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## REIT Financial Report for the 12th Fiscal Period

January 13, 2012

Name of REIT Issuer: Daiwa Office Investment Corporation  
 Stock Code No.: 8976  
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 Representative: Kazuo Otaka, 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*): February 23, 2012  
 Scheduled date of start of distribution payments: February 13, 2012

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

### 1. Status of Management and Assets for the 12th Fiscal Period

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

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

#### (1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
12th Period	¥7,605 million	12.5%	¥3,317 million	17.5%	¥1,767 million	11.4%	¥1,766 million	21.6%
11th Period	¥6,758 million	5.2%	¥2,823 million	13.8%	¥1,587 million	24.6%	¥1,453 million	13.3%

  

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
12th Period	¥4,464	0.9%	0.6%	23.2%
11th Period	¥3,671	0.7%	0.5%	23.5%

#### (2) Distributions

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

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Distribution amount to net assets
12th Period	¥4,464	¥1,766 million	¥0	¥- million	100.0%	0.9%
11th Period	¥3,671	¥1,452 million	¥0	¥- million	100.0%	0.7%

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

#### (3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
12th Period	¥323,217 million	¥200,548 million	62.0%	¥506,692
11th Period	¥298,626 million	¥200,234 million	67.1%	¥505,899

(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
12th Period	¥3,264 million	(¥23,779 million)	¥22,214 million	¥16,235 million
11th Period	¥3,228 million	(¥9,387 million)	¥2,189 million	¥14,535 million

**2. Management Status Forecasts for the 13th Fiscal Period**

**13th Fiscal Period: Fiscal period ending May 2012 (from December 1, 2011 to May 31, 2012)**

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

	Operating revenue		Operating income		Ordinary income		Net income	
13th Period	¥7,269 million	(4.4%)	¥3,004 million	(9.4%)	¥1,921 million	8.7%	¥1,919 million	8.7%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
13th Period	¥4,850	¥0

(Reference) Estimated net income per unit for 13th Fiscal Period: ¥4,850

**3. Other**

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

- (i) Changes in accounting policies due to amended accounting standards: None
- (ii) Changes 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):  
12th Fiscal Period: 395,798 units      11th Fiscal Period: 395,798 units
- (ii) Number of treasury units at end of period:  
12th Fiscal Period: – units      11th Fiscal Period: – units

(Note) Please refer to “Notes on Per Unit Information” on page 27 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 13th Fiscal Period and 14th Fiscal Period .

## 1. Affiliated Juridical Persons of the Investment Corporation

There were no major changes to the “Structure of the Investment Corporation” from the most recent securities report (*yuka shoken hokokusho*) (submitted on August 25, 2011), and accordingly this information is omitted from this document.

## 2. Management Policy and Management Status

### 2.1 Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 25, 2011).

### 2.2 Management Status

#### (1) Overview of the Fiscal Period under Review

##### A. Brief History of the Investment Corporation

Daiwa Office Investment Corporation (former name DA Office Investment Corporation, hereinafter called “the Investment Corporation”) was established on July 11, 2005 in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) (the “Investment Trust Act”) with Daiwa Real Estate Asset Management Co., Ltd. (former name K.K. daVinci Select, hereinafter called “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 311,345 million yen as of the last day of November, 2011.

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

##### B. Investment Environment and Management Performance

###### (a) Investment Environment

The Japanese economy during the fiscal period under review was on a modest recovery, partly due to an increase in demand for reconstruction following the Great East Japan Earthquake, despite concerns over the sovereign risk in Europe.

In terms of the office leasing market, the gap between supply and demand expanded due to construction completion of development projects primarily in central Tokyo from 2011 to 2012. Vacancy rates remained high trend and new advertised rents continued to remain at low levels due to uncertainty of economy forecasting.

The office transaction market saw an increase in the purchase demand by real estate companies and funds (including REITs) as a result of the easing lending attitudes of financial institutions. Although there had been suspension of transactions immediately following the Great East Japan Earthquake, the market has gradually calmed down and transactions have also resumed.

###### (b) Management Performance

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

Concerning external growth, acquiring “E SPACE TOWER” (acquisition price: 24,000 million yen) in July 8, 2011 contributed to improving the long-term EPS.

As a result, the Investment Corporation’s assets under management as of the end of the 12th Fiscal Period (November 30, 2011) totaled 36 properties, the sum total of acquisition prices of which amounted to

311,345 million yen.

Concerning internal growth, in spite of the severe office leasing market conditions and occurrence of tenant leaving in part, the Investment Corporation conducted through raising relation with tenants by improving tenants' satisfaction and strengthening collaboration with leasing brokers and property managers. As a result, the occupancy rate at the end of the 12th Fiscal Period maintained to 92.4%.

### C. Overview of Capital Procurement

#### a. Situation of Interest-bearing Liabilities

On June 30, 2011, the Investment Corporation borrowed 5,000 million yen in total from Kansai Urban Banking Corporation to refinance the borrowing 5,500 million yen on June 30, 2008. On July 8, 2011, the Investment Corporation also borrowed 26,000 million yen in total from Sumitomo Mitsui Banking Corporation, Mizuho Trust and Banking Co., Ltd. Aozora Bank, Ltd., Shinsei Bank Ltd., The Sumitomo Trust and Banking Co., Ltd., The Bank of Fukuoka, Ltd. and ORIX Bank Corporation (former name ORIX Trust and Banking Corporation).

On August 31, 2011, the Investment Corporation borrowed 3,000 million yen from Risona Bank Ltd. to refinance the borrowing 3,000 million yen on August 29, 2008.

On September 30, 2011, the Investment Corporation borrowed 13,900 million yen in total from Development Bank of Japan, Inc., Shinsei Bank, Ltd., Mizuho Corporate Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation and The Gunma Bank, Ltd. for the repayment of 3,500 million yen from Mizuho Bank, Ltd. on September 30, 2008 and the early repayment of 12,100 million yen in total 7,100 million yen borrowed from Shinsei Bank, Ltd. on February 20, 2009 and 5,000 million yen borrowed from American Life Insurance Company on September 2, 2008. Moreover, the balance of repayments was paid using cash on hand.

Contractual repayments of 41.25 million yen in total were made to Development Bank of Japan Inc. and The Kagawa Bank, Ltd. on August 31, 2011, and a contractual repayment of 7.5 million yen was made to The 77 Bank, Ltd. on September 16, 2011. Moreover, contractual repayments of 84.375 million yen in total were made to Sumitomo Mitsui Banking Corporation, The Sumitomo Trust and Banking Co., Ltd., Development Bank of Japan Inc., The Chuo Mitsui Trust and Banking Company, Limited, Taiyo Life Insurance Company and The Gunma Bank, Ltd. on November 30, 2011.

As a result, the balance of interest-bearing liabilities outstanding as at the end of the 12th Fiscal Period stood at 109,916.875 million yen (long-term loans payable: 101,416.875 million yen; investment corporation bonds: 8,500 million yen). Furthermore, of long-term loans payable, the balance of the current portion of interest-bearing liabilities outstanding stood at 35,535.625 million yen (including 166.875 million yen in contractual repayments).

#### Borrowing List in 12th Period

Lender	Amount (million yen)	Drawdown Date	Repayment Date	Borrowing Period
Kansai Urban Banking Corporation	5,000	2011/6/30	2013/6/28	2 years
Sumitomo Mitsui Banking Corporation	13,500	2011/7/8	2014/7/8	3 years
Mizuho Trust and Banking Co., Ltd.	3,000	2011/7/8	2014/7/8	3 years
Aozora Bank, Ltd.	1,500	2011/7/8	2014/7/8	3 years
Shinsei Bank, Ltd.	1,000	2011/7/8	2014/7/8	3 years
The Sumitomo Trust and Banking Co., Ltd.	5,000	2011/7/8	2013/7/8	2 years
The Bank of Fukuoka, Ltd.	1,000	2011/7/8	2013/7/8	2 years
ORIX Bank Corporation	1,000	2011/7/8	2013/1/10	1.5 years
Risona Bank Ltd.	3,000	2011/8/31	2015/2/27	3.5 years
Development Bank of Japan, Inc.	3,000	2011/9/30	2015/3/31	3.5 years
Shinsei Bank, Ltd.	2,000	2011/9/30	2015/3/31	3.5 years
Mizuho Corporate Bank, Limited	4,900	2011/9/30	2014/3/31	2.5 years
Mitsubishi UFJ Trust and Banking	3,000	2011/9/30	2014/3/31	2.5 years

Corporation				
The Gunma Bank, Ltd.	1,000	2011/9/30	2014/3/31	2.5 years

## Borrowing Amount by each financial institution as of November 30, 2011

Lender	Amount in the 12th Period (million yen)	Rate (%)
Aozora Bank, Ltd.	24,600	24.26
Sumitomo Mitsui Banking Corporation	20,406	20.12
The Sumitomo Trust and Banking Co., Ltd.	8,434	8.32
Risona Bank Ltd.	7,000	6.90
Shinsei Bank, Ltd.	6,000	5.92
Development Bank of Japan, Inc.	5,662	5.58
Kansai Urban Banking Corporation	5,000	4.92
Mizuho Corporate Bank, Limited	4,900	4.83
The Bank of Fukuoka, Ltd.	3,000	2.96
Mizuho Trust and Banking Co., Ltd.	3,000	2.96
Mitsubishi UFJ Trust and Banking Corporation	3,000	2.96
ORIX Bank Corporation	2,500	2.47
The Gunma Bank, Ltd.	1,985	1.96
The Chuo Mitsui Trust and Banking Co., Ltd.	1,970	1.94
The Shizuoka Bank, Ltd.	1,000	0.99
The Kagawa Bank Ltd.	988	0.97
The 77 Bank, Ltd.	985	0.97
Taiyo Life Insurance Co., Ltd.	985	0.97
Total	101,416	100.00

(Note) Ratio is rounded to three decimal place.

**b. Collateral Situation**

The Investment Corporation released all security interests on September 30, 2011. (Please confirm the news release on September 26, 2011 “Release of Security Interests”).

**c. Rating Information (as of November 30, 2011)**

Credit Rating Agency	Rating	Outlook
R&I	A	Stable

**d. Shelf Registration**

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

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

**D. Overview of Financial Performance and Distributions**

As a result of the management described above, the Investment Corporation posted financial performance for the 12th Fiscal Period of 7,605 million yen in operating revenue, 3,317 million yen in operating income, 1,767 million yen in ordinary income, 1,766 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 4,464 yen.

## **(2) Outlook for the Next Fiscal Period**

### **A. Investment Environment**

Going forward, the Japanese economy is expected to grow, as production activities and consumption will recover from the drop caused by the Great East Japan Earthquake, boosted by the increased demand accompanying the post-quake reconstruction efforts.

On the other hand, there are some risks in Japanese economy because of the government debt serious problems in Europe, the steep appreciation of the yen and the power supply restrictions.

Under such an outlook, the office leasing market seems to maintain an excess of supply because construction completion of development projects primarily in central Tokyo continues until 2012.

In the office transaction market, acquisition demand by real estate companies and funds (including REITs) is expected to remain solid, given such factors as the easing of lending attitudes of financial institutions.

### **B. Future Management Policy and Tasks**

#### **a. Strategy for Managing Existing Properties**

Under 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 in 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

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

(ii) Maintain and raise profitability

Aim to secure stable revenue over the medium to long term through further strengthening a good relationship 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 do lower operational management costs based on maintaining office environments of high tenant satisfaction levels through implementing efficient operational management and reviewing systematic construction work by optimally leveraging the economies of scale achieved from proactively realizing external growth.

#### **b. Strategy for New Property Investments**

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

In principal, the Investment Corporation will invest in properties around Tokyo, but will also look into the investments in the competitive properties in the areas other than Tokyo from a viewpoint of territorially-distributed investments.

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

During the 12th Fiscal Period, the Investment Corporation acquired "E SPACE TOWER", which are situated in the five central wards of Tokyo. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio, and the investment corporation strives 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 LTV ratio of 40% to 50% at maximum of acquisition price 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 distributions paid, separately from working capital.

**C. Material Fact after the Announcement**

Not applicable.

**D. Outlook for Management Status**

The Investment Corporation forecasts the following management status for the 13th Fiscal Period (fiscal period ending May 2012 (from December 1, 2011 to May 31, 2012)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 13th Fiscal Period and 14th Fiscal Period.

Operating revenue	7,269 million yen
Operating income	3,004 million yen
Ordinary income	1,921 million yen
Net income	1,919 million yen
Distribution amount per unit	4,850 yen
Distribution amount in excess of earnings per unit	0 yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 13th Fiscal Period and 14th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 14th Fiscal Period (fiscal period ending November 2012 (from June 1, 2012 to November 30, 2012)).

Operating revenue	7,055 million yen
Operating income	2,927 million yen
Ordinary income	2,119 million yen
Net income	2,117 million yen
Distribution amount per unit	5,350 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 13th Fiscal Period and 14th Fiscal Period**

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> <li>• 13th Fiscal Period: Assets under management are assumed to be the 36 properties as of November 30, 2011.</li> <li>• 14th Fiscal Period: Assets under management are assumed to be the 36 properties.</li> <li>• The actual number of properties may vary due to changes in the assets under management.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue from existing properties is calculated based on historical data and taking into account variable factors.</li> <li>• It is assumed that there is no gain (loss) on sales of real estate properties.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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 3,806 million yen in the 13th Fiscal Period and 3,732 million yen in the 14th Fiscal Period.</li> <li>• Outsourcing expenses are expected to be 565 million yen in the 13th Fiscal Period and 546 million yen in the 14th Fiscal Period.</li> <li>• Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 639 million yen in the 13th Fiscal Period and 690 million yen in the 14th Fiscal Period.</li> <li>• Depreciation is expected to be 1,376 million yen in the 13th Fiscal Period and 1,290 million yen in the 14th Fiscal Period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses in the 13th Fiscal Period are expected to be 1,082 million yen, of which the interest expenses and borrowing related expenses are expected to be 1,073 million yen.</li> <li>• Non-operating expenses in the 14th Fiscal Period are expected to be 807 million yen, of which the interest expenses and borrowing related expenses are expected to be 798 million yen.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• The total amount of interest-bearing liabilities is assumed to be 109,791.25 million yen at the end of the 13th Fiscal Period and 109,750 million yen at the end of the 14th Fiscal Period.</li> <li>• The total amount of interest-bearing liabilities in the 13th Fiscal Period is based on the assumption that, all loans that are to become due for repayment will be refinanced in the entire amount. And 125.625 million yen that is to become due for contractual repayment (41.25 million yen due by February 29, 2012; 84.375 million yen due by May 31, 2012) will be repaid using cash reserves.</li> <li>• The total amount of interest-bearing liabilities in the 14th Fiscal Period is based on the assumption that, all loans that are to become due for repayment will be refinanced in the entire amount. The total amount of interest-bearing liabilities in the 14th Fiscal Period is also based on the assumption that the 41.25 million yen that is to become due for contractual repayment (due by August 31, 2012) will be repaid using cash reserves.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding is assumed to be the 395,798 units issued and outstanding as of the date of submission of this document, and there is assumed to be no additional issuance of investment units through to November 30, 2012.</li> </ul>
Distribution amount per unit	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

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

### 2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” set out in the periodic securities report (*yuka shoken hokokusho*) submitted on August 25, 2011.

### 3. Financial Statements

#### 3.1. Balance Sheets

(Unit: thousand yen)

	11th Fiscal Period [As of May 31, 2011]	12th Fiscal Period [As of Nov 30, 2011]
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,164,744	10,818,425
Cash and deposits in trust	*1 5,370,579	5,416,757
Operating accounts receivable	174,669	185,288
Consumption taxes receivable	—	84,177
Prepaid expenses	626,451	391,089
Deferred tax assets	21	20
Other	230,461	70,241
Total current assets	15,566,926	16,966,000
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Tools, furniture and fixtures	4,058	4,058
Accumulated depreciation	(2,109)	(2,337)
Tools, furniture and fixtures, net	1,949	1,721
Other	3,456	3,456
Accumulated depreciation	(3,456)	(3,456)
Other, net	—	—
Buildings in trust	61,891,282	67,274,713
Accumulated depreciation	(10,518,559)	(11,821,542)
Buildings in trust, net	*1 51,372,722	55,453,170
Structures in trust	788,860	828,424
Accumulated depreciation	(80,205)	(91,316)
Structures in trust, net	*1 708,654	737,108
Machinery and equipment in trust	755,291	781,924
Accumulated depreciation	(256,904)	(285,121)
Machinery and equipment in trust, net	*1 498,386	496,802
Tools, furniture and fixtures in trust	69,972	71,940
Accumulated depreciation	(21,969)	(27,630)
Tools, furniture and fixtures in trust, net	*1 48,003	44,310
Other in trust	6,302	6,302
Accumulated depreciation	(6,302)	(6,302)
Other in trust, net	*1 —	—
Land in trust	*1 225,160,517	244,177,050
Construction in progress in trust	*1 27,738	16,148
Total property, plant and equipment	277,817,973	300,926,312
<b>Intangible assets</b>		
Right of trademark	1,250	1,285
Leasehold rights in trust	*1 4,970,290	4,970,290
Other	6,268	5,530
Total intangible assets	4,977,809	4,977,107
<b>Investments and other assets</b>		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	92,644	190,532
Other	14,806	10,020
Total investments and other assets	221,135	314,236
Total noncurrent assets	283,016,919	306,217,656
<b>Deferred assets</b>		
Investment corporation bonds issuance costs	42,501	33,918
Total deferred assets	42,501	33,918
Total assets	298,626,347	323,217,575

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(Unit: thousand yen)

	11th Fiscal Period [As of May 31, 2011]	12th Fiscal Period [As of Nov 30, 2011]
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	875,740	546,670
Current portion of long-term loans payable	*1 38,958,750	35,535,625
Accounts payable – other	245,156	309,641
Income taxes payable	849	987
Accrued consumption taxes	43,826	9,217
Advances received	716,017	862,004
Provision for loss on disaster	63,721	—
Other	236,082	173,277
Total current liabilities	41,140,144	37,437,424
<b>Noncurrent liabilities</b>		
Investment corporation bonds	8,500,000	8,500,000
Long-term loans payable	*1 38,791,250	65,881,250
Tenant leasehold and security deposits	5,339,027	6,250,338
Tenant leasehold and security deposits in trust	4,617,729	4,598,914
Other	4,074	1,621
Total noncurrent liabilities	57,252,081	85,232,125
Total liabilities	98,392,226	122,669,549
<b>Net Assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	198,780,951	198,780,951
<b>Surplus</b>		
Unappropriated retained earnings (undisposed loss)	1,453,170	1,767,074
Total surplus	1,453,170	1,767,074
Total unitholders' equity	200,234,121	200,548,026
Total net assets	*2 200,234,121	*2 200,548,026
Total liabilities and net assets	298,626,347	323,217,575

## 3.2. Statements of Income

(Unit: thousand yen)

	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]		12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	
Operating revenue				
Rent revenue – real estate	*1	6,715,058	*1	7,550,598
Other lease business revenue	*1	43,728	*1	55,181
Total operating revenue		6,758,786		7,605,780
Operating expenses				
Expenses related to rent business	*1	3,165,923	*1	3,471,700
Asset management fees		542,152		607,648
Asset custody fees		14,809		15,845
Administrative service fees		82,612		66,478
Trust fees		36,222		40,460
Directors' compensation		5,400		5,400
Other operating expenses		87,886		81,227
Total operating expenses		3,935,007		4,288,759
Operating income		2,823,779		3,317,020
Non-operating income				
Interest income		1,464		711
Reversal of distribution payable		6,029		5,491
Miscellaneous income		1,685		5,269
Total non-operating income		9,179		11,473
Non-operating expenses				
Interest expenses		729,850		761,640
Interest expenses on investment corporation bonds		96,480		96,950
Borrowing expenses		410,557		692,923
Other		8,536		9,080
Total non-operating expenses		1,245,425		1,560,594
Ordinary income		1,587,534		1,767,898
Extraordinary income				
Gain on donation of noncurrent assets		610		—
Total extraordinary income		610		—
Extraordinary expenses				
Loss on disaster	*2	70,342		—
Provision for loss on disaster	*2	63,721		—
Total extraordinary expenses		134,063		—
Income before income taxes		1,454,080		1,767,898
Income taxes – current		1,042		1,018
Income taxes – deferred		(2)		1
Total income taxes		1,039		1,020
Net income		1,453,041		1,766,878
Retained earnings brought forward		129		195
Unappropriated retained earnings (undisposed loss)		1,453,170		1,767,074

**3.3. Statements of Unitholders' Equity**

(Unit: thousand yen)

	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	198,780,951	198,780,951
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	*1 198,780,951	*1 198,780,951
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at beginning of current period	1,282,514	1,453,170
Changes of items during the period		
Dividends from surplus	(1,282,385)	(1,452,974)
Net income	1,453,041	1,766,878
Total changes of items during the period	170,655	313,904
Balance at end of current period	1,453,170	1,767,074
Total Surplus		
Balance at beginning of current period	1,282,514	1,453,170
Changes of items during the period		
Dividends from surplus	(1,282,385)	(1,452,974)
Net income	1,453,041	1,766,878
Total changes of items during the period	170,655	313,904
Balance at end of current period	1,453,170	1,767,074
Total unitholders' equity		
Balance at beginning of current period	200,063,466	200,234,121
Changes of items during the period		
Dividends from surplus	(1,282,385)	(1,452,974)
Net income	1,453,041	1,766,878
Total changes of items during the period	170,655	313,904
Balance at end of current period	200,234,121	200,548,026
Total net assets		
Balance at beginning of current period	200,063,466	200,234,121
Changes of items during the period		
Dividends from surplus	(1,282,385)	(1,452,974)
Net income	1,453,041	1,766,878
Total changes of items during the period	170,655	313,904
Balance at end of current period	200,234,121	200,548,026

**3.4. Statements of Cash Distributions**

Item	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	1,453,170,330	1,767,074,730
II. Distribution amount [Distribution amount per unit]	1,452,974,458 [3,671]	1,766,842,272 [4,464]
III. Retained earnings carried forward	195,872	232,458
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 1,452,974,458 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 1,766,842,272 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)

	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
Net cash provided by (used in) operating activities		
Income before income taxes	1,454,080	1,767,898
Depreciation and amortization	1,282,285	1,349,080
Amortization of investment corporation bonds issuance costs	8,536	8,583
Interest income	(1,464)	(711)
Interest expenses	826,331	858,591
Increase (decrease) in provision for loss on disaster	63,721	(63,721)
(Increase) Decrease in operating accounts receivable	2,250	(10,619)
(Increase) Decrease in consumption taxes refund receivable	119,735	(84,177)
(Increase) Decrease in prepaid expenses	140,052	235,361
Increase (decrease) in operating accounts payable	(69,732)	(114,248)
Increase (decrease) in accounts payable – other	7,255	64,485
Increase (decrease) in accrued consumption taxes	15,289	(34,609)
Increase (decrease) in advances received	(91,703)	145,986
(Increase) Decrease in long-term prepaid expenses	242,010	(97,887)
Increase (decrease) in long-term advances received	(2,452)	(2,452)
Other, net	55,953	91,642
Subtotal	4,052,148	4,113,201
Interest income received	1,464	711
Interest expenses paid	(823,838)	(848,350)
Income taxes paid	(987)	(880)
Net cash provided by (used in) operating activities	3,228,787	3,264,682
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(9,472,147)	(24,671,359)
Proceeds from intangible assets	–	(178)
Proceeds from tenant security deposits	249,951	362,637
Proceeds from tenant security deposits in trust	402,361	1,210,383
Repayments of tenant security deposits	(338,036)	(680,080)
Repayments of tenant security deposits in trust	(229,353)	(443)
Net cash provided by (used in) investing activities	(9,387,225)	(23,779,041)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	7,000,000	47,900,000
Repayment of long-term loans payable	(3,525,625)	(24,233,125)
Dividends paid	(1,284,580)	(1,452,656)
Net cash provided by (used in) financing activities	2,189,794	22,214,218
Net increase (decrease) in cash and cash equivalents	(3,968,643)	1,699,859
Cash and cash equivalents at beginning of period	18,503,967	14,535,323
Cash and cash equivalents at end of period	*1 14,535,323	*1 16,235,183

### 3.6. Notes to the Going Concern

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011 ]
Not applicable.

### 3.7. Significant Accounting Policies

1. Accumulated depreciation method for noncurrent assets	<p>(1) Property, plant and equipment The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table style="margin-left: 20px;"> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2~56 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">4~56 years</td> </tr> <tr> <td>Machinery and equipment in trust</td> <td style="text-align: right;">2~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">3~18 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>	Tools, furniture and fixtures	5 years	Buildings in trust	2~56 years	Structures in trust	4~56 years	Machinery and equipment in trust	2~23 years	Tools, furniture and fixtures in trust	3~18 years
Tools, furniture and fixtures	5 years										
Buildings in trust	2~56 years										
Structures in trust	4~56 years										
Machinery and equipment in trust	2~23 years										
Tools, furniture and fixtures in trust	3~18 years										
2. Accounting policies for deferred assets	Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption. Provision for loss on disaster										
3. Accounting standards for provision	Provision for loss on disaster A Provision for loss on disaster is recognized at an estimated amount as of the fiscal period end in order to provide for expected expenditure for recovery costs, etc. related to the Great East Japan Earthquake.										
4. Accounting standards for recording revenues and expenses	<p>Accounting for fixed property tax, etc.</p> <p>Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted.</p> <p>Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in a correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property.</p> <p>The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the fiscal period under review is 57,361 thousand yen.</p>										

<p>5. Hedge accounting approaches</p>	<p>(1) Hedge accounting approach Special accounting is adopted for interest rate caps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate cap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging Assessment of the effectiveness is omitted because interest rate caps meet the requirements for special accounting.</p>
<p>6. Scope of funds in the statements of cash flows</p>	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>
<p>7. Other significant matters forming basis for preparation of financial statements</p>	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets 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"> <li>(i) Cash and deposits in trust</li> <li>(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</li> <li>(iii) Leasehold rights in trust</li> <li>(iv) Lease and guarantee deposits in trust</li> <li>(v) Tenant leasehold and security deposits in trust</li> </ul> <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. Additional Information**

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
<p>Accounting Standards for Accounting Changes and Error Corrections</p> <p>The Investment Corporation has applied “Accounting Standards for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Statement No.24; December 4, 2009) and “Guidance on Accounting Standards for Accounting Changes and Error Corrections” (Accounting Standards Board of Japan (ASBJ) Guidance No.24; December 4, 2009), starting with accounting changes and corrections of past to be conducted after the beginning of the fiscal period under review.</p>

**3.9. Notes to Financial Statements**

Concerning notes to lease transactions, securities, retirement benefits, tax-effect accounting, derivative transactions 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]**

11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]																										
<p>*1. Pledged assets and secured liabilities</p> <p>The following are the assets that are pledged as collateral.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table> <tr><td>Cash and deposits in trust</td><td style="text-align: right;">3,787,369</td></tr> <tr><td>Buildings in trust</td><td style="text-align: right;">32,837,142</td></tr> <tr><td>Structures in trust</td><td style="text-align: right;">484,297</td></tr> <tr><td>Machinery and equipment in trust</td><td style="text-align: right;">367,027</td></tr> <tr><td>Tools, furniture and fixtures in trust</td><td style="text-align: right;">35,124</td></tr> <tr><td>Other in trust</td><td style="text-align: right;">—</td></tr> <tr><td>Land in trust</td><td style="text-align: right;">163,817,609</td></tr> <tr><td>Construction in progress in trust</td><td style="text-align: right;">17,044</td></tr> <tr><td>Leasehold rights in trust</td><td style="text-align: right;">2,281,475</td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>203,627,092</u></td></tr> </table> <p>The following are the liabilities secured by pledged assets.</p> <p style="text-align: right;">(Unit: thousand yen)</p> <table> <tr><td>Current portion of long-term loans payable</td><td style="text-align: right;">38,951,250</td></tr> <tr><td><u>Long-term loans payable</u></td><td style="text-align: right;"><u>20,806,250</u></td></tr> <tr><td><u>Total</u></td><td style="text-align: right;"><u>59,757,500</u></td></tr> </table>	Cash and deposits in trust	3,787,369	Buildings in trust	32,837,142	Structures in trust	484,297	Machinery and equipment in trust	367,027	Tools, furniture and fixtures in trust	35,124	Other in trust	—	Land in trust	163,817,609	Construction in progress in trust	17,044	Leasehold rights in trust	2,281,475	<u>Total</u>	<u>203,627,092</u>	Current portion of long-term loans payable	38,951,250	<u>Long-term loans payable</u>	<u>20,806,250</u>	<u>Total</u>	<u>59,757,500</u>	<p>1. Pledged assets and secured liabilities</p> <p>Not applicable.</p>
Cash and deposits in trust	3,787,369																										
Buildings in trust	32,837,142																										
Structures in trust	484,297																										
Machinery and equipment in trust	367,027																										
Tools, furniture and fixtures in trust	35,124																										
Other in trust	—																										
Land in trust	163,817,609																										
Construction in progress in trust	17,044																										
Leasehold rights in trust	2,281,475																										
<u>Total</u>	<u>203,627,092</u>																										
Current portion of long-term loans payable	38,951,250																										
<u>Long-term loans payable</u>	<u>20,806,250</u>																										
<u>Total</u>	<u>59,757,500</u>																										
<p>*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p>	<p>*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p>																										

**[Notes to Statements of Income]**

11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
*1. Breakdown of operating income (loss) from property leasing (Unit: thousand yen)	*1. Breakdown of operating income (loss) from property leasing (Unit: thousand yen)
A. Property leasing revenue	A. Property leasing revenue
Rent revenue – real estate 6,715,058	Rent revenue – real estate 7,550,598
Other lease business revenue 43,728	Other lease business revenue 55,181
Total property leasing revenue 6,758,786	Total property leasing revenue 7,605,780
B. Property leasing expenses	B. Property leasing expenses
Consignment expenses 463,342	Consignment expenses 509,445
Utilities expenses 565,645	Utilities expenses 649,283
Taxes and dues 594,935	Taxes and dues 604,537
Non-life insurance expenses 12,091	Non-life insurance expenses 12,751
Repair expenses 187,178	Repair expenses 290,405
Depreciation 1,281,117	Depreciation 1,347,971
Other lease business expenses 61,611	Other lease business expenses 57,303
Total property leasing expenses 3,165,923	Total property leasing expenses 3,471,700
C. Operating income (loss) from property leasing [A – B] 3,592,863	C. Operating income (loss) from property leasing [A – B] 4,134,079
*2 Breakdown of Extraordinary expenses The expenses are repair costs etc, by the Great East Japan Earthquake.	

**[Notes to Statements of Unitholders' Equity]**

11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
*1. Total number of investment units authorized and number of investment units issued and outstanding	*1. Total number of investment units authorized and number of investment units issued and outstanding
Total number of investment units authorized 2,000,000 units	Total number of investment units authorized 2,000,000 units
Number of investment units issued and outstanding 395,798 units	Number of investment units issued and outstanding 395,798 units

**[Notes to Statements of Cash Flows]**

11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
*1. Relationship between cash and cash equivalents at end of period in the statements of cash flows and the amount stated in the balance sheets (As of May 31, 2011) (Unit: thousand yen)	*1. Relationship between cash and cash equivalents at end of period in the statements of cash flows and the amount stated in the balance sheets (As of November 30, 2011) (Unit: thousand yen)
Cash and deposits 9,164,744	Cash and deposits 10,818,425
Cash and deposits in trust 5,370,579	Cash and deposits in trust 5,416,757
Cash and cash equivalents 14,535,323	Cash and cash equivalents 16,235,183

**[Notes to Financial Instruments]**

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

## (1) Matters Concerning Status of Financial Instruments

## (a) Policy for financial instruments

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

As for debt finance, the Investment Corporation focuses on lengthening maturities, fixing interest rates, and dispersing maturity dates.

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

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

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

The Investment Corporation uses the proceeds from the financing of debts and investment corporation bonds for the acquisition of investment properties and the reimbursement of current debts and bonds.

While these debts and bonds are exposed to liquidity risk, 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 (IRS).

Security deposits from tenants are exposed to liquidity risk 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 are managed by limiting the terms to short durations.

## (c) Supplementary explanation for fair value of financial instruments

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

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

The carrying amounts and fair values as of May 31, 2011 and their differences are as follows. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

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

(Note 1) Method of calculation of fair value of financial instruments, and matters concerning derivative transactions

Assets

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

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

Liabilities

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

As those with floating interest rates reflect market interest rates within a short period of time, the fair value is approximately the same as the book value and thus is stated at that book value. Those with fixed interest rates, on the other hand, are based on the method of calculating by discounting the sum total amount of principal and interest by the rate reasonably estimated as being applicable in the event of a similar drawdown.

(2) Investment corporation bonds

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

Derivative transactions

(1) Derivative transactions

(a) Transactions for which hedge accounting is not applied

Not applicable.

(b) Transactions for which hedge accounting is applied

The contract amount, amount equivalent to the principal provided in the contract, etc. as of the settlement of accounts for each hedge accounting approach are as follows.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Special accounting for interest rate caps	Interest rate cap transaction	Long-term loans payable	7,100,000	—	9	※

\*Based on price quoted by the financial institution.

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

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years
Cash and deposits	9,164,744	—	—	—	—
Cash and deposits in trust	5,370,579	—	—	—	—
Total	14,535,323	—	—	—	—

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

(Unit: thousand yen)

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

12th Fiscal Period [from June 1, 2011 to November 30, 2011]

## (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 equity finance for the acquisition and repair of investment properties, the payments of dividends and the reimbursement of bank borrowings.

As for debt finance, the Investment Corporation focuses on lengthening maturities, fixing interest rates, and dispersing maturity dates.

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

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

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

The Investment Corporation uses the proceeds from the financing of debts and investment corporation bonds for the acquisition of investment properties and the reimbursement of current debts and bonds.

While these debts and bonds are exposed to liquidity risk, 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 (IRS).

Security deposits from tenants are exposed to liquidity risk 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.

## (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.

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

The carrying amounts and fair values as of November 30, 2011 and their differences are as follows. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	10,818,425	10,818,425	—
(2) Cash and deposits in trust	5,416,757	5,416,757	—
Total assets	16,235,183	16,235,183	—
(1) Current portion of long-term loans payable	35,535,625	35,591,428	55,803
(2) Investment corporation bonds	8,500,000	8,505,500	5,500
(3) Long-term loans payable	65,881,250	65,838,142	(43,107)
Total liabilities	109,916,875	109,935,070	18,195

(Note 1) Method of calculation of fair value of financial instruments.

Assets

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

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

Liabilities

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

As those with floating interest rates reflect market interest rates within a short period of time, the fair value is approximately the same as the book value and thus is stated at that book value. Those with fixed interest

rates, on the other hand, are based on the method of calculating by discounting the sum total amount of principal and interest by the rate reasonably estimated as being applicable in the event of a similar drawdown.

(2) Investment corporation bonds

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

(Note 2) Tenant leasehold and security deposits (carrying amount: 6,250,338 thousand yen) and tenant leasehold and security deposits in trust (carrying amount: 4,598,914 thousand yen) that are deposited by lessees of rental properties are not subject to disclosure of fair value because discerning of the fair value is recognized to be extremely difficult as future cash flows cannot be reasonably estimated due to there being no market price and difficulty in calculation of the actual deposit period.

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	10,818,425	—	—	—	—	—
Cash and deposits in trust	5,416,757	—	—	—	—	—
Total	16,235,183	—	—	—	—	—

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	35,535,625	—	—	—	—	—
Investment corporation bonds	—	5,000,000	—	—	—	3,500,000
Long-term loans payable	—	23,981,250	33,900,000	8,000,000	—	—
Total	35,535,625	28,981,250	33,900,000	8,000,000	—	3,500,000

**[Notes to Transactions with Related Parties]**

11th Fiscal Period [from December 1, 2010 to May 31, 2012]

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	Rate of voting rights, etc. held by related party (held in the Investment Corporation)	Relation with Related Parties	Nature of transaction	Amount of transaction (thousand yen)	Account	Balance at end of period (thousand yen)
Other affiliated company	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3 billion yen	Holding company	(Held in the Investment Corporation) Directly: 13.11% Indirectly: 15.16%	Provision of capital	Payment of interest expense on investment corporation bonds (Note1,2)	49,986	Investment corporation bonds	3,500,000
									Other (current liabilities)	20,496
Subsidiary of Other affiliated company	Daiwa Property Co., Ltd.	Chuo-ku, Tokyo	100 million yen	Real Estate Rent Business	—	Purchase of Trust beneficial interest in real estate	Purchase of Trust beneficial interest in real estate (Note2,3)	5,600,000	—	—

Amount of transactions doesn't include consumption tax.

(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.

(Note 3) Purchase of Trust beneficial interest in real estate was determined based on the market.

12th Fiscal Period [from June 1, 2011 to November 30, 2011]

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	Rate of voting rights, etc. held by related party (held in the Investment Corporation)	Relationship with related party	Nature of transaction	Amount of transaction (thousand yen)	Account	Balance at end of period (thousand yen)
Other affiliated company	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3 billion yen	Holding company	(Held in the Investment Corporation) Directly: 13.11% Indirectly: 15.16%	Provision of capital	Payment of interest expenses on investment corporation bonds (Note 1,2)	49,944	Investment corporation bonds	3,500,000
									Other (current liabilities)	20,429

Amount of transaction doesn't include consumption tax.

(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.

**[Notes to Investment and Rental Properties]**

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

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

(Unit: thousand yen)

Carrying amount			Fair value at end of current period
Balance at beginning of 11th Fiscal Period	Amount of increase (decrease) during current period	Balance at end of 11th Fiscal Period	
274,219,899	8,538,676	282,758,576	249,930,000

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

(Note 2) Of the amount of increase (decrease) during current period, the amount of increase is mainly attributable to acquisition of Daiwa Kayabacho (5,600 million yen) and Jimbocho Place (3,550 million yen), and the amount of decrease is mainly attributable to depreciation (1,281 million yen).

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

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

12th Fiscal Period [from June 1, 2011 to November 30, 2011]

The Investment Corporation has rental office buildings, etc. (including land) in Tokyo and other regions. The carrying amount, amount of increase (decrease) during current period and fair value as of November 30, 2011 for these rental properties are as follows.

(Unit: thousand yen)

Carrying amount			Fair value at end of current period
Balance at beginning of 12th Fiscal Period	Amount of increase (decrease) during current period	Balance at end of 12th Fiscal Period	
282,758,576	23,120,156	305,878,732	272,300,000

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

(Note 2) Of the amount of increase (decrease) during current period, the amount of increase is mainly attributable to acquisition of E SPACE TOWER (24,000 million yen), and the amount of decrease is mainly attributable to depreciation (1,347 million yen).

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

The income (loss) for the 12th Fiscal Period for investment and rental properties are described as presented in "Notes to Statements of Income".

**[Segment Information etc.]**

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

**[Additional Information]**

(1) Segment Information

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

(2) Related Information

(a) Information about products and services

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

(b) Information about geographical areas

A. Information of Revenue

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

B. Information of Tangible Fixed Assets

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

(c) Information about major customers

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

12th Fiscal Period [from June 1, 2011 to November 30, 2011]

(1) Segment Information

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

(2) Related Information

(a) Information about products and services

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

(b) Information about geographical areas

A. Information of Revenue

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

B. Information of Tangible Fixed Assets

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

(c) Information about major customers

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

**[Notes to Per Unit Information]**

11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]		12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	
Net assets per unit	505,899 yen	Net assets per unit	506,692 yen
Net income per unit	3,671.16 yen	Net income per unit	4,464.09 yen
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.		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) The basis for calculating the net income per unit is as follows.

	11th Fiscal Period [From: December 1, 2010 To: May 31, 2011]	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]
Net income (thousand yen)	1,453,041	1,766,878
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	1,453,041	1,766,878
Average number of investment units during the period (unit)	395,798	395,798

**[Notes to Significant Subsequent Events]**

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	
Not applicable.	

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

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

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

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

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

- (Note 4) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 753,165 yen per unit (issue amount: 753,165 yen) to fund part of acquisition of acquisition properties, etc.
- (Note 5) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 431,949 yen per unit (issue amount: 431,949 yen) to fund repayment of loans and redemption of investment corporation bonds.
- (Note 6) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 192,705 yen per unit (issue amount: 192,705 yen) to fund repayment of loans, capital expenditure to enhance property value, acquisition of property, etc.

#### 4. Changes in Directors

##### 4.1. Changes in Directors at the Investment Corporation

Not applicable.

##### 4.2. Changes in Directors at the Asset Manager

Changes in directors took place at the Asset Manager, effective June 22, 2011.

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

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

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Title	Name	Career summary		Number of shares held
Vice-President and Representative Director (Head of Business Planning and Finance Department)	Yuji Shinotsuka	Apr. 1989 June 2009 July 2009 Nov. 2009 Apr. 2011	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) (current position)	—
Director (Construction manager)	Atsuko Takahashi	Apr. 1991 June 1992 Apr. 2002 Apr. 2005 Nov. 2008 Nov. 2011	Joined Recruit Co., Ltd. Temporarily transferred to K.K. Recruit Building Management (currently, XYMAX corporation) Concurrently temporarily transferred to XYMAX Alpha corporation (currently, XYMAX AXIS corporation) Joined K.K. DaVinci Advisors Manager of Acquisition Team K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.) (with employment transfer) Director (Head of Investment Management Department) Director (Construction manager) (current position)	—
Director (Head of Administration Department)	Naoyuki Owa	Apr. 1986 Apr. 1990 June 2006 Oct. 2006 July 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 July 2009	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	—

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

(Note) Shigeharu Tominaga resigned from statutory Auditor (non-executive) on June 22, 2011 and Toshihiko Onishi assumed office as Auditor (non-executive) on June 22, 2011.

## 5. Reference Information

### 5.1. Investment Status

Type of asset	Use	Region	12th Fiscal Period (As of November 30, 2011)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	282,709	87.5
		Tokyo Metropolitan Area	18,289	5.7
		Major Regional Cities	4,879	1.5
		Total	305,878	94.6
Deposits and other assets			17,338	5.4
Total amount of assets (Note 2)			323,217	100.0
			[305,878]	[94.6]

(Note 1) The total amount owned is the carrying amount (the book value after deducting depreciation).

(Note 2) The figures in parentheses [ ] under “Total amount of assets” shows the portion of the applicable asset that, in effect, corresponds to the holding of real estate properties.

**5.2. Investment Real Estate Properties (As of November 30, 2011)****5.2.1. Price and Investment Ratio of Investment Real Estate Properties**

Region	Property name	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Five Central Wards of Tokyo (Note 1)	Daiwa Ginza	14,100	13,571	13,900	4.5
	Daiwa Ginza Annex	3,050	2,920	2,860	1.0
	Daiwa Shibaura	8,265	8,145	7,380	2.7
	Daiwa Minami-Aoyama	4,550	4,497	3,970	1.5
	Daiwa Sarugakucho	3,000	2,953	2,120	1.0
	Daiwa A Hamamatsucho (Note 8)	2,865	2,810	2,870	0.9
	Daiwa Jingumae	2,800	2,755	2,010	0.9
	Daiwa Shibadaimon	2,578	2,460	2,730	0.8
	Daiwa Misakicho	2,346	2,233	2,470	0.8
	Daiwa Shimbashi 510	2,080	2,139	2,250	0.7
	BPS Square	1,560	1,384	1,560	0.5
	Daiwa Tsukiji	1,240	1,217	1,370	0.4
	Daiwa Tsukiji 616	2,440	2,323	2,400	0.8
	Daiwa Tsukishima	7,840	7,282	7,870	2.5
	Nihombashi MS Building	2,520	2,503	2,330	0.8
	Daiwa Azabudai	1,600	1,570	1,760	0.5
	Daiwa Shibuya SS	3,930	3,837	3,810	1.3
	Daiwa Nihombashi Honcho	7,420	7,197	6,740	2.4
	Daiwa Ginza 1-chome	4,620	4,545	4,190	1.5
	Daiwa Kyobashi	3,460	3,381	2,880	1.1
	Sunline Building No. 7 (Note 8)	2,680	2,646	2,250	0.9
	Daiwa Onarimon	13,860	13,680	14,400	4.5
	Shinjuku Maynds Tower (Note 8)	133,800	131,775	106,000	43.0
	SHIBUYA EDGE	5,900	5,835	4,060	1.9
	Daiwa Kodenmacho	2,460	2,446	1,920	0.8
	Daiwa Jimbocho	4,150	4,140	2,930	1.3
	Daiwa Nishi-Shimbashi	5,000	5,072	5,600	1.6
	Daiwa Kudan	4,000	3,993	2,960	1.3
	Daiwa Kayabacho Building	5,600	5,618	6,110	1.8
	Jimbocho Place	3,550	3,626	3,640	1.1
	E SPACE TOWER	24,000	24,141	25,900	7.7
Total for Five Central Wards of Tokyo (31properties)		287,264	282,709	253,240	92.3
Tokyo Metropolitan Area (Note 2)	Daiwa Kinshicho	3,653	3,470	3,540	1.2
	Daiwa Higashi-Ikebukuro	2,958	2,840	3,500	1.0
	Benex S-3	4,950	4,469	3,410	1.6
	Daiwa Shinagawa North	7,710	7,508	5,670	2.5
Total for Tokyo Metropolitan Area (4 properties)		19,271	18,289	16,120	6.2
Major Regional Cities (Note 3)	Daiwa Minami-Senba	4,810	4,879	2,940	1.5
Total for Major Regional Cities (1 property)		4,810	4,879	2,940	1.5
Total (36properties)		311,345	305,878	272,300	100.0

- (Note 1) “Five Central Wards of Tokyo” are the Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards.
- (Note 2) “Tokyo Metropolitan Area” is Tokyo (excluding the Five Central Wards of Tokyo), Kanagawa, Chiba and Saitama Prefectures.
- (Note 3) “Major Regional Cities” are the Osaka metropolitan area (Osaka, Kyoto and Hyogo Prefectures), Nagoya metropolitan area (Aichi and Mie Prefectures), ordinance-designated cities (Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Kitakyushu and Fukuoka Cities), and Hakodate, Asahikawa, Aomori, Morioka, Akita, Koriyama, Iwaki, Utsunomiya, Maebashi, Toyama, Kanazawa, Nagano, Gifu, Otsu, Nara, Wakayama, Kurashiki, Fukuyama, Shimonoseki, Takamatsu, Matsuyama, Kochi, Kurume, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima Cities.
- (Note 4) Acquisition price is the transaction value (excluding the amount equivalent to consumption taxes) of the applicable trust beneficial interest stated in the trust beneficial interest transaction contract.
- (Note 5) Carrying amount is the book value after deducting depreciation amount as of November 30, 2011.
- (Note 6) Estimated price at end of period is the price that has November 30, 2011 as the date of the price opinion stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., 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 the applicable trust beneficial interest expressed as a percentage of the total amount of acquisition prices, rounded to one decimal place.
- (Note 8) For Daiwa A Hamamatsucho, Sunline Building No. 7 and Shinjuku Maynds Tower, the figures are those pertaining to the Investment Corporation’s ownership interest.

## 5.2.2. Summary of Building and Leasing of Investment Real Estate

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (Note 3)	Leased floor area (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3 / 12F	July 1963	8,273.05	7,027.59	1 (26)	84.9	313,360
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.99	2,032.99	1 (7)	100.0	85,170
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,626.35	9,544.53	1 (54)	99.1	258,115
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,715.54	1 (6)	100.0	128,889
	Daiwa Sarugakucho (Note 8)	SRC 8F	June 1985	3,657.43	0.00	1 (0)	0.0	-
	Daiwa A Hamamatsucho	SRC B2 / 10F	July 1993	3,671.25	3,671.25	1 (12)	100.0	141,900
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	1,726.65	1 (3)	78.5	45,017
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,384.70	2,384.70	1 (5)	100.0	86,083
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1 (1)	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,803.80	2,733.66	1 (9)	97.4	94,338
	BPS Square (Note 8)	SRC 10F	Jan. 1996	2,852.97	2,852.97	1 (1)	100.0	-
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,487.82	1 (5)	100.0	48,653
	Daiwa Tsukiji 616	SRC B1 / 9F	Mar. 1994	2,932.65	2,932.65	1 (9)	100.0	83,399
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	1 (3)	100.0	286,383
	Nihombashi MS Building	SRC B2 / 7F	Apr. 1993	2,920.19	2,920.19	1 (9)	100.0	83,401
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,705.44	1,705.44	1 (9)	100.0	65,863
	Daiwa Shibuya SS	SRC / S B1 / 9F	July 1977	2,978.87	2,978.87	1 (10)	100.0	128,490
	Daiwa Nihombashi Honcho	SRC B1 / 10F	Jan. 1964	7,419.75	5,460.20	1 (10)	73.5	140,378
	Daiwa Ginza 1-chome	SRC B2 / 11F	Jan. 1962	3,757.77	3,312.70	1 (12)	88.1	111,947
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,233.37	1,739.51	1 (6)	53.7	49,375
	Sunline Building No. 7	SRC B2 / 9F	Oct. 1987	2,405.15	1,639.69	1 (6)	68.1	61,553
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,615.37	10,121.00	1 (8)	87.1	417,593
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,544.04	45,539.31	1 (37)	99.9	2,538,947
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	1 (6)	100.0	115,806
	Daiwa Kodenmacho	SRC 8F	Mar. 1985	2,379.31	2,379.31	1 (8)	100.0	64,935
	Daiwa Jimbocho	S B1 / 8F	Mar. 1997	3,166.84	3,166.84	1 (2)	100.0	161,481
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	2,652.87	1 (7)	55.0	137,671
	Daiwa Kudan	SRC 9F	Mar. 1987	3,104.23	2,737.37	1 (4)	88.1	127,697

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (Note 3)	Leased floor area (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
	Daiwa Kayabacho Building (Note 8)	S/SRC B1/8F	Apr.2010	5,899.11	5,899.11	1 (1)	100.0	-
	Jimbocho Place	S 9F	Feb.2010	2,889.34	2,889.34	1 (6)	100.0	90,942
	E SPACE TOWER	S・SRC B1/15F	Oct.2002	13,960.85	13,960.85	1 (7)	100.0	539,461
Total for Five Central Wards of Tokyo (31 properties)				175,477.66	161,257.98	31(289)	91.8	6,803,824
Tokyo Metropolitan Area	Daiwa Kinshicho	S B1 / 5F	Jan. 1992	5,468.85	5,468.85	1 (6)	100.0	151,854
	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,630.94	4,537.71	1 (6)	97.9	145,311
	Benex S-3	S / SRC B1 / 12F	Feb. 1994	7,470.30	6,690.43	1 (20)	89.5	160,166
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,551.33	6,551.33	1 (13)	100.0	180,917
Total for Tokyo Metropolitan Area (4 properties)				24,121.42	23,248.32	4 (45)	96.3	638,250
Major Regional Cities	Daiwa Minami-Senba	SRC B1 / 8F	Sept. 1986	5,719.54	5,249.30	1 (6)	91.7	108,522
Total for Major Regional Cities (1 property)				5,719.54	5,249.30	1 (6)	91.7	108,522
Total (36 properties)				205,318.62	189,755.60	36(340)	92.4	7,550,598

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

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

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

(Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease or sublease agreements executed with end-tenants as of November 30, 2010.

(Note 5) “Total number of tenants” when there is a master lease agreement is stated as “1” with the number of end-tenants given in parentheses [ ]. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.

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

(Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property during the 12th Fiscal Period, rounded down to the nearest thousand yen.

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

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

### 5.2.3. Capital Expenditures for Assets under Management

#### A Capital Expenditures for 13th 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
Daiwa Sarugakucho (Chiyoda-ku, Tokyo)	Renovation work for air conditioning, lighting energy conservation and common area	From: Jan. 2012 To: Mar. 2012	400	–	–
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Introduction of heat source	From: Dec. 2011 To: May. 2012	270	–	–
Daiwa Nishi-Shimbashi (Minatoku, Tokyo)	Updating package air conditioners	From: June. 2011 To: Dec. 2011	150	–	–
Daiwa Jimbocho (Chiyoda-ku, Tokyo)	Renovation work for common area	From: Dec. 2011 To: Jan. 2012	50	–	–
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for energy conservation (lighting of parking)	From: Jan. 2012 To: May. 2012	21	–	–

#### B Capital Expenditures during 12th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 12th Fiscal Period. Capital expenditures for the 12th Fiscal Period amounted to 240 million yen and, when combined with the 290 million yen in repair expenses charged to 12th Fiscal Period expenses, totals 530 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for replacement of stairs passage guide light.	From: Nov. 2011 To: Nov. 2011	23
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for repair of ceiling of wind shelter room in entrance.	From: July. 2011 To: Nov. 2011	15
Nihombashi MS Building (Chuo-ku, Tokyo)	Construction work for repair of humidification equipment	From: Oct. 2011 To: Nov. 2011	11
Daiwa Ginza 1-chome (Chuo-ku, Tokyo)	Construction work for replacement of air-conditioning equipment on 2F.	From: Sep. 2011 To: Oct. 2011	11
Other		From: June. 2011 To: Nov 2011	177
Total			240

#### 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	9th Fiscal Period	10th Fiscal Period	11th Fiscal Period	12th Fiscal Period
	[From: Dec 1, 2009 To: May 31, 2010]	[From: June 1, 2010 To: Nov 30, 2010]	[From: Dec 1, 2010 To: May 31, 2011]	[From: June 1, 2011 To: Nov 30, 2011]
Balance of reserve at end of previous period	–	643	803	1,369
Amount of reserve in current period	643	386	601	–
Reversal of reserve in current period	–	226	36	130
Amount carried forward to next period	643	803	1,369	1,239

## 5.2.4. Summary of Estimated Price at End of Period (As of November 30, 2011)

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report					Price indicated by the cost approach (million yen) (Note 2)
		Direct capitalization method		DCF method			
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)	
Daiwa Ginza	13,900	15,200	4.6	13,400	4.3	4.9	11,100
Daiwa Ginza Annex	2,860	3,060	4.5	2,780	4.2	4.8	2,880
Daiwa Shibaura	7,380	7,430	5.1	7,360	4.9	5.3	5,630
Daiwa Minami-Aoyama	3,970	4,060	4.9	3,870	4.6	5.2	3,380
Daiwa Sarugakucho	2,120	2,330	5.3	2,030	5.0	5.6	1,340
Daiwa A Hamamatsucho (Note 3)	2,870	2,900	4.8	2,850	4.6	5.0	1,810
Daiwa Jingumae	2,010	2,080	4.7	1,980	4.4	5.0	2,040
Daiwa Shibadaiimon	2,730	2,790	4.7	2,710	4.5	4.9	1,640
Daiwa Misakicho	2,470	2,500	5.1	2,450	4.9	5.3	1,330
Daiwa Shimbashi 510	2,250	2,260	5.2	2,240	4.9	5.5	1,780
BPS Square	1,560	1,620	5.3	1,540	5.3	5.6	960
Daiwa Tsukiji	1,370	1,380	5.2	1,360	5.2	5.5	680
Daiwa Tsukiji 616	2,400	2,410	5.0	2,400	4.7	5.2	1,170
Daiwa Tsukishima	7,870	7,950	5.2	7,840	4.9	5.4	4,250
Nihombashi MS Building	2,330	2,510	5.0	2,250	4.7	5.3	1,590
Daiwa Azabudai	1,760	1,840	5.0	1,720	4.7	5.3	1,210
Daiwa Shibuya SS	3,810	4,120	5.0	3,680	4.7	5.3	2,730
Daiwa Nihombashi Honcho	6,740	7,360	5.1	6,470	4.7	5.4	3,990
Daiwa Ginza 1-chome	4,190	4,500	4.8	4,060	4.4	5.1	4,000
Daiwa Kyobashi	2,880	3,050	5.0	2,800	4.7	5.3	1,910
Sunline Building No. 7 (Note 3)	2,250	2,400	5.0	2,180	4.7	5.3	3,190
Daiwa Onarimon	14,400	15,500	4.9	13,900	4.6	5.2	10,300
Shinjuku Maynds Tower (Note 4)	106,000	132,000	4.0	121,000	3.8	4.1	100,000
SHIBUYA EDGE	4,060	4,140	4.6	3,970	4.3	4.9	2,950
Daiwa Kodenmacho	1,920	2,030	5.3	1,870	5.0	5.6	977
Daiwa Jimbocho	2,930	3,060	5.2	2,870	5.2	5.5	2,600
Daiwa Nishi-Shimbashi	5,600	5,750	4.9	5,540	4.6	5.1	3,470
Daiwa Kudan	2,960	3,050	5.0	2,930	5.0	5.3	1,990
Daiwa Kayabacho Building	6,110	6,220	4.5	6,060	4.3	4.7	4,660
Jimbocho Place	3,640	3,760	4.5	3,590	4.3	4.7	3,240
E SPACE TOWER	25,900	26,300	4.3	25,500	4.1	4.5	21,300
Daiwa Kinshicho	3,540	3,570	5.4	3,530	5.2	5.6	2,110
Daiwa Higashi-Ikebukuro	3,500	3,520	5.2	3,490	5.0	5.4	2,130
Benex S-3	3,410	3,580	5.8	3,330	5.5	6.1	3,310
Daiwa Shinagawa North	5,670	6,230	5.3	5,430	5.0	5.6	4,620
Daiwa Minami-Senba	2,940	2,960	5.5	2,910	5.2	5.8	1,900
Total	272,300	305,420	-	283,890	-	-	224,167

(Note 1) "Estimated price at end of period" is the price that has November 30, 2011 as the date of the price opinion stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., 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) "Price indicated by the cost approach" is rounded down to the nearest million yen.

(Note 3) For Daiwa A Hamamatsucho and Sunline Building No. 7, the prices are those pertaining to the Investment Corporation's ownership interest.

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

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

The following table listed the status of income (loss), etc. of each property for the 12th Fiscal Period (from June 1, 2011 to November 30, 2011). Income (loss) information is presented in the “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 5)
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	14,100	3,050	8,265	4,550	3,000
	Investment ratio (%)	4.5	1.0	2.7	1.5	1.0
	Carrying amount (million yen)	13,571	2,920	8,145	4,497	2,953
	Estimated price at end of period (million yen)	13,900	2,860	7,380	3,970	2,120
Leasing information	Number of tenants (Note 1)	26	7	54	6	0
	Leasable floor area (m <sup>2</sup> )	8,273.05	2,032.99	9,626.35	2,715.54	3,657.43
	Leased floor area (m <sup>2</sup> )	7,027.59	2,032.99	9,544.53	2,715.54	0
	Occupancy rate (%)					
	End of Nov. 2009	85.4	86.4	88.5	100.0	100.0
	End of May 2010	89.2	86.5	99.1	100.0	100.0
	End of Nov. 2010	91.1	86.5	97.1	100.0	100.0
End of May 2011	80.1	88.0	98.8	100.0	100.0	
End of Nov. 2011	84.9	100.0	99.1	100.0	0.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	313,360	85,170	259,632	128,889	—
	Rent revenue – real estate	313,360	85,170	258,115	128,889	—
	Other lease business revenue	—	—	1,517	—	—
	Total property leasing expenses (B) (thousand yen)	154,658	41,889	89,591	41,904	—
	Consignment expenses	18,605	6,794	16,777	6,088	—
	Utilities expenses	26,634	4,677	21,076	7,821	—
	Taxes and dues	26,357	8,806	20,588	11,883	—
	Non-life insurance expenses	509	122	497	181	—
	Repair expenses	2,548	3,483	6,309	4,585	—
	Depreciation (C)	67,934	17,731	24,342	11,343	—
	Other lease business expenses	12,067	272	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	158,701	43,281	170,041	86,985	—
NOI (E) [(D) + (C)] (thousand yen)	226,636	61,012	194,383	98,328	61,788	
Capital expenditures (F) (thousand yen)	13,809	2,171	21,296	5,370	—	
NCF [(E) – (F)] (thousand yen)	212,827	58,841	173,086	92,958	61,788	
Reference information	Expense rate (%) [(B) ÷ (A)]	49.35	49.18	34.51	32.51	—
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	52,682	17,468	40,706	23,594	6,067
	Estimated long-term repair expenses (thousand yen) (Note 2)	128,190	34,770	218,640	111,190	162,170
	Status of pledge as collateral (Note 4)	None	None	None	None	None

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 5)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.9	0.9	0.8	0.8	0.7
	Carrying amount (million yen)	2,810	2,755	2,460	2,233	2,139
	Estimated price at end of period (million yen)	2,870	2,010	2,730	2,470	2,250
Leasing information	Number of tenants (Note 1)	12	3	5	1	9
	Leasable floor area (m <sup>2</sup> )	3,671.25	2,198.61	2,384.70	2,137.53	2,803.80
	Leased floor area (m <sup>2</sup> )	3,671.25	1,726.65	2,384.70	2,137.53	2,733.66
	Occupancy rate (%)					
	End of Nov. 2009	100.0	100.0	100.0	100.0	88.2
	End of May 2010	100.0	0.0	100.0	100.0	88.2
	End of Nov. 2010	100.0	78.5	100.0	100.0	100.0
End of May 2011	100.0	78.5	100.0	100.0	100.0	
End of Nov. 2011	100.0	78.5	100.0	100.0	97.4	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	141,900	45,017	86,083	—	94,338
	Rent revenue – real estate	141,900	45,017	86,083	—	94,338
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	74,282	26,489	36,247	—	24,346
	Consignment expenses	10,844	3,825	7,164	—	5,192
	Utilities expenses	9,041	4,800	6,752	—	5,828
	Taxes and dues	9,207	6,601	6,295	—	5,667
	Non-life insurance expenses	229	89	139	—	136
	Repair expenses	4,141	1,180	1,354	—	1,030
	Depreciation (C)	11,418	9,901	14,542	—	6,430
	Other lease business expenses	29,400	89	—	—	61
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	67,618	18,527	49,835	—	69,992
NOI (E) [(D) + (C)] (thousand yen)	79,036	28,429	64,377	68,849	76,422	
Capital expenditures (F) (thousand yen)	—	6,048	8,774	—	500	
NCF [(E) – (F)] (thousand yen)	79,036	22,381	55,602	68,849	75,922	
Reference information	Expense rate (%) [(B) ÷ (A)]	52.35	58.84	42.11	—	25.81
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	18,239	13,203	12,310	10,965	11,298
	Estimated long-term repair expenses (thousand yen) (Note 2)	115,840	84,980	98,390	129,500	117,390
	Status of pledge as collateral (Note 4)	None	None	None	None	None

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Region		Five Central Wards of Tokyo				
Property name		BPS Square (Note 5)	Daiwa Tsukiji	Daiwa Tsukiji 616	Daiwa Tsukishima	Nihombashi MS Building
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	Mar. 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	2,440	7,840	2,520
	Investment ratio (%)	0.5	0.4	0.8	2.5	0.8
	Carrying amount (million yen)	1,384	1,217	2,323	7,282	2,503
	Estimated price at end of period (million yen)	1,560	1,370	2,400	7,870	2,330
Leasing information	Number of tenants (Note 1)	1	5	9	3	9
	Leasable floor area (m <sup>2</sup> )	2,852.97	1,487.82	2,932.65	8,426.85	2,920.19
	Leased floor area (m <sup>2</sup> )	2,852.97	1,487.82	2,932.65	8,426.85	2,920.19
	Occupancy rate (%)					
	End of Nov. 2009	100.0	100.0	100.0	100.0	100.0
	End of May 2010	100.0	85.1	100.0	100.0	100.0
	End of Nov. 2010	100.0	85.1	87.0	100.0	100.0
End of May 2011	100.0	100.0	100.0	100.0	100.0	
End of Nov. 2011	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	—	48,653	83,399	286,383	83,401
	Rent revenue – real estate	—	48,653	83,399	286,383	83,401
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	—	18,267	42,407	126,230	29,958
	Consignment expenses	—	3,546	6,351	12,781	5,076
	Utilities expenses	—	3,104	7,627	26,264	5,303
	Taxes and dues	—	4,143	7,214	13,802	7,059
	Non-life insurance expenses	—	68	152	367	155
	Repair expenses	—	365	773	5,178	998
	Depreciation (C)	—	7,039	20,288	67,835	11,365
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	—	30,386	40,992	160,153	53,443
NOI (E) [(D) + (C)] (thousand yen)	41,638	37,425	61,280	227,988	64,808	
Capital expenditures (F) (thousand yen)	300	200	3,746	3,593	13,062	
NCF [(E) – (F)] (thousand yen)	41,338	37,225	57,533	224,395	51,745	
Reference information	Expense rate (%) [(B) ÷ (A)]	—	37.55	50.85	44.08	35.92
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	10,789	8,257	14,263	27,604	13,900
	Estimated long-term repair expenses (thousand yen) (Note 2)	114,750	49,770	73,410	331,450	139,000
	Status of pledge as collateral (Note 4)	None	None	None	None	None

## Daiwa Office Investment Corporation (8976) Financial Report for the 12th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabudai	Daiwa Shibuya SS	Daiwa Nihombashi Honcho	Daiwa Ginza 1-chome	Daiwa Kyobashi
Acquisition date		May 2006	May 2006	July 2006	July 2006	July 2006
Price information	Acquisition price (million yen)	1,600	3,930	7,420	4,620	3,460
	Investment ratio (%)	0.5	1.3	2.4	1.5	1.1
	Carrying amount (million yen)	1,570	3,837	7,197	4,545	3,381
	Estimated price at end of period (million yen)	1,760	3,810	6,740	4,190	2,880
Leasing information	Number of tenants (Note 1)	9	10	10	12	6
	Leasable floor area (m <sup>2</sup> )	1,705.44	2,978.87	7,419.75	3,757.77	3,233.37
	Leased floor area (m <sup>2</sup> )	1,705.44	2,978.87	5,460.20	3,312.70	1,739.51
	Occupancy rate (%)					
	End of Nov. 2009	87.9	91.3	84.9	78.9	100.0
	End of May 2010	100.0	100.0	38.2	78.9	88.1
	End of Nov. 2010	100.0	100.0	65.2	97.4	100.0
End of May 2011	100.0	100.0	73.5	97.9	42.1	
End of Nov. 2011	100.0	100.0	73.5	88.1	53.7	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	65,863	129,060	140,378	130,245	49,375
	Rent revenue – real estate	65,863	128,490	140,378	111,947	49,375
	Other lease business revenue	—	570	—	18,297	—
	Total property leasing expenses (B) (thousand yen)	20,216	44,070	89,224	54,760	57,924
	Consignment expenses	3,633	6,771	8,107	9,189	6,006
	Utilities expenses	3,171	9,143	12,969	7,573	5,311
	Taxes and dues	5,199	10,658	12,089	8,390	7,176
	Non-life insurance expenses	100	166	348	170	161
	Repair expenses	373	1,382	27,101	10,900	22,366
	Depreciation (C)	7,736	15,948	28,608	18,536	16,903
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	45,647	84,990	51,153	75,484	(8,549)
NOI (E) [(D) + (C)] (thousand yen)	53,384	100,939	79,762	94,020	8,354	
Capital expenditures (F) (thousand yen)	1,539	2,464	7,532	19,374	3,861	
NCF [(E) – (F)] (thousand yen)	51,845	98,475	72,229	74,646	4,492	
Reference information	Expense rate (%) [(B) ÷ (A)]	30.69	34.15	63.56	42.04	—
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	10,384	21,280	23,849	16,771	14,255
	Estimated long-term repair expenses (thousand yen) (Note 2)	67,880	113,840	116,900	191,730	61,450
	Status of pledge as collateral (Note 4)	None	None	None	None	None

## Daiwa Office Investment Corporation (8976) Financial Report for the 12th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Sunline Building No. 7	Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE	Daiwa Kodenmacho
Acquisition date		Oct. 2006	Dec. 2006	July and Nov. 2007	July 2007	Aug. 2007
Price information	Acquisition price (million yen)	2,680	13,860	133,800	5,900	2,460
	Investment ratio (%)	0.9	4.5	43.0	1.9	0.8
	Carrying amount (million yen)	2,646	13,680	131,775	5,835	2,446
	Estimated price at end of period (million yen)	2,250	14,400	106,000	4,060	1,920
Leasing information	Number of tenants (Note 1)	6	8	37	6	8
	Leasable floor area (m <sup>2</sup> )	2,405.15	11,615.37	45,544.04	2,480.65	2,379.31
	Leased floor area (m <sup>2</sup> )	1,639.69	10,121.00	45,539.31	2,480.65	2,379.31
	Occupancy rate (%)					
	End of Nov. 2009	76.9	86.6	99.1	100.0	100.0
	End of May 2010	79.7	100.0	78.1	100.0	86.8
	End of Nov. 2010	80.5	100.0	99.9	100.0	100.0
End of May 2011	79.7	100.0	99.9	100.0	100.0	
End of Nov. 2011	68.1	87.1	99.9	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	70,373	417,593	2,541,293	115,806	64,935
	Rent revenue – real estate	61,553	417,593	2,538,947	115,806	64,935
	Other lease business revenue	8,819	–	2,346	–	–
	Total property leasing expenses (B) (thousand yen)	38,691	107,347	1,358,110	38,370	21,466
	Consignment expenses	5,677	17,817	151,354	6,695	3,975
	Utilities expenses	5,220	19,873	292,440	6,080	4,248
	Taxes and dues	14,341	36,682	263,549	7,456	3,824
	Non-life insurance expenses	155	518	4,463	130	93
	Repair expenses	3,702	3,013	113,960	1,344	323
	Depreciation (C)	9,592	29,443	528,283	16,662	8,177
	Other lease business expenses	–	–	4,057	–	822
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	31,682	310,245	1,183,182	77,436	43,469
NOI (E) [(D) + (C)] (thousand yen)	41,274	339,688	1,711,466	94,098	51,647	
Capital expenditures (F) (thousand yen)	3,915	2,476	85,319	400	615	
NCF [(E) – (F)] (thousand yen)	37,359	337,212	1,626,147	93,698	51,032	
Reference information	Expense rate (%) [(B) ÷ (A)]	54.98	25.71	53.44	33.13	33.06
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	28,437	73,313	527,097	14,889	7,649
	Estimated long-term repair expenses (thousand yen) (Note 2)	68,810	236,800	2,502,610	48,290	70,970
	Status of pledge as collateral (Note 4)	None	None	None	None	None

## Daiwa Office Investment Corporation (8976) Financial Report for the 12th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Jimbocho	Daiwa Nishi-Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 5)	Jimbocho Place
Acquisition date		Mar. 2010	Aug. 2010	Sep. 2010	Mar. 2011	Mar. 2011
Price information	Acquisition price (million yen)	4,150	5,000	4,000	5,600	3,550
	Investment ratio (%)	1.3	1.6	1.3	1.8	1.1
	Carrying amount (million yen)	4,140	5,072	3,993	5,618	3,626
	Estimated price at end of period (million yen)	2,930	5,600	2,960	6,110	3,640
Leasing information	Number of tenants (Note 1)	2	7	4	1	6
	Leasable floor area (m <sup>2</sup> )	3,166.84	4,815.84	3,104.23	5,899.11	2,889.34
	Leased floor area (m <sup>2</sup> )	3,166.84	2,652.87	2,737.37	5,899.11	2,889.34
	Occupancy rate (%)					
	End of Nov. 2009	—	—	—	—	—
	End of May 2010	100.0	—	—	—	—
	End of Nov. 2010	100.0	85.5	90.7	—	—
End of May 2011	100.0	79.1	100.0	100.0	100.0	
End of Nov. 2011	100.0	55.0	88.1	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	161,481	137,671	127,697	—	90,942
	Rent revenue – real estate	161,481	137,671	127,697	—	90,942
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	56,692	135,275	47,473	—	33,506
	Consignment expenses	7,889	14,050	6,552	—	7,703
	Utilities expenses	11,627	10,830	7,166	—	5,814
	Taxes and dues	11,212	17,040	8,987	—	6
	Non-life insurance expenses	181	303	153	—	155
	Repair expenses	2,678	46,070	652	—	118
	Depreciation (C)	23,062	46,976	23,961	—	19,708
	Other lease business expenses	40	3	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	104,788	2,396	80,224	—	57,435
NOI (E) [(D) + (C)] (thousand yen)	127,850	49,372	104,185	159,796	77,144	
Capital expenditures (F) (thousand yen)	1,748	3,541	2,427	—	—	
NCF [(E) – (F)] (thousand yen)	126,102	45,831	101,758	159,796	77,144	
Reference information	Expense rate (%) [(B) ÷ (A)]	35.11	98.26	37.18	—	36.84
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	22,425	33,597	17,928	—	—
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	126,090	187,140	141,450	38,440	26,390
	Status of pledge as collateral (Note 4)	None	None	None	None	None

## Daiwa Office Investment Corporation (8976) Financial Report for the 12th Fiscal Period

Region		Five Central Wards of Tokyo	Tokyo Metropolitan Area			
Property name		E-SPACE TOWER	Daiwa Kinshicho	Daiwa Higashi-Ikebukuro	Benex S-3	Daiwa Shinagawa North
Acquisition date		July. 2011	Oct. 2005	Oct. 2005	May 2006	July 2007
Price information	Acquisition price (million yen)	24,000	3,653	2,958	4,950	7,710
	Investment ratio (%)	7.7	1.2	1.0	1.6	2.5
	Carrying amount (million yen)	24,141	3,470	2,840	4,469	7,508
	Estimated price at end of period (million yen)	25,900	3,540	3,500	3,410	5,670
Leasing information	Number of tenants (Note 1)	7	6	6	20	13
	Leasable floor area (m <sup>2</sup> )	13,960.85	5,468.85	4,630.94	7,470.30	6,551.33
	Leased floor area (m <sup>2</sup> )	13,960.85	5,468.85	4,537.71	6,690.43	6,551.33
	Occupancy rate (%)					
	End of Nov. 2009	—	100.0	100.0	67.2	100.0
	End of May 2010	—	100.0	100.0	80.4	90.8
	End of Nov. 2010	—	100.0	97.9	100.0	95.2
End of May 2011	—	100.0	97.9	95.6	100.0	
End of Nov. 2011	100.0	100.0	97.9	89.5	100.0	
Income (loss) information	Number of days of asset management	146	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	539,461	151,854	155,983	163,025	180,917
	Rent revenue – real estate	539,461	151,854	145,311	160,166	180,917
	Other lease business revenue	—	—	10,671	2,858	—
	Total property leasing expenses (B) (thousand yen)	135,202	69,559	67,694	93,983	86,309
	Consignment expenses	53,353	15,209	12,344	18,060	14,961
	Utilities expenses	28,500	11,643	15,590	16,983	15,155
	Taxes and dues	13	13,067	9,632	8,160	19,645
	Non-life insurance expenses	632	303	292	455	409
	Repair expenses	490	1,049	7,579	5,120	2,805
	Depreciation (C)	52,078	28,286	22,254	45,202	33,332
	Other lease business expenses	135	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	404,258	82,295	88,288	69,041	94,608
NOI (E) [(D) + (C)] (thousand yen)	456,336	110,582	110,543	114,244	127,940	
Capital expenditures (F) (thousand yen)	2,462	3,160	1,075	13,684	1,782	
NCF [(E) – (F)] (thousand yen)	453,874	107,422	109,468	100,560	126,158	
Reference information	Expense rate (%) [(B) ÷ (A)]	25.06	45.81	43.40	57.65	47.71
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	—	25,551	19,213	32,638	38,361
	Estimated long-term repair expenses (thousand yen) (Note 2)	317,590	285,600	141,210	402,880	191,640
	Status of pledge as collateral (Note 4)	None	None	None	None	None

## Daiwa Office Investment Corporation (8976) Financial Report for the 12th Fiscal Period

Region		Major Regional Cities
Property name		Daiwa Minami-Senba
Acquisition date		Aug. 2007
Price information	Acquisition price (million yen)	4,810
	Investment ratio (%)	1.5
	Carrying amount (million yen)	4,879
	Estimated price at end of period (million yen)	2,940
Leasing information	Number of tenants (Note 1)	6
	Leasable floor area (m <sup>2</sup> )	5,719.54
	Leased floor area (m <sup>2</sup> )	5,249.30
	Occupancy rate (%)	
	End of Nov. 2009	63.2
	End of May 2010	63.2
	End of Nov. 2010	91.7
End of May 2011	91.7	
End of Nov. 2011	91.7	
Income (loss) information	Number of days of asset management	183
	Total property leasing revenue (A) (thousand yen)	108,522
	Rent revenue – real estate	108,522
	Other lease business revenue	—
	Total property leasing expenses (B) (thousand yen)	62,826
	Consignment expenses	13,872
	Utilities expenses	10,501
	Taxes and dues	5,811
	Non-life insurance expenses	273
	Repair expenses	497
	Depreciation (C)	31,871
	Other lease business expenses	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	45,696
NOI (E) [(D) + (C)] (thousand yen)	77,567	
Capital expenditures (F) (thousand yen)	4,054	
NCF [(E) – (F)] (thousand yen)	73,512	
Reference information	Expense rate (%) [(B) ÷ (A)]	57.89
	Annual amount of fixed property tax, etc. for fiscal 2011 (thousand yen)	23,245
	Estimated long-term repair expenses (thousand yen) (Note 2)	107,090
	Status of pledge as collateral (Note 4)	None

- (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 13th 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 11th year as stated in the building investigation diagnosis report.
- (Note 4) The Investment Corporation released all security interests on September 30, 2011.
- (Note 5) Not disclosed due to tenant's request.