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REIT Financial Report for the 19th Fiscal Period

July 15, 2015

Name of REIT Issuer:	Daiwa Office Investment Corporation	Stock Exchange Listing: TSE
Stock Code No.:	8976	URL: http://www.daiwa-office.co.jp
Representative:	Nobuaki Omura, Executive Director	
Name of Asset Manager:	Daiwa Real Estate Asset Management Co., Ltd.	
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Scheduled date of submission of periodic securities report (<i>yuka shoken hokokusho</i>):	August 25, 2015
Scheduled date of start of distribution payments:	August 11, 2015

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 19th Fiscal Period

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

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

(1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
19th Period	¥10,387 million	6.4%	¥4,770 million	7.5%	¥4,032 million	10.7%	¥4,031 million	10.7%
18th Period	¥9,763 million	13.7%	¥4,438 million	18.0%	¥3,642 million	21.2%	¥3,641 million	20.7%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
19th Period	¥9,141	1.8%	1.0%	38.8%
18th Period	¥8,414	1.7%	0.9%	37.3%

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

19th Period: 441,000 units; 18th Period: 432,713 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
19th Period	¥9,142	¥4,031 million	¥0	¥- million	100.0%	1.8%
18th Period	¥8,256	¥3,640 million	¥0	¥- million	100.0%	1.6%

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
19th Period	¥432,232 million	¥222,954 million	51.6%	¥505,566
18th Period	¥399,555 million	¥222,593 million	55.7%	¥504,746

(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
19th Period	¥27,578 million	(¥49,414 million)	¥26,859 million	¥22,790 million
18th Period	¥4,886 million	(¥24,030 million)	¥14,373 million	¥17,767 million

2. Management Status Forecasts for the 20th Fiscal Period and 21st Fiscal Period

20th Fiscal Period: Fiscal period ending November 2015 (from June 1, 2015 to November 30, 2015)

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

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

	Operating revenue		Operating income		Ordinary income		Net income	
20th Period	¥11,755 million	13.2%	¥5,469 million	14.7%	¥4,527 million	12.3%	¥4,525 million	12.3%
21st Period	¥11,725 million	(0.3%)	¥5,505 million	0.6%	¥4,721 million	4.3%	¥4,719 million	4.3%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
20th Period	¥9,350	¥0
21st Period	¥9,750	¥0

(Reference) Estimated net income per unit for the 20th Fiscal Period: ¥9,350; 21st Fiscal Period: ¥9,750

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):
19th Fiscal Period: 441,000 units 18th Fiscal Period: 441,000 units
- (ii) Total number of treasury units at end of period:
19th Fiscal Period: – units 18th Fiscal Period: – units

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

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

The forecast figures set forth herein are the current prospects based on information currently available to the Investment Corporation and contain elements of uncertainty. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts. For details on the assumptions underlying the forecast figures above, please refer to “2. Management Policy and Management Status; 2.2. Management Status; Assumptions for the Management Status Forecasts for the 20th Fiscal Period and 21st Fiscal Period” on page 10.

1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 23, 2015).

2. Management Policy and Management Status

2.1. Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 23, 2015) 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 413,259 million yen as of the last day of May 2015.

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

B. Investment Environment and Management Performance

a. Investment Environment (from December 2014 to May 2015)

The Japanese economy during the fiscal period under review saw a modest recovery as the rebound from the rush demand that accompanied the consumption tax hike implemented in April 2014 receded against the backdrop of improving employment and income environments. Moreover, an improvement of corporate performance and increase of capital investment were seen, boosted by the advancing yen depreciation and high stock prices from the Bank of Japan’s large-scale additional monetary easing measures as well as the decision to postpone the additional consumption tax hike and depression of prices due to low crude oil prices. The GDP in the period of January to March 2015 announced by the Cabinet Office indicated a two-quarter consecutive growth, and the Japanese economy is expected to gradually recover as improvements are seen in the employment and income environments and underpinning from private consumption is expected.

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 5.17% at the end of May 2015. 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 is leading to a stronger sense that office rent is also bottoming out, and rent increases were seen for large buildings in some areas. 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 favorable equity procurement environment and proactive lending attitude by financial institutions backed by the forecast of an increase in property prices in accordance with expectations for economic recovery.

b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Daiwa Ebisu 4-chome Building” (acquisition price: 4,135 million yen) and “LAQUAS Higashi Shinjuku” (acquisition price: 8,450 million yen) in December 2014 and “Concept Aoyama” (acquisition price: 9,800 million yen) and “Shinsen Place” (acquisition price: 4,800 million yen) in March 2015, “Glass City Shibuya” (acquisition price: 16,000 million yen) and “Meguro Place Tower” (acquisition price: 5,600 million yen) in May 2015. Moreover, the Investment Corporation sold five properties (Daiwa Nihombashi Honcho, Daiwa Ginza 1-chome, Daiwa Kinshicho, Daiwa Tsukiji 616 and Benex S-3). As a result, the Investment Corporation’s assets under management as of the end of the 19th Fiscal Period (May 31, 2015) totaled 47 properties, the sum total of acquisition prices of which amounted to 413,259 million yen.

Concerning internal growth, while the office leasing market weakened, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. As a result, the occupancy rate as of the end of the 19th Fiscal Period (May 31, 2015) was 97.3%.

C. Overview of Capital Procurement

a. Procurement of Capital for New Property Acquisitions

In the 19th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties.

- A total of 4,000 million yen was borrowed from Sumitomo Mitsui Banking Corporation, the Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd. and Shinsei Bank, Ltd. on December 1, 2014 to fund the acquisition of a new property (Daiwa Ebisu 4-chome) acquired on the same day.
- A total of 8,500 million yen was borrowed from Sumitomo Mitsui Banking Corporation, the Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, the Development Bank of Japan Inc., Resona Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation on December 3, 2014 to fund the acquisition of a new property (LAQUAS Higashi Shinjuku) acquired on the same day.
- A total of 22,500 million yen was borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd., Shinsei Bank, Ltd., Resona Bank, Ltd., the Bank of Fukuoka, Ltd., the Development Bank of Japan Inc. and the 77 Bank, Ltd. on May 1, 2015 to fund the acquisition of new properties (Glass City Shibuya and Meguro Place Tower) acquired on the same day.

Furthermore, new investment units were issued through public offering with June 2, 2015 as the payment date to fund the acquisition of a new property (River Gate) acquired on the same date, but a commitment-type term loan agreement with a 20,500 million yen maximum available borrowing amount was concluded with Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Ltd. and Shinsei Bank, Ltd. on April 27, 2015 as a measure against a situation in which the actual proceeds from the public offering would be less than the initial estimated amount (the agreement ended with the expiration of the borrowing period on June 17, 2015).

b. Procurement of Capital for Repayment of Borrowings

In the 19th Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings that were due for repayment.

- A total amount of 2,500 million yen was borrowed from Resona Bank, Ltd. on February 27, 2015 to fund part of the repayment of the 3,000 million yen borrowed from the same bank that was due for repayment on the same day. The remaining 500 million yen was allocated from cash on hand.
- A total amount of 3,500 million yen was borrowed from the Development Bank of Japan Inc., Shinsei Bank, Ltd., the Development Bank of Japan Inc., Shinsei Bank, Ltd., the Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. on March 31, 2015 to fund part of the repayment of the 7,500 million yen borrowed from the same banks that was due for repayment on the same day. To the remaining 4,000 million yen, cash on hand was allotted.
- A total amount of 2,500 million yen was borrowed from Mizuho Bank, Ltd. and the Bank of Tokyo-Mitsubishi UFJ, Ltd. on May 29, 2015 to fund the repayment of the 2,500 million yen borrowed from Mizuho Bank, Ltd. and the Bank of Yokohama, Ltd. due for repayment on the same day.

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 19th Fiscal Period (May 31, 2015) stood at 191,300 million yen (short-term loans payable: 9,500 million yen; long-term loans payable: 176,700 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 8,300 million yen.

Concerning borrowings in the 19th Fiscal Period, the Investment Corporation made borrowings centering on periods of between 7 years and 8.5 years with the maximum being 9 years and extending the average remaining period from 4.39 years (18th Fiscal Period) to 4.63 years (19th Fiscal Period). Furthermore, liabilities costs were lowered by reducing credit spreads.

List of Borrowings in the 19th Fiscal Period

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2014/12/1	2022/5/31	7.5 years
Mizuho Bank, Ltd.	1,000	2014/12/1	2022/11/30	8.0 years
Sumitomo Mitsui Banking Corporation	1,000	2014/12/1	2023/5/31	8.5 years
Shinsei Bank, Ltd.	1,000	2014/12/1	2023/5/31	8.5 years
Development Bank of Japan Inc.	1,000	2014/12/3	2021/11/30	7.0 years
Mitsubishi UFJ Trust and Banking Corporation	1,000	2014/12/3	2021/11/30	7.0 years
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	2014/12/3	2022/5/31	7.5 years
Mizuho Bank, Ltd.	1,500	2014/12/3	2022/11/30	8.0 years
Resona Bank, Ltd.	1,500	2014/12/3	2022/11/30	8.0 years
Sumitomo Mitsui Trust Bank, Limited	1,000	2014/12/3	2022/11/30	8.0 years

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Sumitomo Mitsui Banking Corporation	1,500	2014/12/3	2023/5/31	8.5 years
Resona Bank, Ltd.	2,500	2015/2/27	2023/2/28	8.0 years
Development Bank of Japan Inc.	2,000	2015/3/31	2022/3/31	7.0 years
Shinsei Bank, Ltd.	1,500	2015/3/31	2023/5/31	8.2 years
Sumitomo Mitsui Banking Corporation	5,500	2015/5/1	2015/7/31	0.2 years
Sumitomo Mitsui Trust Bank, Limited	4,000	2015/5/1	2015/7/31	0.2 years
The 77 Bank, Ltd.	1,000	2015/5/1	2021/5/31	6.1 years
Development Bank of Japan Inc.	1,500	2015/5/1	2022/5/31	7.1 years
The Bank of Fukuoka, Ltd.	1,500	2015/5/1	2023/5/31	8.1 years
Sumitomo Mitsui Trust Bank, Limited	1,500	2015/5/1	2023/11/30	8.6 years
Mizuho Bank, Ltd.	1,500	2015/5/1	2023/11/30	8.6 years
Shinsei Bank, Ltd.	1,500	2015/5/1	2023/11/30	8.6 years
Resona Bank, Ltd.	1,500	2015/5/1	2023/11/30	8.6 years
Sumitomo Mitsui Banking Corporation	3,000	2015/5/1	2024/5/31	9.1 years
Mizuho Bank, Ltd.	2,000	2015/5/29	2023/11/30	8.5 years
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	500	2015/5/29	2023/11/30	8.5 years

Balance of Borrowings from Each Financial Institution (as of May 31, 2015)

Lender	End of the 19th Fiscal Period (million yen)	Share
Sumitomo Mitsui Banking Corporation	41,900	22.50
Sumitomo Mitsui Trust Bank, Limited	25,850	13.88
Development Bank of Japan Inc.	20,250	10.88
Mizuho Bank, Ltd.	17,400	9.34
Shinsei Bank, Ltd.	13,000	6.98
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,500	6.71
Resona Bank, Ltd.	11,500	6.18
Mitsubishi UFJ Trust and Banking Corporation	6,000	3.22
The Bank of Fukuoka, Ltd.	5,500	2.95
Kansai Urban Banking Corporation	5,000	2.69
Mizuho Trust and Banking Co., Ltd.	5,000	2.69
Aozora Bank, Ltd.	4,500	2.42
ORIX Bank Corporation	2,500	1.34
The Gunma Bank, Ltd.	2,500	1.34
The Shizuoka Bank, Ltd.	2,000	1.07
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.07
The Musashino Bank, Ltd.	2,000	1.07
The 77 Bank, Ltd.	2,000	1.07
The Higashi-Nippon Bank, Limited	1,500	0.81
The Hiroshima Bank, Ltd.	1,000	0.54
The Kagawa Bank, Ltd.	1,000	0.54
The Yamaguchi Bank, Ltd.	500	0.27
Taiyo Life Insurance Company	300	0.16
Nippon Life Insurance Company	300	0.16
Fukoku Mutual Life Insurance Company	200	0.11
Total	186,200	100.00%

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

d. Rating Information (as of May 31, 2015)

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

e. Shelf Registration

The Investment Corporation filed a shelf registration statement on July 17, 2014 as below. The total issuable amount as of the date of this document is 94.9 billion yen.

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

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 19th Fiscal Period of 10,387 million yen in operating revenue, 4,770 million yen in operating income, 4,032 million yen in ordinary income and 4,031 million yen in net income.

Concerning distributions, to ensure that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")), the Investment Corporation decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution amount per unit that are less than 1 yen. Accordingly, the Investment Corporation declared a distribution amount per unit of 9,142 yen.

(2) Outlook for the Next Fiscal Period

A. Investment Environment

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

In the office building leasing market, while new supply is on a low note, factors such as improvement in employment are stimulating demand, resulting in the vacancy rate dropping. Improvement in corporate performance is forecast to increase demand for office floor space and rent is expected to improve as a consequence. In the office building transaction market, backed by the favorable financing environment and expectations of rent rising, among other factors, property acquisition appetite among 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

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

(i) Maintain and raise occupancy rates

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

(ii) Maintain and raise profitability

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

(iii) Lower operational management costs

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

b. Strategy for New Property Investments

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

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

In the 19th Fiscal Period, the Investment Corporation acquired "Daiwa Ebisu 4-chome Building," "LAQUAS Higashi Shinjuku," "Concept Aoyama," "Shinsen Place," "Glass City Shibuya" and "Meguro Place Tower" which is 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 (LTV) to total assets within the range of 40% to 50% at maximum, taking into consideration also the real LTV, etc., as a principle.
- (ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.
- (iii) Aim to have long-term loans account for at least 70% of total loans as a principle.
- (iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.
- (v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

C. Significant Subsequent Events**① Issuance of Investment Units**

The Investment Corporation resolved to issue new investment units at its Board of Directors meetings held on April 27, 2015 and May 20, 2015. Payments were completed on June 1, 2015 and June 24, 2015.

a. Issuance of New Investment Units through Public Offering

(i) Number of new units offered	41,045 units (domestic: 19,545units; overseas 21,500 units)
(ii) Net price (paid-in price)	563,914 yen per unit
(iii) Net amount (total paid-in amount)	23,145,850,130 yen
(iv) Payment date	June 1, 2015
(v) Use of proceeds	To be used as funds for and various expenses associated with the acquisition of River Gate and part of the funds for the repayment of borrowings for the acquisition of Glass City Shibuya and Meguro Place Tower

b. Issuance of New Investment Units through Third-Party Allotment

(i) Number of new units offered	1,955 units
(ii) Net price (paid-in price)	563,914 yen per unit
(iii) Net amount (total paid-in amount)	1,102,451,870 yen
(iv) Allottee and number of units to be issued	Daiwa Securities Co., Ltd., 1,955 units
(v) Payment date	June 24, 2015
(vi) Use of proceeds	To be used as funds for and various expenses associated with the acquisition of River Gate and part of the funds for the repayment of borrowings for the acquisition of Glass City Shibuya and Meguro Place Tower

② Acquisition of Assets

The Investment Corporation acquired a trust beneficial interest in real estate on June 2, 2015 as follows.

Summary of Asset Acquired

Property name	River Gate
Type of asset	Trust beneficial interest in domestic real estate
Location	36-2 Nihonbashi Hakozaicho, Chuo-ku, Tokyo
Acquisition price	28,000 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	April 27, 2015
Date of delivery	June 2, 2015
Seller	THAMES TMK

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 20th Fiscal Period (fiscal period ending November 2015 (from June 1, 2015 to November 30, 2015)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 20th Fiscal Period and 21st Fiscal Period” on page 10.

20th Fiscal Period (fiscal period ending November 2015 (from June 1, 2015 to November 30, 2015))

Operating revenue	11,755 million yen
Operating income	5,469 million yen
Ordinary income	4,527 million yen
Net income	4,525 million yen
Distribution amount per unit	9,350 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 20th Fiscal Period and 21st Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 21st Fiscal Period (fiscal period ending May 2016 (from December 1, 2015 to May 31, 2016)).

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

Operating revenue	11,725 million yen
Operating income	5,505 million yen
Ordinary income	4,721 million yen
Net income	4,719 million yen
Distribution amount per unit	9,750 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 20th Fiscal Period and 21st Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 20th Fiscal Period: Assets under management are assumed to be the 47 properties owned as of May 31, 2015, plus 1 property acquired on June 2, 2015, to total 48 properties. • 21st Fiscal Period Assets under management are assumed to be the 48 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 6,651 million yen in the 20th Fiscal Period and 6,687 million yen in the 21st Fiscal Period. • Consignment expenses are expected to be 822 million yen in the 20th Fiscal Period and 836 million yen in the 21st Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 885 million yen in the 20th Fiscal Period and 883 million yen in the 21st 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 2016 for properties acquired in 2015 shall be recorded as expenses starting from the fiscal period ending November 2016. • Depreciation is expected to be 1,716 million yen in the 20th Fiscal Period and 1,740 million yen in the 21st Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 20th Fiscal Period are expected to be 942 million yen, of which the interest expenses, interest expenses on investment corporation bonds and borrowing related expenses are expected to be 780 million yen and expenses related to the issuance of new investment units are expected to be 151 million yen. • Non-operating expenses in the 21st Fiscal Period are expected to be 784 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 773 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 185,800 million yen at the end of the 20th Fiscal Period and 185,800 million yen at the end of the 21st Fiscal Period. • In the 20th Fiscal Period, a total of 24,248 million yen of new investment units were issued through the public offering on June 1, 2015 and the third-party allotment to fund part of the acquisition of River Gate acquired on June 2, 2015. It is assumed that, of the 9,500 million yen of borrowings due for repayment on July 31, 2015, 4,000 million yen will be refinanced and cash on hand will be allocated to the remainder. Moreover, it is assumed that all of the 4,500 million yen of borrowings due for repayment on August 31, 2015 and the 1,600 million yen of borrowings due for repayment on November 30, 2015 will be refinanced. • In the 21st Fiscal Period, it is assumed that all of the 2,200 million yen of borrowings due for repayment on May 31, 2016 will be refinanced.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • The total number of investment units is assumed to be 484,000 units in which 41,045 units of new investment units through public offering and 1,955 units of new investment units through third-party allotment as resolved at the Board of Directors meeting held on April 27, 2015 are added to the 441,000 units issued and outstanding as of May 31, 2015. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 21st Fiscal Period such as 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 February 23, 2015).

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

(Unit: thousand yen)

	18th Fiscal Period [As of Nov. 30, 2014]	19th Fiscal Period [As of May 31, 2015]
Assets		
Current assets		
Cash and deposits	12,984,949	16,703,952
Cash and deposits in trust	4,782,914	6,086,861
Operating accounts receivable	303,995	275,792
Consumption taxes receivable	243,388	—
Prepaid expenses	322,520	403,224
Deferred tax assets	1,488	185
Other	62,838	72,378
Total current assets	18,702,095	23,542,394
Noncurrent assets		
Property, plant and equipment		
Buildings	3,099,008	3,119,987
Accumulated depreciation	(1,542,328)	(1,629,652)
Buildings, net	1,556,679	1,490,335
Structures	10,296	10,296
Accumulated depreciation	(2,730)	(2,999)
Structures in trust, net	7,566	7,297
Tools, furniture and fixtures	18,538	18,958
Accumulated depreciation	(6,638)	(7,645)
Tools, furniture and fixtures, net	11,899	11,312
Land	12,302,226	12,302,226
Construction in progress	4,031	3,448
Buildings in trust	89,130,153	90,901,721
Accumulated depreciation	(17,907,783)	(16,661,537)
Buildings in trust, net	*1 71,222,370	*1 74,240,183
Structures in trust	908,701	902,042
Accumulated depreciation	(159,022)	(160,128)
Structures in trust, net	749,679	741,913
Machinery and equipment in trust	826,878	707,599
Accumulated depreciation	(425,369)	(367,021)
Machinery and equipment in trust, net	401,509	340,577
Tools, furniture and fixtures in trust	116,862	150,964
Accumulated depreciation	(64,114)	(66,677)
Tools, furniture and fixtures in trust, net	52,748	84,287
Other in trust	5,909	4,336
Accumulated depreciation	(5,909)	(4,336)
Other in trust, net	-	—
Land in trust	289,916,770	314,767,115
Construction in progress in trust	548,058	408,642
Total property, plant and equipment	376,773,540	404,397,340

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

(Unit: thousand yen)

	18th Fiscal Period [As of Nov. 30, 2014]	19th Fiscal Period [As of May 31, 2015]
Intangible assets		
Right of trademark	1,071	883
Leasehold rights	2,407,101	2,407,101
Leasehold rights in trust	306,884	306,884
Other	3,857	3,518
Total intangible assets	2,718,915	2,718,387
Investments and other assets		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,094,349	1,304,601
Deferred tax assets	104,136	110,867
Other	10,020	10,020
Total investments and other assets	1,322,190	1,539,174
Total noncurrent assets	380,814,647	408,654,902
Deferred assets		
Investment corporation bonds issuance costs	38,282	35,344
Total deferred assets	38,282	35,344
Total assets	399,555,025	432,232,640
Liabilities		
Current liabilities		
Operating accounts payable	941,244	889,756
Short-term loans payable	2,500,000	9,500,000
Current portion of long-term loans payable	16,600,000	8,300,000
Accounts payable – other	336,672	632,431
Income taxes payable	975	824
Accrued consumption taxes	-	342,585
Advances received	1,156,701	1,298,771
Other	95,501	357,535
Total current liabilities	21,631,096	21,321,905
Noncurrent liabilities		
Investment corporation bonds	5,100,000	5,100,000
Long-term loans payable	136,600,000	168,400,000
Tenant leasehold and security deposits	9,451,317	8,960,270
Tenant leasehold and security deposits in trust	3,874,580	5,152,526
Derivatives liabilities	304,937	343,138
Total noncurrent liabilities	155,330,836	187,955,935
Total liabilities	176,961,932	209,277,840
Net Assets		
Unitholders' equity		
Unitholders' capital	219,155,572	219,155,572
Surplus		
Unappropriated retained earnings (undisposed loss)	3,641,156	4,031,830
Total surplus	3,641,156	4,031,830
Total unitholders' equity	222,796,728	223,187,402
Valuation and translation adjustments		
Deferred gains or losses on hedges	(203,635)	(232,601)
Total valuation and translation adjustments	(203,635)	(232,601)
Total net assets	222,593,092	222,954,800
Total liabilities and net assets	399,555,025	432,232,640

3.2. Statements of Income

(Unit: thousand yen)

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]		19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]	
Operating revenue				
Rent revenue – real estate	*1	9,693,133	*1	10,112,468
Other lease business revenue	*1	70,577	*1	34,234
Gain on sales of real estate properties		-	*2	240,546
Total operating revenue		9,763,710		10,387,249
Operating expenses				
Expenses related to rent business	*1	4,324,674	*1	4,486,646
Asset management fees		802,292		838,943
Asset custody fees		19,653		20,432
Administrative service fees		71,490		67,738
Trust fees		22,678		21,278
Directors' compensation		5,400		5,400
Other operating expenses		78,529		176,787
Total operating expenses		5,324,718		5,617,225
Operating income		4,438,992		4,770,023
Non-operating income				
Interest income		610		798
Reversal of distribution payable		638		867
Miscellaneous income		1,688		11,652
Total non-operating income		2,937		13,318
Non-operating expenses				
Interest expenses		546,610		566,001
Interest expenses on investment corporation bonds	*3	35,641		16,892
Borrowing expenses		166,053		159,621
Investment unit issuance expenses		46,104		-
Other		5,513		8,365
Total non-operating expenses		799,924		750,879
Ordinary income		3,642,006		4,032,462
Income before income taxes		3,642,006		4,032,462
Income taxes – current		987		886
Income taxes – deferred		(3)		5
Total income taxes		983		892
Net income		3,641,022		4,031,570
Retained earnings brought forward		133		260
Unappropriated retained earnings (undisposed loss)		3,641,156		4,031,830

3.3. Statements of Unitholders' Equity

18th Fiscal Period (from June 1, 2014 to November 30, 2014]

(Unit: thousand yen)

	Unitholders' equity				Total valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total Surplus				
Balance at beginning of current period	198,780,951	3,016,510	3,016,510	201,797,461	(142,335)	(142,335)	201,655,126
Changes of items during the period							
Issuance of investment units	20,374,620			20,374,620			20,374,620
Dividends from surplus		(3,016,376)	(3,016,376)	(3,016,376)			(3,016,376)
Net income		3,641,022	3,641,022	3,641,022			3,641,022
Net changes of items other than shareholders' equity					(61,300)	(61,300)	(61,300)
Net changes of items other than shareholders' equity	20,374,620	624,646	624,646	20,999,266	(61,300)	(61,300)	20,937,965
Balance at end of current period	219,155,572	3,641,156	3,641,156	222,796,728	(203,635)	(203,635)	222,593,092

19th Fiscal Period (from December 1, 2014 to May 31, 2015]

(Unit: thousand yen)

	Unitholders' equity				Total valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total Surplus				
Balance at beginning of current period	219,155,572	3,641,156	3,641,156	222,796,728	(203,635)	(203,635)	222,593,092
Changes of items during the period							
Dividends from surplus		(3,640,896)	(3,640,896)	(3,640,896)			(3,640,896)
Net income		4,031,570	4,031,570	4,031,570			4,031,570
Net changes of items other than shareholders' equity					(28,966)	(28,966)	(28,966)
Net changes of items other than shareholders' equity	—	390,674	390,674	390,674	(28,966)	(28,966)	361,708
Balance at end of current period	219,155,572	4,031,830	4,031,830	223,187,402	(232,601)	(232,601)	222,954,800

3.4. Statements of Cash Distributions

Item	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	3,641,156,268	4,031,830,382
II. Distribution amount	3,640,896,000	4,031,622,000
[Distribution amount per unit]	[8,256]	[9,142]
III. Retained earnings carried forward	260,268	208,382
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 (441,000 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 3,640,896,000 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 (441,000 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 4,031,622,000 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.

3.5. Statements of Cash Flows

(Unit: thousand yen)

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
Net cash provided by (used in) operating activities		
Income before income taxes	3,642,006	4,032,462
Depreciation and amortization	1,498,701	1,555,388
Amortization of investment corporation bonds issuance costs	3,009	2,938
Investment unit issuance expenses	46,104	—
Interest income	(610)	(798)
Interest expenses	582,252	582,893
(Increase) Decrease in operating accounts receivable	(11,606)	28,202
(Increase) Decrease in consumption taxes refund receivable	(108,337)	243,388
(Increase) Decrease in prepaid expenses	(14,569)	(80,704)
Increase (decrease) in operating accounts payable	71,448	(118,588)
Increase (decrease) in accounts payable – other	(10,530)	80,444
Increase (decrease) in accrued consumption taxes	(16,051)	342,585
Increase (decrease) in advances received	185,224	142,070
(Increase) Decrease in long-term prepaid expenses	(151,906)	(210,252)
Decrease from sales of property, plant and equipment in trust	—	21,334,754
Other, net	(235,379)	222,262
Subtotal	5,479,755	28,157,048
Interest income received	610	798
Interest expenses paid	(592,677)	(578,393)
Income taxes paid	(856)	(1,037)
Net cash provided by (used in) operating activities	4,886,832	27,578,415
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(9,503)	(22,916)
Purchase of property, plant and equipment in trust	(24,902,658)	(50,177,798)
Purchase of intangible assets	—	(780)
Proceeds from tenant security deposits	740,833	214,501
Proceeds from tenant security deposits in trust	865,635	1,591,294
Repayments of tenant security deposits	(587,447)	(1,013,048)
Repayments of tenant security deposits in trust	(136,920)	(5,849)
Net cash provided by (used in) investing activities	(24,030,060)	(49,414,596)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	—	9,500,000
Repayment of short-term loans payable	(3,000,000)	(2,500,000)
Proceeds from long-term loans payable	17,500,000	34,000,000
Repayment of long-term loans payable	(19,000,000)	(10,500,000)
Proceeds from issuance of investment corporation bonds	5,060,426	—
Redemption of investment corporation bonds redeemable	(3,500,000)	—
Proceeds from issuance of investment units	20,328,516	—
Dividends paid	(3,015,578)	(3,640,869)
Net cash provided by (used in) financing activities	14,373,364	26,859,130
Net increase (decrease) in cash and cash equivalents	(4,769,863)	5,022,949
Cash and cash equivalents at beginning of period	22,537,727	17,767,863
Cash and cash equivalents at end of period	*1 17,767,863	*1 22,790,813

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"> <tr> <td>Buildings</td> <td>2~64 years</td> </tr> <tr> <td>Structures</td> <td>4~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>4~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>5~18 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	2~64 years	Structures	4~56 years	Machinery and equipment	4~23 years	Tools, furniture and fixtures	5~18 years
Buildings	2~64 years								
Structures	4~56 years								
Machinery and equipment	4~23 years								
Tools, furniture and fixtures	5~18 years								
2. Accounting policies for deferred assets	Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.								
3. Accounting standards for recording revenues and expenses	Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 18th Fiscal Period is 59,351 thousand yen and 19th Fiscal Period is 92,107 thousand yen.								
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 cap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy. Method for assessing the effectiveness of hedging</p> <p>(4) 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	The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.								

6. Other significant matters forming basis for preparation of financial statements	<p>(1) Accounting method for trust beneficial interest in real estate, etc. Concerning owned trust beneficial interest that have real estate properties as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenues and expenses incurred from the assets in trust are recorded in the relevant account item of the balance sheets and statements of income. The following material items of the assets in trust recorded in the relevant account item are separately listed on the balance sheets.</p> <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>
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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.

	18th Fiscal Period [As of November 30, 2014]		19th Fiscal Period [As of May 31, 2015]
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

2. Commitment-type term loan agreement

The Investment Corporation concluded a commitment-type term loan agreements with five transacting banks during the fiscal period under review. As of the end of the fiscal period under review, there is no balance of borrowings based on this agreement.

	18th Fiscal Period [As of November 30, 2014]	19th Fiscal Period [As of May 31, 2015]
Total amount of commitment-type term loans	— thousand yen	20,500,000 thousand yen
Balance of borrowings	— thousand yen	— thousand yen
Difference	— thousand yen	20,500,000 thousand yen

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

	18th Fiscal Period [As of November 30, 2014]	19th Fiscal Period [As of May 31, 2015]
	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)

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
A. Property leasing revenue		
Rent revenue – real estate	9,693,133	10,112,468
Other lease business revenue	70,577	34,234
Total property leasing revenue	9,763,710	10,146,702
B. Property leasing expenses		
Consignment expenses	769,360	791,273
Utilities expenses	1,072,401	1,024,278
Taxes and dues	792,627	811,787
Non-life insurance expenses	14,425	14,355
Repair expenses	125,020	227,519
Depreciation	1,497,217	1,553,853
Other lease business expenses	53,621	63,578
Total property leasing expenses	4,324,674	4,486,646
C. Operating income (loss) from property leasing [A – B]	5,439,036	5,660,056

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

18th Fiscal Period [From: June 1, 2014 To: November 30, 2014]

Not applicable.

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]

Proceeds from sales of real estate properties	21,846,254
Cost of sales of real estate properties	21,325,541
Other expenses on sales	280,166
Gain on sales of real estate properties	240,546

Individual sales prices are not disclosed as the consent of buyers was not obtained. The 685,892 thousand yen of gain on sales of real estate properties and 445,345 thousand yen of loss on sale of real estate properties are offset in the above gain on sales of real estate properties.

***3. Transactions with major unitholders**

(Unit: thousand yen)

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
Transactions other than business transaction		
Interest expenses on investment corporation bonds	28,277	-

[Notes to Statements of Unitholders' Equity]

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
*1. Total number of investment units authorized and number of investment units issued and outstanding		
Total number of investment units authorized	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	441,000 units	441,000 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)

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
Cash and deposits	12,984,949	16,703,952
Cash and deposits in trust	4,782,914	6,086,861
Cash and cash equivalents	17,767,863	22,790,813

[Notes to Financial Instruments]

(1) Matters Concerning Status of Financial Instruments

(a) Policy for financial instruments

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

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

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

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

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

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

Bank borrowings with floating interest rates are exposed to interest rate risk and the risk is controlled by using derivative instruments (interest swap transaction). Moreover, a commitment-type term loan is used in order to reduce fund procurement risk when acquiring properties using forward commitments, etc.

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

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

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

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

(c) Supplementary explanation for fair value of financial instruments

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

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

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

18th Fiscal Period [As of November 30, 2014]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	12,984,949	12,984,949	—
(2) Cash and deposits in trust	4,782,914	4,782,914	—
Total assets	17,767,863	17,767,863	—
(3) Short-term loans payable	2,500,000	2,500,000	—
(4) Current portion of long-term loans payable	16,600,000	16,603,735	3,735
(5) Investment corporation bonds	5,100,000	5,121,660	21,660
(6) Long-term loans payable	136,600,000	136,741,916	141,916
Total liabilities	160,800,000	160,967,311	167,311
Derivative transactions (*)	(309,242)	(309,242)	—

19th Fiscal Period [As of May 31, 2015]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	16,703,952	16,703,952	—
(2) Cash and deposits in trust	6,086,861	6,086,861	—
Total assets	22,790,813	22,790,813	—
(3) Short-term loans payable	9,500,000	9,500,000	—
(4) Current portion of long-term loans payable	8,300,000	8,303,752	3,752
(5) Investment corporation bonds	5,100,000	5,081,325	(18,674)
(6) Long-term loans payable	168,400,000	168,552,647	152,647
Total liabilities	191,300,000	191,437,725	137,725
Derivative transactions (*)	(343,641)	(343,641)	—

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

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

Assets

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

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

Liabilities

(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)

	18th Fiscal Period [As of November 30, 2014]	19th Fiscal Period [As of May 31, 2015]
Tenant leasehold and security deposits	9,451,317	8,960,270
Tenant leasehold and security deposits in trust	3,874,580	5,152,526
Total	13,325,898	14,112,797

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust that are deposited by lessees of rental properties are not subject to disclosure of market price because discerning of the market price is recognized to

be extremely difficult as future cash flows cannot be reasonably estimated due to there being no fair value and difficulty in calculation of the actual deposit period.

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

18th Fiscal Period [As of November 30, 2014]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	12,984,949	–	–	–	–	–
Cash and deposits in trust	4,782,914	–	–	–	–	–
Total	17,767,863	–	–	–	–	–

19th Fiscal Period [As of May 31, 2015]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	16,703,952	–	–	–	–	–
Cash and deposits in trust	6,086,861	–	–	–	–	–
Total	22,790,813	–	–	–	–	–

(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.

18th Fiscal Period [As of November 30, 2014]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Short-term loans payable	2,500,000	–	–	–	–	–
Current portion of long-term loans payable	16,600,000	–	–	–	–	–
Investment corporation bonds	–	–	–	–	3,000,000	2,100,000
Long-term loans payable	–	3,700,000	28,250,000	17,350,000	21,000,000	66,300,000
Total	19,100,000	3,700,000	28,250,000	17,350,000	24,000,000	68,400,000

19th Fiscal Period [As of May 31, 2015]

(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	9,500,000	–	–	–	–	–
Current portion of long-term loans payable	8,300,000	–	–	–	–	–
Investment corporation bonds	–	–	–	–	3,000,000	2,100,000
Long-term loans payable	–	18,200,000	19,400,000	21,500,000	24,000,000	85,300,000
Total	17,800,000	18,200,000	19,400,000	21,500,000	27,000,000	87,400,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

18th Fiscal Period [As of November 30, 2014]

Not applicable.

19th Fiscal Period [As of May 31, 2015]

Not applicable.

(2) Transactions for which hedge accounting is applied

18th Fiscal Period [As of November 30, 2014]

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	71,400,000	64,400,000	(309,242)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	35,350,000	29,350,000	(*)	—
Total			106,750,000	93,750,000	(309,242)	—

19th Fiscal Period [As of May 31, 2015]

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	66,400,000	64,400,000	(343,641)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	32,850,000	27,350,000	(*)	—
Total			99,250,000	91,750,000	(343,641)	—

(*) 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

18th Fiscal Period [From: June 1, 2014 To: November 30, 2014]

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	Percentage of voting rights, etc. held by related party (held in the Investment Corporation)	Relationship with related party	Nature of transaction	Amount of transaction (thousand yen)	Accounting item	Balance at end of period (thousand yen)
Parent company	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3 billion yen	Holding company	(Held in the Investment Corporation) Directly: 13.45% Indirectly: 29.23%	Provision of capital	Redemption of investment corporation bonds	3,500,000	-	-
							Payment of interest expenses on investment corporation bonds (Notes 1 and 2)	28,277		

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]

Not applicable.

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

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

(2) Notes to parent company and significant affiliated companies

18th Fiscal Period [From: June 1, 2014 To: November 30, 2014]

Parent company's information

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

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]

Parent company's information

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

[Notes to Investment and Rental Properties]

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

(Unit: thousand yen)

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
Carrying amount		
Balance at beginning of period	355,783,760	378,935,080
Amount of increase (decrease) during period	23,151,320	27,764,026
Balance at end of period	378,935,080	406,699,107
Fair value at end of period	370,600,000	410,990,000

(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 18th Fiscal Period, the amount of increase is mainly attributable to acquisition of Azabu Green Terrace (14,000 million yen) and Kitahama Grand Building (9,481 million yen) and the amount of decrease is mainly attributable to depreciation (1,497 million yen). Of the amount of increase (decrease) for rental properties during the 19th Fiscal Period, the amount of increase is mainly attributable to acquisition of 6 properties (48,785 million yen), and the amount of decrease is mainly attributable to sales of 5 properties (21,325 million yen) and depreciation (1,553 million yen).

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

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

[Segment Information, etc.]

(1) Segment Information

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

(2) Related Information

18th Fiscal Period [From: June 1, 2014 To: November 30, 2014]

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

19th Fiscal Period [From: December 1, 2014 To: May 31, 2015]

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]

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
Net assets per unit	504,746 yen	505,566 yen
Net income per unit	8,414.41 yen	9,141.88 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.

	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	19th Fiscal Period [From: Dec. 1, 2014 To: May 31, 2015]
Net income (thousand yen)	3,641,022	4,031,570
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	3,641,022	4,031,570
Average number of investment units during the period (unit)	432,713	441,000

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

The Investment Corporation resolved to issue new investment units at its Board of Directors meetings held on April 27, 2015 and May 20, 2015. Payments were completed on June 1, 2015 and June 24, 2015.

a. Issuance of New Investment Units through Public Offering

- | | |
|---|---|
| (i) Number of new units offered | 41,045 units (domestic: 19,545 units; overseas 21,500 units) |
| (ii) Net price (paid-in price) | 563,914 yen per unit |
| (iii) Net amount (total paid-in amount) | 23,145,850,130 yen |
| (iv) Payment date | June 1, 2015 |
| (v) Use of procured funds | To be used as funds for and various expenses associated with the acquisition of River Gate and part of the funds for the repayment of borrowings for the acquisition of Glass City Shibuya and Meguro Place Tower |

b. Issuance of New Investment Units through Third-Party Allotment

- | | |
|--|---|
| (i) Number of new units offered | 1,955 units |
| (ii) Net price (paid-in price) | 563,914 yen per unit |
| (iii) Net amount (total paid-in amount) | 1,102,451,870 yen |
| (iv) Allottee and number of units to be issued | Daiwa Securities Co., Ltd., 1,955 units |
| (v) Payment date | June 24, 2015 |
| (vi) Use of procured funds | To be used as funds for and various expenses associated with the acquisition of River Gate and part of the funds for the repayment of borrowings for the acquisition of Glass City Shibuya and Meguro Place Tower |

(2) Acquisition of Assets

- a. The Investment Corporation acquired a trust beneficial interest in real estate on June 2, 2015 as follows.

Summary of Asset Acquired

Property name	River Gate
Type of asset	Trust beneficial interest in domestic real estate
Location	36-2 Nihonbashi Hakozaicho, Chuo-ku, Tokyo
Acquisition price	28,000 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	April 27, 2015
Date of delivery	June 2, 2015
Seller	THAMES TMK

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

During the fiscal period under review, the Investment Corporation did not conduct a capital increase and there is no change to the unitholders' capital, etc. The overview of capital increase up to the end of the 19th 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 11, 2005	Incorporation through private placement	400	400	200	200	(Note 1)
October 18, 2005	Capital increase through public offering	99,600	100,000	49,498	49,698	(Note 2)
July 10, 2007	Capital increase through public offering	100,000	200,000	75,316	125,015	(Note 3)
August 7, 2007	Capital increase by way of a third-party allotment	5,000	205,000	3,765	128,781	(Note 4)
June 4, 2008	Capital increase by way of a third-party allotment	138,905	343,905	59,999	188,780	(Note 5)
July 1, 2009	Capital increase by way of a third-party allotment	51,893	395,798	10,000	198,780	(Note 6)
July 2, 2014	Capital increase through public offering	41,092	436,890	18,522	217,303	(Note 7)
July 30, 2014	Capital increase by way of a third-party allotment	4,110	441,000	1,852	219,155	(Note 8)

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

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

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

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

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

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

(Note 7) 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 acquisition properties, etc.

(Note 8) 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 acquisition properties, etc.

4. Changes in Directors

4.1. Changes in Directors at the Investment Corporation

Not applicable.

4.2. Changes in Directors at the Asset Manager

Tamaki Shibayama assumed the office of auditor (executive), effective April 1, 2015.

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

Title	Name	Brief profile		Number of shares owned (shares)
President and Representative Director	Akira Yamanouchi	April 1986 April 2002 May 2002 March 2003 August 2004 February 2008 February 2009 July 2009 April 2010 May 2010	Joined Marubeni Corporation Joined Pacific Management Corporation Temporarily transferred to Pacific Investment Advisors Corporation (currently, AD Investment Management Co., Ltd.) President and Representative Director of Pacific Investment Advisors Corporation (with employment transfer) Executive Director of Nippon Residential Investment Corporation (currently, Advance Residence Investment Corporation) President and Representative Director of Pacific Investment Partners Inc. (currently, Cushman & Wakefield Asset Management K.K.) Representative Director (part-time basis) of Pacific Holdings, Inc. Executive Managing Director of Cushman & Wakefield Asset Management K.K. Advisor of Daiwa Real Estate Asset Management Co., Ltd. President and Representative Director (current position)	—
Vice President and Representative Director Head of Corporate Planning Department	Yuji Shinotsuka	April 1989 June 2009 July 2009 November 2009 April 2011 October 2012 December 2012 January 2014 August 2014	Joined Daiwa Securities Co., Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department Temporarily transferred to Daiwa Real Estate Asset Management Co. Ltd. Vice President and Representative Director (Head of IR & Planning Department) Vice President and Representative Director (Head of Corporate Planning Department) Vice President and Representative Director (Head of Corporate Planning Department and Finance Department) Vice President and Representative Director (Head of Corporate Planning Department) (current position) Executive Office of Daiwa Residential Private Investment Corporation (current position) Executive Office of Japan Health Care Investment Corporation Resigned from Executive Office of Japan Health Care Investment Corporation	—
Vice President and Representative Director Head of Private Fund Management Department	Yoshiki Nishigaki	April 1992 May 2004 February 2006 March 2007 March 2008 November 2008 May 2010 August 2010 February 2011 April 2012 October 2013 April 2014	Joined Cititrust & Banking Corporation Joined K.K. daVinci Advisors Transferred to K.K. daVinci Select (currently, Daiwa Real Estate Asset Management Co. Ltd.) Head of IR & Business Planning Department President and Representative Director Executive Director, DA Office Investment Corporation Vice President and Representative Director, Daiwa Real Estate Asset Management Co. Ltd. Resigned from Executive Director, Daiwa Office Investment Corporation Vice President and Representative Director (Head of Advisory Department) Vice President and Representative Director (Head of Fund Management Department) Vice President and Representative Director (Head Customer Relations and Fund Management Department) Vice President and Representative Director (Head of Fund Management Department) (current position)	—

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Title	Name	Brief profile		Number of shares owned (shares)
Director Head of Administration Department	Naoyuki Owa	April 1986 April 1990 June 2006 October 2006 July 2009	Joined Tokyo High Court as Court Administrative Official Joined Daiwa Securities Co., Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department and Treasury Department of Daiwa Securities SMBC Co., Ltd. Head of Corporate Planning Department of Daiwa Securities Group Inc. Temporarily transferred to Daiwa Real Estate Asset Management Co. Ltd. Director (Head of Administration Department) (current position)	—
Director (non-executive)	Toshihiro Matsui	April 1985 May 2004 April 2005 October 2005 October 2006 April 2007 October 2008 April 2009 July 2009 April 2011 April 2014	Joined Daiwa Securities Co., Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Institutions Department (V) of Daiwa Securities SMBC Co., Ltd. Head of Corporate Institutions Department (IV) Head of Corporate Finance Department Head of Corporate Finance Department (I) Head of Fixed Income, Currency and Commodities (FICC) Department Head of Corporate Planning Department of Daiwa Securities Group Inc. Executive Officer Director (part-time basis) of Daiwa Real Estate Asset Management Co. Ltd. (current position) Executive Managing Director of Daiwa Securities Group Inc. Senior Managing Director of Daiwa Securities Group Inc. (current position)	—
Director (non-executive)	Mikita Komatsu	April 1985 October 2005 October 2008 April 2010 April 2011 April 2012 April 2013	Joined Daiwa Securities Co., Ltd. (currently Daiwa Securities Group Inc.) Head of Finance Department, Daiwa Securities Group Inc. President of Daiwa Securities SMBC Europe Limited (currently Daiwa Capital Markets Europe Limited) Senior Managing Director, Daiwa Securities Capital Markets Co., Ltd. Senior Managing Director, Daiwa Securities Group Inc. Director (non-executive) of Daiwa Real Estate Asset Management Co. Ltd. (current position) Executive Managing Director of Daiwa Securities Group Inc. (current position)	—
Auditor (executive)	Tamaki Shibayama	April 1982 September 1986 April 1999 April 2002 October 2010 April 2012 April 2015	Joined the Japan Chamber of Commerce and Industry Joined Daiwa Securities Co., Ltd. (currently Daiwa Securities Group Inc.) Transferred to Daiwa Securities Capital Markets Co., Ltd. General Manager of Initial Public Offering Department of Daiwa Securities SMBC Co., Ltd. Head of Corporate Auditor's Office of Daiwa Securities Capital Markets Co., Ltd. Managing Director of Corporate Clients Banking Department (VII) of Daiwa Securities Co., Ltd. Auditor of Daiwa Real Estate Asset Management Co. Ltd. (current position)	—

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Title	Name	Brief profile		Number of shares owned (shares)
Auditor (non-executive)	Masaru Shirataki	April 1985 April 2004 October 2009 April 2011 April 2013 June 2013	Joined Daiwa Securities Co., Ltd. (currently, Daiwa Securities Group Inc.) General Manager of Corporate Planning Department of Daiwa Securities SMBC Co., Ltd. General Manager of Legal Department of Daiwa Securities Group Inc. General Manager of Internal Audits of Daiwa Securities Group Inc. Director of Daiwa Securities Group Inc. Auditor (non-executive) of Daiwa Real Estate Asset Management Co. Ltd. (current position) Director of Daiwa Securities Group Inc. (current position)	—
Auditor (non-executive)	Shinji Kiso	April 2001 December 2009 July 2011 June 2013 May 2014 June 2015	Joined Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Co., Ltd.) Corporate Planning Department of Daiwa Securities Group Inc. (current position) Corporate Planning Department of Daiwa Securities Co., Ltd. (current position) Director (non-executive) of ASTMAY Co., Ltd. (current position) Auditor (non-executive) of Daiwa Real Estate Asset Management Co. Ltd. (current position) Director (non-executive) of Money Partners Group Co., Ltd. (current position)	—

5. Reference Information

5.1. Investment Status

Type of asset	Use	Region	19th Fiscal Period (As of May 31, 2015)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo	16,218	3.8
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	336,181	77.8
		Greater Tokyo	34,634	8.0
		Major Regional Cities	19,664	4.5
Total			406,699	94.1
Deposits and other assets			25,533	5.9
Total amount of assets (Note 2)			432,232	100.0
			[406,699]	[94.1]

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

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

5.2. Investment Real Estate Properties (As of May 31, 2015)

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	13,372	15,500	3.4
	Daiwa Ginza Annex		3,050	2,845	3,170	0.7
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,040	7,240	2.0
	Daiwa Minami-Aoyama		4,550	4,467	4,140	1.1
	Daiwa Sarugakucho		3,190	3,220	3,270	0.8
	Daiwa A Hamamatsucho (Note 8)		2,865	2,821	3,070	0.7
	Daiwa Jingumae		2,800	2,698	2,180	0.7
	Daiwa Shibadaimon		2,578	2,405	2,700	0.6
	Daiwa Misakicho		2,346	2,205	2,560	0.6
	Daiwa Shimbashi 510		2,080	2,138	2,400	0.5
	Daiwa Tsukijiekimae		1,560	1,367	1,490	0.4
	Daiwa Tsukiji		1,240	1,177	1,330	0.3
	Daiwa Tsukishima		7,840	7,060	8,940	1.9
	Daiwa Nihonbashi Horidomecho		2,520	2,504	2,410	0.6
	Daiwa Azabudai		1,600	1,550	1,700	0.4
	Daiwa Kyobashi		3,460	3,327	3,120	0.8
	Daiwa Kojimachi 4-chome		2,910	2,860	2,600	0.7
	Daiwa Onarimon		13,860	13,498	12,600	3.4
	Shinjuku Maynds Tower (Note 8)		133,800	130,254	113,000	32.4
	SHIBUYA EDGE		5,900	5,738	4,520	1.4
	Daiwa Kodenmachi		2,460	2,417	2,020	0.6
	Daiwa Jimbocho		4,150	4,120	3,110	1.0
	Daiwa Nishi-Shimbashi		5,000	4,908	5,060	1.2
	Daiwa Kudan		4,000	3,848	3,220	1.0
	Daiwa Kayabacho Building		5,600	5,423	7,080	1.4
	Daiwa Jimbocho 3-chome		3,550	3,488	4,170	0.9
	E SPACE TOWER		24,000	23,753	31,000	5.8
	Daiwa Nihonbashi Hongokucho		1,721	1,667	2,000	0.4
	shinyon curumu		9,650	9,883	11,400	2.3
	Daiwa Shibuya Dougenzaka		4,500	4,489	5,790	1.1
	Daiwa Akasaka	9,200	9,305	11,200	2.2	
	Daiwa Shibuya Miyamasuzaka	7,000	7,200	7,840	1.7	
	Azabu Green Terrace	14,000	14,335	15,600	3.4	
	Daiwa Ebisu 4-chome	4,135	4,171	4,720	1.0	
	LAQUAS Higashi Shinjuku	8,450	8,674	9,400	2.0	
	Concept Aoyama	9,800	10,066	10,600	2.4	
	Shinsen Place	4,800	4,934	5,720	1.2	
	Glass City Shibuya	16,000	16,155	17,000	3.9	
Total for Five Central Wards of Tokyo (38 properties)			358,530	352,399	354,870	86.8

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Trust beneficial interest in real estate	2,958	2,767	3,340	0.7
	Daiwa Shinagawa North		7,710	7,318	5,780	1.9
	Daiwa Osaki 3-chome		1,650	1,663	2,120	0.4
	Daiwa Kamiooka		2,000	2,006	2,260	0.5
	Integral Tower		15,220	15,218	16,800	3.7
	Meguro Place Tower		5,600	5,660	5,810	1.4
Total for Greater Tokyo (6 properties)			35,138	34,634	36,110	8.5
Major Regional Cities (Note 3)	Daiwa Minami-Senba	Trust beneficial interest in real estate	4,810	4,705	2,570	1.2
	Daiwa Meieki		5,300	5,385	6,840	1.3
	Kitahama Grand Building		9,481	9,573	10,600	2.3
Total for Major Regional Cities (3 properties)			19,591	19,664	20,010	4.7
Total (47 properties)			413,259	406,699	410,990	100.0

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

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

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

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

(Note 5) Carrying amount is the book value after deducting depreciation as of May 31, 2015.

(Note 6) Estimated price at end of period is the price as of May 31, 2015 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	8,175.26	7,510.63	27	91.8	367,353
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	88,001
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	9,578.76	55	99.5	216,998
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.53	2,715.53	6	100.0	124,553
	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	127,409
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	4	100.0	54,108
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	82,615
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,676.52	2,668.12	7	99.6	84,407
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	56,052
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,328.52	4	89.2	44,253
	Daiwa Tsukiji 616 (Note 9)	SRC B1 / 9F	Mar. 1994	-	-	-	-	39,997
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	3	100.0	281,035
	Daiwa Nihonbashi Horidomecho	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	9	100.0	75,660
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.88	1,697.88	10	100.0	50,730
	Daiwa Nihombashi Honcho (Note 10)	SRC B1 / 10F	Jan. 1964	-	-	-	-	60,520
	Daiwa Ginza 1-chome (Note 10)	SRC B2 / 11F	Jan. 1962	-	-	-	-	19,701
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	3,265.83	9	100.0	96,186
	Daiwa Kojimachi 4-chome	SRC B2 / 9F	Oct. 1987	2,690.90	2,690.90	7	100.0	91,276
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,614.92	7	100.0	275,733
	Shinjuku Maynds Tower (Note11)	S / SRC B3 / 34F	Sept. 1995	45,543.97	45,012.19	36	98.8	2,446,339
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	118,063
	Daiwa Kodenmachi	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	62,500
	Daiwa Jimbocho	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	96,403
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,639.65	11	96.3	138,606
Daiwa Kudan	SRC 9F	Mar. 1987	2,882.61	2,882.61	6	100.0	93,484	
Daiwa Kayabacho 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 19th 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	99,248
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,471.97	5	96.4	706,695
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	59,671
	shinyon curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,751.31	18	100.0	299,253
	Daiwa Shibuya Dougenzaka	SRC B1/11F	Mar. 1988	4,144.90	4,144.90	5	100.0	143,967
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,794.51	7,554.29	18	85.8	282,847
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,327.95	6,327.95	8	100.0	231,356
	Azabu Green Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	13,234.39	10	100.0	438,746
	Daiwa Ebisu 4-chome (Note 8)	SRC B1/9	Dec. 1997	2,743.93	0.00	0	0.0	-
	LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	219,543
	Concept Aoyama	S/RC B1/7F	Nov. 2001	4,420.18	3,798.32	4	85.9	106,858
	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	11	100.0	64,611
Total for Five Central Wards of Tokyo (41 properties)				225,409.74	218,733.62	353	97.0	8,326,673
Greater Tokyo	Daiwa Kinshicho (Note 10)	S B1 / 5F	Jan. 1992	-	-	-	-	48,586
	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	7	100.0	105,678
	Benex S-3 (Note 9)	S / SRC B1 / 12F	Feb. 1994	-	-	-	-	84,591
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,548.82	5,898.62	12	90.0	176,838
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,786.06	5	100.0	42,095
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,630.30	9	100.0	73,873
	Integral Tower (Note 12)	S/SRC B2/18F	June 1993	17,778.14	17,697.94	9	99.5	550,204
	Meguro Place Tower	S/SRC B2/14F	July 2009	3,519.50	3,519.50	15	100.0	23,991
Total for Greater Tokyo (8 properties)				36,724.29	35,993.89	57	98.0	1,105,859
Major Regional Cities	Daiwa Minami-Senba	SRC B1 / 8F	Sept. 1986	5,719.52	5,719.52	11	100.0	100,533
	Daiwa Meieki	S 12F	Dec. 2007	7,461.90	7,357.22	23	98.5	244,181
	Kitahama Grand Building	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,517.62	6	100.0	335,219
Total for Major Regional Cities (3 properties)				26,699.04	26,594.36	40	99.6	679,934
Total (52 properties)				288,833.07	281,321.87	450	97.3	10,112,468

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

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

- (Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of May 31, 2015.
- (Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of May 31, 2015.
- (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 during the 19th Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The property was sold as of March 5, 2015. This is reflected, in respective totals, in the number of properties and rent revenue during current period.
- (Note 10) The property was sold as of February 2, 2015. This is reflected, in respective totals, in the number of properties and rent revenue during current period.
- (Note 11) 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 12) The buildings consist of three registrations. Of these, the details of the major building are shown here.

5.2.3. Capital Expenditures for Assets under Management

A. Capital Expenditures for 19th Fiscal Period

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

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Expected construction amount (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Renovation work for central supervisory system	From: Oct. 2013 To: Sept. 2015	297	74	131
Daiwa Ebisu 4-chome (Shibuya-ku, Tokyo)	Renovation work for air-conditioning system	From: July 2015 To: Nov. 2015	121	—	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Upgrading of main central supervisory system VAV and controller	From: Oct. 2013 To: Sept. 2015	110	33	49
Daiwa Akasaka (Minato-ku, Tokyo)	Establishment of entrance on the public open space side	From: Jan. 2015 To: Sept. 2015	101	65	—

B. Capital Expenditures during 19th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 19th Fiscal Period. Capital expenditures for the 19th Fiscal Period amounted to 905 million yen and, when combined with the 227 million yen in repair expenses charged to 19th Fiscal Period expenses, totals 1,132 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	CVCF upgrading work and renovation work for disaster prevention facilities	From: Oct. 2013 To: Mar. 2015	373
Daiwa Tsukishima Building (Chuo-ku, Tokyo)	Upgrading of air-conditioning system	From: Mar. 2015 To: May 2015	90
Daiwa Jimbocho (Chiyoda-ku, Tokyo)	Upgrading of air-conditioning system	From: Apr. 2015 To: May 2015	57
Other		From: Dec. 2014 To: May 2015	384
Total			905

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	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period	19th Fiscal Period
	[From: Dec. 1, 2012 To: May 31, 2013]	[From: June 1, 2013 To: Nov. 30, 2013]	[From: Dec. 1, 2013 To: May 31, 2014]	[From: June 1, 2014 To: Nov. 30, 2014]	[From: Dec. 1, 2014 To: May 31, 2015]
Balance of reserve at beginning of previous period	611	806	830	1,021	1,199
Amount of reserve in current period	619	181	794	764	1,678
Reversal of reserve in current period	424	156	603	586	135
Amount carried forward to next period	806	830	1,021	1,199	2,742

5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2015)

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Ginza	15,500	15,800	4.0	15,100	3.8	4.2
Daiwa Ginza Annex	3,170	3,220	3.9	3,120	3.7	4.1
Daiwa Shibaura	7,240	7,350	4.5	7,190	4.3	4.7
Daiwa Minami-Aoyama	4,140	4,210	4.3	4,070	4.1	4.5
Daiwa Sarugakucho	3,270	3,320	4.8	3,220	4.6	5.0
Daiwa A Hamamatsucho (Note 2)	3,070	3,130	4.3	3,050	4.1	4.5
Daiwa Jingumae	2,180	2,190	4.2	2,160	4.0	4.4
Daiwa Shibadaimon	2,700	2,770	4.1	2,670	3.9	4.3
Daiwa Misakicho	2,560	2,590	4.4	2,550	4.2	4.6
Daiwa Shimbashi 510	2,400	2,430	4.5	2,370	4.3	4.7
Daiwa Tsukijiekimae (Note 3)	1,490	1,500	4.7	1,480	4.7	4.9
Daiwa Tsukiji	1,330	1,320	4.6	1,340	4.6	4.8
Daiwa Tsukishima	8,940	9,020	4.6	8,900	4.3	4.8
Daiwa Nihonbashi Horidomecho	2,410	2,450	4.5	2,370	4.3	4.7
Daiwa Azabudai	1,700	1,720	4.4	1,680	4.2	4.6
Daiwa Kyobashi	3,120	3,170	4.4	3,060	4.2	4.6
Daiwa Kojimachi 4-chome	2,600	2,750	4.1	2,540	3.9	4.3
Daiwa Onarimon	12,600	12,900	4.2	12,300	4.0	4.4
Shinjuku Maynds Tower (Note 4)	113,000	140,000	3.7	129,000	3.5	3.9
SHIBUYA EDGE	4,520	4,620	4.1	4,420	3.9	4.3
Daiwa Kodenmachi	2,020	2,040	4.7	1,990	4.5	4.9
Daiwa Jimbocho	3,110	3,210	4.5	3,070	4.5	4.7
Daiwa Nishi-Shimbashi	5,060	5,200	4.3	5,000	4.1	4.5
Daiwa Kudan	3,220	3,380	4.3	3,170	4.3	4.5
Daiwa Kayabacho Building	7,080	7,190	3.9	7,030	3.7	4.1
Daiwa Jimbocho 3-chome	4,170	4,270	3.9	4,120	3.7	4.1
E SPACE TOWER	31,000	31,200	3.8	30,800	3.5	3.9
Daiwa Nihonbashi Hongokucho	2,000	2,050	4.5	1,980	4.3	4.7
shinyon curumu	11,400	11,500	3.8	11,300	3.6	4.0
Daiwa Shibuya Dougenzaka	5,790	6,040	4.0	5,680	3.8	4.2
Daiwa Akasaka	11,200	11,400	3.8	11,100	3.6	4.0
Daiwa Shibuya Miyamasuzaka	7,840	7,890	4.0	7,790	3.7	4.1
Azabu Green Terrace	15,600	15,900	4.1	15,300	3.9	4.3
Daiwa Ebisu 4-chome	4,720	4,810	4.2	4,680	4.0	4.4
LAQUAS Higashi Shinjuku	9,400	9,760	3.8	9,240	3.6	4.0
Concept Aoyama	10,600	10,900	3.8	10,500	3.6	4.0
Shinsen Place	5,720	5,760	3.9	5,700	3.8	4.1
Glass City Shibuya	17,000	17,200	3.8	16,800	3.5	3.9
Daiwa Higashi-Ikebukuro	3,340	3,400	4.7	3,320	4.5	4.9
Daiwa Shinagawa North	5,780	5,830	4.7	5,730	4.5	4.9
Daiwa Osaki 3-chome	2,120	2,150	4.3	2,110	4.1	4.5
Daiwa Kamiooka	2,260	2,250	5.1	2,270	4.9	5.3
Integral Tower	16,800	17,100	4.3	16,600	4.1	4.5

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

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 (%)
Meguro Place Tower	5,810	6,030	4.1	5,710	3.9	4.3
Daiwa Minami-Senba	2,570	2,630	5.2	2,510	5.0	5.4
Daiwa Meieki	6,840	6,990	4.7	6,780	4.7	4.9
Kitahama Grand Building	10,600	10,900	4.3	10,500	4.1	4.5
Total	410,990	443,440	-	423,370	-	-

(Note 1) “Estimated price at end of period” is the price as of May 31, 2015 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 4th fiscal year (4.5% in 1st year and 4.6% in 2nd and 3rd fiscal years).

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

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

The following table lists the status of income (loss), etc. of each property for the 19th Fiscal Period (from December 1, 2014 to May 31, 2015). 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 (%)	3.4	0.7	2.0	1.1	0.8
	Carrying amount (million yen)	13,372	2,845	8,040	4,467	3,220
	Estimated price at end of period (million yen)	15,500	3,170	7,240	4,140	3,270
Leasing information	Number of tenants (Note 1)	27	7	55	6	1
	Leasable floor area (m ²)	8,175.26	2,032.11	9,619.67	2,715.53	3,657.43
	Leased floor area (m ²)	7,510.63	2,032.11	9,578.76	2,715.53	3,657.43
	Occupancy rate (%)					
	End of May 2013	96.4	100.0	87.4	94.1	100.0
	End of Nov. 2013	86.9	100.0	90.2	94.1	100.0
	End of May 2014	92.6	100.0	98.7	100.0	100.0
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	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	375,771	88,001	219,019	124,553	—
	Rent revenue – real estate	367,353	88,001	216,998	124,553	—
	Other lease business revenue	8,417	—	2,020	—	—
	Total property leasing expenses (B) (thousand yen)	181,361	40,517	89,008	42,825	—
	Consignment expenses	22,069	5,455	16,084	5,507	—
	Utilities expenses	29,155	7,330	23,200	7,947	—
	Taxes and dues	27,551	9,080	19,203	11,715	—
	Non-life insurance expenses	433	100	404	146	—
	Repair expenses	19,659	828	4,602	5,410	—
	Depreciation (C)	70,649	17,723	25,492	12,097	—
	Other lease business expenses	11,841	—	20	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	194,409	47,483	130,011	81,727	—
NOI (E) [(D) + (C)] (thousand yen)	265,058	65,207	155,503	93,825	85,510	
Capital expenditures (F) (thousand yen)	13,064	8,335	1,473	29,072	655	
NCF [(E) – (F)] (thousand yen)	251,994	56,871	154,030	64,753	84,855	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.26	46.04	40.64	34.38	—
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	55,966	18,053	38,668	23,240	13,349
	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 19th 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 (%)	0.7	0.7	0.6	0.6	0.5
	Carrying amount (million yen)	2,821	2,698	2,405	2,205	2,138
	Estimated price at end of period (million yen)	3,070	2,180	2,700	2,560	2,400
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	2,676.52
	Leased floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,668.12
	Occupancy rate (%)					
	End of May 2013	100.0	100.0	100.0	100.0	99.7
	End of Nov. 2013	100.0	100.0	100.0	100.0	99.4
	End of May 2014	100.0	100.0	100.0	100.0	99.4
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	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	127,409	54,108	82,615	—	84,407
	Rent revenue – real estate	127,409	54,108	82,615	—	84,407
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	73,621	26,002	30,674	—	28,674
	Consignment expenses	10,193	4,348	6,827	—	5,042
	Utilities expenses	10,513	5,613	7,146	—	6,599
	Taxes and dues	8,657	6,305	6,240	—	5,555
	Non-life insurance expenses	183	81	112	—	110
	Repair expenses	827	2,274	665	—	4,218
	Depreciation (C)	13,845	7,372	9,681	—	7,146
	Other lease business expenses	29,400	7	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	53,788	28,105	51,941	—	55,733
NOI (E) [(D) + (C)] (thousand yen)	67,633	35,478	61,623	62,974	62,879	
Capital expenditures (F) (thousand yen)	12,482	1,343	6,936	—	24,972	
NCF [(E) – (F)] (thousand yen)	55,151	34,134	54,686	62,974	37,907	
Reference information	Expense rate (%) [(B) ÷ (A)]	57.78	48.06	37.13	—	33.97
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	17,302	12,730	12,144	10,325	11,344
	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 19th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukijiekimae	Daiwa Tsukiji	Daiwa Tsukiji 616 (Note 5)	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	Mar. 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	—	7,840	2,520
	Investment ratio (%)	0.4	0.3	—	1.9	0.6
	Carrying amount (million yen)	1,367	1,177	—	7,060	2,504
	Estimated price at end of period (million yen)	1,490	1,330	—	8,940	2,410
Leasing information	Number of tenants (Note 1)	6	4	—	3	9
	Leasable floor area (m ²)	2,659.59	1,487.82	—	8,426.85	2,850.81
	Leased floor area (m ²)	2,659.59	1,328.52	—	8,426.85	2,850.81
	Occupancy rate (%)					
	End of May 2013	10.3	100.0	100.0	100.0	100.0
	End of Nov. 2013	100.0	100.0	100.0	100.0	100.0
	End of May 2014	100.0	100.0	100.0	100.0	100.0
End of Nov. 2014	100.0	100.0	100.0	100.0	87.8	
End of May 2015	100.0	89.2	—	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	94	182	182
	Total property leasing revenue (A) (thousand yen)	56,052	44,253	39,997	281,035	75,660
	Rent revenue – real estate	56,052	44,253	39,997	281,035	75,660
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	30,168	20,157	30,955	130,990	34,133
	Consignment expenses	4,185	3,638	2,500	12,338	6,543
	Utilities expenses	6,989	3,437	4,813	26,678	5,870
	Taxes and dues	5,028	3,823	8,997	13,191	6,564
	Non-life insurance expenses	96	54	63	301	125
	Repair expenses	381	1,966	529	26,091	1,085
	Depreciation (C)	13,470	7,237	14,051	52,387	13,944
	Other lease business expenses	18	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	25,884	24,096	9,041	150,044	41,527
NOI (E) [(D) + (C)] (thousand yen)	39,354	31,333	23,093	202,432	55,471	
Capital expenditures (F) (thousand yen)	664	100	—	90,419	7,651	
NCF [(E) – (F)] (thousand yen)	38,690	31,233	23,093	112,013	47,820	
Reference information	Expense rate (%) [(B) ÷ (A)]	53.82	45.55	77.39	46.61	45.11
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	10,113	7,673	—	27,278	13,167
	Estimated long-term repair expenses (thousand yen) (Note 2)	120,530	109,848	—	102,930	234,846

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabudai	Daiwa Nihombashi Honcho (Note 5)	Daiwa Ginza 1-chome (Note 5)	Daiwa Kyobashi	Daiwa Kojimachi 4-chome
Acquisition date		May 2006	July 2006	July 2006	July 2006	Oct. 2006
Price information	Acquisition price (million yen)	1,600	—	—	3,460	2,910
	Investment ratio (%)	0.4	—	—	0.8	0.7
	Carrying amount (million yen)	1,550	—	—	3,327	2,860
	Estimated price at end of period (million yen)	1,700	—	—	3,120	2,600
Leasing information	Number of tenants (Note 1)	10	—	—	9	7
	Leasable floor area (m ²)	1,697.88	—	—	3,265.83	2,690.90
	Leased floor area (m ²)	1,697.88	—	—	3,265.83	2,690.90
	Occupancy rate (%)					
	End of May 2013	100.0	97.6	89.0	99.5	96.0
	End of Nov. 2013	100.0	97.3	98.3	100.0	100.0
	End of May 2014	100.0	87.3	99.2	100.0	100.0
End of Nov. 2014	100.0	88.1	71.0	100.0	100.0	
End of May 2015	100.0	—	—	100.0	100.0	
Income (loss) information	Number of days of asset management	182	63	63	182	182
	Total property leasing revenue (A) (thousand yen)	52,388	60,520	19,701	96,284	91,276
	Rent revenue – real estate	50,730	60,520	19,701	96,186	91,276
	Other lease business revenue	1,658	—	—	97	—
	Total property leasing expenses (B) (thousand yen)	25,404	46,012	26,671	44,071	41,955
	Consignment expenses	4,724	9,116	3,758	6,086	5,969
	Utilities expenses	3,800	7,265	2,970	9,493	8,588
	Taxes and dues	4,809	13,820	9,205	7,027	14,702
	Non-life insurance expenses	81	97	48	133	130
	Repair expenses	3,567	813	630	2,320	1,125
	Depreciation (C)	8,420	14,898	10,058	19,010	11,440
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	26,983	14,507	(6,970)	52,212	49,320
NOI (E) [(D) + (C)] (thousand yen)	35,404	29,406	3,088	71,223	60,760	
Capital expenditures (F) (thousand yen)	6,693	—	—	24,248	1,161	
NCF [(E) – (F)] (thousand yen)	28,710	29,406	3,088	46,974	59,598	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.49	76.03	—	45.77	45.97
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	9,804	—	—	14,098	29,627
	Estimated long-term repair expenses (thousand yen) (Note 2)	108,280	—	—	140,200	169,753

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE	Daiwa Kodenmacho	Daiwa Jimbocho
Acquisition date		Dec. 2006	July 2007 and Nov. 2007	July 2007	Aug. 2007	Mar. 2010
Price information	Acquisition price (million yen)	13,860	133,800	5,900	2,460	4,150
	Investment ratio (%)	3.4	32.4	1.4	0.6	1.0
	Carrying amount (million yen)	13,498	130,254	5,738	2,417	4,120
	Estimated price at end of period (million yen)	12,600	113,000	4,520	2,020	3,110
Leasing information	Number of tenants (Note 1)	7	36	5	8	7
	Leasable floor area (m ²)	11,614.92	45,543.97	2,480.65	2,379.31	3,164.26
	Leased floor area (m ²)	11,614.92	45,012.19	2,480.65	2,379.31	3,164.26
	Occupancy rate (%)					
	End of May 2013	100.0	94.9	100.0	100.0	100.0
	End of Nov. 2013	100.0	95.7	100.0	100.0	100.0
	End of May 2014	100.0	94.7	100.0	100.0	100.0
End of Nov. 2014	100.0	94.0	100.0	100.0	100.0	
End of May 2015	100.0	98.8	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	275,733	2,446,339	118,063	62,500	96,403
	Rent revenue – real estate	275,733	2,446,339	118,063	62,500	96,403
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	113,763	1,148,800	39,360	23,197	51,798
	Consignment expenses	19,187	161,690	5,946	4,108	7,191
	Utilities expenses	26,200	295,862	8,103	5,275	9,301
	Taxes and dues	33,647	253,151	7,254	3,609	10,609
	Non-life insurance expenses	414	3,610	107	81	139
	Repair expenses	3,905	44,543	1,953	377	4,918
	Depreciation (C)	30,407	386,048	15,995	8,921	19,377
	Other lease business expenses	–	3,893	–	822	261
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	161,969	1,297,539	78,702	39,303	44,605
NOI (E) [(D) + (C)] (thousand yen)	192,377	1,683,587	94,697	48,224	63,982	
Capital expenditures (F) (thousand yen)	3,305	405,637	8,744	15,000	64,945	
NCF [(E) – (F)] (thousand yen)	189,072	1,277,949	85,953	33,224	(963)	
Reference information	Expense rate (%) [(B) ÷ (A)]	41.26	46.96	33.34	37.12	53.73
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	69,806	494,235	14,493	7,274	21,498
	Estimated long-term repair expenses (thousand yen) (Note 2)	459,880	4,460,870	62,460	100,234	128,200

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Nishi-Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 4)	Daiwa Jimbocho 3-chome	E-SPACE TOWER
Acquisition date		Aug. 2010	Sept. 2010	Mar. 2011	Mar. 2011	July 2011
Price information	Acquisition price (million yen)	5,000	4,000	5,600	3,550	24,000
	Investment ratio (%)	1.2	1.0	1.4	0.9	5.8
	Carrying amount (million yen)	4,908	3,848	5,423	3,488	23,753
	Estimated price at end of period (million yen)	5,060	3,220	7,080	4,170	31,000
Leasing information	Number of tenants (Note 1)	11	6	1	8	5
	Leasable floor area (m ²)	4,815.84	2,882.61	5,899.11	2,889.34	13,960.87
	Leased floor area (m ²)	4,639.65	2,882.61	5,899.11	2,889.34	13,471.97
	Occupancy rate (%)					
	End of May 2013	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2013	100.0	100.0	100.0	100.0	100.0
	End of May 2014	100.0	100.0	100.0	88.1	89.1
	End of Nov. 2014	100.0	100.0	100.0	100.0	100.0
End of May 2015	96.3	100.0	100.0	100.0	96.4	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	138,606	101,125	—	99,248	706,695
	Rent revenue – real estate	138,606	93,484	—	99,248	706,695
	Other lease business revenue	—	7,641	—	—	—
	Total property leasing expenses (B) (thousand yen)	79,726	48,694	—	44,805	237,840
	Consignment expenses	15,769	6,972	—	7,577	57,470
	Utilities expenses	12,424	8,304	—	7,744	55,152
	Taxes and dues	15,610	8,456	—	9,322	56,336
	Non-life insurance expenses	237	117	—	122	645
	Repair expenses	2,295	424	—	316	3,607
	Depreciation (C)	33,387	24,419	—	19,722	64,125
	Other lease business expenses	3	—	—	—	503
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	58,880	52,430	—	54,443	468,855
	NOI (E) [(D) + (C)] (thousand yen)	92,267	76,850	120,911	74,165	532,980
Capital expenditures (F) (thousand yen)	10,347	—	—	—	9,824	
NCF [(E) – (F)] (thousand yen)	81,920	76,850	120,911	74,165	523,155	
Reference information	Expense rate (%) [(B) ÷ (A)]	57.52	48.15	—	45.14	33.66
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	31,167	17,441	25,060	18,757	113,750
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	187,140	141,450	38,440	26,390	317,590

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Nihonbashi Hongokucho	shinyon curumu	Daiwa Shibuya Dougenzaka	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka
Acquisition date		May 2012	Dec. 2012 and Apr. 2013	July 2013	Aug. 2013	Sept. 2013
Price information	Acquisition price (million yen)	1,721	9,650	4,500	9,200	7,000
	Investment ratio (%)	0.4	2.3	1.1	2.2	1.7
	Carrying amount (million yen)	1,667	9,883	4,489	9,305	7,200
	Estimated price at end of period (million yen)	2,000	11,400	5,790	11,200	7,840
Leasing information	Number of tenants (Note 1)	6	18	5	18	8
	Leasable floor area (m ²)	2,143.08	6,751.31	4,144.90	8,794.51	6,327.95
	Leased floor area (m ²)	2,143.08	6,751.31	4,144.90	7,554.29	6,327.95
	Occupancy rate (%)					
	End of May 2013	100.0	55.9	—	—	—
	End of Nov. 2013	100.0	67.5	100.0	95.6	100.0
	End of May 2014	100.0	96.3	100.0	100.0	100.0
End of Nov. 2014	100.0	100.0	100.0	85.8	100.0	
End of May 2015	100.0	100.0	100.0	85.8	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (thousand yen)	59,671	300,364	143,967	282,847	231,356
	Rent revenue – real estate	59,671	299,253	143,967	282,847	231,356
	Other lease business revenue	—	1,111	—	—	—
	Total property leasing expenses (B) (thousand yen)	25,582	119,782	63,960	120,189	89,076
	Consignment expenses	3,963	26,084	14,707	23,904	21,016
	Utilities expenses	3,964	24,300	14,088	38,329	19,288
	Taxes and dues	4,418	33,424	13,570	32,824	20,307
	Non-life insurance expenses	76	326	209	425	296
	Repair expenses	—	205	3,418	1,608	6,668
	Depreciation (C)	13,160	35,441	17,966	23,097	21,453
	Other lease business expenses	—	—	—	—	45
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	34,088	180,582	80,006	162,657	142,280
NOI (E) [(D) + (C)] (thousand yen)	47,248	216,023	97,973	185,755	163,734	
Capital expenditures (F) (thousand yen)	—	12,289	1,150	55,540	30,360	
NCF [(E) – (F)] (thousand yen)	47,248	203,733	96,823	130,215	133,373	
Reference information	Expense rate (%) [(B) ÷ (A)]	42.87	39.88	44.43	42.49	38.50
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	8,829	67,174	27,167	65,889	39,906
	Estimated long-term repair expenses (thousand yen) (Note 2)	22,401	65,855	230,176	430,612	416,816

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Azabu Green Terrace	Daiwa Ebisu 4-chome (Note 4)	LAQUAS Higashi Shinjuku	Concept Aoyama	Shinsen Place (Note 4)
Acquisition date		Jul. 2014	Dec. 2014	Dec. 2014	Mar. 2015	Mar. 2015
Price information	Acquisition price (million yen)	14,000	4,135	8,450	9,800	4,800
	Investment ratio (%)	3.4	1.0	2.0	2.4	1.2
	Carrying amount (million yen)	14,335	4,171	8,674	10,066	4,934
	Estimated price at end of period (million yen)	15,600	4,720	9,400	10,600	5,720
Leasing information	Number of tenants (Note 1)	10	0	4	4	1
	Leasable floor area (m ²)	13,234.39	2,743.93	7,498.33	4,420.18	2,811.35
	Leased floor area (m ²)	13,234.39	0.00	7,498.33	3,798.32	2,811.35
	Occupancy rate (%)					
	End of May 2013	—	—	—	—	—
	End of Nov. 2013	—	—	—	—	—
	End of May 2014	—	—	—	—	—
	End of Nov. 2014	100.0	—	—	—	—
End of May 2015	100.0	0.0	100.0	85.9	100.0	
Income (loss) information	Number of days of asset management	182	182	180	91	91
	Total property leasing revenue (A) (thousand yen)	440,135	—	219,543	106,858	—
	Rent revenue – real estate	438,746	—	219,543	106,858	—
	Other lease business revenue	1,388	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	143,044	—	58,154	17,273	—
	Consignment expenses	31,953	—	10,747	6,275	—
	Utilities expenses	52,617	—	14,282	2,177	—
	Taxes and dues	186	—	13	2	—
	Non-life insurance expenses	610	—	310	78	—
	Repair expenses	7,461	—	283	155	—
	Depreciation (C)	50,213	—	32,290	8,523	—
	Other lease business expenses	—	—	226	60	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	297,090	—	161,389	89,585	—
NOI (E) [(D) + (C)] (thousand yen)	347,304	10,397	193,679	98,108	64,443	
Capital expenditures (F) (thousand yen)	2,255	915	—	—	—	
NCF [(E) – (F)] (thousand yen)	345,049	9,482	193,679	98,108	64,443	
Reference information	Expense rate (%) [(B) ÷ (A)]	32.50	—	26.49	16.16	—
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	63,232	17,842	40,367	—	—
	Estimated long-term repair expenses (thousand yen) (Note 2)	325,054	115,410	125,440	97,530	112,510

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Five Central Wards of Tokyo	Greater Tokyo			
Property name		Glass City Shibuya	Daiwa Kinshicho (Note 5)	Daiwa Higashi-Ikebukuro	Benex S-3 (Note 5)	Daiwa Shinagawa North
Acquisition date		May 2015	Oct. 2005	Oct. 2005	May 2006	July 2007
Price information	Acquisition price (million yen)	16,000	—	2,958	—	7,710
	Investment ratio (%)	3.9	—	0.7	—	1.9
	Carrying amount (million yen)	16,155	—	2,767	—	7,318
	Estimated price at end of period (million yen)	17,000	—	3,340	—	5,780
Leasing information	Number of tenants (Note 1)	11	—	7	—	12
	Leasable floor area (m ²)	8,566.73	—	4,461.47	—	6,548.82
	Leased floor area (m ²)	8,566.73	—	4,461.47	—	5,898.62
	Occupancy rate (%)					
	End of May 2013	—	100.0	100.0	98.2	100.0
	End of Nov. 2013	—	100.0	100.0	93.6	100.0
	End of May 2014	—	100.0	92.2	98.2	100.0
End of Nov. 2014	—	100.0	100.0	100.0	100.0	
End of May 2015	100.0	—	100.0	—	90.0	
Income (loss) information	Number of days of asset management	31	63	182	94	182
	Total property leasing revenue (A) (thousand yen)	64,611	48,586	105,678	84,591	188,738
	Rent revenue – real estate	64,611	48,586	105,678	84,591	176,838
	Other lease business revenue	—	—	—	—	11,900
	Total property leasing expenses (B) (thousand yen)	8,775	41,965	60,012	71,616	102,932
	Consignment expenses	3,306	4,615	10,623	8,905	15,606
	Utilities expenses	—	7,316	13,711	14,930	18,433
	Taxes and dues	10	14,054	8,809	20,542	18,541
	Non-life insurance expenses	61	84	232	188	352
	Repair expenses	38	725	3,546	1,087	16,761
	Depreciation (C)	5,359	15,169	23,089	25,961	33,236
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	55,835	6,620	45,666	12,974	85,805
	NOI (E) [(D) + (C)] (thousand yen)	61,194	21,790	68,755	38,936	119,042
Capital expenditures (F) (thousand yen)	—	—	8,153	—	11,782	
NCF [(E) – (F)] (thousand yen)	61,194	21,790	60,601	38,936	107,260	
Reference information	Expense rate (%) [(B) ÷ (A)]	13.58	86.37	56.79	84.66	54.54
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	—	—	17,118	—	35,791
	Estimated long-term repair expenses (thousand yen) (Note 2)	202,340	—	228,260	—	331,160

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Greater Tokyo				Major Regional Cities
Property name		Daiwa Osaki 3-chome	Daiwa Kamiooka	Integral Tower	Meguro Place Tower	Daiwa Minami-Senba
Acquisition date		Sept. 2012	Mar. 2013	May 2014	May 2015	Aug. 2007
Price information	Acquisition price (million yen)	1,650	2,000	15,220	5,600	4,810
	Investment ratio (%)	0.4	0.5	3.7	1.4	1.2
	Carrying amount (million yen)	1,663	2,006	15,218	5,660	4,705
	Estimated price at end of period (million yen)	2,120	2,260	16,800	5,810	2,570
Leasing information	Number of tenants (Note 1)	5	9	9	15	11
	Leasable floor area (m ²)	1,786.06	2,630.30	17,778.14	3,519.50	5,719.52
	Leased floor area (m ²)	1,786.06	2,630.30	17,697.94	3,519.50	5,719.52
	Occupancy rate (%)					
	End of May 2013	100.0	100.0	—	—	100.0
	End of Nov. 2013	100.0	92.2	—	—	100.0
	End of May 2014	88.4	85.4	96.7	—	75.7
End of Nov. 2014	100.0	85.4	99.5	—	95.7	
End of May 2015	100.0	100.0	99.5	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	31	182
	Total property leasing revenue (A) (thousand yen)	42,095	73,873	550,204	23,991	100,533
	Rent revenue – real estate	42,095	73,873	550,204	23,991	100,533
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	25,888	38,998	244,011	6,344	77,370
	Consignment expenses	7,406	8,830	51,463	2,546	21,035
	Utilities expenses	3,237	5,748	92,364	—	11,502
	Taxes and dues	3,939	6,443	236	15	10,567
	Non-life insurance expenses	68	116	885	29	232
	Repair expenses	187	130	7,655	—	1,650
	Depreciation (C)	11,048	17,730	91,226	3,753	32,192
	Other lease business expenses	—	—	180	—	188
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	16,207	34,874	306,192	17,646	23,163
NOI (E) [(D) + (C)] (thousand yen)	27,255	52,604	397,418	21,400	55,356	
Capital expenditures (F) (thousand yen)	—	726	18,798	—	9,968	
NCF [(E) – (F)] (thousand yen)	27,255	51,877	378,619	21,400	45,388	
Reference information	Expense rate (%) [(B) ÷ (A)]	61.50	52.79	44.35	26.45	76.96
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	7,807	12,715	88,050	—	21,015
	Estimated long-term repair expenses (thousand yen) (Note 2)	37,912	24,782	834,324	110,053	184,360

Daiwa Office Investment Corporation (8976) Financial Report for the 19th Fiscal Period

Region		Major Regional Cities	
Property name		Daiwa Meieki	Kitahama Grand Building
Acquisition date		Feb. 2013	Aug. 2014
Price information	Acquisition price (million yen)	5,300	9,481
	Investment ratio (%)	1.3	2.3
	Carrying amount (million yen)	5,385	9,573
	Estimated price at end of period (million yen)	6,840	10,600
Leasing information	Number of tenants (Note 1)	23	6
	Leasable floor area (m ²)	7,461.90	13,517.62
	Leased floor area (m ²)	7,357.22	13,517.62
	Occupancy rate (%)		
	End of May 2013	85.4	—
	End of Nov. 2013	81.3	—
	End of May 2014	98.4	—
	End of Nov. 2014	100.0	100.0
Income (loss) information	Number of days of asset management	182	182
	Total property leasing revenue (A) (thousand yen)	244,181	335,219
	Rent revenue – real estate	244,181	335,219
	Other lease business revenue	—	—
	Total property leasing expenses (B) (thousand yen)	95,513	117,600
	Consignment expenses	20,968	24,834
	Utilities expenses	18,570	36,706
	Taxes and dues	19,844	—
	Non-life insurance expenses	386	589
	Repair expenses	773	2,443
	Depreciation (C)	34,970	52,931
	Other lease business expenses	—	96
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	148,667	217,618
	NOI (E) [(D) + (C)] (thousand yen)	183,637	270,550
Capital expenditures (F) (thousand yen)	1,181	5,146	
NCF [(E) – (F)] (thousand yen)	182,456	265,403	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.12	35.08
	Annual amount of fixed property tax, etc. for fiscal 2015 (thousand yen)	40,303	65,871
	Estimated long-term repair expenses (thousand yen) (Note 2)	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 Kinshicho,” “Daiwa Nihombashi Honcho” and “Daiwa Ginza 1-chome” were sold as of February 2, 2015 and “Daiwa Tsukiji 616” and “Benex S-3” were sold as of March 5, 2015.