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REIT Financial Report for the 17th Fiscal Period

July 17, 2014

Name of REIT Issuer: Daiwa Office Investment Corporation
 Stock Code No.: 8976
 Representative: Nobuaki Omura, Executive Director
 Name of Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
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Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): August 25, 2014

Scheduled date of start of distribution payments: August 5, 2014

Preparing presentation material: Yes

Holding financial brief meeting: Yes (for institutional investors and analysts)

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

1. Status of Management and Assets for the 17th Fiscal Period

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

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

(1) Management

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|-------|------------------|-------|-----------------|-------|----------------|-------|
| 17th Period | ¥8,587 million | 1.8% | ¥3,760 million | 2.3% | ¥3,005 million | 1.7% | ¥3,016 million | 1.9% |
| 16th Period | ¥8,432 million | 10.7% | ¥3,677 million | 11.1% | ¥2,955 million | 14.1% | ¥2,959 million | 14.3% |

| | Net income per unit | Net income to unitholders' equity | Ordinary income to total assets | Ordinary income to operating revenue |
|-------------|---------------------|-----------------------------------|---------------------------------|--------------------------------------|
| 17th Period | ¥7,620 | 1.5% | 0.8% | 35.0% |
| 16th Period | ¥7,478 | 1.5% | 0.8% | 35.1% |

(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 |
|-------------|--|---|--|---|-----------------|-----------------------------------|
| 17th Period | ¥7,621 | ¥3,016 million | ¥0 | ¥- million | 100.0% | 1.5% |
| 16th Period | ¥7,478 | ¥2,959 million | ¥0 | ¥- million | 100.0% | 1.5% |

(3) Financial Position

| | Total assets | Net assets | Unitholders' equity to total assets | Net assets per unit |
|-------------|------------------|------------------|-------------------------------------|---------------------|
| 17th Period | ¥380,723 million | ¥201,655 million | 53.0% | ¥509,490 |
| 16th Period | ¥363,653 million | ¥201,683 million | 55.5% | ¥509,560 |

(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 |
|-------------|---|---|---|--|
| 17th Period | ¥7,969 million | (¥15,396 million) | ¥13,040 million | ¥22,537 million |
| 16th Period | ¥4,581 million | (¥20,526 million) | ¥16,811 million | ¥16,924 million |

2. Management Status Forecasts for the 18th Fiscal Period and 19th Fiscal Period

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

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

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|-------|------------------|-------|-----------------|-------|----------------|-------|
| 18th Period | ¥9,692 million | 12.9% | ¥4,351 million | 15.7% | ¥3,450 million | 14.8% | ¥3,448 million | 14.3% |
| 19th Period | ¥9,842 million | 1.6% | ¥4,444 million | 2.1% | ¥3,674 million | 6.5% | ¥3,672 million | 6.5% |

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Distribution amount in excess of earnings per unit |
|-------------|--|--|
| 18th Period | ¥7,820 | ¥0 |
| 19th Period | ¥8,328 | ¥0 |

(Reference) Estimated net income per unit for the 18th Fiscal Period: ¥7,820; 19th Fiscal Period: ¥8,328

3. Other

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

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

(2) Number of Investment Units Issued and Outstanding

- (i) Number of investment units issued and outstanding at end of period (including treasury units):
17th Fiscal Period: 395,798 units 16th Fiscal Period: 395,798 units
- (ii) Number of treasury units at end of period:
17th Fiscal Period: – units 16th Fiscal Period: – units

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

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

The forecast figures set forth herein are the current prospects based on information currently available to the Investment Corporation and contain elements of uncertainty. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts. For details on the assumptions underlying the forecast figures above, please refer to “2. Management Policy and Management Status; 2.2. Management Status; Assumptions for the Management Status Forecasts for the 18th Fiscal Period and 19th Fiscal Period” on page 10.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 25, 2014).

The specified affiliated juridical person (meaning a specified affiliated juridical person as provided in Article 12, Paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities (Ordinance of the Ministry of Finance No. 22 of 1993; including amendments thereto)) of Daiwa Office Investment Corporation (former name DA Office Investment Corporation) (the “Investment Corporation”) is Daiwa Securities Group Inc.

Daiwa Securities Group Inc. is the asset management company’s parent company (meaning a parent company as stipulated in Article 8, Paragraph 3 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; including amendments thereto)).

2. Management Policy and Management Status

2.1. Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 25, 2014) as at the date of this document.

The Investment Corporation plans to submit a proposal for partial amendments to the Articles of Incorporation, including the “Targets and Policy of Asset Management,” for discussion at the 8th General Meeting of Unitholders scheduled to be held on August 19, 2014.

The matters for amendment include the addition of the following assets to targets of asset management as assets that may be invested in cases where necessary in investing in real estate.

- Copyrights, etc. pursuant to the Copyright Act
- Investment equity in partnerships under the Civil Code
- Various types of casualty insurance contracts and underlying rights or interests
- Rights to use source of hot springs and equipment/facilities, etc. of the concerned hot springs provided in the Hot Springs Act

For the proposal for partial amendments to the Articles of Incorporation, please refer to the press release “Notice concerning Amendments to Articles of Incorporation and Election of Directors, etc.” dated July 17, 2014.

2.2. Management Status

(1) Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 364,076 million yen as of the last day of May 2014.

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

B. Investment Environment and Management Performance

a. Investment Environment (from December 2013 to May 2014)

The Japanese economy during the fiscal period under review saw an economic recovery trend as business sentiment, as well as corporate performance of primarily export-related companies, improved in line with depreciation of the yen and rise in stock prices, against the backdrop of economic policies, centering on the financial policies promoted by the Abe administration, as well as the large-scale monetary easing policy implemented by Bank of Japan, high level of public investment and other factors. While there were concerns of consumption decreasing on the rebound of the last-minute surge in demand associated with the

consumption tax hike, improvement in employment and other factors are expected to lead to steady economic recovery going forward.

In the office building leasing market in central Tokyo, with new supply having settled down, the vacancy rate took a turn after peaking in June 2013, dropping to 6.52% at the end of May 2014. Led by improvement in the vacancy rate for large buildings, the overall vacancy rate that includes small- to medium-sized buildings is also on an improving trend. While the drop in the vacancy rate is leading to a stronger sense that office rent is also bottoming out, rent increases were seen for large buildings in some areas but was no more than a slight increase for the market as a whole.

On the other hand, the office rent for the market as a whole was on a slight downward trend although rent increases were seen for large buildings in some areas. For the office building transaction market, an appetite for property acquisitions continued to be strong among real estate companies and funds (including J-REITs) with the continuing favorable equity procurement environment and proactive lending attitude by financial institutions backed by the forecast of an increase in property prices in accordance with expectations for economic recovery.

b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Integral Tower” (acquisition price: 15,220 million yen) in May 2014 and divested “Daiwa Shibuya SS Building” (sale price: 3,800 million yen) in May 2014. As a result, the Investment Corporation’s assets under management as of the end of the 17th Fiscal Period (May 31, 2014) totaled 44 properties, the sum total of acquisition prices of which amounted to 364,076 million yen.

Concerning internal growth, while the office leasing market weakened, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. As a result, the occupancy rate as of the end of the 17th Fiscal Period (May 31, 2014) was 96.4%.

C. Overview of Capital Procurement

a. Status of Interest-Bearing Liabilities

(i) Procurement of Capital for New Property Acquisitions

In the 17th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of Integral Tower.

- A total amount of 16,000 million yen was borrowed from Sumitomo Mitsui Banking Corporation, The Bank of Mitsubishi-Tokyo UFJ, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd., Development Bank of Japan Inc., Mizuho Trust and Banking Co., Ltd. and The Musashino Bank, Ltd. on May 29, 2014 (Integral Tower; May 29, 2014 delivery portion).

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

In the 17th Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings that were due for repayment.

- A total amount of 4,000 million yen was borrowed from Resona Bank, Ltd. on March 18, 2014 to fund the repayment of the 4,000 million yen borrowed from said bank that was due for repayment on March 18, 2014.
- A total amount of 2,000 million yen was borrowed from Sumitomo Mitsui Banking Corporation on March 25, 2014 to fund the repayment of the 2,000 million yen borrowed from said bank that was due for repayment on March 25, 2014.
- A total amount of 8,900 million yen was borrowed from Mizuho Bank, Ltd., The Bank of Mitsubishi-Tokyo UFJ, Ltd. and The Gunma Bank, Ltd. on March 31, 2014 to fund the repayment of a total amount of 8,900 million yen borrowed from said banks that was due for repayment on March 31, 2014.

(iii) 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 17th Fiscal Period (May 31, 2014) stood at 163,700 million yen (short-term loans payable: 5,500 million yen; long-term loans payable: 154,700 million yen; investment corporation bonds: 3,500 million yen). The balance of the current portion of long-term loans payable stood at 29,500 million yen.

Concerning borrowings in the 17th Fiscal Period, the Investment Corporation made borrowings, centering on periods of between 5 years and 8 years and as long as 8.5 years, extending the average remaining period from 3.43 years (16th Fiscal Period) to 3.82 years (17th Fiscal Period). Furthermore, liabilities costs were lowered by reducing credit spreads. Meanwhile, the Investment Corporation concluded the interest-rate swap agreement in the 17th fiscal Period to fixate future interest payment for the total borrowing of 19,600 million yen in order to offset the risks of the possible increase of the interest rate.

List of Borrowings in the 17th Fiscal Period

| Lender | Loan amount (million yen) | Drawdown date | Repayment date | Loan period |
|--|------------------------------|------------------|-------------------|----------------|
| Resona Bank, Ltd. | 2,000 | 2014/3/18 | 2019/9/30 | 5.5 years |
| Resona Bank, Ltd. | 2,000 | 2014/3/18 | 2021/3/31 | 7.0 years |
| Sumitomo Mitsui Banking Corporation | 1,000 | 2014/3/25 | 2021/3/31 | 7.0 years |
| Sumitomo Mitsui Banking Corporation | 1,000 | 2014/3/25 | 2022/2/28 | 7.9 years |
| Mitsubishi UFJ Trust and Banking Corporation | 3,000 | 2014/3/31 | 2019/3/29 | 5.0 years |
| The Gunma Bank, Ltd. | 1,000 | 2014/3/31 | 2019/3/29 | 5.0 years |
| Mizuho Bank, Ltd. | 1,000 | 2014/3/31 | 2020/3/31 | 6.0 years |
| Mizuho Bank, Ltd. | 3,900 | 2014/3/31 | 2021/3/31 | 7.0 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,500 | 2014/5/29 | 2015/3/31 | 0.8 years |
| Sumitomo Mitsui Banking Corporation | 500 | 2014/5/29 | 2015/3/31 | 0.8 years |
| Mizuho Bank, Ltd. | 500 | 2014/5/29 | 2015/3/31 | 0.8 years |
| Sumitomo Mitsui Trust Bank, Limited | 2,000 | 2014/5/29 | 2019/5/31 | 5.0 years |
| The Musashino Bank, Ltd. | 500 | 2014/5/29 | 2019/5/31 | 5.0 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 2,000 | 2014/5/29 | 2020/5/29 | 6.0 years |
| Mizuho Trust and Banking Co., Ltd. | 500 | 2014/5/29 | 2020/5/29 | 6.0 years |
| Development Bank of Japan Inc. | 1,000 | 2014/5/29 | 2020/11/30 | 6.5 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,000 | 2014/5/29 | 2021/11/30 | 7.5 years |
| Mizuho Bank, Ltd. | 1,500 | 2014/5/29 | 2022/5/31 | 8.0 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,000 | 2014/5/29 | 2022/5/31 | 8.0 years |
| Sumitomo Mitsui Banking Corporation | 3,000 | 2014/5/29 | 2022/11/30 | 8.5 years |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 1,000 | 2014/5/29 | 2022/11/30 | 8.5 years |

Balance of Borrowings from Each Financial Institution (as of May 31, 2014)

| Lender | End of the 17th Fiscal Period (million yen) | Share |
|---|--|-------|
| Sumitomo Mitsui Banking Corporation | 33,400 | 20.85 |
| Sumitomo Mitsui Trust Bank, Limited | 20,350 | 12.70 |
| Development Bank of Japan Inc. | 18,750 | 11.70 |
| Mizuho Bank, Ltd. | 13,900 | 8.68 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 11,500 | 7.18 |
| Shinsei Bank, Ltd. | 11,000 | 6.87 |
| Resona Bank, Ltd. | 9,000 | 5.62 |
| Aozora Bank, Ltd. | 6,000 | 3.75 |
| Mitsubishi UFJ Trust and Banking Corporation | 5,000 | 3.12 |
| Kansai Urban Banking Corporation | 5,000 | 3.12 |
| Mizuho Trust and Banking Co., Ltd. | 5,000 | 3.12 |
| The Bank of Fukuoka, Ltd. | 4,000 | 2.50 |
| ORIX Bank Corporation | 2,500 | 1.56 |
| The Gunma Bank, Ltd. | 2,500 | 1.56 |
| The Shizuoka Bank, Ltd. | 2,000 | 1.25 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 2,000 | 1.25 |
| The Musashino Bank, Ltd. | 2,000 | 1.25 |

| | | |
|--------------------------------------|---------|---------|
| The Higashi-Nippon Bank, Limited | 1,500 | 0.94 |
| The Hiroshima Bank, Ltd. | 1,000 | 0.62 |
| The Kagawa Bank, Ltd. | 1,000 | 0.62 |
| The 77 Bank, Ltd. | 1,000 | 0.62 |
| The Bank of Yokohama, Ltd. | 500 | 0.31 |
| The Yamaguchi Bank, Ltd. | 500 | 0.31 |
| Taiyo Life Insurance Company | 300 | 0.19 |
| Nippon Life Insurance Company | 300 | 0.19 |
| Fukoku Mutual Life Insurance Company | 200 | 0.12 |
| Total | 160,200 | 100.00% |

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

b. Rating Information (as of May 31, 2014)

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

c. Shelf Registration

The Investment Corporation filed a shelf registration statement on July 17, 2014 as below.

| | |
|--|---|
| Investment corporation bonds (excluding short-term investment corporation bonds) | |
| Planned issue amount | 100 billion yen |
| Planned issue period | From July 25, 2014 to July 24, 2016 |
| Use of funds | Funds for acquisition of specified assets, repayment of loans, redemption of investment corporation bonds (including short-term investment corporation bonds), refund of leasehold and security deposits, and payment of repairs, etc.; funds for working capital; etc. |

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 17th Fiscal Period of 8,587 million yen in operating revenue, 3,760 million yen in operating income, 3,005 million yen in ordinary income and 3,016 million yen in net income.

Concerning distributions, to ensure that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")), the Investment Corporation decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution amount per unit that are less than 1 yen. Accordingly, the Investment Corporation declared a distribution amount per unit of 7,621 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy ahead is expected to see the ongoing various economic measures, centering on the public works projects and financial policies promoted by the Abe administration, and the large-scale monetary easing policy implemented by Bank of Japan as well as pickup in overseas economies, centering on developed countries, lead to moderate economic recovery through improvement in corporate performance, centering on public-investment- and exports-related companies, and recovery in personal spending. However, factors such as turmoil in overseas economies / overseas financial markets with the emergence of geopolitical risks pose potential risks of disrupting the Japanese real economy and financial environment and are thus thought to require attention.

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

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

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

(i) Maintain and raise occupancy rates

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

(ii) Maintain and raise profitability

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

(iii) Lower operational management costs

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

b. Strategy for New Property Investments

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

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

In the 17th Fiscal Period, the Investment Corporation acquired "Integral Tower," which is located in Tokyo. The Investment Corporation believes that acquisition of this property will contribute to further stabilization and enhancement of the portfolio. The Investment Corporation will continue to strive to acquire properties in line with the investment strategy described above.

c. Financial Strategy

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

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

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

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

- (iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.
- (v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

C. Significant Subsequent Events

① Issuance of Investment Units

The Investment Corporation passed resolutions concerning issuance of new investment units as follows at the meetings of the Board of Directors of the Investment Corporation held on June 17, 2014 and June 25, 2014. Payment for the issuance of new investment units through public offering was completed on July 2, 2014. In addition, payment for the issuance of new investment units by third-party allocation is scheduled for July 30, 2014.

- a. Issuance of new investment units through public offering (primary offering)
 - (i) Number of units to be offered: 41,092 units
 - (ii) Net price (paid-in price): 450,746 yen per unit
 - (iii) Net amount (total paid-in amount): 18,522,054,632 yen
 - (iv) Payment date: July 2, 2014
 - (v) Use of proceeds:
Acquisition of the specified assets stated in ② below as well as the expenses associated with the acquisitions
- b. Issuance of new investment units by third-party allocation
 - (i) Number of units to be offered (upper limit): 4,110 units
 - (ii) Net price (paid-in price): 450,746 yen per unit
 - (iii) Net amount (total paid-in amount) (upper limit): 1,852,566,060 yen
 - (iv) Allottee and number of units to be issued (upper limit): Daiwa Securities Co., Ltd. 4,110 units
 - (v) Payment date: July 30, 2014
 - (vi) Use of proceeds:
Acquisition of the specified assets stated in ② below as well as the expenses associated with the acquisitions

(Note) The investment units to be issued by third-party allocation may not be subscribed in whole or in part, and as a result, the subscription right will be forfeited and the final number of investment units issued with respect to the third-party allocation may be reduced to the same extent, or such issuance itself may be cancelled.

② Acquisition of Assets

- a. The Investment Corporation acquired a trust beneficial interest in real estate on July 4, 2014 as follows.

Summary of Asset Acquired

| | |
|--|---|
| Property name | Azabu Green Terrace |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 3-20-1 Minami Azabu Minato-ku, Tokyo |
| Acquisition price | 14,000 million yen (excluding associated acquisition costs, consumption tax, etc.) |
| Date of conclusion of purchase agreement | June 17, 2014 |
| Date of delivery | July 4, 2014 |
| Seller | Azabu Green Terrace Goudou Kaisha (Limited Liability Company) |

- b. The Investment Corporation determined on June 17, 2014 to acquire a trust beneficial interest in real estate as follows.

Summary of Asset to be Acquired

| | |
|--|--|
| Property name | Kitahama Grand Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 2-2-14 Awajicho, Chuou-ku, Osaka |
| Acquisition price | 9,481.5 million yen (excluding associated acquisition costs, consumption tax, etc.) |
| Date of conclusion of purchase agreement | June 17, 2014 |

| | |
|------------------|---|
| Date of delivery | August 1, 2014 (scheduled) |
| Seller | Goudou Kaisha North Beach (Limited Liability Company) |

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 18th Fiscal Period (fiscal period ending November 2014 (from June 1, 2014 to November 31, 2014)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 18th Fiscal Period and 19th Fiscal Period” on page 10.

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

| | |
|--|-------------------|
| Operating revenue | 9,692 million yen |
| Operating income | 4,351 million yen |
| Ordinary income | 3,450 million yen |
| Net income | 3,448 million yen |
| Distribution amount per unit | 7,820 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 18th Fiscal Period and 18th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 19th Fiscal Period (fiscal period ending May 2015 (from December 1, 2014 to May 31, 2015)).

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

| | |
|--|-------------------|
| Operating revenue | 9,842 million yen |
| Operating income | 4,444 million yen |
| Ordinary income | 3,674 million yen |
| Net income | 3,672 million yen |
| Distribution amount per unit | 8,328 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 18th Fiscal Period and 19th Fiscal Period

| Item | Assumptions |
|---|--|
| Assets under management | <ul style="list-style-type: none"> • 18th Fiscal Period and 19th Fiscal Period: Assets under management are assumed to be the 44 properties owned as of May 31, 2014, plus the 2 properties acquired in July 2014 and scheduled to be acquired in August 2014, to total 46 properties. • The actual number of properties may vary due to changes in the assets under management. |
| Operating revenue | <ul style="list-style-type: none"> • Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. • It is assumed that there is no gain (loss) on sales of real estate properties. |
| Operating expenses | <ul style="list-style-type: none"> • Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. • Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager. • Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 5,357 million yen in the 18th Fiscal Period and 5,481 million yen in the 19th Fiscal Period. • Consignment expenses are expected to be 743 million yen in the 18th Fiscal Period and 744 million yen in the 19th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 792 million yen in the 18th Fiscal Period and 799 million yen in the 19th Fiscal Period. • Depreciation is expected to be 1,493 million yen in the 18th Fiscal Period and 1,539 million yen in the 19th Fiscal Period. |
| Non-operating expenses | <ul style="list-style-type: none"> • Non-operating expenses in the 18th Fiscal Period are expected to be 901 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 821 million yen. • Non-operating expenses in the 19th Fiscal Period are expected to be 769 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 762 million yen. |
| Interest-bearing liabilities | <ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 162,200 million yen at the end of the 18th Fiscal Period and 162,200 million yen at the end of the 19th Fiscal Period. • In the 18th Fiscal Period, of the 19,000 million yen in loans that became due for repayment on July 8, 2014, 17,500 million yen was refinanced and 1,500 million yen was repaid using cash reserves. The assumption is that the 3,000 million yen in loans that is to become due for repayment on September 17, 2014 will be refinanced in the entire amount. In addition, the assumption for the 3,500 million yen in First Series Unsecured Investment Corporation Bonds with Early Redemption Clause is that early redemption will be conducted by refinancing in the entire amount on September 17, 2014. • In the 19th Fiscal Period, the assumption is that the 3,000 million yen in loans that is to become due for repayment on February 27, 2015, the 7,500 million yen in loans that is to become due for repayment on March 31, 2015 and the 2,500 million yen in loans that is to become due for repayment on May 29, 2015 will be refinanced in the entire amount. |
| Number of investment units issued and outstanding | <ul style="list-style-type: none"> • The number of investment units issued and outstanding is assumed to be the 395,798 units issued and outstanding as of May 31, 2014, plus the 41,092 units from issuance of new investment units through public offering and the 4,110 units from issuance of new investment units by third-party allocation (upper limit) for which resolutions were passed at the meetings of the Board of Directors of the Investment Corporation held on June 17, 2014 and June 25, 2014, to total 441,000 units. • There is assumed to be no change in the number of investment units from issuance of new investment units, etc. other than the above through to the end of the 18th Fiscal Period and 19th Fiscal Period. |
| Distribution amount per unit | <ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs. |

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

2.3. Investment Risks

The following content will be added as “(c) Risk that asset to be acquired cannot be incorporated into the portfolio” to “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks; 3.3. Risk Factors; 3.3.6. Other” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 25, 2014).

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

The Investment Corporation has concluded a purchase agreement for trust beneficial interest in Kitahama Grand Building and future acquisition is scheduled.

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

In addition, “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks; 3.3. Risk Factors; 3.3.4. Risks concerning Real Estate and Beneficial Interest in Trust; (v) Risk concerning forward commitments” set out in the abovementioned periodic securities report (*yuka shoken hokokusho*) will be amended as follows (amendments are underlined).

(v) Risk concerning forward commitments

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

The Investment Corporation has concluded a purchase agreement for trust beneficial interest in Kitahama Grand Building and future acquisition is scheduled. This purchase agreement falls under the category of the forward commitments above.

If there is a violation of any of the provisions of the purchase agreement with the seller of the property by either the Investment Corporation or the seller, the other party can cancel the purchase agreement and demand an amount equivalent to 10% of the purchasing price as a penalty. The provision concerning the funds required for purchase of the asset to be purchased states that the buyer’s obligation to execute the purchase shall arise on the condition that either the funding for execution of the purchase is conducted or certain to be conducted.

3. Financial Statements

3.1. Balance Sheets

(Unit: thousand yen)

| | 16th Fiscal Period [As of Nov. 30, 2013] | 17th Fiscal Period [As of May 31, 2014] |
|---|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,479,896 | 16,842,863 |
| Cash and deposits in trust | 5,445,075 | 5,694,864 |
| Operating accounts receivable | 299,238 | 292,388 |
| Consumption taxes receivable | — | 135,051 |
| Prepaid expenses | 289,694 | 307,951 |
| Deferred tax assets | 7,426 | 3,729 |
| Other | 108,600 | 80,830 |
| Total current assets | 17,629,931 | 23,357,677 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 3,073,746 | 3,092,757 |
| Accumulated depreciation | (1,367,157) | (1,454,946) |
| Buildings, net | 1,706,588 | 1,637,811 |
| Structures | 10,296 | 10,296 |
| Accumulated depreciation | (2,192) | (2,461) |
| Structures in trust, net | 8,103 | 7,834 |
| Tools, furniture and fixtures | 7,422 | 8,947 |
| Accumulated depreciation | (5,593) | (6,042) |
| Tools, furniture and fixtures, net | 1,828 | 2,905 |
| Land | 12,302,226 | 12,302,226 |
| Construction in progress | 2,457 | 3,871 |
| Buildings in trust | 75,848,965 | 80,499,042 |
| Accumulated depreciation | (15,550,718) | (16,541,892) |
| Buildings in trust, net | *1 60,298,247 | *1 63,957,149 |
| Structures in trust | 858,205 | 887,486 |
| Accumulated depreciation | (135,345) | (146,565) |
| Structures in trust, net | 722,860 | 740,921 |
| Machinery and equipment in trust | 861,301 | 781,249 |
| Accumulated depreciation | (399,705) | (401,379) |
| Machinery and equipment in trust, net | 461,596 | 379,869 |
| Tools, furniture and fixtures in trust | 94,734 | 108,841 |
| Accumulated depreciation | (50,484) | (57,254) |
| Tools, furniture and fixtures in trust, net | 44,249 | 51,586 |
| Other in trust | 6,017 | 5,909 |
| Accumulated depreciation | (6,017) | (5,909) |
| Land in trust | 266,787,276 | 273,990,050 |
| Construction in progress in trust | 39,544 | 433,065 |
| Total property, plant and equipment | 342,374,979 | 353,507,294 |

(Unit: thousand yen)

| | 16th Fiscal Period [As of Nov. 30, 2013] | 17th Fiscal Period [As of May 31, 2014] |
|--|---|--|
| Intangible assets | | |
| Right of trademark | 1,448 | 1,259 |
| Leasehold rights | 2,407,101 | 2,407,101 |
| Leasehold rights in trust | 306,884 | 306,884 |
| Other | 2,818 | 4,925 |
| Total intangible assets | 2,718,252 | 2,720,171 |
| Investments and other assets | | |
| Lease and guarantee deposits in trust | 113,684 | 113,684 |
| Long-term prepaid expenses | 778,748 | 942,443 |
| Deferred tax assets | 23,705 | 70,133 |
| Other | 10,020 | 10,020 |
| Total investments and other assets | 926,158 | 1,136,282 |
| Total noncurrent assets | 346,019,390 | 357,363,748 |
| Deferred assets | | |
| Investment corporation bonds issuance costs | 4,585 | 1,717 |
| Total deferred assets | 4,585 | 1,717 |
| Total assets | 363,653,907 | 380,723,143 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 772,417 | 904,316 |
| Short-term loans payable | 3,000,000 | 5,500,000 |
| Current portion of long-term loans payable | 33,900,000 | 29,500,000 |
| Accounts payable – other | 286,983 | 461,153 |
| Income taxes payable | 811 | 844 |
| Accrued consumption taxes | 96,308 | 16,051 |
| Advances received | 977,470 | 971,476 |
| Other | 164,118 | 365,068 |
| Total current liabilities | 39,198,109 | 37,718,910 |
| Noncurrent liabilities | | |
| Investment corporation bonds | 3,500,000 | 3,500,000 |
| Long-term loans payable | 107,300,000 | 125,200,000 |
| Tenant leasehold and security deposits | 7,306,108 | 7,674,101 |
| Tenant leasehold and security deposits in trust | 4,597,921 | 4,769,695 |
| Derivatives liabilities | 68,576 | 205,310 |
| Total noncurrent liabilities | 122,772,606 | 141,349,107 |
| Total liabilities | 161,970,715 | 179,068,017 |
| Net Assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 198,780,951 | 198,780,951 |
| Surplus | | |
| Unappropriated retained earnings (undisposed loss) | 2,959,947 | 3,016,510 |
| Total surplus | 2,959,947 | 3,016,510 |
| Total unitholders' equity | 201,740,899 | 201,797,461 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | (57,707) | (142,335) |
| Total valuation and translation adjustments | (57,707) | (142,335) |
| Total net assets | *2 201,683,191 | *2 201,655,126 |
| Total liabilities and net assets | 363,653,907 | 380,723,143 |

3.2. Statements of Income

(Unit: thousand yen)

| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] | |
|--|---|-----------|--|-----------|
| Operating revenue | | | | |
| Rent revenue – real estate | *1 | 8,367,068 | *1 | 8,491,129 |
| Other lease business revenue | *1 | 65,001 | *1 | 92,758 |
| Gain on sales of real estate properties | *2 | - | *2 | 3,610 |
| Total operating revenue | | 8,432,069 | | 8,587,498 |
| Operating expenses | | | | |
| Expenses related to rent business | *1 | 3,870,374 | *1 | 3,931,000 |
| Asset management fees | | 696,224 | | 710,204 |
| Asset custody fees | | 17,657 | | 18,162 |
| Administrative service fees | | 63,107 | | 62,686 |
| Trust fees | | 21,717 | | 22,026 |
| Directors' compensation | | 5,400 | | 5,400 |
| Other operating expenses | | 80,559 | | 77,284 |
| Total operating expenses | | 4,755,040 | | 4,826,763 |
| Operating income | | 3,677,029 | | 3,760,734 |
| Non-operating income | | | | |
| Interest income | | 1,423 | | 931 |
| Reversal of distribution payable | | 1,101 | | 630 |
| Miscellaneous income | | 2,464 | | 4,068 |
| Total non-operating income | | 4,989 | | 5,630 |
| Non-operating expenses | | | | |
| Interest expenses | | 522,251 | | 554,143 |
| Interest expenses on investment corporation bonds | *3 | 53,609 | *3 | 47,448 |
| Borrowing expenses | | 144,284 | | 151,045 |
| Other | | 5,935 | | 7,938 |
| Total non-operating expenses | | 726,080 | | 760,575 |
| Ordinary income | | 2,955,938 | | 3,005,789 |
| Extraordinary income | | | | |
| Gain on donation of noncurrent assets | | 4,884 | | 11,484 |
| Total extraordinary income | | 4,884 | | 11,484 |
| Income before income taxes | | 2,960,822 | | 3,017,273 |
| Income taxes – current | | 992 | | 929 |
| Income taxes – deferred | | (6) | | 4 |
| Total income taxes | | 986 | | 933 |
| Net income | | 2,959,835 | | 3,016,340 |
| Retained earnings brought forward | | 111 | | 170 |
| Unappropriated retained earnings (undisposed loss) | | 2,959,947 | | 3,016,510 |

3.3. Statements of Unitholders' Equity

16th Fiscal Period (from June 1, 2013 to November 30, 2013]

(Unit: thousand yen)

| | Unitholders' equity | | | | Total valuation and translation adjustments | | Total net assets |
|--|----------------------|--|---------------|---------------------------|---|---|------------------|
| | Unitholders' capital | Surplus | | Total unitholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | | Unappropriated retained earnings (undisposed loss) | Total Surplus | | | | |
| Balance at beginning of current period | 198,780,951 | 2,589,422 | 2,589,422 | 201,370,373 | (25,003) | (25,003) | 201,345,370 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | (2,589,310) | (2,589,310) | (2,589,310) | | | (2,589,310) |
| Net income | | 2,959,835 | 2,959,835 | 2,959,835 | | | 2,959,835 |
| Net changes of items other than shareholders' equity | | | | | (32,704) | (32,704) | (32,704) |
| Net changes of items other than shareholders' equity | — | 370,525 | 370,525 | 370,525 | (32,704) | (32,704) | 337,821 |
| Balance at end of current period | 198,780,951 | 2,959,947 | 2,959,947 | 201,740,899 | (57,707) | (57,707) | 201,683,191 |

17th Fiscal Period (from December 1, 2013 to May 31, 2014]

(Unit: thousand yen)

| | Unitholders' equity | | | | Total valuation and translation adjustments | | Total net assets |
|--|----------------------|--|---------------|---------------------------|---|---|------------------|
| | Unitholders' capital | Surplus | | Total unitholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | | Unappropriated retained earnings (undisposed loss) | Total Surplus | | | | |
| Balance at beginning of current period | 198,780,951 | 2,959,947 | 2,959,947 | 201,740,899 | (57,707) | (57,707) | 201,683,191 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | (2,959,777) | (2,959,777) | (2,959,777) | | | (2,959,777) |
| Net income | | 3,016,340 | 3,016,340 | 3,016,340 | | | 3,016,340 |
| Net changes of items other than shareholders' equity | | | | | (84,627) | (84,627) | (84,627) |
| Net changes of items other than shareholders' equity | — | 56,562 | 56,562 | 56,562 | (84,627) | (84,627) | (28,065) |
| Balance at end of current period | 198,780,951 | 3,016,510 | 3,016,510 | 201,797,461 | (142,335) | (142,335) | 201,655,126 |

3.4. Statements of Cash Distributions

| Item | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
|---|--|--|
| | Amount (yen) | Amount (yen) |
| I. Unappropriated retained earnings | 2,959,947,688 | 3,016,510,262 |
| II. Distribution amount [Distribution amount per unit] | 2,959,777,444 [7,478] | 3,016,376,558 [7,621] |
| III. Retained earnings carried forward | 170,244 | 133,704 |
| Method for calculating distribution amount | Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 2,959,777,444 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation. | Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 3,016,376,558 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation. |

3.5. Statements of Cash Flows

(Unit: thousand yen)

| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
|---|---|--|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 2,960,822 | 3,017,273 |
| Depreciation and amortization | 1,330,093 | 1,357,076 |
| Amortization of investment corporation bonds issuance costs | 3,631 | 2,867 |
| Interest income | (1,423) | (931) |
| Interest expenses | 575,860 | 601,592 |
| (Increase) Decrease in operating accounts receivable | (69,086) | 6,849 |
| (Increase) Decrease in consumption taxes refund receivable | 248,781 | (135,051) |
| (Increase) Decrease in prepaid expenses | (26,739) | (18,256) |
| Increase (decrease) in operating accounts payable | 201,239 | (74,232) |
| Increase (decrease) in accounts payable – other | 29,441 | 60,440 |
| Increase (decrease) in accrued consumption taxes | 63,881 | (80,257) |
| Increase (decrease) in advances received | 102,540 | (5,993) |
| (Increase) Decrease in long-term prepaid expenses | (294,805) | (163,695) |
| Decrease from sales of property, plant and equipment in trust | | 3,776,563 |
| Other, net | 72,548 | 226,221 |
| Subtotal | 5,196,784 | 8,570,465 |
| Interest income received | 1,423 | 931 |
| Interest expenses paid | (615,390) | (601,109) |
| Income taxes paid | (960) | (896) |
| Net cash provided by (used in) operating activities | 4,581,857 | 7,969,391 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (25,556) | (22,821) |
| Purchase of property, plant and equipment in trust | (21,370,401) | (15,910,756) |
| Purchase of intangible assets | — | (3,024) |
| Proceeds from tenant security deposits | 372,769 | 615,668 |
| Proceeds from tenant security deposits in trust | 835,362 | 755,378 |
| Repayments of tenant security deposits | (332,947) | (670,820) |
| Repayments of tenant security deposits in trust | (5,404) | (160,460) |
| Net cash provided by (used in) investing activities | (20,526,177) | (15,396,834) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from short-term loans payable | 8,000,000 | 2,500,000 |
| Repayment of short-term loans payable | (5,000,000) | — |
| Proceeds from long-term loans payable | 38,900,000 | 28,400,000 |
| Repayment of long-term loans payable | (17,500,000) | (14,900,000) |
| Redemption of investment corporation bonds redeemable | (5,000,000) | — |
| Dividends paid | (2,588,480) | (2,959,802) |
| Net cash provided by (used in) financing activities | 16,811,519 | 13,040,197 |
| Net increase (decrease) in cash and cash equivalents | 867,199 | 5,612,755 |
| Cash and cash equivalents at beginning of period | 16,057,772 | 16,924,971 |
| Cash and cash equivalents at end of period | *1 16,924,971 | *1 22,537,727 |

3.6. Notes to the Going Concern

Not applicable.

3.7. Notes to Significant Accounting Policies

| | |
|---|--|
| 1. Accumulated depreciation method for noncurrent assets | (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 4~56 years Machinery and equipment 2~23 years Tools, furniture and fixtures 5~18 years (2) Intangible assets The straight-line method is adopted. (3) Long-term prepaid expenses The straight-line method is adopted. |
| 2. Accounting policies for deferred assets | Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption. |
| 3. Accounting standards for recording revenues and expenses | Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 16th Fiscal Period is 71,391 thousand yen and 17th Fiscal Period is 54,857 thousand yen. |
| 4. Hedge accounting approaches | (1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting. (2) Hedging instruments and hedged items Hedging instruments: Interest rate cap transactions Hedged items: Interest on loans (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. (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. |
| 5. Scope of funds in the statements of cash flows | The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation. |

| | |
|--|--|
| 6. Other significant matters forming basis for preparation of financial statements | <p>(1) Accounting method for trust beneficial interest in real estate, etc. Concerning owned trust beneficial interest that have real estate properties as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenues and expenses incurred from the assets in trust are recorded in the relevant account item of the balance sheets and statements of income. The following material items of the assets in trust recorded in the relevant account item are separately listed on the balance sheets.</p> <ul style="list-style-type: none"> (i) Cash and deposits in trust (ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, other tangible assets in trust, land in trust and construction in progress in trust (iii) Leasehold rights in trust (iv) Lease and guarantee deposits in trust (v) Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption taxes Consumption tax and local consumption tax are accounted for by the tax-exclusion method and consumption taxes that are not tax-deductible are expensed in the fiscal period under review. The consumption taxes relating to noncurrent assets, etc. that are not tax-deductible are amortized in equal installments over 5 years.</p> |
|--|--|

3.8. Notes to Financial Statements

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

[Notes to Balance Sheets]

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

| 16th Fiscal Period [As of November 30, 2013] | | 17th Fiscal Period [As of May 31, 2014] | |
|---|---------------------|--|---------------------|
| 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

| 16th Fiscal Period [As of November 30, 2013] | | 17th Fiscal Period [As of May 31, 2014] | |
|---|---------------------|--|---------------------|
| | 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) | |
|--|---|--|
| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
| A. Property leasing revenue | | |
| Rent revenue – real estate | 8,367,068 | 8,491,129 |
| Other lease business revenue | 65,001 | 92,758 |
| Total property leasing revenue | 8,432,069 | 8,583,887 |
| B. Property leasing expenses | | |
| Consignment expenses | 654,832 | 692,132 |
| Utilities expenses | 877,331 | 842,933 |
| Taxes and dues | 692,430 | 705,980 |
| Non-life insurance expenses | 12,927 | 12,785 |
| Repair expenses | 251,073 | 272,158 |
| Depreciation | 1,328,912 | 1,355,744 |
| Other lease business expenses | 52,866 | 49,265 |
| Total property leasing expenses | 3,870,374 | 3,931,000 |
| C. Operating income (loss) from property leasing [A – B] | 4,561,695 | 4,652,887 |

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

16th Fiscal Period [From: June 1, 2013 To: November 30, 2013]
Not applicable.

17th Fiscal Period [From: December 1, 2013 To: May 31, 2014]

Daiwa Shibuya SS Building

| | |
|---|-----------|
| Proceeds from sales of real estate properties | 3,800,000 |
| Cost of sales of real estate properties | 3,776,563 |
| Other expenses on sales | 19,825 |
| Gain on sales of real estate properties | 3,610 |

*3. Transactions with major unitholders

| | (Unit: thousand yen) | |
|---|---|--|
| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
| Transactions other than business transaction | | |
| Interest expenses on investment corporation bonds | 48,102 | 47,448 |

[Notes to Statements of Unitholders' Equity]

| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
|---|---|--|
| *1. Total number of investment units authorized and number of investment units issued and outstanding | | |
| Total number of investment units authorized | 2,000,000 units | 2,000,000 units |
| Number of investment units issued and outstanding | 395,798 units | 395,798 units |

[Notes to Statements of Cash Flows]

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

| | (Unit: thousand yen) | |
|----------------------------|---|--|
| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
| Cash and deposits | 11,479,896 | 16,842,863 |
| Cash and deposits in trust | 5,445,075 | 5,694,864 |
| Cash and cash equivalents | 16,924,971 | 22,537,727 |

[Notes to Financial Instruments]

(1) Matters Concerning Status of Financial Instruments

(a) Policy for financial instruments

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

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

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

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

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

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

Bank borrowings with floating interest rates are exposed to interest rate risk and the risk is controlled by using derivative instruments (interest swap transaction).

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

Enforcement and management of derivative transactions are carried out in accordance with the provisions established by the basic policy of risk management.

Security deposits from tenants are exposed to liquidity risk upon tenants moving out and the Investment Corporation reduces the risk by pooling funds to a certain degree.

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

(c) Supplementary explanation for fair value of financial instruments

The fair value of financial instruments is based on their market price. The fair value of financial instruments with no available market price is determined by using price reasonably estimated. As various factors are incorporated into these calculations, the resulting value may differ if different assumptions are provided.

Furthermore, the contractual amounts of derivative transactions do not represent the market risk involved in these derivative transactions.

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

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

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

(Unit: thousand yen)

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

17th Fiscal Period [As of May 31, 2014]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|--|-----------------|-------------|------------|
| (1) Cash and deposits | 16,842,863 | 16,842,863 | — |
| (2) Cash and deposits in trust | 5,694,864 | 5,694,864 | — |
| Total assets | 22,537,727 | 22,537,727 | — |
| (1) Short-term loans payable | 5,500,000 | 5,500,000 | — |
| (2) Current portion of long-term loans payable | 29,500,000 | 29,506,081 | 6,081 |
| (3) Investment corporation bonds | 3,500,000 | 3,500,000 | — |
| (4) Long-term loans payable | 125,200,000 | 125,287,009 | 87,009 |
| Total liabilities | 163,700,000 | 163,793,091 | 93,091 |
| Derivative transactions (*) | (216,183) | (216,183) | — |

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

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

Assets

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

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

Liabilities

(1) Short-term loans payable; (2) Current portion of long-term loans payable; (4) Long-term loans payable

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

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

(3) Investment corporation bonds

Concerning the fair value of investment corporation bonds issued by the Investment Corporation, as these are based on floating interest rates and reflect market interest rates within a short period of time and the Investment Corporation's credit capability does not differ markedly from the execution, the fair value is approximately the same as the book value and thus is stated at that book value.

Derivative transactions

Please refer to [Notes to Derivative transactions] below.

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

(Unit: thousand yen)

| | 16th Fiscal Period [As of Nov. 30, 2013] | 17th Fiscal Period [As of May 31, 2014] |
|---|---|--|
| Tenant leasehold and security deposits | 7,306,108 | 7,674,101 |
| Tenant leasehold and security deposits in trust | 4,597,921 | 4,769,695 |
| Total | 11,904,029 | 12,443,797 |

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

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

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

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|----------------------------|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Cash and deposits | 11,479,896 | — | — | — | — | — |
| Cash and deposits in trust | 5,445,075 | — | — | — | — | — |
| Total | 16,924,971 | — | — | — | — | — |

17th Fiscal Period [As of May 31, 2014]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|----------------------------|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Cash and deposits | 16,842,863 | — | — | — | — | — |
| Cash and deposits in trust | 5,694,864 | — | — | — | — | — |
| Total | 22,537,727 | — | — | — | — | — |

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

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

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|--|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Short-term loans payable | 3,000,000 | — | — | — | — | — |
| Current portion of long-term loans payable | 33,900,000 | — | — | — | — | — |
| Investment corporation bonds | — | — | — | — | — | 3,500,000 |
| Long-term loans payable | — | 16,600,000 | 3,700,000 | 28,250,000 | 17,350,000 | 41,400,000 |
| Total | 36,900,000 | 16,600,000 | 3,700,000 | 28,250,000 | 17,350,000 | 44,900,000 |

17th Fiscal Period [As of May 31, 2014]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|--|---------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Short-term loans payable | 5,500,000 | — | — | — | — | — |
| Current portion of long-term loans payable | 29,500,000 | — | — | — | — | — |
| Investment corporation bonds | — | — | — | — | — | 3,500,000 |
| Long-term loans payable | — | 8,300,000 | 18,200,000 | 19,400,000 | 21,500,000 | 57,800,000 |
| Total | 35,000,000 | 8,300,000 | 18,200,000 | 19,400,000 | 21,500,000 | 61,300,000 |

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

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

Not applicable.

17th Fiscal Period [As of May 31, 2014]

Not applicable.

(2) Transactions for which hedge accounting is applied

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

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

(Unit: thousand yen)

| Hedge accounting approach | Type, etc. of derivative transaction | Main hedged item | Contract amount, etc. | | Fair value | Method of calculation of that fair value |
|--|--|-------------------------|-----------------------|-----------------------|------------|--|
| | | | | Of which, over 1 year | | |
| Principle accounting method | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 65,400,000 | 34,500,000 | (88,820) | Based on price quoted by partner financial institution |
| Special accounting for interest rate swaps | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 32,350,000 | 32,350,000 | (*) | |
| Total | | | 97,750,000 | 66,850,000 | (88,820) | |

17th Fiscal Period [As of May 31, 2014]

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 | 70,100,000 | 46,100,000 | (216,183) | 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 | 35,350,000 | 32,850,000 | (*) | |
| Total | | | 105,450,000 | 78,950,000 | (216,183) | |

(*) 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 (2) (4)”).

[Notes to Transactions with Related Parties]

(1) Transactions with related parties

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

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

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

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

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

17th Fiscal Period [From: December 1, 2013 To: May 31, 2014]

| Classification | Name of company, etc. | Location | Capital stock or investments in capital | Business description | Percentage of voting rights, etc. held by related party (held in the Investment Corporation) | Relationship with related party | Nature of transaction | Amount of transaction (thousand yen) | Accounting item | Balance at end of period (thousand yen) |
|----------------|-----------------------------|-------------------|---|----------------------|--|---------------------------------|--|--------------------------------------|------------------------------|---|
| Parent company | Daiwa Securities Group Inc. | Chiyoda-ku, Tokyo | 247.3 billion yen | Holding company | (Held in the Investment Corporation) Directly: 14.99% Indirectly: 32.57% | Provision of capital | Payment of interest expenses on investment corporation bonds (Notes 1 and 2) | 47,448 | Investment corporation bonds | 3,500,000 |
| | | | | | | | | | Other (current liabilities) | 19,457 |

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

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

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

(2) Notes to parent company and significant affiliated companies

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

Parent company's information

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

17th Fiscal Period [From: December 1, 2013 To: May 31, 2014]

Parent company's information

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

[Notes to Investment and Rental Properties]

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

(Unit: thousand yen)

| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
|---|---|--|
| Carrying amount | | |
| Balance at beginning of period | 324,976,352 | 345,046,153 |
| Amount of increase (decrease) during period | 20,069,800 | 10,737,607 |
| Balance at end of period | 345,046,153 | 355,783,760 |
| Fair value at end of period | 328,290,000 | 342,230,000 |

(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 16th Fiscal Period, the amount of increase is mainly attributable to acquisition of Tosen Dogenzaka Daini Building (4,500 million yen), Akasaka Business Place (9,200 million yen), and Nisseki Shibuya Building (7,000 million yen), and the amount of decrease is mainly attributable to depreciation (1,328 million yen). Of the amount of increase (decrease) for rental properties during the 17th Fiscal Period, the amount of increase is mainly attributable to acquisition of Integral Tower (15,220 million yen), and the amount of decrease is mainly attributable to sales of Daiwa Shibuya SS Building (3,776 million yen) and to depreciation (1,355 million yen).

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

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

[Segment Information, etc.]

(1) Segment Information

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

(2) Related Information

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

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

17th Fiscal Period [From: December 1, 2013 To: May 31, 2014]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

[Notes to Per Unit Information]

| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
|---------------------|---|--|
| Net assets per unit | 509,560 yen | 509,490 yen |
| Net income per unit | 7,478.15 yen | 7,620.91 yen |

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

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

| | 16th Fiscal Period [From: June 1, 2013 To: Nov. 30, 2013] | 17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014] |
|---|---|--|
| Net income (thousand yen) | 2,959,835 | 3,016,340 |
| Amounts not attributable to common unitholders (thousand yen) | — | — |
| Net income attributable to common investment units (thousand yen) | 2,959,835 | 3,016,340 |
| Average number of investment units during the period (unit) | 395,798 | 395,798 |

[Notes to Significant Subsequent Events]**(1) Issuance of Investment Units**

The Investment Corporation passed resolutions concerning issuance of new investment units as follows at the meetings of the Board of Directors of the Investment Corporation held on June 17, 2014 and June 25, 2014. Payment for the issuance of new investment units through public offering was completed on July 2, 2014. In addition, payment for the issuance of new investment units by third-party allocation is scheduled for July 30, 2014.

a. Issuance of new investment units through public offering (primary offering)

- (i) Number of units to be offered: 41,092 units
- (ii) Net price (paid-in price): 450,746 yen per unit
- (iii) Net amount (total paid-in amount): 18,522,054,632 yen
- (iv) Payment date: July 2, 2014
- (v) Use of proceeds:
Acquisition of the specified assets stated in “(2) Acquisition of Assets” below as well as the expenses associated with the acquisitions

b. Issuance of new investment units by third-party allocation

- (i) Number of units to be offered (upper limit): 4,110 units
- (ii) Net price (paid-in price): 450,746 yen per unit
- (iii) Net amount (total paid-in amount) (upper limit): 1,852,566,060 yen
- (iv) Allottee and number of units to be issued (upper limit): Daiwa Securities Co., Ltd. 4,110 units
- (v) Payment date: July 30, 2014
- (vi) Use of proceeds:
Acquisition of the specified assets stated in “(2) Acquisition of Assets” below as well as the expenses associated with the acquisitions

(Note) The investment units to be issued by third-party allocation may not be subscribed in whole or in part, and as a result, the subscription right will be forfeited and the final number of investment units issued with respect to the third-party allocation may be reduced to the same extent, or such issuance itself may be cancelled.

(2) Acquisition of Assets

- a. The Investment Corporation acquired a trust beneficial interest in real estate on July 4, 2014 as follows.

Summary of Asset Acquired

| | |
|--|---|
| Property name | Azabu Green Terrace |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 3-20-1 Minami Azabu Minato-ku, Tokyo |
| Acquisition price | 14,000 million yen (excluding associated acquisition costs, consumption tax, etc.) |
| Date of conclusion of purchase agreement | June 17, 2014 |
| Date of delivery | July 4, 2014 |
| Seller | Azabu Green Terrace Goudou Kaisha (Limited Liability Company) |

- b. The Investment Corporation determined on June 17, 2014 to acquire a trust beneficial interest in real estate as follows.

Summary of Asset to be Acquired

| | |
|--|--|
| Property name | Kitahama Grand Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 2-2-14 Awajicho, Chuou-ku, Osaka |
| Acquisition price | 9,481.5 million yen (excluding associated acquisition costs, consumption tax, etc.) |
| Date of conclusion of purchase agreement | June 17, 2014 |
| Date of delivery | August 1, 2014 (scheduled) |
| Seller | Goudou Kaisha North Beach (Limited Liability Company) |

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

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

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

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

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

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

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

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

4. Changes in Directors

4.1. Changes in Directors at the Investment Corporation

Not applicable.

4.2. Changes in Directors at the Asset Manager

Shinji Kiso assumed the office of auditor (non-executive) on May 1, 2014.

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

| Title | Name | Career summary | | Number of shares held |
|--|------------------|--|--|-----------------------|
| President and Representative Director | Akira Yamanouchi | Apr. 1986 Apr. 2002 May 2002 Mar. 2003 Aug. 2004 Feb. 2008 Feb. 2009 Jul. 2009 Apr. 2010 May 2010 | Joined Marubeni Corporation Joined Pacific Management Corporation Temporarily transferred to Pacific Investment Advisors Corporation (currently, AD Investment Management Co., Ltd.) President and Representative Director of Pacific Investment Advisors Corporation (with employment transfer) Executive Director of Nippon Residential Investment Corporation (currently, Advance Residence Investment Corporation) President and Representative Director of Pacific Investment Partners Inc. (currently, Cushman & Wakefield Asset Management K.K.) Representative Director (part-time basis) of Pacific Holdings, Inc. Executive Managing Director of Cushman & Wakefield Asset Management K.K. Advisor of Daiwa Real Estate Asset Management Co., Ltd. President and Representative Director (current position) | — |
| Vice-President and Representative Director (Head of Business Planning) | Yuji Shinotsuka | Apr. 1989 Jun. 2009 Jul. 2009 Nov. 2009 Apr. 2011 Oct. 2012 Dec. 2012 Jan. 2014 | Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of IR & Planning Department) Vice-President and Representative Director (Head of Corporate Planning Department) Vice-President and Representative Director (Head of Business Planning and Finance Department) Vice-President and Representative Director (Head of Business Planning) (current position) Executive Office of Daiwa Residential Private Investment Corporation (current position) Executive Office of Japan Health Care Investment Corporation (current position) | — |

| Title | Name | Career summary | | Number of shares held |
|---|-------------------|--|--|-----------------------|
| Vice President and Representative Director (Head of Fund Management Department) | Yoshiki Nishigaki | Apr. 1992 May 2004 Feb. 2006 Mar. 2007 Mar. 2008 Nov. 2008 May 2008 Aug. 2010 Feb. 2011 Apr. 2012 Oct. 2013 Apr. 2014 | Joined Cititrust & Banking Corporation Joined K.K. DaVinci Advisors Transferred to K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.) Head of IR & Business Planning Department President and Representative Director Executive Director, DA Office Investment Corporation (currently, Daiwa Office Investment Corporation) Vice President and Representative Director, Daiwa Real Estate Asset Management Co., Ltd. Resigned from Executive Director, Daiwa Office Investment Corporation Vice-President and Representative Director (Head of Advisory Department) Vice-President and Representative Director (Head of Fund management Department) Vice-President and Representative Director (Head of Sales Implement and Fund management Department) Vice-President and Representative Director (Head of Fund management Department) (current position) | — |
| Director (Head of Administration Department) | Naoyuki Owa | Apr. 1986 Apr. 1990 Jun. 2006 Oct. 2006 Jul. 2009 | Joined Tokyo High Court as Court Administrative Official Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department and Treasury Department of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.) Head of Corporate Planning Department of Daiwa Securities Group Inc. Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Director (Head of Administration Department) (current position) | — |
| Director (non-executive) | Toshihiro Matsui | Apr. 1985 May 2004 Apr. 2005 Oct. 2005 Oct. 2006 Apr. 2007 Oct. 2008 Apr. 2009 Jul. 2009 Apr. 2011 Apr. 2014 | Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Institutions Department (V) of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.) Head of Corporate Institutions Department (IV) Head of Corporate Finance Department Head of Corporate Finance Department (I) Head of Fixed Income, Currency and Commodities (FICC) Department Head of Business Planning Department of Daiwa Securities Group Inc. Executive Officer Director (non-executive) of Daiwa Real Estate Asset Management Co., Ltd. (current position) Executive Managing Director of Daiwa Securities Group Inc. Senior Managing Director of Daiwa Securities Group Inc. (current position) | — |

| Title | Name | Career summary | | Number of shares held |
|--------------------------|------------------|--|--|-----------------------|
| Director (non-executive) | Mikita Komatsu | <p>Apr. 1985</p> <p>Oct. 2005</p> <p>Oct. 2008</p> <p>Apr. 2010</p> <p>Apr. 2011</p> <p>Apr. 2012</p> <p>Apr. 2013</p> | <p>Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)</p> <p>Head of Finance Department, Daiwa Securities Group Inc.</p> <p>President of Daiwa Securities SMBC Europe Limited (currently Daiwa Capital Markets Europe Limited)</p> <p>Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd.</p> <p>Senior Managing Director , Daiwa Securities Group Inc.</p> <p>Director (non-executive) of Daiwa Real Estate Asset Management Co., Ltd. (current position)</p> <p>Executive Managing Director of Daiwa Securities Group Inc. (current position)</p> | — |
| Auditor (non-executive) | Masaru Shirataki | <p>Apr. 1985</p> <p>Apr. 2004</p> <p>Oct. 2009</p> <p>Apr. 2011</p> <p>Apr. 2013</p> <p>Jun. 2013</p> | <p>Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)</p> <p>General Manager of Corporate Planning Department of Daiwa Securities SMBC Co. Ltd.</p> <p>General Manager of Legal Department of Daiwa Securities Group Inc. □</p> <p>General Manager of Internal Audits of Daiwa Securities Group Inc. (current position)</p> <p>Director of Daiwa Securities Group Inc.</p> <p>Auditor of Daiwa Real Estate Asset Management Co. Ltd. (non-executive) (current position)</p> <p>Director of Daiwa Securities Group Inc. (current position)</p> | — |
| Auditor (non-executive) | Shinji Kiso | <p>Apr. 2001</p> <p>Dec. 2009</p> <p>Jul. 2011</p> <p>May 2014</p> | <p>Joined Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)</p> <p>Corporate Planning Department of Daiwa Securities Group Inc. (current position)</p> <p>Corporate Planning Department of Daiwa Securities Co. Ltd. (current position)</p> <p>Auditor of Daiwa Real Estate Asset Management Co. Ltd. (non-executive) (current position)</p> | — |

5. Reference Information

5.1. Investment Status

| Type of asset | Use | Region | 17th Fiscal Period (As of May 31, 2014) | |
|---|--------|-----------------------------|---|---|
| | | | Total amount owned (million yen) (Note 1) | As a percentage of total assets (%) |
| Real estate | Office | Five Central Wards of Tokyo | 16,357 | 4.3 |
| Trust beneficial interest in real estate | Office | Five Central Wards of Tokyo | 292,285 | 76.8 |
| | | Greater Tokyo | 36,938 | 9.7 |
| | | Major Regional Cities | 10,202 | 2.7 |
| Total | | | 355,783 | 93.4 |
| Deposits and other assets | | | 24,939 | 6.6 |
| Total amount of assets (Note 2) | | | 380,723 | 100.0 |
| | | | [355,783] | [93.4] |

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

(Note 2) The figures in parentheses [] under “Total amount of assets” shows the portion of the applicable asset that, in effect, corresponds to the holding of real estate properties. The amount of construction in progress (including construction in progress in trust) is not included in the amount of real estate and trust beneficial interest in real estate.

5.2. Investment Real Estate Properties (As of May 31, 2014)

5.2.1. Price and Investment Ratio of Investment Real Estate Properties

| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 4) | Carrying amount (million yen) (Note 5) | Estimated price at end of period (million yen) (Note 6) | Investment ratio (%) (Note 7) |
|---|---------------------------------------|--|--|--|---|-------------------------------|
| Five Central Wards of Tokyo (Note 1) | Daiwa Ginza | Real estate | 14,100 | 13,486 | 15,400 | 3.9 |
| | Daiwa Ginza Annex | | 3,050 | 2,871 | 3,150 | 0.8 |
| | Daiwa Shibaura | Trust beneficial interest in real estate | 8,265 | 8,074 | 7,180 | 2.3 |
| | Daiwa Minami-Aoyama | | 4,550 | 4,458 | 4,100 | 1.2 |
| | Daiwa Sarugakucho | | 3,190 | 3,245 | 3,160 | 0.9 |
| | Daiwa A Hamamatsucho (Note 8) | | 2,865 | 2,798 | 2,860 | 0.8 |
| | Daiwa Jingumae | | 2,800 | 2,712 | 2,100 | 0.8 |
| | Daiwa Shibadaimon | | 2,578 | 2,407 | 2,640 | 0.7 |
| | Daiwa Misakicho | | 2,346 | 2,228 | 2,500 | 0.6 |
| | Daiwa Shimbashi 510 | | 2,080 | 2,118 | 2,380 | 0.6 |
| | Daiwa Tsukijiekimae | | 1,560 | 1,393 | 1,470 | 0.4 |
| | Daiwa Tsukiji | | 1,240 | 1,189 | 1,440 | 0.3 |
| | Daiwa Tsukiji 616 | | 2,440 | 2,249 | 2,480 | 0.7 |
| | Daiwa Tsukishima | | 7,840 | 6,992 | 8,140 | 2.2 |
| | Daiwa Nihonbashi Horidomecho (Note 9) | | 2,520 | 2,477 | 2,490 | 0.7 |
| | Daiwa Azabudai | | 1,600 | 1,549 | 1,700 | 0.4 |
| | Daiwa Nihombashi Honcho | | 7,420 | 7,071 | 7,100 | 2.0 |
| | Daiwa Ginza 1-chome | | 4,620 | 4,491 | 4,500 | 1.3 |
| | Daiwa Kyobashi | | 3,460 | 3,330 | 3,110 | 1.0 |
| | Daiwa Kojimachi 4-chome (Note 9) | | 2,910 | 2,879 | 2,660 | 0.8 |
| | Daiwa Onarimon | | 13,860 | 13,543 | 13,000 | 3.8 |
| | Shinjuku Maynds Tower (Note 8) | | 133,800 | 130,441 | 113,000 | 36.8 |
| | SHIBUYA EDGE | | 5,900 | 5,762 | 4,300 | 1.6 |
| | Daiwa Kodenmacho | | 2,460 | 2,419 | 1,980 | 0.7 |
| | Daiwa Jimbocho | | 4,150 | 4,085 | 2,900 | 1.1 |
| | Daiwa Nishi-Shimbashi | | 5,000 | 4,964 | 4,800 | 1.4 |
| | Daiwa Kudan | | 4,000 | 3,897 | 2,960 | 1.1 |
| | Daiwa Kayabacho | | 5,600 | 5,479 | 6,610 | 1.5 |
| | Daiwa Jimbocho 3-chome (Note 9) | | 3,550 | 3,528 | 3,860 | 1.0 |
| | E SPACE TOWER | | 24,000 | 23,864 | 28,100 | 6.6 |
| | Daiwa Nihonbashi Hongokucho (Note 9) | 1,721 | 1,693 | 1,890 | 0.5 | |
| | shinyon curumu | 9,650 | 9,941 | 10,400 | 2.7 | |
| | Daiwa Shibuya Dougenzaka (Note 9) | 4,500 | 4,522 | 4,750 | 1.2 | |
| | Akasaka Business Place | 9,200 | 9,280 | 10,700 | 2.5 | |
| | Daiwa Shibuya Miyamasuzaka (Note 9) | 7,000 | 7,192 | 7,450 | 1.9 | |
| Total for Five Central Wards of Tokyo (35 properties) | | | 315,825 | 308,642 | 297,260 | 86.7 |

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| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 4) | Carrying amount (million yen) (Note 5) | Estimated price at end of period (million yen) (Note 6) | Investment ratio (%) (Note 7) |
|--|------------------------------|--|--|--|---|-------------------------------|
| Greater Tokyo (Note 2) | Daiwa Kinshicho | Trust beneficial interest in real estate | 3,653 | 3,373 | 3,570 | 1.0 |
| | Daiwa Higashi-Ikebukuro | | 2,958 | 2,786 | 3,240 | 0.8 |
| | Benex S-3 | | 4,950 | 4,311 | 3,240 | 1.4 |
| | Daiwa Shinagawa North | | 7,710 | 7,361 | 5,890 | 2.1 |
| | Daiwa Osaki 3-chome (Note 9) | | 1,650 | 1,685 | 2,030 | 0.5 |
| | Daiwa Kamiooka (Note 9) | | 2,000 | 2,040 | 2,120 | 0.5 |
| | Integral Tower | | 15,220 | 15,380 | 15,700 | 4.2 |
| Total for Greater Tokyo (7 properties) | | | 38,141 | 36,938 | 35,790 | 10.5 |
| Major Regional Cities (Note 3) | Daiwa Minami-Senba | Trust beneficial interest in real estate | 4,810 | 4,748 | 2,770 | 1.3 |
| | Daiwa Meieki (Note 9) | | 5,300 | 5,453 | 6,410 | 1.5 |
| Total for Major Regional Cities (2 properties) | | | 10,110 | 10,202 | 9,180 | 2.8 |
| Total (44 properties) | | | 364,076 | 355,783 | 342,230 | 100.0 |

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

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

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

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

(Note 5) Carrying amount is the book value after deducting depreciation as of May 31, 2014.

(Note 6) Estimated price at end of period is the price as of May 31, 2014 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

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

(Note 9) The Investment Corporation changed the name of assets under management on April 1, 2014 from "Nihombashi MS Building" to "Daiwa Nihonbashi Horidomecho," "Sunline Building No. 7" to "Daiwa Kojimachi 4-chome Building," "Jimbocho Place" to "Daiwa Jinbocho 3-chome Building," "Nihonbashi Hongokucho Tosei Building" to "Daiwa Nihonbashi Hongokucho Building," "Tosen Dogenzaka Building" to "Daiwa Shibuya Dogenzaka Building," "Nisseki Shibuya Building" to "Daiwa Shibuya Miyamasuzaka Building," "West Park Osaki" to "Daiwa Osaki 3-chome Building," "Kamiooka Eye Mark Building" to "Daiwa Kamiooka Building" and "Honshu Meieki Building" to "Daiwa Meieki Building."

5.2.2. Summary of Building and Leasing of Investment Real Estate

| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (m ²) (Note 3) | Leased floor area (m ²) (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|-----------------------------|---------------------------------|---|----------------------------------|--|--|----------------------------------|-----------------------------|--|
| Five Central Wards of Tokyo | Daiwa Ginza | SRC B3 / 12F | July 1963 | 8,175.26 | 7,573.41 | 27 | 92.6 | 294,524 |
| | Daiwa Ginza Annex | SRC B3 / 8F | Aug. 1972 | 2,032.99 | 2,032.99 | 7 | 100.0 | 92,349 |
| | Daiwa Shibaura | SRC B1 / 12F | Oct. 1987 | 9,619.63 | 9,497.18 | 53 | 98.7 | 221,486 |
| | Daiwa Minami-Aoyama | S / SRC B2 / 5F | Sept. 1990 | 2,715.53 | 2,715.53 | 6 | 100.0 | 120,056 |
| | Daiwa Sarugakucho (Note 8) | SRC 8F | June 1985 | 3,657.43 | 3,657.43 | 1 | 100.0 | - |
| | Daiwa A Hamamatsucho | SRC B2 / 10F | July 1993 | 3,663.38 | 3,663.38 | 12 | 100.0 | 134,479 |
| | Daiwa Jingumae | RC B1 / 4F | Dec. 1997 | 2,198.61 | 2,198.61 | 4 | 100.0 | 69,075 |
| | Daiwa Shibadaimon | SRC / RC B1 / 7F | Nov. 1996 | 2,386.02 | 2,386.02 | 7 | 100.0 | 76,623 |
| | Daiwa Misakicho (Note 8) | S 8F | July 1996 | 2,137.53 | 2,137.53 | 1 | 100.0 | - |
| | Daiwa Shimbashi 510 | SRC B1 / 8F | Apr. 1974 | 2,676.14 | 2,660.92 | 6 | 99.4 | 82,815 |
| | Daiwa Tsukijiekimae | SRC 10F | Jan. 1996 | 2,659.59 | 2,659.59 | 6 | 100.0 | 26,128 |
| | Daiwa Tsukiji | SRC B1 / 7F | Jan. 1990 | 1,487.82 | 1,487.82 | 5 | 100.0 | 49,658 |
| | Daiwa Tsukiji 616 | SRC B1 / 9F | Mar. 1994 | 2,931.93 | 2,931.93 | 9 | 100.0 | 83,656 |
| | Daiwa Tsukishima | S 5F | July 1996 | 8,426.85 | 8,426.85 | 3 | 100.0 | 281,196 |
| | Daiwa Nihonbashi Horidomecho | SRC B2 / 7F | Apr. 1993 | 2,850.81 | 2,850.81 | 9 | 100.0 | 79,488 |
| | Daiwa Azabudai | SRC B2 / 9F | Apr. 1984 | 1,697.38 | 1,697.38 | 10 | 100.0 | 48,491 |
| | Daiwa Shibuya SS (Note 9) | SRC / S B1 / 9F | July 1977 | - | - | - | - | 114,447 |
| | Daiwa Nihombashi Honcho | SRC B1 / 10F | Jan. 1964 | 7,418.61 | 6,477.22 | 12 | 87.3 | 191,760 |
| | Daiwa Ginza 1-chome | SRC B2 / 11F | Jan. 1962 | 3,758.43 | 3,731.66 | 13 | 99.2 | 120,655 |
| | Daiwa Kyobashi | SRC B1 / 8F | Oct. 1974 | 3,265.83 | 3,265.83 | 9 | 100.0 | 96,255 |
| | Daiwa Kojimachi 4-chome | SRC B2 / 9F | Oct. 1987 | 2,690.90 | 2,690.90 | 7 | 100.0 | 86,851 |
| | Daiwa Onarimon | SRC 9F | Apr. 1973 | 11,615.37 | 11,615.37 | 9 | 100.0 | 352,856 |
| | Shinjuku Maynds Tower (Note 10) | S / SRC B3 / 34F | Sept. 1995 | 45,543.98 | 43,166.51 | 37 | 94.7 | 2,297,413 |
| | SHIBUYA EDGE | RC B1 / 9F | Aug. 2006 | 2,480.65 | 2,480.65 | 5 | 100.0 | 103,330 |
| | Daiwa Kodenmachi | SRC 8F | Mar. 1985 | 2,379.31 | 2,379.31 | 8 | 100.0 | 63,105 |
| | Daiwa Jimbocho | S B1 / 8F | Mar. 1997 | 3,164.26 | 3,164.26 | 7 | 100.0 | 92,921 |
| | Daiwa Nishi-Shimbashi | SRC B1 / 10F | July 1993 | 4,815.84 | 4,815.84 | 12 | 100.0 | 151,659 |
| | Daiwa Kudan | SRC 9F | Mar. 1987 | 2,882.61 | 2,882.61 | 6 | 100.0 | 92,083 |
| | Daiwa Kayabacho (Note 8) | S / SRC B1 / 8F | Apr. 2010 | 5,899.11 | 5,899.11 | 1 | 100.0 | - |

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| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (m ²) (Note 3) | Leased floor area (m ²) (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|---|-----------------------------|---|----------------------------------|--|--|----------------------------------|-----------------------------|--|
| | Daiwa Jimbocho 3-chome | S 9F | Feb. 2010 | 2,889.34 | 2,545.95 | 7 | 88.1 | 98,186 |
| | E SPACE TOWER | S / SRC B1 / 15F | Oct. 2002 | 13,960.87 | 12,448.65 | 6 | 89.1 | 683,134 |
| | Daiwa Nihonbashi Hongokucho | S 8F | May 2010 | 2,143.08 | 2,143.08 | 6 | 100.0 | 61,128 |
| | shinyon curumu | S / RC B2 / 11F | Jan. 2012 | 6,751.31 | 6,505.00 | 18 | 96.3 | 148,764 |
| | Daiwa Shibuya Dougenzaka | SRC B1/11F | Mar. 1988 | 4,144.90 | 4,144.90 | 5 | 100.0 | 145,915 |
| | Akasaka Business Place | SRC B2/7F | Sept. 1990 | 8,794.51 | 8,794.51 | 15 | 100.0 | 324,550 |
| | Daiwa Shibuya Miyamasuzaka | S B1/12F | Dec. 1988 | 6,327.95 | 6,327.95 | 9 | 100.0 | 216,489 |
| Total for Five Central Wards of Tokyo (35 properties) | | | | 200,243.76 | 194,056.69 | 358 | 96.9 | 7,466,398 |
| Greater Tokyo | Daiwa Kinshicho | S B1 / 5F | Jan. 1992 | 5,347.27 | 5,347.27 | 6 | 100.0 | 132,365 |
| | Daiwa Higashi-Ikebukuro | SRC / S B1 / 9F | June 1993 | 4,461.48 | 4,115.48 | 7 | 92.2 | 78,712 |
| | Benex S-3 | S / SRC B1 / 12F | Feb. 1994 | 7,470.18 | 7,338.82 | 24 | 98.2 | 159,547 |
| | Daiwa Shinagawa North | SRC B1 / 11F | July 1991 | 6,549.98 | 6,549.98 | 13 | 100.0 | 188,433 |
| | Daiwa Osaki 3-chome | S / RC B1 / 6F | Sept. 2007 | 1,786.58 | 1,579.64 | 4 | 88.4 | 64,357 |
| | Daiwa Kamiooka | S / SRC B3 / 7F | May 2011 | 2,630.30 | 2,248.34 | 7 | 85.4 | 76,015 |
| | Integral Tower (Note 11) | S/SRC B2/18F | June 1993 | 17,710.63 | 17,140.81 | 10 | 96.7 | 7,061 |
| Total for Greater Tokyo (7 properties) | | | | 45,956.42 | 44,320.34 | 71 | 96.4 | 706,493 |
| Major Regional Cities | Daiwa Minami-Senba | SRC B1 / 8F | Sept. 1986 | 5,719.54 | 4,333.61 | 6 | 75.7 | 111,035 |
| | Daiwa Meieki | S 12F | Dec. 2007 | 7,461.90 | 7,348.48 | 23 | 98.4 | 207,202 |
| Total for Major Regional Cities (2 properties) | | | | 13,181.44 | 11,682.09 | 29 | 88.6 | 318,237 |
| Total (44 properties) | | | | 259,381.62 | 250,059.12 | 458 | 96.4 | 8,491,129 |

(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, 2014.

(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, 2014.

(Note 5) “Total number of tenants” is the number of end-tenants (Properties excluding Daiwa Ginza and Daiwa Ginza Annex have a master lease agreement). When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.

(Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.

(Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property during the 17th 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 May 30, 2014. This is reflected in the totals for only 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 common ownership interest corresponding to six-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.
- (Note 11) The buildings consist of three registrations. Of these, the details of the major building are shown here.

5.2.3. Capital Expenditures for Assets under Management

A. Capital Expenditures for 17th Fiscal Period

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

| Name of real estate properties (Location) | Purpose | Scheduled implementation period | Expected construction amount (million yen) | | |
|---|---|-----------------------------------|--|-----------------------------------|---------------------------|
| | | | Total amount | Amount paid during current period | Total amount already paid |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Upgrading of CVCF and renovation work for disaster-prevention equipment | From: Oct. 2013 To: Mar. 2015 | 406 | 254 | 6 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Renovation work for central supervisory system | From: Oct. 2013 To: Sept. 2015 | 297 | 54 | 5 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Upgrading of main central supervisory system VAV and controller | From: Oct. 2013 To: Sept. 2015 | 110 | 14 | 1 |
| Daiwa Tsukishima Building (Chuo-ku, Tokyo) | Upgrading of air-conditioning system | From: Jul. 2014 To: Nov. 2014 | 101 | — | — |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Replacement of separate-installation-type battery | From: Jun. 2014 To: Jul. 2014 | 56 | — | — |

B. Capital Expenditures during 17th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 17th Fiscal Period. Capital expenditures for the 17th Fiscal Period amounted to 453 million yen and, when combined with the 272 million yen in repair expenses charged to 17th Fiscal Period expenses, totals 726 million yen in construction work implemented.

| Name of real estate properties (Location) | Purpose | Period | Construction amount paid (million yen) |
|--|---|----------------------------------|---|
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Renewal work for common area for shops on B1F | From: Jan. 2014 To: May 2014 | 98 |
| DaiwaMisakicho Building (Chiyoda-ku, Tokyo) | Upgrading of air-conditioning system | From: Apr. 2014 To: May 2014 | 47 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Renovation work for common area | From: Jan. 2014 To: Feb. 2014 | 27 |
| Other | | From: Dec. 2013 To: May 2014 | 280 |
| Total | | | 453 |

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 | 13th Fiscal Period | 14th Fiscal Period | 15th Fiscal Period | 16th Fiscal Period | 17th Fiscal Period |
|--|--|---|--|---|--|
| | [From: Dec. 1, 2011 To: May 31, 2012] | [From: June 1, 2012 To: Nov. 30, 2012] | [From: Dec. 1, 2012 To: May 31, 2013] | [From: June 1, 2013 To: Nov. 30, 2013] | [From: Dec. 1, 2013 To: May 31, 2014] |
| Balance of reserve at beginning of previous period | 1,239 | 1,058 | 611 | 806 | 830 |
| Amount of reserve in current period | 306 | 89 | 619 | 181 | 794 |
| Reversal of reserve in current period | 487 | 536 | 424 | 156 | 603 |
| Amount carried forward to next period | 1,058 | 611 | 806 | 830 | 1,021 |

5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2014)

| Property name | Estimated price at end of period (million yen) (Note 1) | Summary of Appraisal Report | | | | |
|--------------------------------|---|------------------------------|--------------|---------------------|-------------------|-----------------------|
| | | Direct capitalization method | | DCF method | | |
| | | Price (million yen) | Cap rate (%) | Price (million yen) | Discount rate (%) | Terminal cap rate (%) |
| Daiwa Ginza | 15,400 | 15,700 | 4.2 | 15,000 | 4.0 | 4.4 |
| Daiwa Ginza Annex | 3,150 | 3,200 | 4.1 | 3,100 | 3.9 | 4.3 |
| Daiwa Shibaura | 7,180 | 7,360 | 4.8 | 7,100 | 4.6 | 5.0 |
| Daiwa Minami-Aoyama | 4,100 | 4,180 | 4.5 | 4,020 | 4.3 | 4.7 |
| Daiwa Sarugakucho | 3,160 | 3,200 | 5.0 | 3,110 | 4.8 | 5.2 |
| Daiwa A Hamamatsucho (Note 2) | 2,860 | 2,910 | 4.5 | 2,840 | 4.3 | 4.7 |
| Daiwa Jingumae | 2,100 | 2,110 | 4.4 | 2,080 | 4.2 | 4.6 |
| Daiwa Shibadaimon | 2,640 | 2,700 | 4.4 | 2,610 | 4.2 | 4.6 |
| Daiwa Misakicho | 2,500 | 2,520 | 4.7 | 2,490 | 4.5 | 4.9 |
| Daiwa Shimbashi 510 | 2,380 | 2,430 | 4.7 | 2,320 | 4.5 | 4.9 |
| Daiwa Tsukijiekimae (Note 3) | 1,470 | 1,510 | 4.9 | 1,450 | 4.9 | 5.1 |
| Daiwa Tsukiji | 1,440 | 1,450 | 4.8 | 1,440 | 4.8 | 5.0 |
| Daiwa Tsukiji 616 | 2,480 | 2,490 | 4.8 | 2,470 | 4.5 | 5.0 |
| Daiwa Tsukishima | 8,140 | 8,180 | 4.9 | 8,120 | 4.6 | 5.1 |
| Daiwa Nihonbashi Horidomecho | 2,490 | 2,520 | 4.7 | 2,450 | 4.5 | 4.9 |
| Daiwa Azabudai | 1,700 | 1,730 | 4.6 | 1,660 | 4.4 | 4.8 |
| Daiwa Nihombashi Honcho | 7,100 | 7,260 | 4.6 | 6,930 | 4.3 | 4.8 |
| Daiwa Ginza 1-chome | 4,500 | 4,590 | 4.4 | 4,400 | 4.1 | 4.6 |
| Daiwa Kyobashi | 3,110 | 3,160 | 4.6 | 3,050 | 4.4 | 4.8 |
| Daiwa Kojimachi 4-chome | 2,660 | 2,800 | 4.3 | 2,600 | 4.1 | 4.5 |
| Daiwa Onarimon | 13,000 | 13,200 | 4.4 | 12,700 | 4.2 | 4.6 |
| Shinjuku Maynds Tower (Note 4) | 113,000 | 139,000 | 3.8 | 129,000 | 3.6 | 4.0 |
| SHIBUYA EDGE | 4,300 | 4,400 | 4.3 | 4,200 | 4.1 | 4.5 |
| Daiwa Kodenmacho | 1,980 | 2,010 | 4.9 | 1,950 | 4.7 | 5.1 |
| Daiwa Jimbocho | 2,900 | 3,070 | 4.8 | 2,830 | 4.8 | 5.0 |
| Daiwa Nishi-Shimbashi | 4,800 | 4,940 | 4.6 | 4,740 | 4.4 | 4.8 |
| Daiwa Kudan | 2,960 | 3,170 | 4.6 | 2,890 | 4.6 | 4.8 |
| Daiwa Kayabacho | 6,610 | 6,710 | 4.2 | 6,560 | 4.0 | 4.4 |
| Daiwa Jimbocho 3-chome | 3,860 | 3,960 | 4.2 | 3,810 | 4.0 | 4.4 |
| E SPACE TOWER | 28,100 | 28,500 | 4.1 | 27,700 | 3.8 | 4.3 |
| Daiwa Nihonbashi Hongokucho | 1,890 | 1,920 | 4.8 | 1,870 | 4.6 | 5.0 |
| shinyon curumu | 10,400 | 10,600 | 4.1 | 10,300 | 3.9 | 4.3 |
| Daiwa Shibuya Dougenzaka | 4,750 | 4,910 | 4.3 | 4,680 | 4.1 | 4.5 |
| Akasaka Business Place | 10,700 | 10,900 | 4.1 | 10,600 | 3.9 | 4.3 |
| Daiwa Shibuya Miyamasuzaka | 7,450 | 7,490 | 4.2 | 7,400 | 3.9 | 4.3 |
| Daiwa Kinshicho | 3,570 | 3,610 | 5.1 | 3,550 | 4.9 | 5.3 |
| Daiwa Higashi-Ikebukuro | 3,240 | 3,320 | 5.0 | 3,200 | 4.8 | 5.2 |
| Benex S-3 | 3,240 | 3,290 | 5.6 | 3,180 | 5.4 | 5.8 |
| Daiwa Shinagawa North | 5,890 | 6,010 | 4.9 | 5,760 | 4.7 | 5.1 |
| Daiwa Osaki 3-chome | 2,030 | 2,050 | 4.6 | 2,020 | 4.4 | 4.8 |
| Daiwa Kamiooka | 2,120 | 2,120 | 5.4 | 2,120 | 5.2 | 5.6 |
| Integral Tower | 15,700 | 16,000 | 4.6 | 15,600 | 4.4 | 4.8 |

| 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 Minami-Senba | 2,770 | 2,810 | 5.4 | 2,720 | 5.2 | 5.6 |
| Daiwa Meieki | 6,410 | 6,580 | 5.0 | 6,340 | 5.0 | 5.2 |
| Total | 342,230 | 372,570 | - | 354,960 | - | - |

(Note 1) "Estimated price at end of period" is the price as of May 31, 2014 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 5th fiscal year. (4.7% in and before the 2nd fiscal year, 4.8% in 3rd and 4th fiscal years.)

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

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

The following table lists the status of income (loss), etc. of each property for the 17th Fiscal Period (from December 1, 2013 to May 31, 2014). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-------------------|----------------|---------------------|----------------------------|
| Property name | | Daiwa Ginza | Daiwa Ginza Annex | Daiwa Shibaura | Daiwa Minami-Aoyama | Daiwa Sarugakucho (Note 4) |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 14,100 | 3,050 | 8,265 | 4,550 | 3,190 |
| | Investment ratio (%) | 3.9 | 0.8 | 2.3 | 1.2 | 0.9 |
| | Carrying amount (million yen) | 13,486 | 2,871 | 8,074 | 4,458 | 3,245 |
| | Estimated price at end of period (million yen) | 15,400 | 3,150 | 7,180 | 4,100 | 3,160 |
| Leasing information | Number of tenants (Note 1) | 27 | 7 | 53 | 6 | 1 |
| | Leasable floor area (m ²) | 8,175.26 | 2,032.99 | 9,619.63 | 2,715.53 | 3,657.43 |
| | Leased floor area (m ²) | 7,573.41 | 2,032.99 | 9,497.18 | 2,715.53 | 3,657.43 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 86.9 | 100.0 | 98.3 | 100.0 | 100.0 |
| | End of Nov. 2012 | 94.3 | 100.0 | 98.8 | 100.0 | 100.0 |
| | End of May 2013 | 96.4 | 100.0 | 87.4 | 94.1 | 100.0 |
| End of Nov. 2013 | 86.9 | 100.0 | 90.2 | 94.1 | 100.0 | |
| End of May 2014 | 92.6 | 100.0 | 98.7 | 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) | 304,356 | 92,349 | 223,181 | 120,056 | — |
| | Rent revenue – real estate | 294,524 | 92,349 | 221,486 | 120,056 | — |
| | Other lease business revenue | 9,831 | — | 1,695 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 176,678 | 39,314 | 100,684 | 40,222 | — |
| | Consignment expenses | 30,002 | 5,148 | 26,426 | 7,064 | — |
| | Utilities expenses | 28,289 | 6,739 | 20,465 | 8,464 | — |
| | Taxes and dues | 27,616 | 9,096 | 19,207 | 11,691 | — |
| | Non-life insurance expenses | 441 | 103 | 409 | 148 | — |
| | Repair expenses | 8,102 | 333 | 9,164 | 924 | — |
| | Depreciation (C) | 70,384 | 17,892 | 24,992 | 11,930 | — |
| | Other lease business expenses | 11,841 | — | 20 | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 127,678 | 53,034 | 122,496 | 79,834 | — |
| NOI (E) [(D) + (C)] (thousand yen) | 198,063 | 70,927 | 147,488 | 91,764 | 86,519 | |
| Capital expenditures (F) (thousand yen) | 6,461 | 2,664 | 18,394 | 1,201 | 100 | |
| NCF [(E) – (F)] (thousand yen) | 191,602 | 68,263 | 129,094 | 90,562 | 86,419 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 58.05 | 42.57 | 45.11 | 33.50 | — |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 55,063 | 18,021 | 37,881 | 22,975 | 13,273 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 128,190 | 34,770 | 218,640 | 111,190 | 162,170 |

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| Region | | Five Central Wards of Tokyo | | | | |
|---|---|-----------------------------|-------------------|----------------------|--------------------------------|------------------------|
| Property name | | Daiwa A Hamamatsucho | Daiwa Jingumae | Daiwa Shibadaimon | Daiwa Misakicho (Note 4) | Daiwa Shimbashi 510 |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 2,865 | 2,800 | 2,578 | 2,346 | 2,080 |
| | Investment ratio (%) | 0.8 | 0.8 | 0.7 | 0.6 | 0.6 |
| | Carrying amount (million yen) | 2,798 | 2,712 | 2,407 | 2,228 | 2,118 |
| | Estimated price at end of period (million yen) | 2,860 | 2,100 | 2,640 | 2,500 | 2,380 |
| Leasing information | Number of tenants (Note 1) | 12 | 4 | 7 | 1 | 6 |
| | Leasable floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.02 | 2,137.53 | 2,676.14 |
| | Leased floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.02 | 2,137.53 | 2,660.92 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 100.0 | 100.0 | 78.0 | 100.0 | 99.7 |
| | End of Nov. 2012 | 100.0 | 100.0 | 100.0 | 100.0 | 99.7 |
| | End of May 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 99.7 |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 99.4 | |
| End of May 2014 | 100.0 | 100.0 | 100.0 | 100.0 | 99.4 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 134,479 | 69,075 | 76,623 | — | 82,815 |
| | Rent revenue – real estate | 134,479 | 69,075 | 76,623 | — | 82,815 |
| | Other lease business revenue | — | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 73,488 | 24,755 | 30,397 | — | 24,595 |
| | Consignment expenses | 10,884 | 4,088 | 6,747 | — | 5,063 |
| | Utilities expenses | 10,549 | 5,619 | 7,413 | — | 6,732 |
| | Taxes and dues | 8,640 | 6,302 | 6,249 | — | 5,575 |
| | Non-life insurance expenses | 189 | 82 | 114 | — | 113 |
| | Repair expenses | 1,186 | 192 | 297 | — | 339 |
| | Depreciation (C) | 12,637 | 8,463 | 9,575 | — | 6,772 |
| | Other lease business expenses | 29,400 | 7 | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 60,991 | 44,320 | 46,225 | — | 58,220 |
| NOI (E) [(D) + (C)] (thousand yen) | 73,628 | 52,783 | 55,801 | 62,799 | 64,992 | |
| Capital expenditures (F) (thousand yen) | 12,824 | — | 2,974 | 48,093 | 1,355 | |
| NCF [(E) – (F)] (thousand yen) | 60,804 | 52,783 | 52,827 | 14,706 | 63,637 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 54.65 | 35.84 | 39.67 | — | 29.70 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 17,073 | 12,608 | 12,148 | 10,306 | 11,049 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 115,840 | 84,980 | 98,390 | 129,500 | 117,390 |

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| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|---------------|-------------------|------------------|------------------------------|
| Property name | | Daiwa Tsukijiekimae | Daiwa Tsukiji | Daiwa Tsukiji 616 | Daiwa Tsukishima | Daiwa Nihonbashi Horidomecho |
| Acquisition date | | Jan. 2006 | Jan. 2006 | Mar. 2006 | Mar. 2006 | May 2006 |
| Price information | Acquisition price (million yen) | 1,560 | 1,240 | 2,440 | 7,840 | 2,520 |
| | Investment ratio (%) | 0.4 | 0.3 | 0.7 | 2.2 | 0.7 |
| | Carrying amount (million yen) | 1,393 | 1,189 | 2,249 | 6,992 | 2,477 |
| | Estimated price at end of period (million yen) | 1,470 | 1,440 | 2,480 | 8,140 | 2,490 |
| Leasing information | Number of tenants (Note 1) | 6 | 5 | 9 | 3 | 9 |
| | Leasable floor area (m ²) | 2,659.59 | 1,487.82 | 2,931.93 | 8,426.85 | 2,850.81 |
| | Leased floor area (m ²) | 2,659.59 | 1,487.82 | 2,931.93 | 8,426.85 | 2,850.81 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 0.0 | 100.0 | 89.7 | 100.0 | 100.0 |
| | End of Nov. 2012 | 0.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2013 | 10.3 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of May 2014 | 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) | 26,128 | 49,658 | 83,656 | 281,196 | 81,132 |
| | Rent revenue – real estate | 26,128 | 49,658 | 83,656 | 281,196 | 79,488 |
| | Other lease business revenue | — | — | — | — | 1,644 |
| | Total property leasing expenses (B) (thousand yen) | 30,265 | 18,854 | 40,288 | 102,127 | 31,321 |
| | Consignment expenses | 4,205 | 3,766 | 4,836 | 12,369 | 5,285 |
| | Utilities expenses | 6,634 | 3,463 | 7,262 | 27,146 | 6,440 |
| | Taxes and dues | 5,019 | 3,824 | 6,764 | 13,213 | 6,556 |
| | Non-life insurance expenses | 95 | 57 | 125 | 308 | 129 |
| | Repair expenses | 61 | 582 | 1,046 | 306 | 1,080 |
| | Depreciation (C) | 14,233 | 7,160 | 20,253 | 48,783 | 11,829 |
| | Other lease business expenses | 15 | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | (4,137) | 30,804 | 43,367 | 179,069 | 49,810 |
| NOI (E) [(D) + (C)] (thousand yen) | 10,096 | 37,965 | 63,620 | 227,852 | 61,639 | |
| Capital expenditures (F) (thousand yen) | 548 | — | 12,840 | 10,485 | 18,281 | |
| NCF [(E) – (F)] (thousand yen) | 9,548 | 37,965 | 50,780 | 217,366 | 43,358 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | — | 37.97 | 48.16 | 36.32 | 38.61 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 10,024 | 7,587 | 13,199 | 26,382 | 12,958 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 114,750 | 49,770 | 73,410 | 331,450 | 139,000 |

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| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|---------------------------|-------------------------|---------------------|----------------|
| Property name | | Daiwa Azabudai | Daiwa Shibuya SS (Note 5) | Daiwa Nihombashi Honcho | Daiwa Ginza 1-chome | Daiwa Kyobashi |
| Acquisition date | | May 2006 | May 2006 | July 2006 | July 2006 | July 2006 |
| Price information | Acquisition price (million yen) | 1,600 | — | 7,420 | 4,620 | 3,460 |
| | Investment ratio (%) | 0.4 | — | 2.0 | 1.3 | 1.0 |
| | Carrying amount (million yen) | 1,549 | — | 7,071 | 4,491 | 3,330 |
| | Estimated price at end of period (million yen) | 1,700 | — | 7,100 | 4,500 | 3,110 |
| Leasing information | Number of tenants (Note 1) | 10 | — | 12 | 13 | 9 |
| | Leasable floor area (m ²) | 1,697.38 | — | 7,418.61 | 3,758.43 | 3,265.83 |
| | Leased floor area (m ²) | 1,697.38 | — | 6,477.22 | 3,731.66 | 3,265.83 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 100.0 | 87.0 | 85.2 | 96.9 | 88.6 |
| | End of Nov. 2012 | 80.2 | 100.0 | 97.6 | 98.8 | 100.0 |
| | End of May 2013 | 100.0 | 100.0 | 97.6 | 89.0 | 99.5 |
| End of Nov. 2013 | 100.0 | 100.0 | 97.3 | 98.3 | 100.0 | |
| End of May 2014 | 100.0 | — | 87.3 | 99.2 | 100.0 | |
| Income (loss) information | Number of days of asset management | 182 | 180 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 49,872 | 114,447 | 195,041 | 120,770 | 96,255 |
| | Rent revenue – real estate | 48,491 | 114,447 | 191,760 | 120,655 | 96,255 |
| | Other lease business revenue | 1,380 | — | 3,281 | 114 | — |
| | Total property leasing expenses (B) (thousand yen) | 21,388 | 54,380 | 66,888 | 44,013 | 41,558 |
| | Consignment expenses | 3,789 | 6,098 | 8,564 | 6,792 | 6,376 |
| | Utilities expenses | 4,040 | 10,011 | 15,188 | 8,364 | 9,582 |
| | Taxes and dues | 4,812 | 16,835 | 11,840 | 7,784 | 6,964 |
| | Non-life insurance expenses | 83 | 244 | 290 | 141 | 135 |
| | Repair expenses | 553 | 4,861 | 1,353 | 691 | 278 |
| | Depreciation (C) | 8,109 | 16,330 | 29,650 | 20,164 | 18,221 |
| | Other lease business expenses | — | — | — | 74 | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 28,483 | 60,066 | 128,153 | 76,757 | 54,696 |
| NOI (E) [(D) + (C)] (thousand yen) | 36,593 | 76,397 | 157,803 | 96,922 | 72,918 | |
| Capital expenditures (F) (thousand yen) | 9,075 | — | — | 1,599 | 4,945 | |
| NCF [(E) – (F)] (thousand yen) | 27,517 | 76,397 | 157,803 | 95,323 | 67,972 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 42.89 | 47.52 | 34.29 | 36.44 | 43.18 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 9,599 | — | 22,906 | 15,581 | 13,927 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 67,880 | — | 116,900 | 191,730 | 61,450 |

Daiwa Office Investment Corporation (8976) Financial Report for the 17th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|----------------|-------------------------|--------------|------------------|
| Property name | | Daiwa Kojimachi 4-chome | Daiwa Onarimon | Shinjuku Maynds Tower | SHIBUYA EDGE | Daiwa Kodenmacho |
| Acquisition date | | Oct. 2006 | Dec. 2006 | July 2007 and Nov. 2007 | July 2007 | Aug. 2007 |
| Price information | Acquisition price (million yen) | 2,910 | 13,860 | 133,800 | 5,900 | 2,460 |
| | Investment ratio (%) | 0.8 | 3.8 | 36.8 | 1.6 | 0.7 |
| | Carrying amount (million yen) | 2,879 | 13,543 | 130,441 | 5,762 | 2,419 |
| | Estimated price at end of period (million yen) | 2,660 | 13,000 | 113,000 | 4,300 | 1,980 |
| Leasing information | Number of tenants (Note 1) | 7 | 9 | 37 | 5 | 8 |
| | Leasable floor area (m ²) | 2,690.90 | 11,615.37 | 45,543.98 | 2,480.65 | 2,379.31 |
| | Leased floor area (m ²) | 2,690.90 | 11,615.37 | 43,166.51 | 2,480.65 | 2,379.31 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 88.4 | 100.0 | 99.9 | 100.0 | 100.0 |
| | End of Nov. 2012 | 100.0 | 100.0 | 98.3 | 100.0 | 100.0 |
| | End of May 2013 | 96.0 | 100.0 | 94.9 | 100.0 | 100.0 |
| End of Nov. 2013 | 100.0 | 100.0 | 95.7 | 100.0 | 100.0 | |
| End of May 2014 | 100.0 | 100.0 | 94.7 | 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) | 86,851 | 352,856 | 2,302,813 | 103,330 | 63,105 |
| | Rent revenue – real estate | 86,851 | 352,856 | 2,297,413 | 103,330 | 63,105 |
| | Other lease business revenue | — | — | 5,400 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 43,474 | 109,705 | 1,250,607 | 37,476 | 24,421 |
| | Consignment expenses | 6,864 | 16,963 | 156,978 | 5,793 | 5,915 |
| | Utilities expenses | 7,633 | 27,379 | 295,955 | 6,904 | 5,034 |
| | Taxes and dues | 13,475 | 33,659 | 253,292 | 7,272 | 3,595 |
| | Non-life insurance expenses | 132 | 419 | 3,711 | 104 | 83 |
| | Repair expenses | 4,128 | 1,511 | 165,822 | 832 | 292 |
| | Depreciation (C) | 11,239 | 29,772 | 371,206 | 16,569 | 8,677 |
| | Other lease business expenses | — | — | 3,641 | — | 822 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 43,376 | 243,150 | 1,052,206 | 65,853 | 38,684 |
| NOI (E) [(D) + (C)] (thousand yen) | 54,615 | 272,922 | 1,423,412 | 82,422 | 47,362 | |
| Capital expenditures (F) (thousand yen) | 9,071 | 2,172 | 185,978 | 1,354 | 3,557 | |
| NCF [(E) – (F)] (thousand yen) | 45,544 | 270,749 | 1,237,434 | 81,068 | 43,804 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 50.06 | 31.09 | 54.31 | 36.27 | 38.70 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 29,161 | 67,244 | 493,583 | 14,501 | 7,218 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 68,810 | 236,800 | 2,502,610 | 48,290 | 70,970 |

Daiwa Office Investment Corporation (8976) Financial Report for the 17th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-----------------------|-------------|--------------------------|------------------------|
| Property name | | Daiwa Jimbocho | Daiwa Nishi-Shimbashi | Daiwa Kudan | Daiwa Kayabacho (Note 4) | Daiwa Jimbocho 3-chome |
| Acquisition date | | Mar. 2010 | Aug. 2010 | Sept. 2010 | Mar. 2011 | Mar. 2011 |
| Price information | Acquisition price (million yen) | 4,150 | 5,000 | 4,000 | 5,600 | 3,550 |
| | Investment ratio (%) | 1.1 | 1.4 | 1.1 | 1.5 | 1.0 |
| | Carrying amount (million yen) | 4,085 | 4,964 | 3,897 | 5,479 | 3,528 |
| | Estimated price at end of period (million yen) | 2,900 | 4,800 | 2,960 | 6,610 | 3,860 |
| Leasing information | Number of tenants (Note 1) | 7 | 12 | 6 | 1 | 7 |
| | Leasable floor area (m ²) | 3,164.26 | 4,815.84 | 2,882.61 | 5,899.11 | 2,889.34 |
| | Leased floor area (m ²) | 3,164.26 | 4,815.84 | 2,882.61 | 5,899.11 | 2,545.95 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 20.6 | 79.6 | 88.0 | 100.0 | 100.0 |
| | End of Nov. 2012 | 86.7 | 80.7 | 100.0 | 100.0 | 100.0 |
| | End of May 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of May 2014 | 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) | 92,921 | 158,769 | 97,802 | — | 98,186 |
| | Rent revenue – real estate | 92,921 | 151,659 | 92,083 | — | 98,186 |
| | Other lease business revenue | — | 7,109 | 5,719 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 48,708 | 82,637 | 48,608 | — | 47,090 |
| | Consignment expenses | 5,932 | 18,180 | 7,237 | — | 10,782 |
| | Utilities expenses | 9,150 | 12,331 | 7,920 | — | 7,112 |
| | Taxes and dues | 10,600 | 15,649 | 8,464 | — | 9,352 |
| | Non-life insurance expenses | 142 | 245 | 120 | — | 127 |
| | Repair expenses | 864 | 1,292 | 665 | — | — |
| | Depreciation (C) | 21,756 | 34,936 | 24,199 | — | 19,715 |
| | Other lease business expenses | 261 | 3 | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 44,213 | 76,131 | 49,194 | — | 51,095 |
| NOI (E) [(D) + (C)] (thousand yen) | 65,970 | 111,067 | 73,393 | 148,128 | 70,811 | |
| Capital expenditures (F) (thousand yen) | 3,590 | 2,064 | 7,500 | — | 512 | |
| NCF [(E) – (F)] (thousand yen) | 62,380 | 109,002 | 65,893 | 148,128 | 70,298 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 52.42 | 52.05 | 49.70 | — | 47.96 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 20,930 | 30,918 | 16,860 | 25,015 | 18,610 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3) | 126,090 | 187,140 | 141,450 | 38,440 | 26,390 |

Daiwa Office Investment Corporation (8976) Financial Report for the 17th Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-----------------------------------|-------------------------|--------------------------|------------------------|
| Property name | | E-SPACE TOWER | Daiwa Nihonbashi Hongokuchō Tosei | shinyon curumu | Daiwa Shibuya Dougenzaka | Akasaka Business Place |
| Acquisition date | | July 2011 | May 2012 | Dec. 2012 and Apr. 2013 | July 2013 | Aug. 2013 |
| Price information | Acquisition price (million yen) | 24,000 | 1,721 | 9,650 | 4,500 | 9,200 |
| | Investment ratio (%) | 6.6 | 0.5 | 2.7 | 1.2 | 2.5 |
| | Carrying amount (million yen) | 23,864 | 1,693 | 9,941 | 4,522 | 9,280 |
| | Estimated price at end of period (million yen) | 28,100 | 1,890 | 10,400 | 4,750 | 10,700 |
| Leasing information | Number of tenants (Note 1) | 6 | 6 | 18 | 5 | 15 |
| | Leasable floor area (m ²) | 13,960.87 | 2,143.08 | 6,751.31 | 4,144.90 | 8,794.51 |
| | Leased floor area (m ²) | 12,448.65 | 2,143.08 | 6,505.00 | 4,144.90 | 8,794.51 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | 100.0 | 100.0 | — | — | — |
| | End of Nov. 2012 | 100.0 | 100.0 | — | — | — |
| | End of May 2013 | 100.0 | 100.0 | 55.9 | — | — |
| End of Nov. 2013 | 100.0 | 100.0 | 67.5 | 100.0 | 95.6 | |
| End of May 2014 | 89.1 | 100.0 | 96.3 | 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) | 683,134 | 61,128 | 148,764 | 145,915 | 324,550 |
| | Rent revenue – real estate | 683,134 | 61,128 | 148,764 | 145,915 | 324,550 |
| | Other lease business revenue | — | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 232,226 | 26,049 | 108,502 | 45,384 | 99,975 |
| | Consignment expenses | 55,401 | 4,272 | 37,124 | 11,760 | 27,257 |
| | Utilities expenses | 51,351 | 3,715 | 18,026 | 13,839 | 46,373 |
| | Taxes and dues | 56,499 | 4,434 | 17,800 | 22 | 57 |
| | Non-life insurance expenses | 671 | 78 | 309 | 214 | 427 |
| | Repair expenses | 3,607 | 389 | — | 1,671 | 3,624 |
| | Depreciation (C) | 63,933 | 13,160 | 35,242 | 17,875 | 22,235 |
| | Other lease business expenses | 761 | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 450,908 | 35,078 | 40,261 | 100,531 | 224,574 |
| NOI (E) [(D) + (C)] (thousand yen) | 514,841 | 48,238 | 75,503 | 118,406 | 246,809 | |
| Capital expenditures (F) (thousand yen) | 4,541 | — | 7,059 | 1,150 | 12,014 | |
| NCF [(E) – (F)] (thousand yen) | 510,300 | 48,238 | 68,444 | 117,256 | 234,795 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 33.99 | 42.62 | 72.94 | 31.10 | 30.80 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 112,633 | 8,825 | 66,706 | 27,071 | 65,420 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 317,590 | 22,401 | 65,855 | 230,176 | 430,612 |

Daiwa Office Investment Corporation (8976) Financial Report for the 17th Fiscal Period

| Region | | Five Central Wards of Tokyo | Greater Tokyo | | | |
|---|--|-----------------------------|-----------------|-------------------------|------------|-----------------------|
| Property name | | Daiwa Shibuya Miyamasuzaka | Daiwa Kinshicho | Daiwa Higashi-Ikebukuro | Bennex S-3 | Daiwa Shinagawa North |
| Acquisition date | | Sept. 2013 | Oct. 2005 | Oct. 2005 | May 2006 | July 2007 |
| Price information | Acquisition price (million yen) | 7,000 | 3,653 | 2,958 | 4,950 | 7,710 |
| | Investment ratio (%) | 1.9 | 1.0 | 0.8 | 1.4 | 2.1 |
| | Carrying amount (million yen) | 7,192 | 3,373 | 2,786 | 4,311 | 7,361 |
| | Estimated price at end of period (million yen) | 7,450 | 3,570 | 3,240 | 3,240 | 5,890 |
| Leasing information | Number of tenants (Note 1) | 9 | 6 | 7 | 24 | 13 |
| | Leasable floor area (m ²) | 6,327.95 | 5,347.27 | 4,461.48 | 7,470.18 | 6,549.98 |
| | Leased floor area (m ²) | 6,327.95 | 5,347.27 | 4,115.48 | 7,338.82 | 6,549.98 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | — | 100.0 | 90.1 | 96.6 | 100.0 |
| | End of Nov. 2012 | — | 100.0 | 100.0 | 88.0 | 100.0 |
| | End of May 2013 | — | 100.0 | 100.0 | 98.2 | 100.0 |
| End of Nov. 2013 | 100.0 | 100.0 | 100.0 | 93.6 | 100.0 | |
| End of May 2014 | 100.0 | 100.0 | 92.2 | 98.2 | 100.0 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 182 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 216,489 | 135,365 | 83,822 | 159,547 | 191,800 |
| | Rent revenue – real estate | 216,489 | 132,365 | 78,712 | 159,547 | 188,433 |
| | Other lease business revenue | — | 3,000 | 5,110 | — | 3,366 |
| | Total property leasing expenses (B) (thousand yen) | 65,161 | 71,535 | 69,735 | 95,819 | 87,705 |
| | Consignment expenses | 23,976 | 15,429 | 15,473 | 17,792 | 15,978 |
| | Utilities expenses | 19,039 | 13,020 | 11,276 | 21,228 | 17,190 |
| | Taxes and dues | 20 | 11,970 | 8,770 | 15,242 | 18,626 |
| | Non-life insurance expenses | 300 | 251 | 242 | 375 | 360 |
| | Repair expenses | 1,843 | 1,239 | 11,357 | 2,266 | 2,865 |
| | Depreciation (C) | 19,943 | 29,622 | 22,615 | 38,915 | 32,685 |
| | Other lease business expenses | 36 | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 151,328 | 63,830 | 14,087 | 63,727 | 104,095 |
| | NOI (E) [(D) + (C)] (thousand yen) | 171,272 | 93,452 | 36,702 | 102,642 | 136,780 |
| Capital expenditures (F) (thousand yen) | 669 | 6,396 | 35,406 | 5,864 | 4,536 | |
| NCF [(E) – (F)] (thousand yen) | 170,603 | 87,056 | 1,296 | 96,778 | 132,243 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 30.10 | 52.85 | 83.19 | 60.06 | 45.73 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 40,499 | 23,594 | 17,546 | 30,537 | 35,975 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 416,816 | 285,600 | 141,210 | 402,880 | 191,640 |

Daiwa Office Investment Corporation (8976) Financial Report for the 17th Fiscal Period

| Region | | Greater Tokyo | | | Major Regional Cities | |
|---|---|------------------------|-------------------|----------------|-----------------------|--------------|
| Property name | | Daiwa Osaki 3-chome | Daiwa Kamiooka | Integral Tower | Daiwa Minami-Senba | Daiwa Meieki |
| Acquisition date | | Sept. 2012 | Mar. 2013 | May 2014 | Aug. 2007 | Feb. 2013 |
| Price information | Acquisition price (million yen) | 1,650 | 2,000 | 15,220 | 4,810 | 5,300 |
| | Investment ratio (%) | 0.5 | 0.5 | 4.2 | 1.3 | 1.5 |
| | Carrying amount (million yen) | 1,685 | 2,040 | 15,380 | 4,748 | 5,453 |
| | Estimated price at end of period (million yen) | 2,030 | 2,120 | 15,700 | 2,770 | 6,410 |
| Leasing information | Number of tenants (Note 1) | 4 | 7 | 10 | 6 | 23 |
| | Leasable floor area (m ²) | 1,786.58 | 2,630.30 | 17,710.63 | 5,719.54 | 7,461.90 |
| | Leased floor area (m ²) | 1,579.64 | 2,248.34 | 17,140.81 | 4,333.61 | 7,348.48 |
| | Occupancy rate (%) | | | | | |
| | End of May 2012 | — | — | — | 100.0 | — |
| | End of Nov. 2012 | 100.0 | — | — | 92.7 | — |
| | End of May 2013 | 100.0 | 100.0 | — | 100.0 | 85.4 |
| End of Nov. 2013 | 100.0 | 92.2 | — | 100.0 | 81.3 | |
| End of May 2014 | 88.4 | 85.4 | 96.7 | 75.7 | 98.4 | |
| Income (loss) information | Number of days of asset management | 182 | 182 | 3 | 182 | 182 |
| | Total property leasing revenue (A) (thousand yen) | 64,357 | 89,728 | 7,110 | 142,378 | 207,202 |
| | Rent revenue – real estate | 64,357 | 76,015 | 7,061 | 111,035 | 207,202 |
| | Other lease business revenue | — | 13,712 | 48 | 31,342 | — |
| | Total property leasing expenses (B) (thousand yen) | 23,314 | 39,427 | 15,977 | 90,121 | 82,826 |
| | Consignment expenses | 3,792 | 6,493 | 767 | 16,680 | 27,556 |
| | Utilities expenses | 4,010 | 5,886 | — | 9,891 | 14,471 |
| | Taxes and dues | 3,945 | 0 | 8 | 10,603 | 4 |
| | Non-life insurance expenses | 70 | 121 | 14 | 242 | 388 |
| | Repair expenses | 486 | 9,217 | — | 20,934 | 5,513 |
| | Depreciation (C) | 11,009 | 17,709 | 15,155 | 31,769 | 34,892 |
| | Other lease business expenses | — | — | 30 | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 41,042 | 50,300 | (8,866) | 52,256 | 124,375 |
| NOI (E) [(D) + (C)] (thousand yen) | 52,051 | 68,009 | 6,288 | 84,025 | 159,267 | |
| Capital expenditures (F) (thousand yen) | 1,039 | 651 | — | 2,949 | 4,051 | |
| NCF [(E) – (F)] (thousand yen) | 51,012 | 67,357 | 6,288 | 81,076 | 155,215 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 36.23 | 43.94 | — | 63.30 | 39.97 |
| | Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen) | 7,878 | 12,884 | — | 21,133 | 39,687 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 37,912 | 24,782 | 834,324 | 107,090 | 170,803 |

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

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

- (Note 3) Estimated long-term repair expenses of “Daiwa Kayabacho Building” are the total amount of repair expenses and renewal expenses estimated to arise over the 10-year period from the 1st year to the 10th year as stated in the building investigation diagnosis report.
- (Note 4) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 5) “Daiwa Shibuya SS Building” was divested on May 30, 2014.