

This translation of the original Japanese Notice is provided solely for information purposes. Should there be any discrepancy between this translation and the Japanese original, the latter shall prevail.

REIT Financial Report for the 22nd Fiscal Period

January 20, 2017

Name of REIT Issuer: Daiwa Office Investment Corporation
 Stock Code No.: 8976
 Representative: Yoshimi Murakami, Executive Director
 Name of Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
 Representative: Akira Yamanouchi, President and Representative Director
 Inquiries to: Yuji Shinotsuka, Vice President and Representative Director

Stock Exchange Listing: TSE
 URL: <http://www.daiwa-office.co.jp>
 TEL: +81-3-6215-9649

Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): February 21, 2017
 Scheduled date of start of distribution payments: February 15, 2017

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

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

1. Status of Management and Assets for the 22nd Fiscal Period

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

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

(1) Management

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|------|------------------|------|-----------------|--------|----------------|-------|
| 22nd Period | ¥12,853 million | 4.0% | ¥6,143 million | 0.6% | ¥5,325 million | (0.0%) | ¥5,324 million | 1.4% |
| 21st Period | ¥12,363 million | 4.4% | ¥6,108 million | 8.8% | ¥5,326 million | 13.6% | ¥5,250 million | 12.0% |

| | Net income per unit | Net income to unitholders' equity | Ordinary income to total assets | Ordinary income to operating revenue |
|-------------|---------------------|-----------------------------------|---------------------------------|--------------------------------------|
| 22nd Period | ¥10,800 | 2.1% | 1.1% | 41.4% |
| 21st Period | ¥10,847 | 2.1% | 1.1% | 43.1% |

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

22nd Period: 492,948 units; 21st Period: 484,000 units

(2) Distributions

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Total distribution amount (excluding distribution amount in excess of earnings) | Distribution amount in excess of earnings per unit | Total distribution amount in excess of earnings | Dividend payout | Distribution amount to net assets |
|-------------|--|---|--|---|-----------------|-----------------------------------|
| 22nd Period | ¥10,695 | ¥5,324 million | ¥0 | ¥- million | 100.0% | 2.1% |
| 21st Period | ¥10,508 | ¥5,085 million | ¥0 | ¥- million | 96.9% | 2.1% |

(Note) Distribution amount per unit for the 21st Fiscal Period is calculated by dividing the amount obtained by deducting provision of reserve for reduction entry (¥164 million) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distribution amount per unit and net income per unit is due to the calculation.

(3) Financial Position

| | Total assets | Net assets | Unitholders' equity to total assets | Net assets per unit |
|-------------|------------------|------------------|-------------------------------------|---------------------|
| 22nd Period | ¥483,450 million | ¥256,517 million | 53.1% | ¥515,230 |
| 21st Period | ¥476,690 million | ¥247,720 million | 52.0% | ¥511,818 |

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

(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 |
|-------------|---|---|---|--|
| 22nd Period | ¥11,157 million | (¥14,558 million) | ¥1,031 million | ¥20,667 million |
| 21st Period | ¥17,363 million | (¥22,336 million) | ¥9,311 million | ¥23,038 million |

2. Management Status Forecasts for the 23rd Fiscal Period and 24th Fiscal Period

23rd Fiscal Period: Fiscal period ending May 2017 (from December 1, 2016 to May 31, 2017)

24th Fiscal Period: Fiscal period ending November 2017 (from June 1, 2017 to November 30, 2017)

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------|-------------------|--------|------------------|--------|-----------------|------|----------------|------|
| 23rd Period | ¥12,462 million | (3.0%) | ¥6,109 million | (0.6%) | ¥5,329 million | 0.1% | ¥5,327 million | 0.1% |
| 24th Period | ¥12,655 million | 1.6% | ¥6,051 million | (0.9%) | ¥5,334 million | 0.1% | ¥5,332 million | 0.1% |

| | Distribution amount per unit (excluding distribution amount in excess of earnings) | Distribution amount in excess of earnings per unit |
|-------------|--|--|
| 23rd Period | ¥10,700 | ¥0 |
| 24th Period | ¥10,710 | ¥0 |

(Reference) Estimated net income per unit for the 23rd Fiscal Period: ¥10,700; 24th Fiscal Period: ¥10,710

3. Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding at end of period (including treasury units):
22nd Fiscal Period: 497,869 units 21st Fiscal Period: 484,000 units
- (ii) Total number of treasury units at end of period:
22nd Fiscal Period: – units 21st Fiscal Period: – units

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

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

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

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

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. In addition, the forecast is not a guarantee of the distribution amount. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 23rd Fiscal Period and 24th Fiscal Period” on page 8.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 24, 2016).

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 24, 2016) as of date of this document.

2.2. Management Status

(1) Overview of the Fiscal Period under Review

A. Brief History of the Investment Corporation

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 467,749 million yen as of the last day of November 2016.

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

B. Investment Environment and Management Performance

a. Investment Environment (from June 2016 to November 2016)

The Japanese economy during the fiscal period under review continued to show a modest recovery trend with real GDP growth rate (Second Preliminary Estimates) for July to September 2016 at an annual rate of 1.3%, recording a positive figure for three consecutive quarters under the ongoing quantitative/qualitative monetary easing policy by the Bank of Japan.

In the office building leasing market in central Tokyo, with new supply having settled down, the vacancy rate took a turn after peaking in June 2013, dropping to 3.75% at the end of November 2016. Led by improvement in the vacancy rate for large buildings, the overall vacancy rate that includes small- to medium-sized buildings also continues to be on an improving trend. The drop in the vacancy rate has led to an increase in office rent in some areas, and the market as a whole continues to see increase in rent, albeit slight.

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

b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Heiwa Higashi-nihonbashi Building” (acquisition price: 6,370 million yen) and “Square Daikanyama Building” (acquisition price: 2,280 million yen) in June 2016, and “Ogikubo TM Building” (acquisition price: 3,800 million yen) and “Shinjuku West Building” (acquisition price: 942 million yen) in July 2016. In addition, the Investment Corporation divested 1 property (Daiwa Kudan) during the fiscal period under review. As a result, the Investment Corporation’s assets under management as of the end of the 22nd Fiscal Period (November 30, 2016) totaled 53 properties, the sum total of acquisition prices of which amounted to 467,749 million yen.

Concerning internal growth, while the office leasing market trended recovering, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. Consequently, the occupancy rate as of the end of the 22nd Fiscal Period (November 30, 2016) was 97.7%.

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

In the 22nd Fiscal Period, the Investment Corporation made the following borrowings and issued the following investment units to fund the acquisition of new properties.

- The Investment Corporation took out short-terms loans of 6,000 million yen in total from Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. on June 1, 2016 to partially fund the acquisition of a new property (Heiwa Higashi-nihonbashi Building) acquired on the same day.
- The Investment Corporation took out short-terms loan of 2,000 million yen from Sumitomo Mitsui Banking Corporation on June 29, 2016 to partially fund the acquisition of a new property (Square Daikanyama Building) acquired on the same day.
- A public offering with the payment date on August 2, 2016 (12,700 issued units, paid-in price of 587,489 per unit, a total paid-in price of 7,461,110,300 yen) and a third-party allotment with the payment date on August 31, 2016 (1,169 issued units, paid in price of 587,489 per unit, a total paid-in price of 686,774,641 yen) were implemented to repay part of the aforementioned short-terms loans totaling 8,000 million yen and to allocate the funds to cash on hand which decreased after being used to acquire new properties (Ogikubo TM Building and Shinjuku West Building) acquired on July 21, 2016.

b. Procurement of Capital for Repayment of Borrowings

In the 22nd Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings that were due for repayment.

- A total amount of 1,500 million yen was borrowed from Yamaguchi Bank Ltd. on August 31, 2016 to fund the repayment of the same amount borrowed from Aozora Bank, Ltd. due the same day.

The Investment Corporation made an early repayment on September 30, 2016 of 10,000 million yen out of 11,000 million yen in total borrowings (long-term loans from Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank, Ltd. taken out on May 26, 2016; short-terms loans from Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. taken out on June 1, 2016; and short-term loan from Sumitomo Mitsui Banking Corporation taken out on June 29, 2016).

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

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 22nd Fiscal Period (November 30, 2016) stood at 204,300 million yen (short-term loans payable: 1,000 million yen; long-term loans payable: 198,200 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 28,250 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 22nd Fiscal Period stands at 4.1 years.

List of Borrowings in the 22nd Fiscal Period

| Lender | Loan amount (million yen) | Drawdown date | Repayment date | Loan period |
|--|------------------------------|------------------|-------------------|----------------|
| Sumitomo Mitsui Banking Corporation | 2,000 | 2016/6/1 | 2017/5/31 | 1.0 year |
| Mizuho Bank, Ltd. | 2,000 | 2016/6/1 | 2017/5/31 | 1.0 year |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 2,000 | 2016/6/1 | 2017/5/31 | 1.0 year |
| Sumitomo Mitsui Banking Corporation | 2,000 | 2016/6/29 | 2017/5/31 | 0.9 year |
| The Yamaguchi Bank, Ltd. | 1,500 | 2016/8/31 | 2026/8/31 | 10.0 years |

Balance of Borrowings from Each Financial Institution (as of November 30, 2016)

| Lender | End of the 22nd Fiscal Period (million yen) | Share (%) (Note) |
|--|--|---------------------|
| Sumitomo Mitsui Banking Corporation | 41,400 | 20.78 |
| Sumitomo Mitsui Trust Bank, Limited | 24,850 | 12.47 |
| Development Bank of Japan Inc. | 21,750 | 10.92 |
| Mizuho Bank, Ltd. | 19,400 | 9.74 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 16,000 | 8.03 |
| Shinsei Bank, Ltd. | 14,000 | 7.03 |
| Resona Bank, Ltd. | 12,500 | 6.28 |
| Mitsubishi UFJ Trust and Banking Corporation | 8,500 | 4.27 |

| | | |
|---|---------|--------|
| Mizuho Trust and Banking Co., Ltd. | 6,000 | 3.01 |
| The Bank of Fukuoka, Ltd. | 5,500 | 2.76 |
| Kansai Urban Banking Corporation | 5,000 | 2.51 |
| Aozora Bank, Ltd. | 3,000 | 1.51 |
| The Nishi-Nippon City Bank Limited | 3,000 | 1.51 |
| ORIX Bank Corporation | 2,500 | 1.26 |
| The Gunma Bank, Ltd. | 2,500 | 1.26 |
| The 77 Bank, Ltd. | 2,000 | 1.00 |
| The Musashino Bank, Ltd. | 2,000 | 1.00 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 2,000 | 1.00 |
| The Yamaguchi Bank, Ltd. | 2,000 | 1.00 |
| The Higashi-Nippon Bank, Limited | 1,500 | 0.75 |
| Nippon Life Insurance Company | 1,300 | 0.65 |
| The Kagawa Bank, Ltd. | 1,000 | 0.50 |
| The Hiroshima Bank, Ltd. | 1,000 | 0.50 |
| Taiyo Life Insurance Company | 300 | 0.15 |
| Fukoku Mutual Life Insurance Company | 200 | 0.10 |
| Total | 199,200 | 100.00 |

(Note) Share is rounded to two decimal places.

d. Rating Information (as of November 30, 2016)

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

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 22nd Fiscal Period of 12,583 million yen in operating revenue, 6,143 million yen in operating income, 5,325 million yen in ordinary income and 5,324 million yen in net income.

Concerning distributions, it is planned 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")). Accordingly, the Investment Corporation decided to distribute almost the entire amount of unappropriated retained earnings (excluding fractions of the distribution amount per unit that are less than 1 yen), and declared a distribution amount per unit of 10,695 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward is expected to see a moderate economic recovery through recovery in personal spending against the backdrop of favorable employment environment and the improved income environment while various economic measures, centering on the public works projects and financial policies promoted by the Abe administration and the monetary easing policy implemented by Bank of Japan continue. However, factors, such as policies to be set out by the U.S. President-elect Donald Trump, the downward swing of the Chinese economy, upset in emerging markets accompanying the U.S. “exit strategy,” drop in stock prices around the world due to geopolitical risks and downturn of the European economy, pose potential risks of disrupting the Japanese real economy and financial environment, and are thus thought to require attention.

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

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

Despite such office leasing market conditions as described above, the tenant side is also expected to become more heavily selective with properties in terms of software such as crime/disaster prevention measures and operations/management on top of location and building specifications. Consequently, the Investment Corporation will carry out operational management under the following policy with an aim to enhance the competitiveness of existing properties and thereby increase the long-term EPS over the medium to long term.

(i) Maintain and raise occupancy rates

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

(ii) Maintain and raise profitability

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

(iii) Lower operational management costs

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

b. Strategy for New Property Investments

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

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

Furthermore, in the 22nd Fiscal Period, the Investment Corporation acquired “Heiwa Higashi-nihonbashi Building,” “Square Daikanyama Building,” “Shinjuku West Building” and “Ogikubo TM Building” which are located in Tokyo. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio. The Investment Corporation will continue to strive to acquire properties in line with the investment strategy described above.

c. Financial Strategy

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

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

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

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

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

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

C. Significant Subsequent Events

The Investment Corporation acquired a trust beneficial interest in real estate on December 21, 2016 as follows.

Summary of Asset Acquired

| | |
|--|--|
| Property name | Shin Kanda Mikuracho Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 5-1 Kanda Mikuracho, Chiyoda-ku, Tokyo |
| Acquisition price | 1,592 million yen (excluding associated acquisition costs, consumption tax, etc.) |
| Date of conclusion of purchase agreement | December 15, 2016 |
| Date of delivery | December 21, 2016 |
| Seller | OH Real Estate Management Co., Ltd. |

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 23rd Fiscal Period (fiscal period ending May 2017 (from December 1, 2016 to May 31, 2017)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 23rd Fiscal Period and 24th Fiscal Period” on page 8.

23rd Fiscal Period (fiscal period ending May 2017 (from December 1, 2016 to May 31, 2017))

| | |
|--|--------------------|
| Operating revenue | 12,462 million yen |
| Operating income | 6,109 million yen |
| Ordinary income | 5,329 million yen |
| Net income | 5,327 million yen |
| Distribution amount per unit | 10,700 yen |
| Distribution amount in excess of earnings per unit | - yen |

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 23rd Fiscal Period and 24th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 24th Fiscal Period (fiscal period ending November 2017 (from June 1, 2017 to November 30, 2017)).

24th Fiscal Period (fiscal period ending November 2017 (from June 1, 2017 to November 30, 2017))

| | |
|--|--------------------|
| Operating revenue | 12,655 million yen |
| Operating income | 6,051 million yen |
| Ordinary income | 5,334 million yen |
| Net income | 5,332 million yen |
| Distribution amount per unit | 10,710 yen |
| Distribution amount in excess of earnings per unit | - yen |

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution amount per unit and distribution amount in excess of earnings per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Assumptions for the Management Status Forecasts for the 23rd Fiscal Period and 24th Fiscal Period

| Item | Assumptions |
|---|--|
| Assets under management | <ul style="list-style-type: none"> • 23rd Fiscal Period: Assets under management are assumed to be the 53 properties owned as of November 30, 2016, plus the 1 property (Shin Kanda Mikuracho Building) acquired in December 2016, to total 54 properties. • 24th Fiscal Period Assets under management are assumed to be the 54 properties described above. • The actual number of properties may vary due to changes in the assets under management other than above. |
| Operating revenue | <ul style="list-style-type: none"> • Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. • It is assumed that there is no gain (loss) on sales of real estate properties. |
| Operating expenses | <ul style="list-style-type: none"> • Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. • Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager. • Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 7,373 million yen in the 23rd Fiscal Period and 7,327 million yen in the 24th Fiscal Period. • Consignment expenses are expected to be 933 million yen in the 23rd Fiscal Period and 904 million yen in the 24th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,034 million yen in the 23rd Fiscal Period and 1,114 million yen in the 24th Fiscal Period. • While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. As such, fixed property tax, city planning tax, etc. of fiscal 2017 for properties acquired in 2016 shall be recorded as expenses starting from the fiscal period ending November 2017. • Depreciation is expected to be 1,778 million yen in the 23rd Fiscal Period and 1,777 million yen in the 24th Fiscal Period. |
| Non-operating expenses | <ul style="list-style-type: none"> • Non-operating expenses in the 23rd Fiscal Period are expected to be 779 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 775 million yen. • Non-operating expenses in the 24th Fiscal Period are expected to be 716 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 712 million yen. |
| Interest-bearing liabilities | <ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 204,300 million yen at the end of the 23rd Fiscal Period and 204,300 million yen at the end of the 24th Fiscal Period • In the 23rd Fiscal Period, it is assumed that the entire amount of the 1,700 million yen, 6,500 million yen and 9,500 million yen of borrowings due for repayment on May 10, 2017, May 22, 2017 and May 31, 2017, respectively, will be refinanced. • In the 24th Fiscal Period, it is assumed that the entire amount of the 6,050 million yen and 5,500 million yen of borrowings due for repayment on August 31, 2017 and November 30, 2017, respectively, will be refinanced. |
| Total number of investment units issued and outstanding | <ul style="list-style-type: none"> • The total number of investment units issued and outstanding is assumed to be 497,869 units as of November 30, 2016. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 24th Fiscal Period through the issuance of new investment units, etc. |
| Distribution amount per unit | <ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs. |

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

2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 24, 2016).

3. Financial Statements**3.1. Balance Sheets**

(Unit: thousand yen)

| | 21st Fiscal Period [As of May 31, 2016] | 22nd Fiscal Period [As of Nov. 30, 2016] |
|---|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,940,424 | 19,070,683 |
| Cash and deposits in trust | 2,097,792 | 1,597,181 |
| Operating accounts receivable | 174,843 | 145,235 |
| Consumption taxes receivable | — | 55,305 |
| Prepaid expenses | 427,960 | 369,096 |
| Deferred tax assets | 307 | 11 |
| Other | 188,382 | 16,773 |
| Total current assets | 23,829,711 | 21,254,286 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 3,131,970 | 3,205,177 |
| Accumulated depreciation | (1,803,895) | (1,891,204) |
| Buildings, net | 1,328,074 | 1,313,973 |
| Structures | 14,344 | 14,344 |
| Accumulated depreciation | (3,806) | (4,278) |
| Structures, net | 10,537 | 10,066 |
| Tools, furniture and fixtures | 18,958 | 19,126 |
| Accumulated depreciation | (9,260) | (10,006) |
| Tools, furniture and fixtures, net | 9,697 | 9,119 |
| Land | 12,302,226 | 12,302,226 |
| Construction in progress | 3,448 | 2,661 |
| Buildings in trust | 101,441,708 | 103,827,953 |
| Accumulated depreciation | (19,195,589) | (20,523,653) |
| Buildings in trust, net | *1 82,246,118 | *1 83,304,300 |
| Structures in trust | 946,189 | 959,053 |
| Accumulated depreciation | (182,877) | (195,189) |
| Structures in trust, net | 763,311 | 763,863 |
| Machinery and equipment in trust | 756,801 | 886,637 |
| Accumulated depreciation | (389,889) | (411,719) |
| Machinery and equipment in trust, net | 366,911 | 474,917 |
| Tools, furniture and fixtures in trust | 187,063 | 228,556 |
| Accumulated depreciation | (86,203) | (97,495) |
| Tools, furniture and fixtures in trust, net | 100,860 | 131,060 |
| Other in trust | 4,336 | 4,336 |
| Accumulated depreciation | (4,336) | (4,336) |
| Other in trust, net | — | — |
| Land in trust | 351,272,600 | 359,306,652 |
| Construction in progress in trust | 42,085 | 399,429 |
| Total property, plant and equipment | 448,445,873 | 458,018,269 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

(Unit: thousand yen)

| | 21st Fiscal Period [As of May 31, 2016] | 22nd Fiscal Period [As of Nov. 30, 2016] |
|--|--|---|
| Intangible assets | | |
| Right of trademark | 596 | 541 |
| Leasehold rights | 2,407,101 | 2,398,275 |
| Leasehold rights in trust | 306,884 | 306,884 |
| Other | 2,332 | 1,924 |
| Total intangible assets | 2,716,915 | 2,707,626 |
| Investments and other assets | | |
| Lease and guarantee deposits in trust | 113,684 | 113,684 |
| Long-term prepaid expenses | 1,189,161 | 1,074,158 |
| Deferred tax assets | 355,230 | 165,910 |
| Derivatives | — | 80,482 |
| Other | 10,020 | 10,020 |
| Total investments and other assets | 1,668,096 | 1,444,256 |
| Total noncurrent assets | 452,830,885 | 462,170,152 |
| Deferred assets | | |
| Investment corporation bonds issuance costs | 29,435 | 26,481 |
| Total deferred assets | 29,435 | 26,481 |
| Total assets | 476,690,032 | 483,450,920 |
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 988,220 | 1,996,736 |
| Short-term loans payable | — | 1,000,000 |
| Current portion of long-term loans payable | 21,200,000 | 28,250,000 |
| Accounts payable – other | 494,490 | 456,273 |
| Income taxes payable | 970 | 831 |
| Accrued consumption taxes | 534,190 | 89,141 |
| Advances received | 2,051,727 | 2,028,280 |
| Other | 365,653 | 264,659 |
| Total current liabilities | 25,635,253 | 34,085,923 |
| Noncurrent liabilities | | |
| Investment corporation bonds | 5,100,000 | 5,100,000 |
| Long-term loans payable | 180,000,000 | 169,950,000 |
| Tenant leasehold and security deposits | 15,881,378 | 16,447,831 |
| Tenant leasehold and security deposits in trust | 988,887 | 504,267 |
| Derivatives liabilities | 1,364,329 | 845,574 |
| Total noncurrent liabilities | 203,334,595 | 192,847,673 |
| Total liabilities | 228,969,848 | 226,933,597 |
| Net Assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 243,403,874 | 251,551,759 |
| Surplus | | |
| Voluntary retained earnings | | |
| Reserve for reduction entry | — | 164,162 |
| Total voluntary retained earnings | — | 164,162 |
| Unappropriated retained earnings (undisposed loss) | 5,250,225 | 5,324,776 |
| Total surplus | 5,250,225 | 5,488,939 |
| Total unitholders' equity | 248,654,100 | 257,040,698 |
| Valuation and translation adjustments | | |
| Deferred gains or losses on hedges | (933,915) | (523,375) |
| Total valuation and translation adjustments | (933,915) | (523,375) |
| Total net assets | *2 247,720,184 | *2 256,517,323 |
| Total liabilities and net assets | 476,690,032 | 483,450,920 |

3.2. Statements of Income

(Unit: thousand yen)

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] | |
|--|--|------------|---|------------|
| Operating revenue | | | | |
| Rent revenue – real estate | *1 | 11,947,802 | *1 | 12,687,269 |
| Other lease business revenue | *1 | 91,980 | *1 | 63,616 |
| Gain on sales of real estate properties | *2 | 323,700 | *2 | 102,138 |
| Total operating revenue | | 12,363,483 | | 12,853,024 |
| Operating expenses | | | | |
| Expenses related to rent business | *1 | 5,014,202 | *1 | 5,433,014 |
| Asset management fees | | 994,954 | | 1,043,440 |
| Asset custody fees | | 23,182 | | 24,159 |
| Administrative service fees | | 73,682 | | 82,492 |
| Trust fees | | 19,720 | | 18,936 |
| Directors' compensation | | 5,400 | | 6,300 |
| Other operating expenses | | 123,886 | | 101,196 |
| Total operating expenses | | 6,255,028 | | 6,709,539 |
| Operating income | | 6,108,455 | | 6,143,484 |
| Non-operating income | | | | |
| Interest income | | 132 | | 45 |
| Reversal of distribution payable | | 688 | | 624 |
| Miscellaneous income | | 4,901 | | 10,357 |
| Total non-operating income | | 5,722 | | 11,026 |
| Non-operating expenses | | | | |
| Interest expenses | | 597,306 | | 603,225 |
| Interest expenses on investment corporation bonds | | 16,892 | | 16,707 |
| Borrowing expenses | | 166,855 | | 173,072 |
| Investment unit issuance expenses | | — | | 31,338 |
| Other | | 6,154 | | 4,738 |
| Total non-operating expenses | | 787,208 | | 829,082 |
| Ordinary income | | 5,326,969 | | 5,325,428 |
| Income before income taxes | | 5,326,969 | | 5,325,428 |
| Income taxes – current | | 977 | | 836 |
| Income taxes – deferred | | 75,798 | | 6 |
| Total income taxes | | 76,775 | | 843 |
| Net income | | 5,250,193 | | 5,324,585 |
| Retained earnings brought forward | | 32 | | 191 |
| Unappropriated retained earnings (undisposed loss) | | 5,250,225 | | 5,324,776 |

3.3. Statements of Unitholders' Equity

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

(Unit: thousand yen)

| | Unitholders' equity | | | | Total valuation and translation adjustments | | Total net assets |
|--|----------------------|--|---------------|---------------------------|---|---|------------------|
| | Unitholders' capital | Surplus | | Total unitholders' equity | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| | | Unappropriated retained earnings (undisposed loss) | Total Surplus | | | | |
| Balance at beginning of current fiscal period | 243,403,874 | 4,689,024 | 4,689,024 | 248,092,898 | (392,515) | (392,515) | 247,700,383 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | (4,688,992) | (4,688,992) | (4,688,992) | | | (4,688,992) |
| Net income | | 5,250,193 | 5,250,193 | 5,250,193 | | | 5,250,193 |
| Net changes of items other than shareholders' equity | | | | | (541,400) | (541,400) | (541,400) |
| Total changes of items during the period | — | 561,201 | 561,201 | 561,201 | (541,400) | (541,400) | 19,801 |
| Balance at end of current fiscal period | 243,403,874 | 5,250,225 | 5,250,225 | 248,654,100 | (933,915) | (933,915) | 247,720,184 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

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

(Unit: thousand yen)

| | Unitholders' equity | | | | | |
|--|----------------------|-----------------------------|-----------------------------------|--|---------------|---------------------------|
| | Unitholders' capital | Surplus | | | | Total unitholders' equity |
| | | Voluntary retained earnings | | Unappropriated retained earnings (undisposed loss) | Total Surplus | |
| | | Reserve for reduction entry | Total voluntary retained earnings | | | |
| Balance at beginning of current fiscal period | 243,403,874 | - | - | 5,250,225 | 5,250,225 | 248,654,100 |
| Changes of items during the period | | | | | | |
| Issuance of new investment units | 8,147,884 | | | | | 8,147,884 |
| Provision of reserve for reduction entry | | 164,162 | 164,162 | (164,162) | - | - |
| Dividends from surplus | | | | (5,085,872) | (5,085,872) | (5,085,872) |
| Net income | | | | 5,324,585 | 5,324,585 | 5,324,585 |
| Net changes of items other than shareholders' equity | | | | | | |
| Total changes of items during the period | 8,147,884 | 164,162 | 164,162 | 74,550 | 238,713 | 8,386,598 |
| Balance at end of current fiscal period | 251,551,759 | 164,162 | 164,162 | 5,324,776 | 5,488,939 | 257,040,698 |

| | Total valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Deferred gains or losses on hedges | Total valuation and translation adjustments | |
| Balance at beginning of current fiscal period | (933,915) | (933,915) | 247,720,184 |
| Changes of items during the period | | | |
| Issuance of new investment units | | | 8,147,884 |
| Provision of reserve for reduction entry | | | - |
| Dividends from surplus | | | (5,085,872) |
| Net income | | | 5,324,585 |
| Net changes of items other than shareholders' equity | 410,540 | 410,540 | 410,540 |
| Total changes of items during the period | 410,540 | 410,540 | 8,797,138 |
| Balance at end of current fiscal period | (523,375) | (523,375) | 256,517,323 |

3.4. Statements of Cash Distributions

| Item | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|--|---|--|
| | Amount (yen) | Amount (yen) |
| I. Unappropriated retained earnings | 5,250,225,912 | 5,324,776,691 |
| II. Distribution amount [Distribution amount per unit] | 5,085,872,000 [10,508] | 5,324,708,955 [10,695] |
| III. Voluntary retained earnings Provision of reserve for reduction entry | 164,162,797 | — |
| IV. Retained earnings carried forward | 191,115 | 67,736 |
| Method for calculating distribution amount | Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (484,000 units) in an amount that is not in excess of the remaining amount obtained after deducting provision of reserve for reduction entry defined in Article 66-2 of the Special Taxation Measures Act from unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,085,872,000 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation. | Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (497,869 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,324,708,955 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)

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|---|--|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 5,326,969 | 5,325,428 |
| Depreciation and amortization | 1,726,589 | 1,750,178 |
| Amortization of investment corporation bonds issuance costs | 2,954 | 2,954 |
| Investment unit issuance expenses | — | 31,338 |
| Interest income | (132) | (45) |
| Interest expenses | 614,198 | 619,933 |
| (Increase) Decrease in operating accounts receivable | 63,992 | 29,608 |
| (Increase) Decrease in consumption taxes refund receivable | 515,291 | (55,305) |
| (Increase) Decrease in prepaid expenses | (41,335) | 58,864 |
| Increase (decrease) in operating accounts payable | 14,935 | 382,326 |
| Increase (decrease) in accounts payable – other | (107,982) | (29) |
| Increase (decrease) in accrued consumption taxes | 477,033 | (445,049) |
| Increase (decrease) in advances received | 110,704 | (23,447) |
| (Increase) Decrease in long-term prepaid expenses | 16,891 | 115,003 |
| Decrease from sales of property, plant and equipment in trust | 9,127,507 | 3,795,173 |
| Other, net | 130,195 | 191,043 |
| Subtotal | 17,977,812 | 11,777,976 |
| Interest income received | 132 | 45 |
| Interest expenses paid | (614,106) | (620,025) |
| Income taxes paid | (783) | (975) |
| Net cash provided by (used in) operating activities | 17,363,054 | 11,157,021 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (1,824) | (16,739) |
| Purchase of property, plant and equipment in trust | (22,667,593) | (14,541,472) |
| Purchase of intangible assets | - | (82,008) |
| Proceeds from tenant security deposits | 499,436 | 637,097 |
| Proceeds from tenant security deposits in trust | 383,107 | 515,643 |
| Repayments of tenant security deposits | (537,469) | (683,992) |
| Repayments of tenant security deposits in trust | (12,066) | (386,915) |
| Net cash provided by (used in) investing activities | (22,336,410) | (14,558,386) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from short-term loans payable | — | 8,000,000 |
| Repayment of short-term loans payable | (5,500,000) | (7,000,000) |
| Proceeds from long-term loans payable | 21,700,000 | 1,500,000 |
| Repayment of long-term loans payable | (2,200,000) | (4,500,000) |
| Proceeds from issuance of investment units | — | 8,116,546 |
| Dividends paid | (4,688,695) | (5,085,533) |
| Net cash provided by (used in) financing activities | 9,311,304 | 1,031,012 |
| Net increase (decrease) in cash and cash equivalents | 4,337,948 | (2,370,352) |
| Cash and cash equivalents at beginning of period | 18,700,269 | 23,038,217 |
| Cash and cash equivalents at end of period | *1 23,038,217 | *1 20,667,865 |

3.6. Notes to the Going Concern

Not applicable.

3.7. Notes to Significant Accounting Policies

| | | | | | | | | | |
|---|---|-----------|------------|------------|-------------|-------------------------|------------|-------------------------------|------------|
| 1. Accumulated depreciation method for noncurrent assets | <p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0" data-bbox="675 443 1161 562"> <tr> <td>Buildings</td> <td>2~64 years</td> </tr> <tr> <td>Structures</td> <td>10~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>7~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5~15 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p> | Buildings | 2~64 years | Structures | 10~56 years | Machinery and equipment | 7~23 years | Tools, furniture and fixtures | 5~15 years |
| Buildings | 2~64 years | | | | | | | | |
| Structures | 10~56 years | | | | | | | | |
| Machinery and equipment | 7~23 years | | | | | | | | |
| Tools, furniture and fixtures | 5~15 years | | | | | | | | |
| 2. Accounting policies for deferred assets | <p>(1) Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p> <p>(2) Investment unit issuance expenses The entire amount is recorded as expenses upon expenditure.</p> | | | | | | | | |
| 3. 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 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 is 53,870 thousand yen in the 21st Fiscal Period and is 39,920 thousand yen in the 22nd Fiscal Period.</p> | | | | | | | | |
| 4. Hedge accounting approaches | <p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p> | | | | | | | | |
| 5. Scope of funds in the statements of cash flows | <p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p> | | | | | | | | |

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

3.8. Notes to Financial Statements

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

[Notes to Balance Sheets]

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

| 21st Fiscal Period [As of May 31, 2016] | | 22nd Fiscal Period [As of November 30, 2016] | |
|--|---------------------|---|---------------------|
| Buildings in trust | 32,898 thousand yen | Buildings in trust | 32,898 thousand yen |

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

| 21st Fiscal Period [As of May 31, 2016] | | 22nd Fiscal Period [As of November 30, 2016] | |
|--|---------------------|---|---------------------|
| | 50,000 thousand yen | | 50,000 thousand yen |

[Notes to Statements of Income]

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

(Unit: thousand yen)

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|--------------------------------|--|---|
| A. Property leasing revenue | | |
| Rent revenue – real estate | 11,947,802 | 12,687,269 |
| Other lease business revenue | 91,980 | 63,616 |
| Total property leasing revenue | 12,039,783 | 12,750,885 |
| B. Property leasing expenses | | |
| Consignment expenses | 868,699 | 942,415 |
| Utilities expenses | 1,051,126 | 1,068,008 |
| Taxes and dues | 895,930 | 1,045,891 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| | | |
|--|-----------|-----------|
| Non-life insurance expenses | 17,250 | 17,056 |
| Repair expenses | 403,758 | 456,738 |
| Depreciation | 1,726,073 | 1,749,716 |
| Other lease business expenses | 51,363 | 153,188 |
| Total property leasing expenses | 5,014,202 | 5,433,014 |
| C. Operating income (loss) from property leasing [A – B] | 7,025,580 | 7,317,871 |

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

21st Fiscal Period [From: December 1, 2015 To: May 31, 2016]

Daiwa Shibuya Dougenzaka

| | |
|---|-----------|
| Proceeds from sales of real estate properties | 6,400,000 |
| Cost of sales of real estate properties | 4,474,586 |
| Other expenses on sales | 225,504 |
| Gain on sales of real estate properties | 1,699,908 |

Daiwa Minami-senba

| | |
|---|-----------|
| Proceeds from sales of real estate properties | 3,335,062 |
| Cost of sales of real estate properties | 4,652,920 |
| Other expenses on sales | 58,350 |
| Gain on sales of real estate properties | 1,376,208 |

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]

Daiwa Kudan

| | |
|---|-----------|
| Proceeds from sales of real estate properties | 4,048,485 |
| Cost of sales of real estate properties | 3,795,173 |
| Other expenses on sales | 151,172 |
| Gain on sales of real estate properties | 102,138 |

[Notes to Statements of Unitholders' Equity]

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|---|--|---|
| Total number of investment units authorized and number of investment units issued and outstanding | | |
| Total number of investment units authorized | 2,000,000 units | 2,000,000 units |
| Total number of investment units issued and outstanding | 484,000 units | 497,869 units |

[Notes to Statements of Cash Flows]

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

(Unit: thousand yen)

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|----------------------------|--|---|
| Cash and deposits | 20,940,424 | 19,070,683 |
| Cash and deposits in trust | 2,097,792 | 1,597,181 |
| Cash and cash equivalents | 23,038,217 | 20,667,865 |

[Notes to Financial Instruments]**(1) Matters Concerning Status of Financial Instruments****(a) Policy for financial instruments**

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

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

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

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

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

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

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

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

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

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

(c) Supplementary explanation for fair value of financial instruments

The fair value of financial instruments is based on their market price. The fair value of financial instruments with no available market price is determined by using price reasonably estimated. As various factors are incorporated into these

calculations, the resulting value may differ if different assumptions are provided. Furthermore, the contractual amounts of derivative transactions do not represent the market risk involved in these derivative transactions.

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

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

21st Fiscal Period [As of May 31, 2016]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|--|-----------------|-------------|------------|
| (1) Cash and deposits | 20,940,424 | 20,940,424 | — |
| (2) Cash and deposits in trust | 2,097,792 | 2,097,792 | — |
| Total assets | 23,038,217 | 23,038,217 | — |
| (3) Short-term loans payable | — | — | — |
| (4) Current portion of long-term loans payable | 21,200,000 | 21,292,249 | 92,249 |
| (5) Investment corporation bonds | 5,100,000 | 5,221,170 | 121,170 |
| (6) Long-term loans payable | 180,000,000 | 180,362,802 | 362,802 |
| Total liabilities | 206,300,000 | 206,876,221 | 576,221 |
| Derivative transactions (*) | (1,365,241) | (1,365,241) | — |

22nd Fiscal Period [As of November 30, 2016]

(Unit: thousand yen)

| | Carrying amount | Fair value | Difference |
|--|-----------------|-------------|------------|
| (1) Cash and deposits | 19,070,683 | 19,070,683 | — |
| (2) Cash and deposits in trust | 1,597,181 | 1,597,181 | — |
| Total assets | 20,667,865 | 20,667,865 | — |
| (3) Short-term loans payable | 1,000,000 | 1,000,000 | — |
| (4) Current portion of long-term loans payable | 28,250,000 | 28,320,007 | 70,007 |
| (5) Investment corporation bonds | 5,100,000 | 5,184,930 | 84,930 |
| (6) Long-term loans payable | 169,950,000 | 170,032,842 | 82,842 |
| Total liabilities | 204,300,000 | 204,537,780 | 237,780 |
| Derivative transactions (*) | (765,091) | (765,091) | — |

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

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

Assets

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

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

Liabilities

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

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

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

(5) Investment corporation bonds

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

Derivative transactions

Please refer to [Notes to Derivative transactions] below.

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

(Unit: thousand yen)

| | 21st Fiscal Period [As of May 31, 2016] | 22nd Fiscal Period [As of November 30, 2016] |
|---|--|---|
| Tenant leasehold and security deposits | 15,881,378 | 16,447,831 |
| Tenant leasehold and security deposits in trust | 988,887 | 504,267 |
| Total | 16,870,265 | 16,952,099 |

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

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

21st Fiscal Period [As of May 31, 2016]

(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 | 20,940,424 | – | – | – | – | – |
| Cash and deposits in trust | 2,097,792 | – | – | – | – | – |
| Total | 23,038,217 | – | – | – | – | – |

22nd Fiscal Period [As of November 30, 2016]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|----------------------------|-------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------|
| Cash and deposits | 19,070,683 | – | – | – | – | – |
| Cash and deposits in trust | 1,597,181 | – | – | – | – | – |
| Total | 20,667,865 | – | – | – | – | – |

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

21st Fiscal Period [As of May 31, 2016]

(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 | 21,200,000 | – | – | – | – | – |
| Investment corporation bonds | – | – | – | 3,000,000 | – | 2,100,000 |
| Long-term loans payable | – | 19,400,000 | 21,500,000 | 25,000,000 | 33,300,000 | 80,800,000 |
| Total | 21,200,000 | 19,400,000 | 21,500,000 | 28,000,000 | 33,300,000 | 82,900,000 |

22nd Fiscal Period [As of November 30, 2016]

(Unit: thousand yen)

| | Within 1 year | Within 2 years, but over 1 year | Within 3 years, but over 2 years | Within 4 years, but over 3 years | Within 5 years, but over 4 years | Over 5 years |
|--|-------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------|
| Short-term loans payable | 1,000,000 | – | – | – | – | – |
| Current portion of long-term loans payable | 28,250,000 | – | – | – | – | – |
| Investment corporation bonds | – | – | 3,000,000 | – | – | 2,100,000 |
| Long-term loans payable | – | 17,350,000 | 22,000,000 | 31,600,000 | 24,200,000 | 74,800,000 |
| Total | 29,250,000 | 17,350,000 | 25,000,000 | 31,600,000 | 24,200,000 | 76,900,000 |

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

21st Fiscal Period [As of May 31, 2016]

Not applicable.

22nd Fiscal Period [As of November 30, 2016]

Not applicable.

(2) Transactions for which hedge accounting is applied

21st Fiscal Period [As of May 31, 2016]

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

(Unit: thousand yen)

| Hedge accounting approach | Type, etc. of derivative transaction | Main hedged item | Contract amount, etc. | | Fair value | Method of calculation of that fair value |
|--|--|-------------------------|-----------------------|-----------------------|-------------|--|
| | | | | Of which, over 1 year | | |
| Principle accounting method | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 82,800,000 | 81,300,000 | (1,365,241) | Based on price quoted by partner financial institution |
| Special accounting for interest rate swaps | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 28,350,000 | 19,850,000 | (*) | — |
| Total | | | 111,150,000 | 101,150,000 | (1,365,241) | — |

22nd Fiscal Period [As of November 30, 2016]

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

(Unit: thousand yen)

| Hedge accounting approach | Type, etc. of derivative transaction | Main hedged item | Contract amount, etc. | | Fair value | Method of calculation of that fair value |
|--|--|-------------------------|-----------------------|-----------------------|------------|--|
| | | | | Of which, over 1 year | | |
| Principle accounting method | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 99,600,000 | 99,600,000 | (765,091) | Based on price quoted by partner financial institution |
| Special accounting for interest rate swaps | Interest rate swap transaction Fixed payable Floating receivable | Long-term loans payable | 28,350,000 | 14,350,000 | (*) | — |
| Total | | | 127,950,000 | 113,950,000 | (765,091) | — |

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

[Notes to Transactions with Related Parties]

(1) Transactions with related parties

21st Fiscal Period [From: December 1, 2015 To: May 31, 2016]
Not applicable.

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]
Not applicable.

(2) Notes to parent company and significant affiliated companies

21st Fiscal Period [From: December 1, 2015 To: May 31, 2016]
Not applicable.

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]
Not applicable.

[Notes to Investment and Rental Properties]

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

(Unit: thousand yen)

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|---|--|---|
| Carrying amount | | |
| Balance at beginning of period | 439,123,698 | 451,114,325 |
| Amount of increase (decrease) during period | 11,990,626 | 9,207,014 |
| Balance at end of period | 451,114,325 | 460,321,339 |
| Fair value at end of period | 483,390,000 | 505,430,000 |

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

(Note 2) Of the amount of increase (decrease) for rental properties during the 21st Fiscal Period, the amount of increase is mainly attributable to acquisition of 2 properties (21,890 million yen) and the amount of decrease is mainly attributable to sales of 2 properties (9,127 million yen) and depreciation (1,726 million yen). Of the amount of increase (decrease) for rental properties during the 22nd Fiscal Period, the amount of increase is mainly attributable to acquisition of 4 properties (13,392 million yen) and the amount of decrease is mainly attributable to sales of Daiwa Kudan (3,795 million yen) and depreciation (1,749 million yen).

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

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

[Notes to Segment Information, etc.]

(1) Segment Information

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

(2) Related Information

21st Fiscal Period [From: December 1, 2015 To: May 31, 2016]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

22nd Fiscal Period [From: June 1, 2016 To: November 30, 2016]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

[Notes to Per Unit Information]

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|---------------------|--|---|
| Net assets per unit | 511,818 yen | 515,230 yen |
| Net income per unit | 10,847.50 yen | 10,800.73 yen |

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

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

| | 21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016] | 22nd Fiscal Period [From: June 1, 2016 To: Nov. 30, 2016] |
|---|--|---|
| Net income (thousand yen) | 5,250,193 | 5,324,585 |
| Amounts not attributable to common unitholders (thousand yen) | — | — |
| Net income attributable to common investment units (thousand yen) | 5,250,193 | 5,324,585 |
| Average number of investment units during the period (unit) | 484,000 | 492,984 |

[Notes to Significant Subsequent Events]

The Investment Corporation acquired a trust beneficial interest in real estate on December 21, 2016 as follows.

Summary of Asset Acquired

| | |
|--|--|
| Property name | Shin Kanda Mikuracho Building |
| Type of asset | Trust beneficial interest in domestic real estate |
| Location | 5-1 Kanda Mikuracho, Chiyoda-ku, Tokyo |
| Acquisition price | 1,592 million yen (excluding associated acquisition costs, consumption tax, etc.) |
| Date of conclusion of purchase agreement | December 15, 2016 |
| Date of delivery | December 21, 2016 |
| Seller | OH Real Estate Management Co., Ltd. |

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

The Investment Corporation resolved to issue new investment units at its Board of Directors meetings held on July 15, 2016 and July 26, 2016. Payments were completed for the public offering and third-party allotment on August 2, 2016 and August 31, 2016, respectively. The overview of capital increase in the most recent 5 years up to the end of the 22nd Fiscal Period is as follows.

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

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

(Note 2) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 450,746 yen per unit (amount paid in: 450,746 yen) to procure funds for acquisition of properties, etc.

(Note 3) The Investment Corporation issued new investment units through public offering at an issue price of 583,050 yen per unit (amount paid in: 563,914 yen) to procure funds for acquisition of properties, repayment of borrowings, etc.

(Note 4) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 563,914 yen per unit (amount paid in: 563,914 yen) to procure funds for acquisition of properties, repayment of borrowings, etc.

(Note 5) The Investment Corporation issued new investment units through public offering at an issue price of 607,425 yen per unit (amount paid in: 587,489 yen) to procure funds for repayment of borrowings, etc.

(Note 6) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 587,489 yen per unit (amount paid in: 587,489 yen) to procure funds for repayment of borrowings, etc.

4. Changes in Directors

4.1. Changes in Directors at the Investment Corporation

Executive Director Nobuaki Omura resigned at the close of the 9th General Meeting of Unitholders held on August 19, 2016 and Yoshimi Murakami, who was elected at the general meeting as Executive Director, assumed the office on the same day.

The following is the directors at the Investment Corporation as of the date of this document.

| Title | Name | Career summary | | Number of shares held |
|----------------------|-------------------|--|---|-----------------------|
| Executive Director | Yoshimi Murakami | Apr. 1974 Jan. 1990 Jul. 1994 Apr. 1999 Jun. 2001 Apr. 2005 Apr. 2007 Apr. 2009 Apr. 2010 Jun. 2012 Apr. 2013 Aug. 2016 | Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) General Manager, Branch Manager, Fukui Branch of Daiwa Securities Group Inc. General Manager, Investment Service (Corporate Institutions) Dept. (II) of Daiwa Securities Group Inc. General Manager, Head of Corporate Institutions Dept. II, Daiwa Securities SB Capital Markets Co. Ltd. Executive Officer, Head of Main Retail Branch, Daiwa Securities Co., Ltd. President, Daiwa Pension Consulting Co., Ltd. Managing Director, Deputy Head of Sales Division, Corporate Client Services Officer, Daiwa Securities Co., Ltd. and Senior Managing Director (part-time), Daiwa Investor Relations Co., Ltd. Senior Managing Director, Deputy Head of Sales Division, Daiwa Securities Co., Ltd. President, Daiwa Securities Business Center Co., Ltd. President, Daiwa Securities Business Center Co., Ltd. and President, Daiwa Pension Consulting Co., Ltd. Special Advisor, Daiwa Securities Business Center Co., Ltd. Executive Director, Daiwa Office Investment Corporation (current position) | — |
| Supervisory Director | Takayuki Hiraishi | Apr. 1992 Sept. 1995 Sept. 1996 Sept. 1997 Jul. 2005 Jan. 2014 Aug. 2014 | Admitted to practice law Joined Spring Partners (now called as Okinobu, Ishihara & Sei Law Office) University of Connecticut School of Law Joined Pillsbury Madison & Sutro LLP (now called as Pillsbury Winthrop Shaw Pittman LLP) (Los Angeles) Rejoined Spring Partners (current position) Supervisory Director of Daiwa Office Investment Corporation (current position) Supervisory Director of Nippon Healthcare Investment Corporation Retired from Supervisory Director, Nippon Healthcare Investment Corporation | — |
| Supervisory Director | Hiroshi Sakuma | Apr. 1983 Sept. 1989 Apr. 1991 Sept. 1995 Jul. 1996 Apr. 1998 May 2000 Jul. 2005 Jan. 2014 Aug. 2014 | Joined NEC Corporation Joined Arthur Andersen Joined Coopers & Lybrand Joined Smith Barney & Co. Joined Salomon Smith Barney Asia Limited Established Sakuma CPA firm (current position) Director of JUST PLANNING Inc. (current position) Supervisory Director of Daiwa Office Investment Corporation (current position) Supervisory Director of Nippon Healthcare Investment Corporation Retired from Supervisory Director, Nippon Healthcare Investment Corporation | — |

(Note) Yoshiki Nishigaki was elected as Substitute Executive Director at the aforementioned general meeting of unitholders in preparation for the event of Executive Director failing to remain in office or the number of Executive Directors falling below what is set forth by laws and regulations. Yoshiki Nishigaki is Vice President and Representative Director of Daiwa Real Estate Asset Management Co. Ltd., the Asset Manager.

4.2. Changes in Directors at the Asset Manager

Not applicable.

5. Reference Information

5.1. Investment Status

| Type of asset | Use | Region | 22nd Fiscal Period (As of November 30, 2016) | |
|---|--------|-----------------------------|---|--|
| | | | Total amount owned (million yen) (Note 1) | As a percentage of total assets (%) |
| Real estate | Office | Five Central Wards of Tokyo | 16,033 | 3.3 |
| Trust beneficial interest in real estate | Office | Five Central Wards of Tokyo | 391,455 | 81.0 |
| | | Greater Tokyo | 38,126 | 7.9 |
| | | Major Regional Cities | 14,705 | 3.0 |
| Total | | | 460,321 | 95.2 |
| Deposits and other assets | | | 23,129 | 4.8 |
| Total amount of assets (Note 2) | | | 483,450 | 100.0 |
| | | | [460,321] | [95.2] |

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

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

5.2. Investment Real Estate Properties (As of November 30, 2016)

5.2.1. Price and Investment Ratio of Investment Real Estate Properties

| Region | Property name | Type of specified asset | Acquisition price (million yen) (Note 4) | Carrying amount (million yen) (Note 5) | Estimated price at end of period (million yen) (Note 6) | Investment ratio (%) (Note 7) |
|--------------------------------------|--------------------------------|--|--|--|---|-------------------------------|
| Five Central Wards of Tokyo (Note 1) | Daiwa Ginza | Real estate | 14,100 | 13,231 | 16,700 | 3.0 |
| | Daiwa Ginza Annex | | 3,050 | 2,802 | 3,500 | 0.7 |
| | Daiwa Shibaura | Trust beneficial interest in real estate | 8,265 | 8,061 | 7,670 | 1.8 |
| | Daiwa Minami-Aoyama | | 4,550 | 4,456 | 4,410 | 1.0 |
| | Daiwa Sarugakucho | | 3,190 | 3,204 | 3,340 | 0.7 |
| | Daiwa A Hamamatsucho (Note 8) | | 2,865 | 2,818 | 3,380 | 0.6 |
| | Daiwa Jingumae | | 2,800 | 2,734 | 2,320 | 0.6 |
| | Daiwa Shibadaimon | | 2,578 | 2,384 | 2,960 | 0.6 |
| | Daiwa Misakicho | | 2,346 | 2,174 | 2,730 | 0.5 |
| | Daiwa Shimbashi 510 | | 2,080 | 2,131 | 2,470 | 0.4 |
| | Daiwa Tsukijiekimae | | 1,560 | 1,328 | 1,650 | 0.3 |
| | Daiwa Tsukiji | | 1,240 | 1,157 | 1,430 | 0.3 |
| | Daiwa Tsukishima | | 7,840 | 7,051 | 9,230 | 1.7 |
| | Daiwa Nihonbashi Horidomecho | | 2,520 | 2,477 | 2,530 | 0.5 |
| | Daiwa Azabudai | | 1,600 | 1,530 | 1,860 | 0.3 |
| | Daiwa Kyobashi | | 3,460 | 3,282 | 3,290 | 0.7 |
| | Daiwa Kojimachi 4-chome | | 2,910 | 2,856 | 2,750 | 0.6 |
| | Daiwa Onarimon | | 13,860 | 13,424 | 13,400 | 3.0 |
| | Shinjuku Maynds Tower (Note 8) | | 133,800 | 129,961 | 122,000 | 28.6 |
| | SHIBUYA EDGE | | 5,900 | 5,697 | 4,870 | 1.3 |
| | Daiwa Kodenmachi | | 2,460 | 2,392 | 2,150 | 0.5 |
| | Daiwa Jimbocho | | 4,150 | 4,065 | 3,470 | 0.9 |
| | Daiwa Nishi-Shimbashi | | 5,000 | 4,813 | 6,000 | 1.1 |
| | Daiwa Kayabacho Building | | 5,600 | 5,342 | 7,710 | 1.2 |
| | Daiwa Jimbocho 3-chome | | 3,550 | 3,432 | 4,620 | 0.8 |
| | E SPACE TOWER | | 24,000 | 23,623 | 32,800 | 5.1 |
| | Daiwa Nihonbashi Hongokucho | | 1,721 | 1,628 | 2,310 | 0.4 |
| | shinyon curumu | | 9,650 | 9,777 | 13,700 | 2.1 |
| | Daiwa Akasaka | | 9,200 | 9,381 | 12,900 | 2.0 |
| | Daiwa Shibuya Miyamasuzaka | | 7,000 | 7,244 | 8,660 | 1.5 |
| | Azabu Green Terrace | | 14,000 | 14,190 | 15,900 | 3.0 |
| | Daiwa Ebisu 4-chome | | 4,135 | 4,263 | 5,380 | 0.9 |
| | LAQUAS Higashi Shinjuku | | 8,450 | 8,578 | 10,200 | 1.8 |
| | Concept Aoyama | | 9,800 | 10,088 | 11,800 | 2.1 |
| | Shinsen Place | | 4,800 | 4,907 | 6,260 | 1.0 |
| | Glass City Shibuya | | 16,000 | 16,073 | 17,800 | 3.4 |
| | River Gate | 28,000 | 28,159 | 30,100 | 6.0 | |
| | Daiwa Hatchobori ekimae | 2,871 | 2,966 | 3,210 | 0.6 | |
| | Daiwa Hatchobori ekimae West | 1,647 | 1,736 | 1,800 | 0.4 | |
| | Nikko Building | 13,710 | 13,970 | 14,800 | 2.9 | |
| Kirin Nihonbashi Building | 8,180 | 8,320 | 8,230 | 1.7 | | |
| Heiwa Higashi-nihonbashi Building | 6,370 | 6,412 | 6,560 | 1.4 | | |
| Square Daikanyama Building | 2,280 | 2,371 | 2,470 | 0.5 | | |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| | | | | | | |
|---|-------------------------|---|---------|---------|---------|-------|
| | Shinjuku West Building | | 942 | 984 | 1,160 | 0.2 |
| Total for Five Central Wards of Tokyo (44 Properties) | | | 414,030 | 407,489 | 442,480 | 88.5 |
| Greater Tokyo (Note 2) | Daiwa Higashi-Ikebukuro | Trust beneficial interest in real estate | 2,958 | 2,712 | 3,650 | 0.6 |
| | Daiwa Shinagawa North | | 7,710 | 7,238 | 6,010 | 1.6 |
| | Daiwa Osaki 3-chome | | 1,650 | 1,639 | 2,320 | 0.4 |
| | Daiwa Kamiooka | | 2,000 | 1,966 | 2,600 | 0.4 |
| | Integral Tower | | 15,220 | 15,027 | 18,500 | 3.3 |
| | Meguro Place Tower | | 5,600 | 5,595 | 6,410 | 1.2 |
| | Ogikubo TM Building | | 3,800 | 3,947 | 4,300 | 0.8 |
| Total for Greater Tokyo (7 properties) | | | 38,938 | 38,126 | 43,790 | 8.3 |
| Major Regional Cities (Note 3) | Daiwa Meieki | Trust beneficial interest in real estate | 5,300 | 5,288 | 7,660 | 1.1 |
| | Kitahama Grand Building | | 9,481 | 9,416 | 11,500 | 2.0 |
| Total for Major Regional Cities (2 properties) | | | 14,781 | 14,705 | 19,160 | 3.2 |
| Total (53 properties) | | | 467,749 | 460,321 | 505,430 | 100.0 |

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

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

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

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

(Note 5) Carrying amount is the book value after depreciation as of November 30, 2016.

(Note 6) Estimated price at end of period is the price as of November 30, 2016 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

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

5.2.2. Summary of Building and Leasing of Investment Real Estate

| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (m ²) (Note 3) | Leased floor area (m ²) (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|-----------------------------------|--------------------------------|---|----------------------------------|--|--|----------------------------------|-----------------------------|--|
| Five Central Wards of Tokyo | Daiwa Ginza | SRC B3 / 12F | July 1963 | 8,179.62 | 7,766.44 | 27 | 94.9 | 395,979 |
| | Daiwa Ginza Annex | SRC B3 / 8F | Aug. 1972 | 2,032.11 | 2,032.11 | 7 | 100.0 | 88,749 |
| | Daiwa Shibaura | SRC B1 / 12F | Oct. 1987 | 9,619.67 | 9,394.66 | 52 | 97.6 | 240,358 |
| | Daiwa Minami-Aoyama | S / SRC B2 / 5F | Sept. 1990 | 2,715.54 | 2,715.54 | 6 | 100.0 | 113,035 |
| | Daiwa Sarugakuchō (Note 8) | SRC 8F | June 1985 | 3,657.43 | 3,657.43 | 1 | 100.0 | - |
| | Daiwa A Hamamatsuchō | SRC B2 / 10F | July 1993 | 3,663.38 | 3,663.38 | 12 | 100.0 | 132,392 |
| | Daiwa Jingumae | RC B1 / 4F | Dec. 1997 | 2,198.61 | 2,198.61 | 4 | 100.0 | 71,675 |
| | Daiwa Shibadaimon | SRC / RC B1 / 7F | Nov. 1996 | 2,386.48 | 2,386.48 | 6 | 100.0 | 85,853 |
| | Daiwa Misakichō (Note 8) | S 8F | July 1996 | 2,137.53 | 2,137.53 | 1 | 100.0 | - |
| | Daiwa Shimbashi 510 | SRC B1 / 8F | Apr. 1974 | 2,641.56 | 2,633.16 | 7 | 99.6 | 69,202 |
| | Daiwa Tsukijiekimae | SRC 10F | Jan. 1996 | 2,659.59 | 2,659.59 | 6 | 100.0 | 56,720 |
| | Daiwa Tsukiji | SRC B1 / 7F | Jan. 1990 | 1,487.44 | 1,487.44 | 5 | 100.0 | 47,332 |
| | Daiwa Tsukishima | S 5F | July 1996 | 8,426.28 | 4,784.14 | 2 | 56.7 | 129,017 |
| | Daiwa Nihonbashi Horidomechō | SRC B2 / 7F | Apr. 1993 | 2,850.81 | 2,850.81 | 8 | 100.0 | 82,561 |
| | Daiwa Azabudai | SRC B2 / 9F | Apr. 1984 | 1,697.88 | 1,697.88 | 10 | 100.0 | 53,489 |
| | Daiwa Kyobashi | SRC B1 / 8F | Oct. 1974 | 3,265.83 | 2,882.69 | 8 | 88.2 | 93,383 |
| | Daiwa Kojimachi 4-chōme | SRC B2 / 9F | Oct. 1987 | 2,690.90 | 2,690.90 | 7 | 100.0 | 92,072 |
| | Daiwa Onarimon | SRC 9F | Apr. 1973 | 11,614.92 | 11,614.92 | 7 | 100.0 | 341,453 |
| | Shinjuku Maynds Tower (Note 9) | S / SRC B3 / 34F | Sept. 1995 | 45,543.97 | 45,182.00 | 36 | 99.2 | 2,514,385 |
| | SHIBUYA EDGE | RC B1 / 9F | Aug. 2006 | 2,480.65 | 2,480.65 | 5 | 100.0 | 125,017 |
| | Daiwa Kodenmachō | SRC 8F | Mar. 1985 | 2,379.31 | 2,379.31 | 8 | 100.0 | 64,621 |
| | Daiwa Jimbochō | S B1 / 8F | Mar. 1997 | 3,164.26 | 3,164.26 | 7 | 100.0 | 105,713 |
| | Daiwa Nishi-Shimbashi | SRC B1 / 10F | July 1993 | 4,815.84 | 4,815.84 | 11 | 100.0 | 163,966 |
| | Daiwa Kudan (Note 10) | SRC 9F | Mar. 1987 | - | - | - | - | 21,811 |
| Daiwa Kayabachō Building (Note 8) | S / SRC B1 / 8F | Apr. 2010 | 5,899.11 | 5,899.11 | 1 | 100.0 | - | |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | Property name | Structure and number of floors (Note 1) | Construction completion (Note 2) | Leasable floor area (m ²) (Note 3) | Leased floor area (m ²) (Note 4) | Total number of tenants (Note 5) | Occupancy rate (%) (Note 6) | Rent revenue during current period (thousand yen) (Note 7) |
|---|-------------------------------------|---|----------------------------------|--|--|----------------------------------|-----------------------------|--|
| | Daiwa Jimbocho 3-chome | S 9F | Feb. 2010 | 2,889.34 | 2,889.34 | 8 | 100.0 | 114,455 |
| | E SPACE TOWER | S / SRC B1 / 15F | Oct. 2002 | 13,960.87 | 13,521.40 | 6 | 96.8 | 793,932 |
| | Daiwa Nihonbashi Hongokucho | S 8F | May 2010 | 2,143.08 | 2,143.08 | 6 | 100.0 | 63,187 |
| | shinyon curumu | S / RC B2 / 11F | Jan. 2012 | 6,751.31 | 6,751.31 | 18 | 100.0 | 322,419 |
| | Daiwa Akasaka | SRC B2 / 7F | Sept. 1990 | 8,739.17 | 8,739.17 | 20 | 100.0 | 342,044 |
| | Daiwa Shibuya Miyamasuzaka | S B1 / 12F | Dec. 1988 | 6,327.95 | 6,327.95 | 8 | 100.0 | 242,942 |
| | Azabu Green Terrace | S / RC B1 / 6F | Sept. 2009 | 13,234.39 | 13,192.63 | 11 | 99.6 | 436,169 |
| | Daiwa Ebisu 4-chome (Note 8) | SRC B1 / 9F | Dec. 1997 | 2,885.64 | 2,885.64 | 1 | 100.0 | - |
| | LAQUAS Higashi Shinjuku | S 10F | Aug. 2010 | 7,498.33 | 7,498.33 | 4 | 100.0 | 227,681 |
| | Concept Aoyama | S / RC B1 / 7F | Nov. 2001 | 4,421.15 | 4,421.15 | 5 | 100.0 | 215,785 |
| | Shinsen Place (Note 8) | RC B1 / 9F | Sept. 2001 | 2,811.35 | 2,811.35 | 1 | 100.0 | - |
| | Glass City Shibuya | S / SRC B1 / 11F | Feb. 2004 | 8,566.73 | 8,566.73 | 10 | 100.0 | 416,414 |
| | River Gate | S / SRC / RC B2 / 20F | Feb. 1994 | 32,063.06 | 30,512.63 | 80 | 95.1 | 1,039,686 |
| | Daiwa Hatchobori ekimae | S / SRC B1 / 10F | Feb. 2006 | 2,622.42 | 2,622.42 | 9 | 100.0 | 78,032 |
| | Daiwa Hatchobori ekimae West | SRC B1 / 9F | Feb. 1996 | 1,723.15 | 1,723.15 | 8 | 100.0 | 45,625 |
| | Nikko Building | SRC / RC / S B2 / 11F | Aug. 1991 | 6,967.61 | 6,924.71 | 7 | 99.3 | 311,095 |
| | Kirin Nihonbashi Building (Note 8) | S / SRC 7F | Feb. 1999 | 5,630.17 | 5,630.17 | 1 | 100.0 | - |
| | Heiwa Higashi-nihonbashi Building | S 7F | Mar. 2008 | 5,015.88 | 5,015.88 | 5 | 100.0 | 165,841 |
| | Square Daikanyama Building (Note 8) | S 6F | Mar. 2001 | 1,588.35 | 1,588.35 | 1 | 100.0 | - |
| | Shinjuku West Building | RC 4F | Mar. 1989 | 1,120.58 | 1,120.58 | 7 | 100.0 | 26,716 |
| Total for Five Central Wards of Tokyo (45 properties) | | | | 275,169.25 | 268,060.85 | 460 | 97.4 | 10,827,662 |
| Greater Tokyo | Daiwa Higashi-Ikebukuro | SRC / S B1 / 9F | June 1993 | 4,461.47 | 4,461.47 | 7 | 100.0 | 121,229 |
| | Daiwa Shinagawa North | SRC B1 / 11F | July 1991 | 6,548.17 | 6,548.17 | 14 | 100.0 | 196,667 |
| | Daiwa Osaki 3-chome | S / RC B1 / 6F | Sept. 2007 | 1,786.06 | 1,786.06 | 5 | 100.0 | 52,347 |
| | Daiwa Kamiooka | S / SRC B3 / 7F | May 2011 | 2,630.30 | 2,465.71 | 8 | 93.7 | 82,673 |
| | Integral Tower (Note 11) | S / SRC B2 / 18F | June 1993 | 17,778.14 | 17,778.14 | 9 | 100.0 | 574,331 |
| | Meguro Place Tower | S / SRC B2 / 14F | July 2009 | 3,519.50 | 3,382.93 | 14 | 96.1 | 145,224 |
| | Ogikubo TM Building | SRC B1 / 7F | Nov. 1990 | 3,849.63 | 3,849.63 | 11 | 100.0 | 90,039 |
| Total for Greater Tokyo (7 properties) | | | | 40,573.27 | 40,272.11 | 68 | 99.2 | 1,262,513 |
| Major Regional Cities | Daiwa Meieki | S 12F | Dec. 2007 | 7,461.90 | 7,461.90 | 24 | 100.0 | 248,690 |
| | Kitahama Grand Building | S / SRC B1 / 16F | Feb. 2008 | 13,517.62 | 13,517.62 | 6 | 100.0 | 347,799 |
| Total for Major Regional Cities (2 properties) | | | | 20,979.52 | 20,979.52 | 30 | 100.0 | 596,490 |
| Total (54 properties) | | | | 336,722.04 | 329,312.48 | 558 | 97.7 | 12,686,666 |

- (Note 1) “Structure and number of floors” are the entries in the real estate registry of the building of the applicable investment real estate property. “S” refers to steel-framed structure, “RC” refers to reinforced concrete structure, “SRC” refers to steel-framed reinforced concrete structure, “B” refers to floors below ground and “F” refers to floors above ground.
- (Note 2) “Construction completion” is the entry in the real estate registry of the building of the applicable investment real estate property.
- (Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of November 30, 2016.
- (Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of November 30, 2016.
- (Note 5) “Total number of tenants” is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property (excluding other lease business revenue) during the 22nd Fiscal Period, rounded down to the nearest thousand yen. It does not include rent revenue (602 thousand yen) during current period from Daiwa Minami-Senba which was divested on April 13, 2016.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the common ownership interest corresponding to six-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.
- (Note 10) The property was divested on July 7, 2016. This is reflected in the totals for the number of properties and the rent revenue during current period.
- (Note 11) The buildings consist of three registrations. Of these, the details of the major building are shown here.

5.2.3. Capital Expenditures for Assets under Management

A. Scheduled Capital Expenditures for the 23rd 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 Akasaka (Minato-ku, Tokyo) | Upgrading of air-conditioning system | From: Nov. 2016 To: Jun. 2018 | 1,091 | — | — |
| Ogikubo TM Building (Suginami-ku, Tokyo) | Upgrading of air-conditioning equipment | From: Feb. 2017 To: May 2017 | 88 | — | — |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Changing lighting in exclusive areas to LED (green leasing) | From: Dec. 2016 To: May 2017 | 60 | — | — |
| Daiwa Akasaka (Minato-ku, Tokyo) | Upgrading of mechanical parking facility | From: Oct. 2016 To: May 2017 | 55 | — | — |
| Daiwa Shibadaimon (Minato-ku, Tokyo) | Upgrading of individual air-conditioning equipment | From: Feb. 2017 To: May 2017 | 54 | — | — |

B. Capital Expenditures during the 22nd Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 22nd Fiscal Period. Capital expenditures for the 22nd Fiscal Period amounted to 992 million yen and, when combined with the 456 million yen in repair expenses charged to the 22nd Fiscal Period expenses, totals 1,449 million yen in construction work were implemented.

| Name of real estate properties (Location) | Purpose | Period | Construction amount paid (million yen) |
|--|--|----------------------------------|---|
| Daiwa Tsukishima (Chuo-ku, Tokyo) | Renovation work of common areas | From: Apr. 2016 To: Jul. 2016 | 69 |
| Shinjuku Maynds Tower (Shibuya-ku, Tokyo) | Repair work of mechanical parking facility | From: Jul. 2016 To: Oct. 2016 | 69 |
| Daiwa Shibaura (Minato-ku, Tokyo) | Upgrading of elevators | From: Aug. 2016 To: Nov. 2016 | 63 |
| Other | | From: Jun. 2015 To: Nov. 2016 | 789 |
| Total | | | 992 |

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 | 18th | 19th | 20th | 21st | 22nd |
|--|---|--|---|--|---|
| | Fiscal Period | Fiscal Period | Fiscal Period | Fiscal Period | Fiscal Period |
| | [From: June 1, 2014 To: Nov. 30, 2014] | [From: Dec. 1, 2014 To: May 31, 2015] | [From: June 1, 2015 To: Nov. 30, 2015] | [From: Dec. 1, 2015 To: May 31, 2016] | [From: June 1, 2016 To: Nov. 30, 2016] |
| Balance of reserve at beginning of current period | 1,021 | 1,199 | 2,742 | 1,060 | 1,843 |
| Amount of reserve in current period | 764 | 1,678 | — | 1,255 | 524 |
| Reversal of reserve in current period | 586 | 135 | 1,682 | 472 | 324 |
| Amount carried forward to next period | 1,199 | 2,742 | 1,060 | 1,843 | 2,043 |

5.2.4. Summary of Estimated Price at End of Period (As of November 30, 2016)

| Property name | Estimated price at end of period (million yen) (Note 1) | Summary of Appraisal Report | | | | |
|-------------------------------------|---|------------------------------|--------------|---------------------|-------------------|-----------------------|
| | | Direct capitalization method | | DCF method | | |
| | | Price (million yen) | Cap rate (%) | Price (million yen) | Discount rate (%) | Terminal cap rate (%) |
| Daiwa Ginza | 16,700 | 17,000 | 3.7 | 16,400 | 3.5 | 3.9 |
| Daiwa Ginza Annex | 3,500 | 3,530 | 3.6 | 3,470 | 3.4 | 3.8 |
| Daiwa Shibaura | 7,670 | 7,760 | 4.1 | 7,630 | 3.9 | 4.3 |
| Daiwa Minami-Aoyama | 4,410 | 4,450 | 4.0 | 4,360 | 3.8 | 4.2 |
| Daiwa Sarugakucho | 3,340 | 3,400 | 4.6 | 3,280 | 4.4 | 4.8 |
| Daiwa A Hamamatsucho (Note 2) | 3,380 | 3,430 | 3.9 | 3,360 | 3.7 | 4.1 |
| Daiwa Jingumae | 2,320 | 2,340 | 3.9 | 2,300 | 3.7 | 4.1 |
| Daiwa Shibadaimon | 2,960 | 3,030 | 3.8 | 2,930 | 3.6 | 4.0 |
| Daiwa Misakicho | 2,730 | 2,760 | 4.1 | 2,710 | 3.9 | 4.3 |
| Daiwa Shimbashi 510 | 2,470 | 2,520 | 4.2 | 2,420 | 4.0 | 4.4 |
| Daiwa Tsukijiekimae (Note 3) | 1,650 | 1,670 | 4.4 | 1,640 | 4.4 | 4.6 |
| Daiwa Tsukiji | 1,430 | 1,400 | 4.3 | 1,440 | 4.3 | 4.5 |
| Daiwa Tsukishima | 9,230 | 9,430 | 4.3 | 9,150 | 4.0 | 4.5 |
| Daiwa Nihonbashi Horidomecho | 2,530 | 2,580 | 4.2 | 2,470 | 4.0 | 4.4 |
| Daiwa Azabudai | 1,860 | 1,890 | 4.1 | 1,820 | 3.9 | 4.3 |
| Daiwa Kyobashi | 3,290 | 3,360 | 4.1 | 3,210 | 3.9 | 4.3 |
| Daiwa Kojimachi 4-chome | 2,750 | 2,760 | 3.8 | 2,730 | 3.6 | 4.0 |
| Daiwa Onarimon | 13,400 | 13,700 | 3.9 | 13,100 | 3.7 | 4.1 |
| Shinjuku Maynds Tower (Note 4) | 122,000 | 145,000 | 3.4 | 139,000 | 3.2 | 3.6 |
| SHIBUYA EDGE | 4,870 | 4,950 | 3.9 | 4,780 | 3.7 | 4.1 |
| Daiwa Kodenmacho | 2,150 | 2,160 | 4.4 | 2,130 | 4.2 | 4.6 |
| Daiwa Jimbocho | 3,470 | 3,560 | 4.1 | 3,430 | 4.1 | 4.3 |
| Daiwa Nishi-Shimbashi | 6,000 | 6,140 | 3.7 | 5,940 | 3.5 | 3.9 |
| Daiwa Kayabacho Building | 7,710 | 7,840 | 3.5 | 7,660 | 3.3 | 3.7 |
| Daiwa Jimbocho 3-chome | 4,620 | 4,720 | 3.5 | 4,580 | 3.3 | 3.7 |
| E SPACE TOWER | 32,800 | 33,500 | 3.5 | 32,100 | 3.3 | 3.7 |
| Daiwa Nihonbashi Hongokucho | 2,310 | 2,340 | 4.1 | 2,300 | 3.9 | 4.3 |
| shinyon curumu | 13,700 | 14,000 | 3.4 | 13,600 | 3.2 | 3.6 |
| Daiwa Akasaka | 12,900 | 13,100 | 3.4 | 12,800 | 3.2 | 3.6 |
| Daiwa Shibuya Miyamasuzaka | 8,660 | 8,820 | 3.7 | 8,500 | 3.5 | 3.9 |
| Azabu Green Terrace | 15,900 | 16,000 | 4.0 | 15,800 | 3.7 | 4.1 |
| Daiwa Ebisu 4-chome | 5,380 | 5,370 | 3.8 | 5,390 | 3.6 | 4.0 |
| LAQUAS Higashi Shinjuku | 10,200 | 10,500 | 3.5 | 10,000 | 3.3 | 3.7 |
| Concept Aoyama | 11,800 | 12,100 | 3.4 | 11,600 | 3.2 | 3.6 |
| Shinsen Place | 6,260 | 6,340 | 3.5 | 6,230 | 3.4 | 3.7 |
| Glass City Shibuya | 17,800 | 17,900 | 3.6 | 17,700 | 3.3 | 3.7 |
| River Gate | 30,100 | 30,200 | 4.2 | 29,900 | 3.9 | 4.3 |
| Daiwa Hatchobori ekimae | 3,210 | 3,350 | 3.6 | 3,150 | 3.4 | 3.8 |
| Daiwa Hatchobori ekimae West | 1,800 | 1,880 | 3.7 | 1,760 | 3.5 | 3.9 |
| Nikko Building | 14,800 | 15,400 | 3.5 | 14,500 | 3.3 | 3.7 |
| Kirin Nihonbashi Building | 8,230 | 8,440 | 4.0 | 8,020 | 3.8 | 4.1 |
| Heiwa Higashi-nihonbashi Building | 6,560 | 6,760 | 4.0 | 6,480 | 3.8 | 4.2 |
| Square Daikanyama Building (Note 5) | 2,470 | 2,490 | 3.6 | 2,460 | 3.6 | 3.8 |

| Property name | Estimated price at end of period (million yen) (Note 1) | Summary of Appraisal Report | | | | |
|-------------------------|---|------------------------------|--------------|---------------------|-------------------|-----------------------|
| | | Direct capitalization method | | DCF method | | |
| | | Price (million yen) | Cap rate (%) | Price (million yen) | Discount rate (%) | Terminal cap rate (%) |
| Shinjuku West Building | 1,160 | 1,180 | 3.9 | 1,150 | 3.7 | 4.1 |
| Daiwa Higashi-Ikebukuro | 3,650 | 3,700 | 4.3 | 3,630 | 4.1 | 4.5 |
| Daiwa Shinagawa North | 6,010 | 6,130 | 4.4 | 5,890 | 4.2 | 4.6 |
| Daiwa Osaki 3-chome | 2,320 | 2,350 | 3.9 | 2,310 | 3.7 | 4.1 |
| Daiwa Kamiooka | 2,600 | 2,600 | 4.7 | 2,600 | 4.5 | 4.9 |
| Integral Tower | 18,500 | 18,800 | 3.9 | 18,400 | 3.7 | 4.1 |
| Meguro Place Tower | 6,410 | 6,620 | 3.7 | 6,320 | 3.5 | 3.9 |
| Ogikubo TM Building | 4,300 | 4,380 | 4.1 | 4,270 | 3.9 | 4.3 |
| Daiwa Meiki | 7,660 | 7,860 | 4.3 | 7,580 | 4.3 | 4.5 |
| Kitahama Grand Building | 11,500 | 11,800 | 3.9 | 11,300 | 3.7 | 4.1 |
| Total | 505,430 | 535,290 | - | 517,680 | - | - |

(Note 1) "Estimated price at end of period" is the price as of November 30, 2016 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 3rd fiscal year (4.3% up to the 2nd fiscal year).

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

(Note 5) Discount rate for Square Daikanyama Building is the figure after the 11th fiscal year (3.7% up to the 10th fiscal year).

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

The following table lists the status of income (loss), etc. of each property for the 22nd Fiscal Period (from June 1, 2016 to November 30, 2016). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

| Region | | Five Central Wards of Tokyo | | | | |
|---|---|-----------------------------|----------------------|-------------------|----------------------------|----------------------------------|
| Property name | | Daiwa Ginza | Daiwa Ginza Annex | Daiwa Shibaura | Daiwa Minami- Aoyama | Daiwa Sarugakucho (Note 4) |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 14,100 | 3,050 | 8,265 | 4,550 | 3,190 |
| | Investment ratio (%) | 3.0 | 0.7 | 1.8 | 1.0 | 0.7 |
| | Carrying amount (million yen) | 13,231 | 2,802 | 8,061 | 4,456 | 3,204 |
| | Estimated price at end of period (million yen) | 16,700 | 3,500 | 7,670 | 4,410 | 3,340 |
| Leasing information | Number of tenants (Note 1) | 27 | 7 | 52 | 6 | 1 |
| | Leasable floor area (m ²) | 8,179.62 | 2,032.11 | 9,619.67 | 2,715.54 | 3,657.43 |
| | Leased floor area (m ²) | 7,766.44 | 2,032.11 | 9,394.66 | 2,715.54 | 3,657.43 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 92.1 | 100.0 | 98.3 | 100.0 | 100.0 |
| | End of May 2015 | 91.8 | 100.0 | 99.5 | 100.0 | 100.0 |
| | End of Nov. 2015 | 93.9 | 100.0 | 98.7 | 100.0 | 100.0 |
| End of May 2016 | 93.9 | 100.0 | 99.1 | 84.8 | 100.0 | |
| End of Nov. 2016 | 94.9 | 100.0 | 97.6 | 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) | 395,979 | 88,749 | 242,624 | 113,035 | — |
| | Rent revenue – real estate | 395,979 | 88,749 | 240,358 | 113,035 | — |
| | Other lease business revenue | — | — | 2,266 | — | — |
| | Total property leasing expenses (B) (thousand yen) | 268,659 | 43,934 | 95,231 | 50,992 | — |
| | Consignment expenses | 20,120 | 5,630 | 16,590 | 10,764 | — |
| | Utilities expenses | 25,340 | 6,228 | 17,995 | 6,866 | — |
| | Taxes and dues | 27,981 | 9,132 | 19,582 | 11,850 | — |
| | Non-life insurance expenses | 431 | 100 | 394 | 157 | — |
| | Repair expenses | 21,657 | 4,769 | 14,211 | 7,850 | — |
| | Depreciation (C) | 70,452 | 18,073 | 26,457 | 13,501 | — |
| | Other lease business expenses | 102,675 | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 127,319 | 44,814 | 147,393 | 62,043 | — |
| NOI (E) [(D) + (C)] (thousand yen) | 197,772 | 62,887 | 173,850 | 75,545 | 86,152 | |
| Capital expenditures (F) (thousand yen) | 67,362 | 6,012 | 81,782 | 15,146 | 8,563 | |
| NCF [(E) – (F)] (thousand yen) | 130,409 | 56,875 | 92,068 | 60,398 | 77,589 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 67.85 | 49.50 | 39.25 | 45.11 | — |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 55,915 | 18,119 | 38,633 | 23,240 | 13,326 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 346,060 | 86,510 | 347,210 | 185,215 | 171,199 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|----------------|-------------------|--------------------------|---------------------|
| Property name | | Daiwa A Hamamatsucho | Daiwa Jingumae | Daiwa Shibadaimon | Daiwa Misakicho (Note 4) | Daiwa Shimbashi 510 |
| Acquisition date | | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 | Oct. 2005 |
| Price information | Acquisition price (million yen) | 2,865 | 2,800 | 2,578 | 2,346 | 2,080 |
| | Investment ratio (%) | 0.6 | 0.6 | 0.6 | 0.5 | 0.4 |
| | Carrying amount (million yen) | 2,818 | 2,734 | 2,384 | 2,174 | 2,131 |
| | Estimated price at end of period (million yen) | 3,380 | 2,320 | 2,960 | 2,730 | 2,470 |
| Leasing information | Number of tenants (Note 1) | 12 | 4 | 6 | 1 | 7 |
| | Leasable floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.48 | 2,137.53 | 2,641.56 |
| | Leased floor area (m ²) | 3,663.38 | 2,198.61 | 2,386.48 | 2,137.53 | 2,633.16 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | 100.0 | 100.0 | 99.6 |
| | End of May 2015 | 100.0 | 100.0 | 100.0 | 100.0 | 99.6 |
| | End of Nov. 2015 | 100.0 | 100.0 | 100.0 | 100.0 | 99.6 |
| End of May 2016 | 100.0 | 100.0 | 100.0 | 100.0 | 88.0 | |
| End of Nov. 2016 | 100.0 | 100.0 | 100.0 | 100.0 | 99.6 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 132,392 | 71,675 | 85,853 | — | 69,202 |
| | Rent revenue – real estate | 132,392 | 71,675 | 85,853 | — | 69,202 |
| | Other lease business revenue | — | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 75,571 | 32,241 | 31,534 | — | 28,898 |
| | Consignment expenses | 10,568 | 4,410 | 7,255 | — | 6,674 |
| | Utilities expenses | 8,746 | 5,292 | 6,693 | — | 6,091 |
| | Taxes and dues | 8,794 | 6,365 | 6,240 | — | 5,673 |
| | Non-life insurance expenses | 184 | 85 | 125 | — | 128 |
| | Repair expenses | 2,799 | 7,243 | 1,527 | — | 2,512 |
| | Depreciation (C) | 15,078 | 8,835 | 9,691 | — | 7,817 |
| | Other lease business expenses | 29,400 | 7 | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 56,821 | 39,434 | 54,319 | — | 40,304 |
| NOI (E) [(D) + (C)] (thousand yen) | 71,900 | 48,270 | 64,011 | 64,906 | 48,121 | |
| Capital expenditures (F) (thousand yen) | 10,716 | 42,574 | 5,399 | 310 | 4,100 | |
| NCF [(E) – (F)] (thousand yen) | 61,183 | 5,695 | 58,611 | 64,596 | 44,020 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 57.08 | 44.98 | 36.73 | — | 41.76 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 17,345 | 12,730 | 12,142 | 10,328 | 11,283 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 100,430 | 117,930 | 150,927 | 182,856 | 169,555 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|---------------|------------------|------------------------------|----------------|
| Property name | | Daiwa Tsukijiekimae | Daiwa Tsukiji | Daiwa Tsukishima | Daiwa Nihonbashi Horidomecho | Daiwa Azabudai |
| Acquisition date | | Jan. 2006 | Jan. 2006 | Mar. 2006 | May 2006 | May 2006 |
| Price information | Acquisition price (million yen) | 1,560 | 1,240 | 7,840 | 2,520 | 1,600 |
| | Investment ratio (%) | 0.3 | 0.3 | 1.7 | 0.5 | 0.3 |
| | Carrying amount (million yen) | 1,328 | 1,157 | 7,051 | 2,477 | 1,530 |
| | Estimated price at end of period (million yen) | 1,650 | 1,430 | 9,230 | 2,530 | 1,860 |
| Leasing information | Number of tenants (Note 1) | 6 | 5 | 2 | 8 | 10 |
| | Leasable floor area (m ²) | 2,659.59 | 1,487.44 | 8,426.28 | 2,850.81 | 1,697.88 |
| | Leased floor area (m ²) | 2,659.59 | 1,487.44 | 4,784.14 | 2,850.81 | 1,697.88 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | 100.0 | 87.8 | 100.0 |
| | End of May 2015 | 100.0 | 89.2 | 100.0 | 100.0 | 100.0 |
| | End of Nov. 2015 | 100.0 | 89.2 | 100.0 | 100.0 | 100.0 |
| | End of May 2016 | 100.0 | 89.2 | 100.0 | 100.0 | 100.0 |
| End of Nov. 2016 | 100.0 | 100.0 | 56.7 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 56,720 | 50,807 | 129,017 | 82,561 | 53,489 |
| | Rent revenue – real estate | 56,720 | 47,332 | 129,017 | 82,561 | 53,489 |
| | Other lease business revenue | – | 3,474 | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 29,277 | 18,814 | 124,984 | 32,804 | 22,036 |
| | Consignment expenses | 4,254 | 4,794 | 32,019 | 5,573 | 4,627 |
| | Utilities expenses | 5,950 | 2,618 | 11,307 | 4,993 | 3,225 |
| | Taxes and dues | 5,072 | 3,863 | 13,666 | 6,750 | 4,934 |
| | Non-life insurance expenses | 101 | 65 | 298 | 136 | 76 |
| | Repair expenses | 383 | 176 | 11,454 | 1,143 | 394 |
| | Depreciation (C) | 13,497 | 7,297 | 56,204 | 14,157 | 8,778 |
| | Other lease business expenses | 18 | – | 34 | 50 | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 27,442 | 31,992 | 4,033 | 49,757 | 31,453 |
| NOI (E) [(D) + (C)] (thousand yen) | 40,940 | 39,289 | 60,237 | 63,915 | 40,231 | |
| Capital expenditures (F) (thousand yen) | 105 | 215 | 154,929 | 5,653 | 2,674 | |
| NCF [(E) – (F)] (thousand yen) | 40,835 | 39,074 | (94,692) | 58,261 | 37,557 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 51.62 | 37.03 | 96.87 | 39.73 | 41.20 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 10,113 | 7,666 | 27,332 | 13,192 | 9,805 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 120,530 | 109,848 | 102,930 | 234,846 | 108,280 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|-------------------------|----------------|-------------------------|--------------|
| Property name | | Daiwa Kyobashi | Daiwa Kojimachi 4-chome | Daiwa Onarimon | Shinjuku Maynds Tower | SHIBUYA EDGE |
| Acquisition date | | July 2006 | Oct. 2006 | Dec. 2006 | July 2007 and Nov. 2007 | July 2007 |
| Price information | Acquisition price (million yen) | 3,460 | 2,910 | 13,860 | 133,800 | 5,900 |
| | Investment ratio (%) | 0.7 | 0.6 | 3.0 | 28.6 | 1.3 |
| | Carrying amount (million yen) | 3,282 | 2,856 | 13,424 | 129,961 | 5,697 |
| | Estimated price at end of period (million yen) | 3,290 | 2,750 | 13,400 | 122,000 | 4,870 |
| Leasing information | Number of tenants (Note 1) | 8 | 7 | 7 | 36 | 5 |
| | Leasable floor area (m ²) | 3,265.83 | 2,690.90 | 11,614.92 | 45,543.97 | 2,480.65 |
| | Leased floor area (m ²) | 2,882.69 | 2,690.90 | 11,614.92 | 45,182.00 | 2,480.65 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | 100.0 | 94.0 | 100.0 |
| | End of May 2015 | 100.0 | 100.0 | 100.0 | 98.8 | 100.0 |
| | End of Nov. 2015 | 100.0 | 100.0 | 100.0 | 96.1 | 100.0 |
| End of May 2016 | 100.0 | 100.0 | 100.0 | 98.8 | 100.0 | |
| End of Nov. 2016 | 88.2 | 100.0 | 100.0 | 99.2 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 93,383 | 92,072 | 341,453 | 2,514,385 | 125,017 |
| | Rent revenue – real estate | 93,383 | 92,072 | 341,453 | 2,514,385 | 125,017 |
| | Other lease business revenue | – | – | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 46,642 | 49,133 | 107,635 | 1,216,124 | 37,737 |
| | Consignment expenses | 6,173 | 5,949 | 15,825 | 156,047 | 6,529 |
| | Utilities expenses | 7,396 | 6,692 | 23,432 | 273,181 | 6,991 |
| | Taxes and dues | 7,134 | 14,951 | 34,932 | 253,764 | 7,241 |
| | Non-life insurance expenses | 133 | 149 | 413 | 3,794 | 108 |
| | Repair expenses | 5,858 | 8,907 | 2,034 | 135,569 | 616 |
| | Depreciation (C) | 19,946 | 12,483 | 30,996 | 386,650 | 16,250 |
| | Other lease business expenses | – | – | – | 7,116 | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 46,741 | 42,938 | 233,818 | 1,298,260 | 87,279 |
| NOI (E) [(D) + (C)] (thousand yen) | 66,687 | 55,422 | 264,814 | 1,684,911 | 103,529 | |
| Capital expenditures (F) (thousand yen) | 1,435 | 3,446 | 5,771 | 191,113 | 4,951 | |
| NCF [(E) – (F)] (thousand yen) | 65,251 | 51,976 | 259,043 | 1,493,798 | 98,578 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 49.95 | 53.36 | 31.52 | 48.37 | 30.19 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 14,096 | 29,659 | 69,813 | 501,241 | 14,474 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 140,200 | 169,753 | 459,880 | 4,460,870 | 62,460 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|---|-----------------------------|----------------|------------------------------|-------------------------|--|
| Property name | | Daiwa Kodenmacho | Daiwa Jimbocho | Daiwa Nishi- Shimbashi | Daiwa Kudan (Note 5) | Daiwa Kayabacho Building (Note 4) |
| Acquisition date | | Aug. 2007 | Mar. 2010 | Aug. 2010 | Sept. 2010 | Mar. 2011 |
| Price information | Acquisition price (million yen) | 2,460 | 4,150 | 5,000 | — | 5,600 |
| | Investment ratio (%) | 0.5 | 0.9 | 1.1 | — | 1.2 |
| | Carrying amount (million yen) | 2,392 | 4,065 | 4,813 | — | 5,342 |
| | Estimated price at end of period (million yen) | 2,150 | 3,470 | 6,000 | — | 7,710 |
| Leasing information | Number of tenants (Note 1) | 8 | 7 | 11 | — | 1 |
| | Leasable floor area (m ²) | 2,379.31 | 3,164.26 | 4,815.84 | — | 5,899.11 |
| | Leased floor area (m ²) | 2,379.31 | 3,164.26 | 4,815.84 | — | 5,899.11 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | End of May 2015 | 100.0 | 100.0 | 96.3 | 100.0 | 100.0 |
| | End of Nov. 2015 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of May 2016 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of Nov. 2016 | 100.0 | 100.0 | 100.0 | — | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 36 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 64,621 | 105,713 | 163,966 | 21,811 | — |
| | Rent revenue – real estate | 64,621 | 105,713 | 163,966 | 21,811 | — |
| | Other lease business revenue | — | — | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 23,299 | 47,148 | 79,181 | 20,664 | — |
| | Consignment expenses | 4,622 | 6,105 | 15,452 | 1,176 | — |
| | Utilities expenses | 4,730 | 6,917 | 10,659 | 1,880 | — |
| | Taxes and dues | 3,646 | 10,874 | 15,766 | 8,988 | — |
| | Non-life insurance expenses | 97 | 139 | 238 | 23 | — |
| | Repair expenses | — | 1,483 | 2,925 | 350 | — |
| | Depreciation (C) | 9,379 | 21,587 | 34,136 | 8,244 | — |
| | Other lease business expenses | 822 | 40 | 3 | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 41,322 | 58,564 | 84,785 | 1,147 | — |
| NOI (E) [(D) + (C)] (thousand yen) | 50,701 | 80,152 | 118,921 | 9,392 | 148,719 | |
| Capital expenditures (F) (thousand yen) | 1,190 | 6,453 | 1,539 | — | 1,833 | |
| NCF [(E) – (F)] (thousand yen) | 49,511 | 73,698 | 117,382 | 9,392 | 146,886 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 36.05 | 44.60 | 48.29 | 94.74 | — |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 7,293 | 21,459 | 31,228 | — | 24,919 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3) | 100,234 | 128,200 | 187,580 | — | 125,988 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|---|-----------------------------|------------------|-----------------------------------|----------------------------|---------------|
| Property name | | Daiwa Jimbocho 3-chome | E-SPACE TOWER | Daiwa Nihonbashi Hongokucho | shinyon curumu | Daiwa Akasaka |
| Acquisition date | | Mar. 2011 | July 2011 | May 2012 | Dec. 2012 and Apr. 2013 | Aug. 2013 |
| Price information | Acquisition price (million yen) | 3,550 | 24,000 | 1,721 | 9,650 | 9,200 |
| | Investment ratio (%) | 0.8 | 5.1 | 0.4 | 2.1 | 2.0 |
| | Carrying amount (million yen) | 3,432 | 23,623 | 1,628 | 9,777 | 9,381 |
| | Estimated price at end of period (million yen) | 4,620 | 32,800 | 2,310 | 13,700 | 12,900 |
| Leasing information | Number of tenants (Note 1) | 8 | 6 | 6 | 18 | 20 |
| | Leasable floor area (m ²) | 2,889.34 | 13,960.87 | 2,143.08 | 6,751.31 | 8,739.17 |
| | Leased floor area (m ²) | 2,889.34 | 13,521.40 | 2,143.08 | 6,751.31 | 8,739.17 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | 100.0 | 100.0 | 85.8 |
| | End of May 2015 | 100.0 | 96.4 | 100.0 | 100.0 | 85.8 |
| | End of Nov. 2015 | 100.0 | 100.0 | 100.0 | 100.0 | 88.4 |
| End of May 2016 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| End of Nov. 2016 | 100.0 | 96.8 | 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) | 114,455 | 797,381 | 63,187 | 322,419 | 342,044 |
| | Rent revenue – real estate | 114,455 | 793,932 | 63,187 | 322,419 | 342,044 |
| | Other lease business revenue | – | 3,448 | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 48,830 | 261,927 | 28,672 | 121,803 | 136,059 |
| | Consignment expenses | 8,326 | 54,239 | 7,460 | 29,816 | 26,442 |
| | Utilities expenses | 7,408 | 49,851 | 3,217 | 22,100 | 41,499 |
| | Taxes and dues | 9,374 | 56,790 | 4,407 | 33,513 | 33,494 |
| | Non-life insurance expenses | 124 | 653 | 74 | 322 | 418 |
| | Repair expenses | 3,816 | 34,465 | 339 | 177 | 9,802 |
| | Depreciation (C) | 19,780 | 65,855 | 13,173 | 35,874 | 24,402 |
| | Other lease business expenses | – | 72 | – | – | – |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 65,625 | 535,453 | 34,514 | 200,615 | 205,984 |
| NOI (E) [(D) + (C)] (thousand yen) | 85,405 | 601,308 | 47,688 | 236,489 | 230,387 | |
| Capital expenditures (F) (thousand yen) | 1,255 | 24,764 | – | 1,878 | 20,205 | |
| NCF [(E) – (F)] (thousand yen) | 84,150 | 576,544 | 47,688 | 234,611 | 210,182 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 42.66 | 32.85 | 45.38 | 37.78 | 39.78 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 18,715 | 113,542 | 8,802 | 66,956 | 66,117 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3) | 82,470 | 574,150 | 22,401 | 65,855 | 430,612 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|---------------------|------------------------------|-------------------------|----------------|
| Property name | | Daiwa Shibuya Miyamasuzaka | Azabu Green Terrace | Daiwa Ebisu 4-chome (Note 4) | LAQUAS Higashi Shinjuku | Concept Aoyama |
| Acquisition date | | Sept. 2013 | Jul. 2014 | Dec. 2014 | Dec. 2014 | Mar. 2015 |
| Price information | Acquisition price (million yen) | 7,000 | 14,000 | 4,135 | 8,450 | 9,800 |
| | Investment ratio (%) | 1.5 | 3.0 | 0.9 | 1.8 | 2.1 |
| | Carrying amount (million yen) | 7,244 | 14,190 | 4,263 | 8,578 | 10,088 |
| | Estimated price at end of period (million yen) | 8,660 | 15,900 | 5,380 | 10,200 | 11,800 |
| Leasing information | Number of tenants (Note 1) | 8 | 11 | 1 | 4 | 5 |
| | Leasable floor area (m ²) | 6,327.95 | 13,234.39 | 2,885.64 | 7,498.33 | 4,421.15 |
| | Leased floor area (m ²) | 6,327.95 | 13,192.63 | 2,885.64 | 7,498.33 | 4,421.15 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | — | — | — |
| | End of May 2015 | 100.0 | 100.0 | 0.0 | 100.0 | 85.9 |
| | End of Nov. 2015 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| End of May 2016 | 100.0 | 94.9 | 100.0 | 100.0 | 91.4 | |
| End of Nov. 2016 | 100.0 | 99.6 | 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) | 242,942 | 436,169 | — | 227,681 | 265,285 |
| | Rent revenue – real estate | 242,942 | 436,169 | — | 227,681 | 215,785 |
| | Other lease business revenue | — | — | — | — | 49,500 |
| | Total property leasing expenses (B) (thousand yen) | 99,148 | 171,408 | — | 81,484 | 122,317 |
| | Consignment expenses | 23,400 | 40,911 | — | 11,173 | 29,102 |
| | Utilities expenses | 15,555 | 44,123 | — | 16,254 | 8,395 |
| | Taxes and dues | 20,000 | 31,815 | — | 20,426 | 12,736 |
| | Non-life insurance expenses | 292 | 595 | — | 307 | 156 |
| | Repair expenses | 17,038 | 3,395 | — | 803 | 54,028 |
| | Depreciation (C) | 22,861 | 50,467 | — | 32,292 | 17,897 |
| | Other lease business expenses | — | 99 | — | 226 | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 143,793 | 264,761 | — | 146,196 | 142,967 |
| NOI (E) [(D) + (C)] (thousand yen) | 166,654 | 315,229 | 113,147 | 178,489 | 160,865 | |
| Capital expenditures (F) (thousand yen) | 33,530 | 1,376 | 5,283 | 220 | 60,872 | |
| NCF [(E) – (F)] (thousand yen) | 133,124 | 313,853 | 107,864 | 178,269 | 99,993 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 40.81 | 39.30 | — | 35.79 | 46.11 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 39,952 | 63,176 | 17,851 | 40,533 | 25,451 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 416,816 | 325,054 | 115,410 | 125,440 | 97,530 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|---|-----------------------------|-----------------------|------------|----------------------------|------------------------------------|
| Property name | | Shinsen Place (Note 4) | Glass City Shibuya | River Gate | Daiwa Hatchobori ekimae | Daiwa Hatchobori ekimae West |
| Acquisition date | | Mar. 2015 | May 2015 | Jun. 2015 | Sep. 2015 | Sep. 2015 |
| Price information | Acquisition price (million yen) | 4,800 | 16,000 | 28,000 | 2,871 | 1,647 |
| | Investment ratio (%) | 1.0 | 3.4 | 6.0 | 0.6 | 0.4 |
| | Carrying amount (million yen) | 4,907 | 16,073 | 28,159 | 2,966 | 1,736 |
| | Estimated price at end of period (million yen) | 6,260 | 17,800 | 30,100 | 3,210 | 1,800 |
| Leasing information | Number of tenants (Note 1) | 1 | 10 | 80 | 9 | 8 |
| | Leasable floor area (m ²) | 2,811.35 | 8,566.73 | 32,063.06 | 2,622.42 | 1,723.15 |
| | Leased floor area (m ²) | 2,811.35 | 8,566.73 | 30,512.63 | 2,622.42 | 1,723.15 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | — | — | — | — | — |
| | End of May 2015 | 100.0 | 100.0 | — | — | — |
| | End of Nov. 2015 | 100.0 | 100.0 | 95.3 | 100.0 | 100.0 |
| End of May 2016 | 100.0 | 100.0 | 98.6 | 100.0 | 100.0 | |
| End of Nov. 2016 | 100.0 | 100.0 | 95.1 | 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) | — | 416,414 | 1,043,216 | 78,032 | 45,625 |
| | Rent revenue – real estate | — | 416,414 | 1,039,686 | 78,032 | 45,625 |
| | Other lease business revenue | — | — | 3,529 | — | — |
| | Total property leasing expenses (B) (thousand yen) | — | 111,010 | 515,137 | 39,838 | 39,799 |
| | Consignment expenses | — | 20,936 | 83,857 | 7,775 | 4,286 |
| | Utilities expenses | — | 28,026 | 126,682 | 7,445 | 3,588 |
| | Taxes and dues | — | 27,200 | 105,226 | 8,999 | 4,029 |
| | Non-life insurance expenses | — | 366 | 1,792 | 128 | 66 |
| | Repair expenses | — | 2,111 | 40,865 | 5,479 | 23,506 |
| | Depreciation (C) | — | 32,368 | 156,711 | 10,010 | 4,322 |
| | Other lease business expenses | — | — | — | — | — |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | — | 305,404 | 528,078 | 38,193 | 5,825 |
| NOI (E) [(D) + (C)] (thousand yen) | 123,692 | 337,773 | 684,790 | 48,204 | 10,147 | |
| Capital expenditures (F) (thousand yen) | 4,915 | 10,592 | 125,813 | 1,987 | 30,758 | |
| NCF [(E) – (F)] (thousand yen) | 118,777 | 327,181 | 558,977 | 46,217 | (20,610) | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | — | 26.66 | 49.38 | 51.05 | 87.23 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 16,250 | 53,901 | 201,569 | 17,811 | 7,995 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 112,510 | 202,340 | 1,970,900 | 114,190 | 84,620 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Five Central Wards of Tokyo | | | | |
|---|--|-----------------------------|------------------------------------|-----------------------------------|-------------------------------------|------------------------|
| Property name | | Nikko Building | Kirin Nihonbashi Building (Note 4) | Heiwa Higashi-nihonbashi Building | Square Daikanyama Building (Note 4) | Shinjuku West Building |
| Acquisition date | | Mar. 2016 | May 2016 | June 2016 | June 2016 | July 2016 |
| Price information | Acquisition price (million yen) | 13,710 | 8,180 | 6,370 | 2,280 | 942 |
| | Investment ratio (%) | 2.9 | 1.7 | 1.4 | 0.5 | 0.2 |
| | Carrying amount (million yen) | 13,970 | 8,320 | 6,412 | 2,371 | 984 |
| | Estimated price at end of period (million yen) | 14,800 | 8,230 | 6,560 | 2,470 | 1,160 |
| Leasing information | Number of tenants (Note 1) | 7 | 1 | 5 | 1 | 7 |
| | Leasable floor area (m ²) | 6,967.61 | 5,630.17 | 5,015.88 | 1,588.35 | 1,120.58 |
| | Leased floor area (m ²) | 6,924.71 | 5,630.17 | 5,015.88 | 1,588.35 | 1,120.58 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | — | — | — | — | — |
| | End of May 2015 | — | — | — | — | — |
| | End of Nov. 2015 | — | — | — | — | — |
| End of May 2016 | 99.3 | 100.0 | — | — | — | |
| End of Nov. 2016 | 99.3 | 100.0 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 155 | 133 |
| | Total property leasing revenue (A) (thousand yen) | 311,095 | — | 165,841 | — | 26,862 |
| | Rent revenue – real estate | 311,095 | — | 165,841 | — | 26,716 |
| | Other lease business revenue | — | — | — | — | 145 |
| | Total property leasing expenses (B) (thousand yen) | 55,802 | — | 43,125 | — | 6,066 |
| | Consignment expenses | 15,130 | — | 7,825 | — | 2,650 |
| | Utilities expenses | 20,614 | — | 9,942 | — | 1,578 |
| | Taxes and dues | 72 | — | 3 | — | 8 |
| | Non-life insurance expenses | 306 | — | 208 | — | 30 |
| | Repair expenses | 2,253 | — | 10 | — | — |
| | Depreciation (C) | 17,424 | — | 25,061 | — | 1,788 |
| | Other lease business expenses | 0 | — | 72 | — | 9 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 255,293 | — | 122,716 | — | 20,795 |
| NOI (E) [(D) + (C)] (thousand yen) | 272,717 | 175,410 | 147,778 | 43,002 | 22,584 | |
| Capital expenditures (F) (thousand yen) | 4,269 | 1,015 | 515 | — | — | |
| NCF [(E) – (F)] (thousand yen) | 268,448 | 174,395 | 147,263 | 43,002 | 22,584 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 17.94 | — | 26.00 | — | 22.58 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | — | — | — | — | — |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 284,170 | 216,720 | 158,880 | 45,044 | 79,330 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Greater Tokyo | | | | |
|---|--|-------------------------|-----------------------|---------------------|----------------|----------------|
| Property name | | Daiwa Higashi-Ikebukuro | Daiwa Shinagawa North | Daiwa Osaki 3-chome | Daiwa Kamiooka | Integral Tower |
| Acquisition date | | Oct. 2005 | July 2007 | Sept. 2012 | Mar. 2013 | May 2014 |
| Price information | Acquisition price (million yen) | 2,958 | 7,710 | 1,650 | 2,000 | 15,220 |
| | Investment ratio (%) | 0.6 | 1.6 | 0.4 | 0.4 | 3.3 |
| | Carrying amount (million yen) | 2,712 | 7,238 | 1,639 | 1,966 | 15,027 |
| | Estimated price at end of period (million yen) | 3,650 | 6,010 | 2,320 | 2,600 | 18,500 |
| Leasing information | Number of tenants (Note 1) | 7 | 14 | 5 | 8 | 9 |
| | Leasable floor area (m ²) | 4,461.47 | 6,548.17 | 1,786.06 | 2,630.30 | 17,778.14 |
| | Leased floor area (m ²) | 4,461.47 | 6,548.17 | 1,786.06 | 2,465.71 | 17,778.14 |
| | Occupancy rate (%) | | | | | |
| | End of Nov. 2014 | 100.0 | 100.0 | 100.0 | 85.4 | 99.5 |
| | End of May 2015 | 100.0 | 90.0 | 100.0 | 100.0 | 99.5 |
| | End of Nov. 2015 | 100.0 | 100.0 | 100.0 | 100.0 | 99.5 |
| End of May 2016 | 100.0 | 100.0 | 78.9 | 89.8 | 99.5 | |
| End of Nov. 2016 | 100.0 | 100.0 | 100.0 | 93.7 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 183 | 183 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 121,229 | 196,667 | 52,347 | 82,673 | 574,331 |
| | Rent revenue – real estate | 121,229 | 196,667 | 52,347 | 82,673 | 574,331 |
| | Other lease business revenue | – | – | – | – | – |
| | Total property leasing expenses (B) (thousand yen) | 55,461 | 85,653 | 24,211 | 39,304 | 275,940 |
| | Consignment expenses | 11,152 | 15,011 | 6,050 | 6,437 | 56,014 |
| | Utilities expenses | 11,622 | 15,472 | 2,681 | 6,602 | 68,113 |
| | Taxes and dues | 8,598 | 18,374 | 3,935 | 6,333 | 44,329 |
| | Non-life insurance expenses | 220 | 339 | 68 | 117 | 868 |
| | Repair expenses | 819 | 2,404 | 98 | 1,893 | 12,661 |
| | Depreciation (C) | 23,048 | 34,050 | 11,377 | 17,920 | 93,773 |
| | Other lease business expenses | – | – | – | – | 180 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 65,768 | 111,014 | 28,136 | 43,368 | 298,390 |
| NOI (E) [(D) + (C)] (thousand yen) | 88,817 | 145,064 | 39,513 | 61,288 | 392,163 | |
| Capital expenditures (F) (thousand yen) | 8,312 | 4,255 | 888 | 8,173 | 7,786 | |
| NCF [(E) – (F)] (thousand yen) | 80,504 | 140,809 | 38,625 | 53,114 | 384,377 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 45.75 | 43.55 | 46.25 | 47.54 | 48.05 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 17,120 | 35,647 | 7,870 | 12,666 | 88,260 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 228,260 | 331,160 | 37,912 | 24,782 | 834,324 |

Daiwa Office Investment Corporation (8976) Financial Report for the 22nd Fiscal Period

| Region | | Greater Tokyo | | Major Regional Cities | |
|---|--|--------------------|---------------------|-----------------------|-------------------------|
| Property name | | Meguro Place Tower | Ogikubo TM Building | Daiwa Meieki | Kitahama Grand Building |
| Acquisition date | | May 2015 | July 2016 | Feb. 2013 | Aug. 2014 |
| Price information | Acquisition price (million yen) | 5,600 | 3,800 | 5,300 | 9,481 |
| | Investment ratio (%) | 1.2 | 0.8 | 1.1 | 2.0 |
| | Carrying amount (million yen) | 5,595 | 3,947 | 5,288 | 9,416 |
| | Estimated price at end of period (million yen) | 6,410 | 4,300 | 7,660 | 11,500 |
| Leasing information | Number of tenants (Note 1) | 14 | 11 | 24 | 6 |
| | Leasable floor area (m ²) | 3,519.50 | 3,849.63 | 7,461.90 | 13,517.62 |
| | Leased floor area (m ²) | 3,382.93 | 3,849.63 | 7,461.90 | 13,517.62 |
| | Occupancy rate (%) | | | | |
| | End of Nov. 2014 | — | — | 100.0 | 100.0 |
| | End of May 2015 | 100.0 | — | 98.5 | 100.0 |
| | End of Nov. 2015 | 100.0 | — | 100.0 | 100.0 |
| End of May 2016 | 100.0 | — | 100.0 | 100.0 | |
| End of Nov. 2016 | 96.1 | 100.0 | 100.0 | 100.0 | |
| Income (loss) information | Number of days of asset management | 183 | 133 | 183 | 183 |
| | Total property leasing revenue (A) (thousand yen) | 146,476 | 90,039 | 248,690 | 347,799 |
| | Rent revenue – real estate | 145,224 | 90,039 | 248,690 | 347,799 |
| | Other lease business revenue | 1,251 | — | — | — |
| | Total property leasing expenses (B) (thousand yen) | 57,039 | 20,544 | 98,199 | 147,284 |
| | Consignment expenses | 9,192 | 7,703 | 26,084 | 25,260 |
| | Utilities expenses | 9,477 | 3,753 | 16,324 | 34,575 |
| | Taxes and dues | 13,576 | 8 | 20,291 | 32,864 |
| | Non-life insurance expenses | 172 | 105 | 380 | 578 |
| | Repair expenses | 2,023 | 485 | — | 689 |
| | Depreciation (C) | 22,597 | 8,487 | 35,117 | 53,219 |
| | Other lease business expenses | — | — | — | 96 |
| | Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen) | 89,436 | 69,495 | 150,491 | 200,514 |
| NOI (E) [(D) + (C)] (thousand yen) | 112,034 | 77,982 | 185,609 | 253,733 | |
| Capital expenditures (F) (thousand yen) | 1,798 | 105 | 7,989 | 1,018 | |
| NCF [(E) – (F)] (thousand yen) | 110,235 | 77,877 | 177,620 | 252,715 | |
| Reference information | Expense rate (%) [(B) ÷ (A)] | 38.94 | 22.82 | 39.49 | 42.35 |
| | Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen) | 26,776 | — | 40,581 | 65,728 |
| | Estimated long-term repair expenses (thousand yen) (Note 2) | 110,053 | 161,340 | 170,803 | 264,054 |

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

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

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

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

(Note 5) Daiwa Kudan was divested on July 7, 2016.