
| | Other lease business revenue | (Not disclosed) | – | (Not disclosed) | – | – |
| | Total property leasing expenses (B) (thousand yen) | (Not disclosed) | 55,213 | (Not disclosed) | 11,873 | 15,978 |
| | Consignment expenses | (Not disclosed) | 7,023 | (Not disclosed) | 3,503 | 4,331 |
| | Utilities expenses | (Not disclosed) | 10,575 | (Not disclosed) | 2,685 | 2,796 |
| | Taxes and dues | (Not disclosed) | 11,667 | (Not disclosed) | 3,113 | 3,496 |
| | Non-life insurance expenses | (Not disclosed) | 187 | (Not disclosed) | 38 | 51 |
| | Repair expenses | (Not disclosed) | 586 | (Not disclosed) | 261 | 343 |
| | Depreciation (C) | (Not disclosed) | 25,174 | (Not disclosed) | 2,259 | 4,959 |
| | Other lease business expenses | (Not disclosed) | – | (Not disclosed) | 12 | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | (Not disclosed) | 118,508 | (Not disclosed) | 26,442 | 34,776 |
| NOI (E) [(D) + (C)] (thousand yen) | 156,045 | 143,682 | (33,187) | 28,701 | 39,735 | |
| Capital expenditures (F) (thousand yen) | 802 | 1,165 | 9,206 | 1,782 | – | |
| NCF [(E) – (F)] (thousand yen) | 155,243 | 142,517 | (42,393) | 26,919 | 39,735 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | (Not disclosed) | 31.78 | (Not disclosed) | 30.99 | 31.48 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 22,184 | 23,254 | 10,300 | 6,229 | 7,047 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 216,720 | 158,880 | 45,044 | 79,330 | 74,026 |

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-------------------------|----------------------|-------------------------|-------------------|
| Property name | | Daiwa Kanda East | Prime Kanda Building | Sasazuka NA Building | Sasazuka South Building | Glass City Harumi |
| Acquisition date | | Jan. 2018 | June 2018 and Nov. 2018 | Oct. 2018 | Dec. 2018 | Feb. 2019 |
| Price information | Acquisition price (million yen) | 4,200 | 2,295 | 15,500 | 3,000 | 11,200 |
| | Investment ratio (%) | 0.9 | 0.5 | 3.4 | 0.7 | 2.4 |
| | Carrying amount (million yen) | 4,285 | 2,377 | 16,072 | 3,110 | 11,281 |
| | Estimated price at end of period (million yen) | 5,470 | 2,760 | 16,100 | 3,340 | 12,000 |
| Leasing information | Total number of tenants (Note 1) | 5 | 9 | 5 | 8 | 6 |
| | Leasable floor area (m ²) | 3,980.56 | 2,211.64 | 16,160.25 | 3,758.00 | 11,227.10 |
| | Leased floor area (m ²) | 3,980.56 | 2,211.64 | 16,160.25 | 3,611.08 | 5,320.58 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | — | — | — | — | — |
| | End of Nov. 2017 | — | — | — | — | — |
| | End of May 2018 | 91.8 | — | — | — | — |
| End of Nov. 2018 | 100.0 | 100.0 | 100.0 | — | — | |
| End of May 2019 | 100.0 | 100.0 | 100.0 | 96.0 | 47.3 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 156 | 94 |
| | Total property leasing revenue (A) (thousand yen) | 138,966 | 63,981 | 467,293 | 77,109 | 72,935 |
| | Rent revenue – real estate | 138,966 | 63,981 | 464,516 | 77,109 | 72,935 |
| | Other lease business revenue | — | — | 2,776 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 41,254 | 17,758 | 183,016 | 24,657 | 110,310 |
| | Consignment expenses | 10,972 | 6,660 | 49,227 | 6,699 | 81,573 |
| | Utilities expenses | 10,009 | 4,347 | 67,552 | 7,924 | 5,399 |
| | Taxes and dues | 134 | 41 | 9 | 17 | 74 |
| | Non-life insurance expenses | 136 | 64 | 724 | 114 | 210 |
| | Repair expenses | 1,603 | 132 | 5,600 | 245 | — |
| | Depreciation (C) | 18,396 | 6,511 | 59,903 | 9,656 | 23,051 |
| | Other lease business expenses | — | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 97,712 | 46,222 | 284,276 | 52,452 | (37,374) |
| NOI (E) [(D) + (C)] (thousand yen) | 116,109 | 52,733 | 344,179 | 62,108 | (14,323) | |
| Capital expenditures (F) (thousand yen) | 974 | 805 | 52,676 | 603 | — | |
| NCF [(E) – (F)] (thousand yen) | 115,134 | 51,928 | 291,503 | 61,505 | (14,323) | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 29.69 | 27.76 | 39.17 | 31.98 | — |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 20,663 | 9,140 | 110,514 | 17,584 | — |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 133,611 | 76,730 | 718,270 | 129,490 | 253,020 |

| Region | | Greater Tokyo | | | | |
|---|--|-------------------------|-----------------------|---------------------|----------------|----------------|
| Property name | | Daiwa Higashi-Ikebukuro | Daiwa Shinagawa North | Daiwa Osaki 3-chome | Daiwa Kamiooka | Integral Tower |
| Acquisition date | | Oct. 2005 | July 2007 | Sept. 2012 | Mar. 2013 | May 2014 |
| Price information | Acquisition price (million yen) | 2,958 | 7,710 | 1,650 | 2,000 | 15,220 |
| | Investment ratio (%) | 0.6 | 1.7 | 0.4 | 0.4 | 3.3 |
| | Carrying amount (million yen) | 2,633 | 7,116 | 1,584 | 1,875 | 15,738 |
| | Estimated price at end of period (million yen) | 4,250 | 6,210 | 2,480 | 2,840 | 22,000 |
| Leasing information | Total number of tenants (Note 1) | 8 | 11 | 5 | 9 | 9 |
| | Leasable floor area (m ²) | 4,461.47 | 6,548.17 | 1,786.06 | 2,630.30 | 17,778.14 |
| | Leased floor area (m ²) | 4,461.47 | 6,548.17 | 1,786.06 | 2,630.30 | 17,710.63 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2017 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2018 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of May 2019 | 100.0 | 100.0 | 100.0 | 100.0 | 99.6 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 122,856 | 196,306 | 65,496 | 93,212 | 659,394 |
| | Rent revenue – real estate | 122,856 | 196,306 | 65,496 | 93,212 | 659,394 |
| | Other lease business revenue | – | – | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 106,935 | 88,476 | 22,833 | 39,162 | 283,083 |
| | Consignment expenses | 12,052 | 15,402 | 3,727 | 5,277 | 53,128 |
| | Utilities expenses | 13,535 | 15,284 | 3,351 | 8,319 | 77,370 |
| | Taxes and dues | 8,567 | 18,885 | 4,006 | 6,414 | 45,204 |
| | Non-life insurance expenses | 197 | 304 | 65 | 110 | 779 |
| | Repair expenses | 48,130 | 2,427 | 254 | 973 | 6,050 |
| | Depreciation (C) | 24,451 | 35,982 | 11,428 | 18,065 | 99,921 |
| | Other lease business expenses | – | 190 | – | – | 630 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 15,921 | 107,830 | 42,662 | 54,049 | 376,311 |
| NOI (E) [(D) + (C)] (thousand yen) | 40,373 | 143,812 | 54,091 | 72,115 | 476,232 | |
| Capital expenditures (F) (thousand yen) | 13,432 | 8,978 | 1,411 | – | 5,904 | |
| NCF [(E) – (F)] (thousand yen) | 26,940 | 134,833 | 52,680 | 72,115 | 470,328 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 87.04 | 45.07 | 34.86 | 42.01 | 42.93 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 17,123 | 37,023 | 7,995 | 12,798 | 89,302 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 228,260 | 331,160 | 54,915 | 63,700 | 575,795 |

| Region | | Greater Tokyo | | | | Major Regional Cities |
|---|--|---------------------|---------------|--------------------|-----------------------------------|-----------------------|
| Property name | | Daiwa Meguro Square | Daiwa Ogikubo | CONCURRED Yokohama | Kita-Shinagawa Gotenyama Building | Daiwa Kitahama |
| Acquisition date | | May 2015 | July 2016 | Jan. 2018 | Sept. 2018 | Aug. 2014 |
| Price information | Acquisition price (million yen) | 5,600 | 3,800 | 38,100 | 2,500 | 9,481 |
| | Investment ratio (%) | 1.2 | 0.8 | 8.3 | 0.5 | 2.1 |
| | Carrying amount (million yen) | 5,494 | 3,983 | 38,136 | 2,583 | 9,173 |
| | Estimated price at end of period (million yen) | 6,910 | 4,610 | 39,900 | 2,650 | 11,700 |
| Leasing information | Total number of tenants (Note 1) | 16 | 12 | 36 | 6 | 7 |
| | Leasable floor area (m ²) | 3,519.50 | 3,849.63 | 28,052.98 | 2,396.96 | 13,517.62 |
| | Leased floor area (m ²) | 3,519.50 | 3,849.63 | 27,714.30 | 2,396.96 | 11,749.06 |
| | Occupancy rate (%) | | | | | |
| | End of May 2017 | 100.0 | 100.0 | — | — | 98.8 |
| | End of Nov. 2017 | 100.0 | 100.0 | — | — | 100.0 |
| | End of May 2018 | 100.0 | 100.0 | 93.2 | — | 100.0 |
| | End of Nov. 2018 | 100.0 | 100.0 | 99.3 | 58.6 | 100.0 |
| End of May 2019 | 100.0 | 100.0 | 98.7 | 100.0 | 86.9 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 162,712 | 127,276 | 990,724 | 61,048 | 342,683 |
| | Rent revenue – real estate | 162,712 | 127,276 | 989,706 | 61,048 | 342,683 |
| | Other lease business revenue | — | — | 1,018 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 56,924 | 39,503 | 288,237 | 21,668 | 149,627 |
| | Consignment expenses | 9,716 | 9,528 | 55,480 | 8,876 | 25,065 |
| | Utilities expenses | 8,810 | 6,344 | 86,448 | 3,898 | 33,586 |
| | Taxes and dues | 13,836 | 8,089 | 28,727 | 17 | 33,833 |
| | Non-life insurance expenses | 154 | 132 | 767 | 81 | 519 |
| | Repair expenses | 1,230 | 2,402 | 2,613 | 2,969 | 2,178 |
| | Depreciation (C) | 23,174 | 13,006 | 113,314 | 5,673 | 54,148 |
| | Other lease business expenses | — | — | 885 | 150 | 296 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 105,787 | 87,773 | 702,487 | 39,380 | 193,056 |
| NOI (E) [(D) + (C)] (thousand yen) | 128,962 | 100,780 | 815,801 | 45,053 | 247,204 | |
| Capital expenditures (F) (thousand yen) | 1,364 | 6,642 | 29,526 | 929 | 3,084 | |
| NCF [(E) – (F)] (thousand yen) | 127,598 | 94,137 | 786,274 | 44,124 | 244,120 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 34.98 | 31.04 | 29.09 | 35.49 | 43.66 |
| | Annual amount of fixed property tax, etc. for fiscal 2019 (thousand yen) | 27,370 | 16,332 | 153,211 | 10,979 | 69,876 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 110,053 | 161,340 | 718,980 | 102,564 | 275,080 |

- (Note 1) Total number of tenants is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 2) Estimated long-term repair expenses are the total amount of repair expenses and renewal expenses estimated to arise over the 12-year period from the 1st year to the 12th year as stated in the building investigation diagnosis report.
- (Note 3) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 4) Daiwa Onarimon Building was divested on February 28, 2019.
- (Note 5) Estimated long-term repair expenses of “Daiwa Kayabacho Building” are the total amount of repair expenses and renewal expenses estimated to arise over the 10-year period from the 1st year to the 10th year as stated in the building investigation diagnosis report.